MOBILE TECHNOLOGY & MEDIA

ANNUAL REPORT
2013

YOC Group Overview

Segment Media and Holding (continued operations) (in kEUR)	2013	2012	Change	Change in %
Revenue and earnings				
Total revenue	19,003	21,720	-2,717	-13
Germany	9,062	9,119	-57	-1
Other countries	9,941	12,601	-2,660	-21
Total	20,434	22,602	-2,167	-10
EBITDA	-5,415	-4,773	-642	-13
EBITDA margin (in %)	-26	-21	n/a	n/a
Earnings after tax	-7,278	-11,058	3,780	34
Earnings per share (diluted in EUR)	-2.66	-5.40	2.74	51
Earnings per share (basic in EUR)	-2.66	-5.40	2.74	51
Employees				
Average number of employees [1]	106	109	-3	-3
Number of employees at end of period	98	105	-7	-7
Total output per employee (in kEUR)	193	207	-14	-7

Segment Mobile technology (discontinued operations) (in kEUR)	2013 [2]	2012	Change	Change in %
Revenue and earnings				
Total revenue	6,799	12,896	n/a	n/a
Germany	5,387	8,452	n/a	n/a
Other countries	1,412	4,444	n/a	n/a
Total	7,291	13,995	n/a	n/a
EBITDA	926	1,545	n/a	n/a
EBITDA margin (in %)	13	11	n/a	n/a
Earnings after tax	-2,337	-286	n/a	n/a
Earnings per share (diluted in EUR)	-1.17	-0.14	n/a	n/a
Earnings per share (basic in EUR)	-1.17	-0.14	n/a	n/a
Employees				
Average number of employees [1]	114	113	3	3
Number of employees at end of period	105	115	-6	-5
Total output per employee (in kEUR)	64	124	n/a	n/a

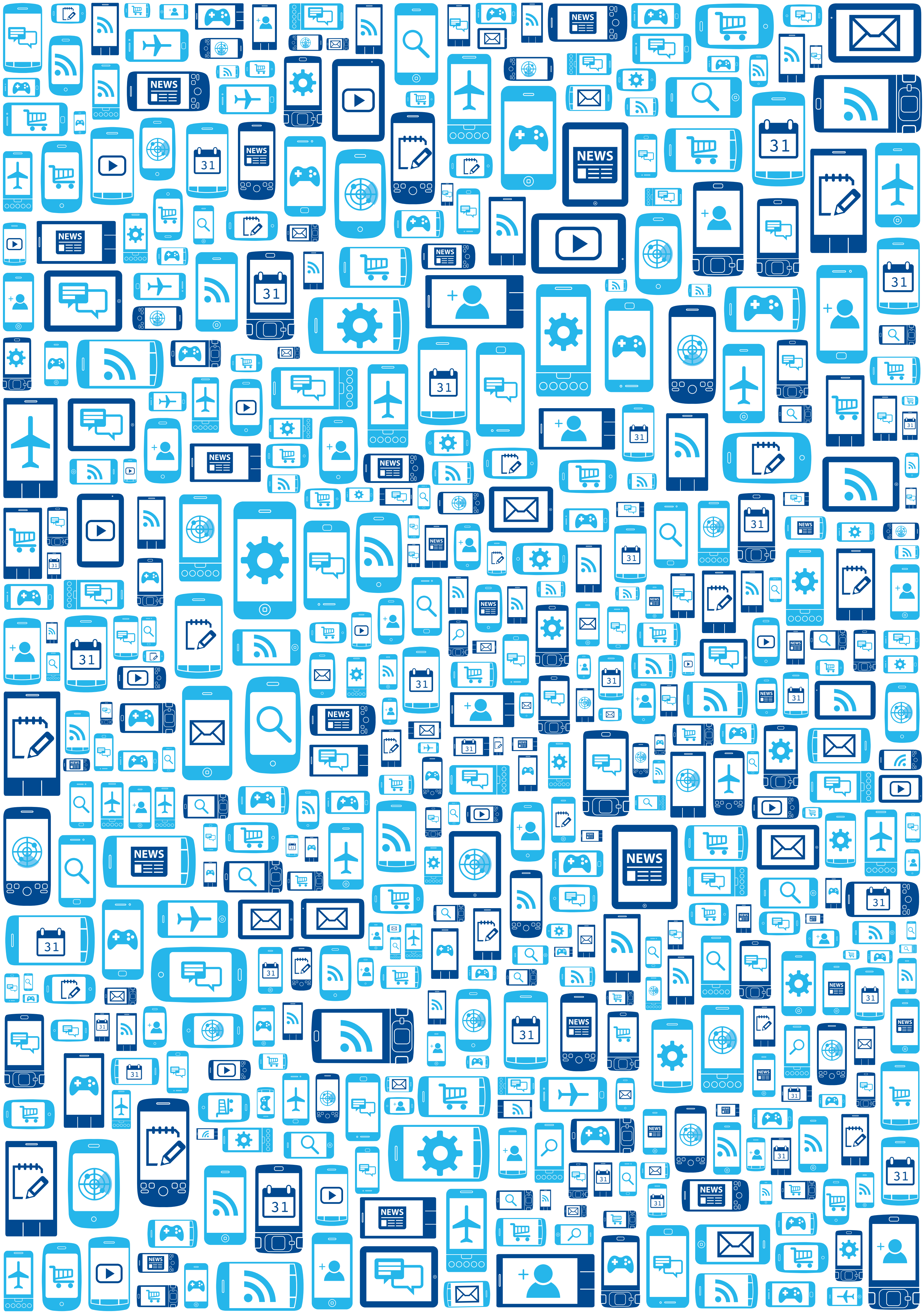
Group (in kEUR)	2013	2012	Change	Change in %
Financial positions and liquidity				
Total assets	7,729	23,061 [3]	-15,977	-66
Equity ration (in %)	n/a	12 [3]	n/a	n/a
Cash flow from operative activities	-4,818	-2,697	-2,121	79

[1] Based on permanent employees

[2] Deconsolidation was carried out on 31/07/2013, therefore comparability to the previous year is not given

[3] At 31/12/2012

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



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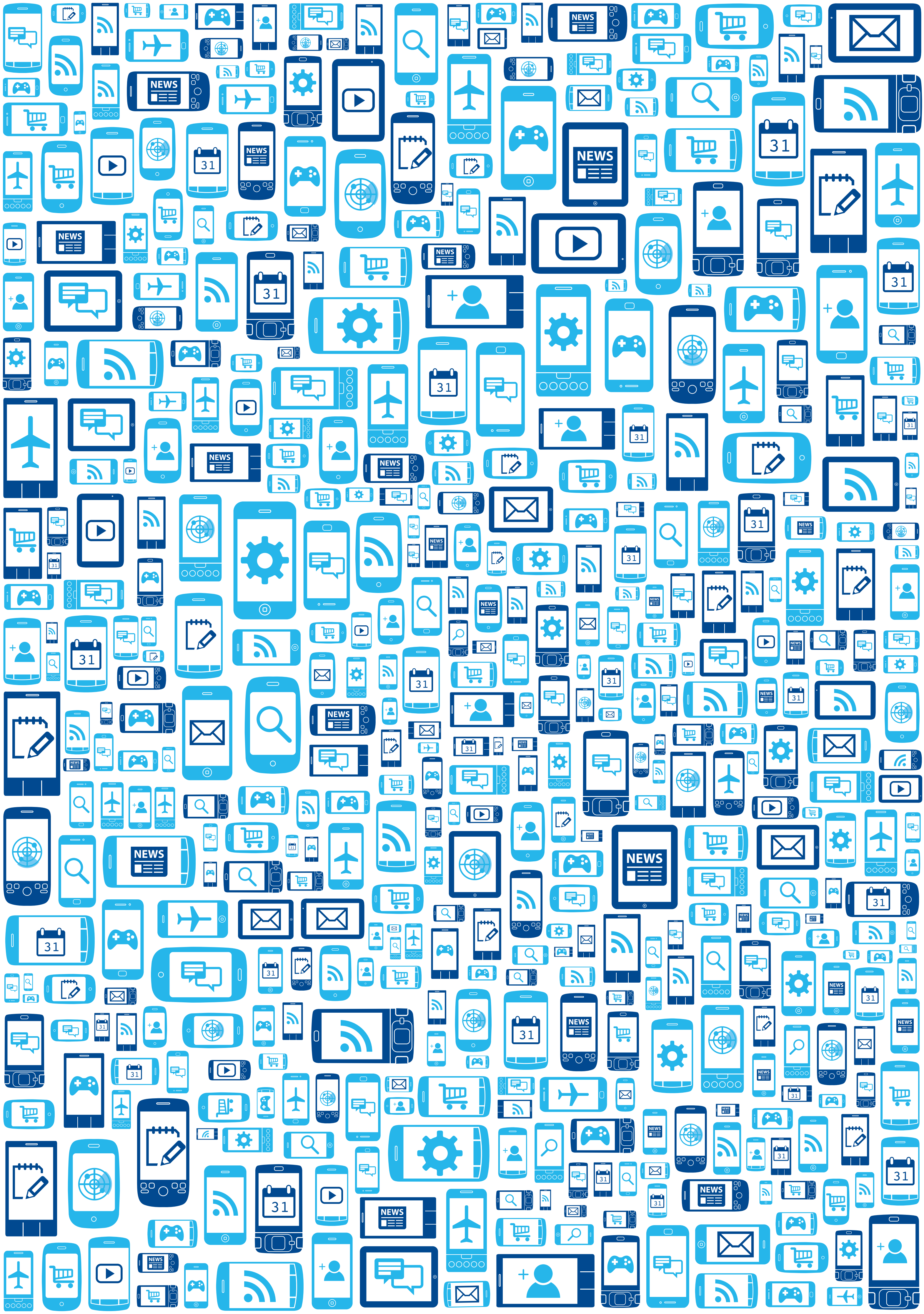

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TO OUR SHAREHOLDERS

Letter to Shareholders

Dear Shareholders,

2013 proved to be one of the most difficult financial years in the history of YOC AG. The company did not meet its goals.

YOC AG earned revenues of EUR 26.3 million during this financial year, a decline compared to the previous year when total revenues amounted to EUR 34.6 million. The main reason for this decline was the sale of the Mobile Technology business segment on 31 July 2013 and the associated deconsolidation costs. We were also wide of the mark for the growth targets envisaged for our core business. Following revenues of EUR 21.7 million in FY 2012, we only achieved EUR 19.0 million in FY 2013. The corresponding EBITDA also continued to plummet, settling at EUR -5.4 million (2012: EUR -4.8 million).

In Germany, revenues remained at the previous year's level (EUR 9.1 million). Whereas the Spanish and Austrian companies slightly increased their revenues compared to FY 2012, the subsidiaries in France and the United Kingdom were not able to live up to their market potential, registering considerable drops in revenues. Revenues from foreign subsidiaries thus decreased by 21% from EUR 12.6 million in the previous financial year to EUR 10,0 million in 2013.

Another reason for the difficult financial year was the drawn-out sale of the Mobile Technology division and the associated misallocation of resources. When the sale of its assets and of Sevenval GmbH was finalised, the resulting cash inflow was disappointing at EUR 5.0 million with variable purchase price components up to a further EUR 1.5 million. Despite the positive EBITDA of EUR 0.9 million as of 31 July 2013, profits were negatively affected by EUR 3.2 million due to impairment costs and revaluations resulting from the deconsolidation of the business segment.

Furthermore, the development of new products and platforms for the core media business did not match the market and was not sufficiently target-oriented, which had a negative impact on the competitive position.

Finally, the 2013 financial year was marked by frequent management turnover, including changes to the Management Board and Supervisory Board.

This resulted in a failure to meet the goals the company set itself during the past financial year and also led to the demotivation of some staff as well as fears for the future of the company.

Outlook

In September 2013, I was again appointed to the Management Board of YOC AG by the Supervisory Board. The difficulties in the company made it necessary to make immediate and difficult decisions to stabilise the financial and economic situation of the company and to make considerable improvements in operating performance for the 2014 financial year.

In addition to improving the cost structure of the company which we began immediately and which has already led to up to EUR 3.0 million in lower costs in 2014, we also set out to secure and boost revenues. Already in Q4/2013, revenues increased by EUR 5.3 million for the first time in this financial year and the EBITDA reached EUR 0.1 million (Q4/2012: EUR -0.9 million), which was positively influenced by restructuring revenues of EUR 0.6 million.

From my perspective however, it is now decisive that we create a product range to meet the needs of the market and continue to work on the proper strategic positioning of YOC in the market. For this reason, we have made a move towards platform-based mobile advertising, and are concentrating on:

- programmatic selling of mobile ad inventories
- programmatic purchasing of ad inventories to expand our offering
- products for the precise targeting of mobile internet users (audience targeting)
- publisher frontend platform to provide a detailed performance overview, improving communication with our publishers
- strengthening our business relationships with quality, high-traffic publishers and building new relationships.

A new organisational structure has created key positions and filled them with highly competent managers. Other new colleagues will follow. Additionally, the Supervisory Board was reconstituted. Dr. Nikolaus Breuel, Konstantin Graf

Lambsdorff and Sacha Berlik are supporting YOC with practical advice using their experience and knowledge of the industry.

The reconstruction and strategic repositioning is in full swing in all areas of the company, but not all processes have been completed yet. This is why I would first and foremost like to sincerely thank our employees who accompanied me on this difficult path. I am proud to be part of such a strong team, without which none of this would be possible.

I would also like to thank our new Supervisory Board and you, dear shareholders, for placing your trust in us. I am very aware of the current challenges in the company, and am committed to meeting them head on. I would ask you to continue to be patient and allow us time to implement the measures we have chosen to improve the company.

I am completely focused on the way ahead and I would be delighted if you would also continue to support YOC AG in the future.

Best wishes,

Dirk Kraus
Management Board

Report from the Supervisory Board

In the financial year 2013, the Supervisory Board fully and diligently carried out the tasks and duties incumbent upon it by law, the Articles of Association, and the Rules of Procedure. It devoted close attention to the company's position, regularly advised the Management Board on the management of the company, and continuously monitored its activities. The Supervisory Board was impressed by the lawful, functional and proper manner displayed by the management board.

In particular, it monitored whether appropriate steps were taken in respect of risk management and compliance. The Supervisory Board also monitored whether the Management Board took suitable measures as required under Sect. 91 Para. 2 of the German Stock Corporation Act (AktG).

The Supervisory Board was directly involved in all decisions of fundamental importance to the company and discussed them in detail. By means of regular written and oral reports from the Management Board, the Supervisory Board kept itself duly apprised of the company's sales and revenue performance, its business operations, its prospective business policy and corporate planning, and its risk management and internal control systems.

When the Management Board made decisions or took measures that, by law or the Management Board's current Rules of Procedure, were subject to approval by the Supervisory Board, the Supervisory Board gave its approval only after a thorough review of the documents submitted to it and thorough discussion.

In addition to numerous technical issues, measures subject to approval, and the company's business performance and financing, matters discussed in depth by the Supervisory Board in the financial year 2013 included fundamental corporate planning issues, an adjustment of corporate strategy as a result of changes in underlying conditions, the consolidation of international business, and personnel decisions. Short-term, medium-term, and long-term issues were treated in the same way.

Composition of the Supervisory Board

The composition of the Supervisory Board changed several times in the course of financial year 2013. For the sake of greater clarity, the events described below are presented in chronological order.

The previous Supervisory Board chairman, Mr Gerd Schmitz-Morkramer, resigned from his office as Supervisory Board member as of the end of the Annual General Meeting on 6 June 2013. The General Meeting elected Dr Nikolaus Breuel, businessman and resident of Berlin, to be his replacement as a member of the Supervisory Board. The General Meeting also dismissed Supervisory Board members Mr Oliver Borrmann and Mr Peter Zühlsdorff and elected Dr Bernhard Heiss, a lawyer in private practice and a resident of Munich, and Mr Ludwig Prinz zu Salm-Salm, an independent media consultant, to replace them as members of the Supervisory Board. In its constitutive meeting on 6 June 2013, the Supervisory Board appointed Dr Bernhard Heiss as its chairman.

Effective 24 October 2013, Supervisory Board members Dr Bernhard Heiss and Ludwig Prinz zu Salm-Salm stepped down from their offices. These offices were refilled in the current year. On 15 January 2014, YOC AG received an order by the District Court of Berlin-Charlottenburg on 13 January 2014 for the appointment of two new Supervisory Board members. On application of the Management Board of YOC AG on 7 January 2014, the court appointed, pursuant to Sect. 104 AktG and effective immediately, Mr Sacha Berlik and Mr Konstantin Graf Lambsdorff as members of the Supervisory Board of YOC AG.

In its constitutive meeting on 16 January 2014, the Supervisory Board elected Dr Nikolaus Breuel as its new chairman and Mr Konstantin Graf Lambsdorff as deputy chairman of the Supervisory Board.

Key issues in the Supervisory Board's activities

The Supervisory Board held a total of nine face-to-face meetings in the period under review; further meetings were conducted by telephone, and the Supervisory Board passed resolutions by correspondence. Furthermore, the Supervisory Board as a whole maintained a vigorous exchange of ideas with the Management Board and was kept informed by the latter of the current state of business performance and all important business transactions. The Supervisory Board was informed by the Management Board of matters of particular significance between meetings as well; in addition, the chairman of the Supervisory Board and the Chief Executive Officer met regularly to share information and advice. The Supervisory Board also took advantage of the opportunity for discussions without the presence of the Management Board. In its meetings and other decision-making activities in 2013, the Supervisory Board always constituted a quorum, even in the excused absence of a member of the Management Board who was unable to attend. The Supervisory Board formed no committees. There were no indications of potential conflicts of interest among the Supervisory Board members in the financial year 2013.

Among the matters to which the Supervisory Board devoted its attention, it gave top priority to the two capital increases in January and May 2013 along with the company's strategic focus on the Media business segment and the associated process of selling the Mobile Technology segment. The supervisory Board also continuously advised the Management Board on these matters between Supervisory Board meetings.

At its meeting on 17 January 2013, the Supervisory Board confirmed the Management Board's earlier resolution to carry out a capital increase from authorised capital 2011/I in return for cash contributions. The capital increase was accomplished at a market price that matched the stock exchange price of the YOC share in the last days before the resolution to carry out the capital increase was passed. The capital increase entailed issuing 220,000 new shares and raised EUR 1,870,000.

In a meeting on 17 April 2013, the Supervisory Board confirmed the resolution made previously by the Management Board to undertake a capital increase from the authorised capital 2011/I in return for cash. The capital increase was undertaken on a course that corresponded to the share price of YOC shares in the several days before the resolution to implement a capital increase. In the context of this capital increase, 258,000 new shares have been issued and EUR 1,292,500 in revenue has been generated.

The Supervisory Board approved the financial statements after an intense discussion beforehand for the year ending 31 December 2012 at its meeting on 22 April 2013.

On 26 April 2013, the Supervisory Board decided on the resolution proposals for the next Annual General Meeting, scheduled for 6 June 2013, as had the Management Board before it.

The process of selling the Mobile Technology business segment was an on-going topic of talks amongst the Supervisory Board of YOC AG. The Management Board kept that body informed of the status of negotiations with the various parties throughout that process. The procedure was recorded and discussed, for example, at the face-to-face meetings on 21 June 2013 and 12 July 2013, via telephone meetings and in written resolutions of the Supervisory Board. By a resolution dated 24 July 2013, the Supervisory Board approved the Management Board's resolution to sell the Mobile Technology segment to Berlin Technologie Holding.

At its meeting on 9 September 2013, the Supervisory Board once again decided to appoint Dirk Kraus as member of the board of YOC AG after the extended illness of the sole director of YOC AG, Dirk Freytag. With Dirk Freytag's departure from the company on 30 September 2013, Dirk Kraus became the company's sole member of the board.

The Supervisory Board's last meeting for the year took place on 23 October 2013. The main topics of discussion during the meeting were strategy, liquidity planning, and product development. Furthermore, the annual Declaration of Conformity pursuant to Sect. 161 AktG as approved and submitted by the Management Board of YOC AG was unanimously adopted after a thorough review and discussion. Also discussed by the Supervisory Board were the changes in the version of the German Corporate Governance Code (DCGK) which took effect on 13 May 2013.

Audit of the annual and consolidated financial statements

The auditor appointed by the Supervisory Board, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, audited the annual and consolidated financial statements prepared by the Management Board, along with the Management Report and Consolidated Management Report for the financial year 2013, which were prepared in condensed form, and provided them with an audit certificate. During the course of its audit, the auditor found, in summary, that the Management Board had set up a risk management system compliant with legal requirements and that this system is fundamentally suited to detect developments early on which might put the company as a going concern at risk.

The above documents and the audit reports were made available to all members of the Supervisory Board in a timely manner. The documentation was thoroughly examined and discussed in the presence of the auditor during the meeting on 22. April 2014 concerning the statement of financial position. The auditor reported on the key results of its audit and stood by to provide additional information. The auditor also discussed the scope, main emphases, and costs of the audit. There were no circumstances that might give cause for concern as regards the auditor's impartiality.

The Supervisory Board acknowledged the auditor's report and approved the findings of the audit. They also concurred with the Management Board's evaluation of the position of YOC AG and the YOC Group. As its own examination resulted in no objections, the Supervisory Board approved the annual and consolidated financial statements prepared by the Management Board along with the Management Report and Consolidated Management Report prepared in condensed form for the financial year 2013. The annual financial statements of YOC AG were thereby adopted.

Corporate governance

The Supervisory Board studied the recommendations of the German Corporate Governance Code again in the financial year 2013. In this context, the Supervisory Board also reviewed whether the remuneration received by the Management Board was adequate and within the customary range. The Supervisory Board also discussed the efficiency of its activities and the contents of the Declaration on Corporate Governance, including the Declaration of Conformity with the German Corporate Governance Code pursuant to Sect. 161 AktG. The Management Board and the Supervisory Board renewed their joint Declaration of Conformity in March 2014. The company largely complies with the recommendations of the German Corporate Governance Code. The Declaration of Conformity, along with notes explaining the departures from the recommendations, forms a part of the Declaration on Corporate Governance on the Annual Report pages at http://group.yoc.com/de/investor/corporate-governance/ and has been made permanently accessible on the company's webpage. Further information on corporate governance at YOC AG can be obtained from the Corporate Governance Report published on pages 11 and 16 of the Annual Report.

Personnel changes in the Management Board and Supervisory Board

Dirk Freytag left the Management Board of the company effective 30 September 2013. His existing duties were assumed by Dirk Kraus, who was appointed as member of the board of YOC AG on 10 September 2013.

Jan Webering stepped down as CEO of the company on 24 July 2013 with the sale of the Mobile Technology business segment, for which he had been responsible until that date.

After the end of the financial year 2012, Joachim von Bonin resigned from his office as member of the board of YOC AG on 31 March 2013.

The Supervisory Board wishes to thank the departing members of the Management Board for their dedicated efforts and the work they have performed.

Thanks to the members of the Management Board and all YOC AG staff

The Supervisory Board would like to thank the Management Board and all staff of YOC AG and of all other companies in the group for their extreme dedication and the work they have performed over the past financial year.

Berlin, July 2014
The Supervisory Board

Dr Nikolaus Breuel
Chairman

Corporate Governance

YOC AG attaches great importance to corporate governance, the principles of which aim to ensure the responsible and long-term value-driven management and control of our company. Efficient cooperation between the Management Board and the Supervisory Board, respect for the interests of the shareholders and open and transparent corporate communications are key aspects of good and responsible company management and corporate governance.

The Management Board and Supervisory Board report as follows on corporate governance at YOC AG:

YOC AG complies with the recommendations of the "Government Commission on the German Corporate Governance Code" in the version of 13 May 2013 with the exception of Item 3.8 Para. 3, Item 4.1.5, Item 4.2.1, Item 4.2.2. Para. 2 Sent. 3, Item 4.2.3, Para. 2 Sent. 6, Item 5.1.2 Para. 1 and Para. 2 Sent. 3, Item 5.3.1, 5.3.2 and 5.3.3, Item 5.4.1 Para. 2 and Para. 3, Item 5.4.3 Sent. 2 and 3, Item 5.4.6 Para. 1 Sent. 3 and Item 7.1.2 Sent. 4. The Management Board and the Supervisory Board of YOC AG have adopted the declaration on the Corporate Governance Code (Declaration of Conformity 2013) included at the end of this report. It has been published on the website of YOC AG at www.yoc.com (Investor Relations section).

1. Shareholders and General Meeting

YOC AG reports to its shareholders four times in the financial year on business developments and the net assets, financial position and results of operations of the consolidated companies. Matters upon which the General Meeting decides include the appropriation of profit, discharge of the Management Board and the Supervisory Board and election of the auditor. Amendments to the Articles of Association and corporate actions are resolved by the General Meeting alone and implemented by the Management Board. Shareholders may submit countermotions to resolutions proposed by the Management Board or the Supervisory Board and challenge resolutions of the General Meeting.

Unless the law or the Articles of Association provide otherwise, a majority of the votes cast is required for the General Meeting to pass resolutions. The Articles of Association can be viewed on the YOC AG website at www.yoc.com (Investor Relations section).

The Management Board makes use of electronic communication channels, in particular the Internet, to facilitate shareholder access to information on the General Meeting and allow shareholders to vote in absentia, for exam-ple by appointing a proxy. Shareholders are provided with all necessary reports and documentation beforehand, and such information is also available on the company's website.

2. Management and control structure

As required by the German stock corporation law, YOC AG has a twotier management and control structure comprising a Management Board and a Supervisory Board. There is a strict separation between management personnel (Management Board) and corporate control personnel (Supervisory Board) within this twotier management system. The law does not permit anyone to sit on both the Management Board and the Supervisory Board simultaneously. Each of these two bodies has its own duties and responsibilities, which are clearly defined by law. The Management Board is responsible for the management of the company while the Supervisory Board advises and monitors the Management Board.

2.1 Management Board

The Management Board consisted of one member as of 31 December 2013. More information on the members of the Management Board in 2013 and their areas of responsibility can be found on page 76 of this Annual Report. Furthermore, information about functions and CVs is available online at http://group.yoc.com/en/investor/board/.

The Management Board has sole responsibility for the management of the company and exercises control over the consolidated companies. It has a duty to act in the interests of the company and is committed to increasing the sustainable company value. It is responsible for defining the company's strategic direction in consultation with the Supervisory Board.

The Management Board works in close cooperation with the Supervisory Board, informing the latter regularly, promptly and in detail on all company issues concerning strategy, strategy implementation, planning, business development, financial position and results of operations, compliance and corporate risks.

The Management Board is responsible for drawing up the quarterly reports, halfyear and annual financial statements of YOC AG and the consolidated financial statements. It ensures compliance with statutory provisions and appropriate risk management within the company.

2.2 Supervisory Board

In accordance with Sect. 101 AktG [German Stock Corporation Act] in conjunction with Sect. 10 Para. 2 of the Articles of Association, the Supervisory Board of YOC AG consists of three members elected by the General Meeting for the term of office ending with the conclusion of the General Meeting that resolves on the discharge for the fourth financial year following their election. More information on the members of the Supervisory Board can be found on page 77 of this Annual Report. Furthermore, information about their CVs is available online at http://group.yoc.com/en/investor/board/.

The Supervisory Board monitors and advises the Management Board with regard to the management of the business. At regular intervals the Supervisory Board discusses business development and planning along with strategy and its implementation with the Management Board. The Supervisory Board approves the annual financial statements and takes note of and approves the consolidated financial statements following discussion with the auditor and its own review. It also appoints the members of the Management Board. Fundamental decisions affecting YOC AG are subject to its approval. These include decisions or measures that would significantly change the net assets, financial position or results of operations of the company. The information and reporting obligations of the Management Board were defined by the Supervisory Board.

The members of the Supervisory Board make their decisions independently and are not bound by the demands or instructions of third parties. Furthermore, consultancy, service and other agreements between YOC AG and its subsidiaries on the one hand and members of the Supervisory Board on the other hand are subject to approval by the Supervisory Board.

3. Remuneration Report

The Remuneration Report is based on the “Recommendations of the German Corporate Governance Code”. It summarises the principles which are applied in setting the remuneration of the Management Board of YOC AG and explains the amount and structure of the Management Board members’ income. It also describes the principles according to which the Supervisory Board members are remunerated and the amount of their remuneration.

The Remuneration Report also contains particulars which, under German commercial law, must be included as part of the notes to the consolidated financial statements pursuant to Sect. 314 HGB [German Commercial Code] and the Group Management Report pursuant to Sect. 315 HGB.

3.1 Management Board remuneration

The Supervisory Board is responsible for setting the Management Board’s remuneration. In doing so, it considers the company’s size and activities, the company’s economic and financial position, the duties of the Management Board member in question, and, for comparative purposes, the amount and structure of management board remuneration elsewhere in the industry. Management Board remuneration is performance-based. Remuneration is designed to be competitive in the market for highly qualified management personnel and to offer an incentive for successful performance.

In the financial year 2013, it consisted of a fixed basic component, a variable component, participation in the YOC Management Incentive Programme and participation in the phantom stock option programme.

The base remuneration is cash remuneration in a fixed amount for the year as a whole which is specific to the Management Board member’s area of responsibility and is paid out in twelve monthly instalments.

The variable component consists of cash remuneration as profit-sharing based on the results of operations according to IFRS (EBITDA) of YOC AG and is subject to an upper limit.

With the participation in the YOC Management Incentive Programme set up in 2009, members of the Management Board, along with other employees of the company, receive subscription rights to shares in YOC AG. The subscription rights so granted are subject to a holding period of several years. The exercise of subscription rights requires an own investment by the subscription rights holder at an exercise price derived from the stock market price of the YOC share when the subscription rights in question are issued (market value) (see also Item 6 below). The participation of the Management Board in the YOC Management Incentive Programme is intended to reward the contribution of the Management Board for increasing shareholder value and to promote the long-term success of the company. This remuneration component and the long-term incentive it offers create a useful link between the interests of the management and those of the shareholders.

With participation in the phantom stock option programme set up in 2012, members of the Management Board of the company selected by the Supervisory Board receive phantom stock options. For the selected members, the phantom stock option programme simulates the actual holding of shares in the company's equity capital. The difference between these phantom stock options and 'actual' stock options is that exercising the phantom options does not entitle the holder to subscribe to company shares; rather, the options grant the option holder a claim against the company for the payment of a specific cash sum as further defined in the option conditions. The phantom options do not give the holder any participation rights in the company under commercial law, in particular no share-based claim to rights of information or participation, voting rights or participation in net profit.

3.2 Remuneration of the Supervisory Board

Supervisory Board remuneration was set by the General Meeting of YOC AG on the basis of a proposal by the Management Board and Supervisory Board.

Supervisory Board remuneration is fixed at EUR 12.5 thousand for one financial year. The chairman of the Supervisory Board receives twice this amount and the deputy chair 1.5 times this amount. For each face-to-face meeting of the Supervisory Board, each member of the Supervisory Board receives the amount of EUR 1.0 thousand; the chairman of the Supervisory Board receives twice that; and the deputy chair 1.5 times that amount.

Remuneration of the Supervisory Board in 2013

	Name	Fixed remuneration (in kEUR)
Chairman	Gerd Schmitz-Morkramer (until 06.06.)	10,8
Deputy	Peter Zühlsdorff (until 06.06.)	8,0
Member	Oliver Borrmann (until 06.06.)	5,4
Chairman	Dr. Bernhard Heiss (beginning 07.06.; until 24.10.)	9,6
Deputy	Dr. Nikolaus Breuel (beginning 07.06.)	10,6
Member	Ludwig Prinz zu Salm-Salm (beginning 07.06.; until 24.10.)	4,8
Total		**49,0**

There was no remuneration for personally rendered services apart from the board activities, particularly for any consulting or referral services.

The remuneration is paid out following the ordinary General Meeting at which the approved consolidated financial statements for the last financial year are presented.

Remuneration for the activities of the Supervisory Board came to a total of EUR 89,614.55 in the financial year 2013.

4. Accounting and auditing

The consolidated financial statements and interim reports are drawn up in accordance with the IFRS. The consolidated financial statements are drawn up by the Management Board and reviewed by the auditor and the Supervisory Board. The consolidated financial statements for the financial year 2013 were not completed by the deadline for public disclosure of 90 days after the end of the financial year as defined in Sect. 7.1.2 Sent. 4 of the German Corporate Governance Code. The company will make every effort to comply with the recommendation according to Sect. 7.1.2 Sent. 4 of the German Corporate Governance Code, but cannot guarantee compliance for 2014.

It was agreed with the auditor, Ernst & Young GmbH, Wirtschaftsprüfungsgesellschaft, Stuttgart, Berlin branch, that the chairman of the Supervisory Board would immediately be informed of any reasons precluding the employment of the auditor and any conflicts of interest arising during the audit. It was furthermore agreed that the auditor would immediately report on all issues and events of significance for the work of the Supervisory Board which are revealed during the conduct of the audit.

5. Transparency

YOC AG provides all capital market participants with information on a uniform, comprehensive, prompt and simultaneous basis. The business situation and results of YOC AG and the YOC Group are reported in the annual report, the half-year report and the interim reports. Furthermore, information is passed on through ad-hoc communications, when the law so requires, and through press releases and the company's website.

To ensure that all capital market participants are treated equally, YOC AG publishes all information relevant to capital markets simultaneously in German and English on the company website. The financial reporting dates are published on the financial calendar with sufficient advance notice. Changes in the make-up of the shareholder structure which must be reported according to Sec. 26 WpHG [Securities Trading Act] and the purchase and sale of shares of individuals holding management positions within YOC AG (Directors' Dealings according to Sect. 15a WpHG) also are published by the Management Board.

The tables below list all holdings of members of the Management Board and the Supervisory Board which directly or indirectly exceed 1% of shares issued by the company:

Supervisory Board holdings as of 31 December 2013

Name	Number of shares
Dirk Kraus	504,357

6. Further information about the YOC AG share option programme

2009 saw the launch of the YOC Management Incentive Programme with a total of 175,000 subscription rights. One subscription right entitles the holder to acquire one share in YOC AG. Subscription rights for the acquisition of YOC shares were granted to members of the Management Board (up to 115,500 subscription rights) and to employees (up to 59,500 subscription rights). Subscription rights under the YOC Management Incentive Programme have been issued in precisely defined acquisition periods, most recently in the financial year 2012. As of 31 December 2013, subscription rights for the acquisition of 113,965 shares had been granted to current and former members of the Management Board and subscription rights for the acquisition of 39,675 shares had been granted to employees.

The subscription rights may be exercised by the holders no earlier than three years after they are issued. The exercise price of the subscription rights is based on the average Xetra closing price for the YOC share for the last eight stock trading days before the beginning of the acquisition period. However, the exercise price must be at least equal to the closing price of the YOC share on the day on which the subscription rights were issued. The prerequisites for exercising subscription rights include the holder's on-going employment with the company at the time of exercise and the fulfilment of certain performance targets. The performance targets include an increase in the YOC share price.

The subscription rights can be exercised only during precisely specified exercise periods. Exercise periods are based on the timing of the company press conference on the annual results and the publication of the report on the first half of the year. Each exercise period comprises 17 stock trading days. All holders of subscription rights are obliged to comply with the provisions of insider trading law. No subscription rights were exercised before the end of the financial year 2013.

7. Further information about the YOC AG phantom share option programme

The Supervisory Board resolved to establish the YOC AG Phantom Share Option Programme in 2012. The phantom share option programme allows the Supervisory Board to issue phantom stocks to designated members of the Management Board. During any given allocation year, the option recipient may receive a maximum number of phantom stocks equal to 2% of the company's share capital on the date of allocation. No option holder may obtain in all a greater number of phantom stocks than the equivalent of 5% of the company's share capital. The total number of phantom stocks issued may at no time exceed 10% of the company's share capital.

Phantom stocks may be issued up to twice per year but must be issued within one month following the publication of the interim report for the third quarter and/or the annual financial statements. The last time phantom stocks may be acquired will be the issuance period in the financial year 2017.

As of the reporting date 31 December 2013, no phantom share options were in circulation.

The phantom options may be exercised by their holders no earlier than three years from the date of issue. The exercise price is based on the average Xetra closing price of the YOC share for the final 30 days prior to the allocation date.

The phantom stocks can be exercised only during precisely specified exercise periods. The exercise periods are based on the publication of the report on the first half of the year or the annual report, and on the company's General Meeting. Each exercise period comprise 19 banking days.

8. Declaration by the Management Board and Supervisory Board of YOC AG, pursuant to Sect. 161 AktG, of compliance with the German Corporate Governance Code in the version of 13 May 2013 (2013 Declaration of Conformity)

According to Sect.161 AktG, the Management Board and the Supervisory Board of a listed company must annually declare that the recommendations of the "Government Commission on the German Corporate Governance Code" in the official part of the electronic Federal Gazette published by the German Federal Ministry of Justice were or are complied with, or which recommendations for valid reasons were or are not applied. The declaration must be made publicly available on the company's website.

The German Corporate Governance Code (DCGK) contains provisions not all of which are equally binding. Aside from descriptions of current company law, it contains recommendations which companies may disregard, in which case, however, they must disclose that they have done so. According to Sect. 161 AktG, departures from the recommendations of the DCGK must be justified. Furthermore, the DCGK contains suggestions which companies may disregard without disclosing that they have done so. The following declaration concerns the period since the last Declaration of Conformity, that of December 2012, and refers to the requirements of the DCGK in its current version of 13 May 2013.

The Management Board and the Supervisory Board of YOC AG declare that the recommendations made by the "Government Commission on the German Corporate Governance Code" are and were fundamentally complied with in the past. The Management Board and the Supervisory Board also intend to comply with it in the future. Only the following recommendations of the German Corporate Governance Code were and are not applied:

- **Item 3.8 Para. 3 DCGK:** The company is of the opinion that the motivation and responsibility with which the members of the Supervisory Board carry out their duties will not be improved by an insurance ex-cess. The D&O liability insurance serves to safeguard against the company's material own risks and at most serves as a second-line defence of the assets of the members of those bodies. The D&O insurance for the Supervisory Board was therefore taken out without an excess.

- **Item 4.1.5 DCGK:** When filling managerial positions within the company, the Management Board considers both company-specific realities and an appropriate level of diversity. In our opinion, however, the guidelines of the DCGK inappropriately restrict the Management Board in its choice of suitable candidates for managerial positions which need to be filled.

- **Item 4.2.1 DCGK:** According to item 4.2.1 of the DCGK, the Management Board is to consist of several persons and have a chairman or spokesman. Mr Dirk Freytag resigned from his office as chairman on 30 September 2013 for reasons of health. Since then, the Management Board of YOC AG has consisted of only one person.

- **Item 4.2.2 Para. 2 Sent. 3 DCGK:** The Supervisory Board is to consider the relationship between the remuneration of the Management Board and that of senior management and of the staff overall, particularly in terms of its development over time. For this comparison the Supervisory Board must determine how senior management and the relevant staff are to be differentiated. Item 4.2.2 Para. 2 Sent. 2 DCGK was newly added to the German Corporate Governance Code in the version of 13 May 2013. No remuneration amounts for Management Board members were reset by the Supervisory Board before this Declaration of Conformity was issued. The relationship between the remuneration of the Management Board and that of senior management and of the staff overall, particularly in terms of its development over time, was not explicitly considered when the Management Board's remuneration was set.

- **Item 4.2.3 Para. 2 Sent. 6 DCGK:** The amount of remuneration paid to the Management Board is to be capped, both overall and for the variable pay components. Item 4.2.3 Para. 2 Sent. 6 DCGK was newly added to the German Corporate Governance Code in the version of 13 May 2013. No remuneration amounts for Management Board members were reset by the Supervisory Board before this Declaration of Conformity was issued. The existing contracts with Management Board members cap the variable pay components at amounts that may not fully comply with the Code's new recommendation.

- **Item 4.2.3 Para. 5 DCGK:** notwithstanding the recommendation of the DCGK, payments in the event of a change of control are not generally limited to 150% of the severance payment cap. Such a limit could impair the ability to attract highly qualified employees. According to the Management Board remuneration structure, a change of control case could also have the effect of increasing the YOC share price when Management Board members participate in the company's share option programme. In addition to the beneficiaries of the share option programme, however, the shareholders profit from the rise in the share price, so that the interests of the Management Board and the shareholders coincide in this regard.

- **Item 5.1.2 Para. 1 along with Item 5.4.1 Para. 2 and 3 DCGK:** A guideline for the composition of the Management Board as called for in Item 5.1.2 Para. 1 DCGK inappropriately restricts the Supervisory Board in its choice of suitable Management Board members. The same applies to an objective for the composition structure of the Supervisory Board as set forth in Item 5.4.1 Para. 2 and 3 DCGK. We are fundamentally of the opinion that this constitutes an excessively severe limitation in the selection of suitable candidates for the Supervisory Board on an individual-case basis. Moreover, such an objective also encroaches upon the right of our shareholders to elect the members of the Supervisory Board.

- **Item 5.1.2 Para. 2 Sent. 3 DCGK:** The Supervisory Board has not set an age limit for members of the Management Board. The members of the Supervisory Board believe that suitability for a company man-agement position depends mainly on individual ability and performance.

- **Items 5.3.1, 5.3.2 and 5.3.3 DCGK:** As the Supervisory Board of YOC AG has only three members, it would be neither practical nor in accordance with best practice standards to set up committees, particularly an audit committee or nomination committee. The purpose of setting up an audit committee as proposed by the DCGK is to increase the efficiency of auditing. This aim would not be achieved at YOC AG as nearly all members of the plenum would have to sit on the audit committee. Similarly, nearly all plenum members would have to sit on the nomination committee, which would not bring any improvement in the preparation of Supervisory Board recommendations regarding candidates proposed by the share-holders.

- **Item 5.4.1 Para. 2 Sent. 1 DCGK:** No age limit has been set for Supervisory Board members. A candidate's ability to monitor and act as a coequal contact for the Management Board depends mainly on individual capabilities.

- **Item 5.4.3 Sent. 2 DCGK:** According to Item 5.4.3 Sent. 2 DCGK, the next General Meeting is to be set as the deadline for an application for judicial appointment of a Supervisory Board member. To ensure continuity and efficient and productive work in the Supervisory Board, no deadline was set for the application for judicial appointment of the present Supervisory Board members.

- **Item 5.4.6 Para. 1 Sent. 3 DCGK:** The company complies with the recommendations of the Code regarding remuneration of the chairman of the Supervisory Board and the deputy chairman, with the exception that the chair and the members of committees receive no special consideration for lack of committees formed.

- **Item 7.1.2 Sent. 4 DCGK:** The company will endeavour to comply with the recommendation that the consolidated financial statements be made available to the public within 90 days after the end of the financial year and the interim reports within 45 days after the end of the reporting period, but cannot guarantee that it will do so owing to the large scope of consolidation.

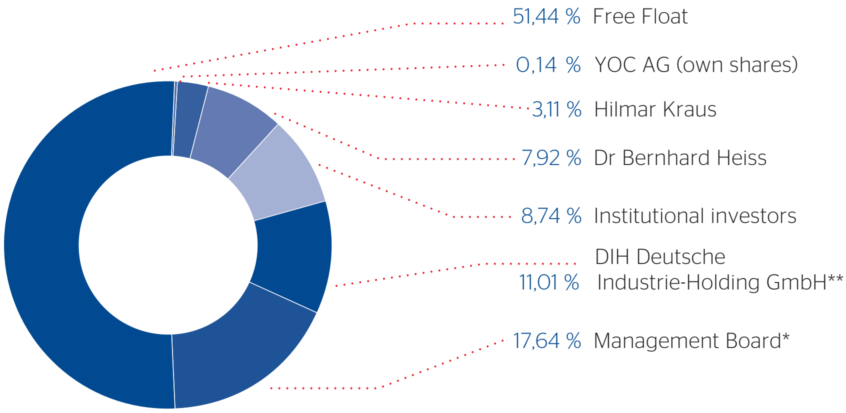
Berlin, March 2014

YOC AG

The Management Board
The Supervisory Board

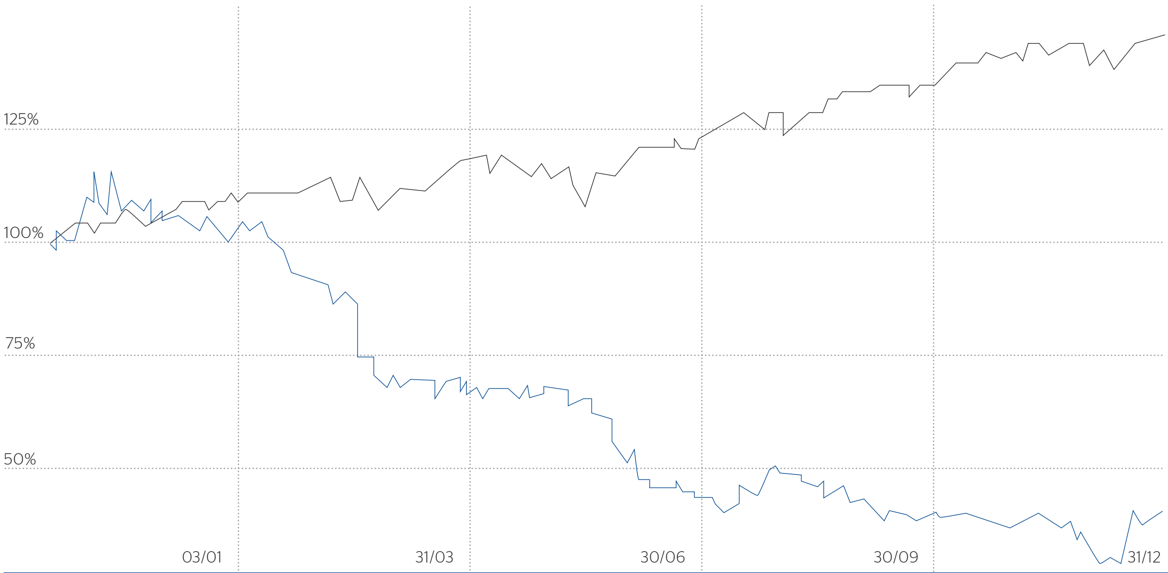
YOC-Shares

Shareholders in YOC AG



Shareholder Structure as of 31/12/2013

* The shareholding held by dkam GmbH is attributable to Dirk Kraus.
**The shareholding held by DIH Deutsche Industrie Holding GmbH is attributable to Peter Zühlsdorff.



YOC share and TecDAX Performance index developments

YOC AG -78.07%

TecDAX +40.38%

Performance of YOC shares and the TecDAX Performance Index	YOC AG	TecDAX Performance Index
02/01/2013	8.80	831.16
31/12/2013	1.93	1,166.82
Change	-78.07%	+40.38%

Share price date (in EUR)	2012	2013	Change
Year-end market price	8.50	1.93	-77.29%
Peak price	19.42	10.65	-45.16%
Lowest price	5.59	0.61	-89.09%

Information on the listing	
Stock type	Domestic shares
Trading place	Xetra
Stock exchange segment	Prime Standard
Securities identification number	593273
ISIN	DE0005932735
Number of shares as of 31/12/2013	2,858,500

yoc

Business Unit **MOBILE TECHNOLOGY**	Business Unit **YOC MEDIA**	
sevenval	yoc MOBILE **ADVERTISING** A YOC Group Company	belboon A YOC GROUP COMPANY

2

GROUP MANAGEMENT REPORT

Market Environment

Mobile Internet worldwide: mobile advertising on a trajectory for continued success

The market penetration of smartphones worldwide is expected to increase to 69.4 % of the world's population by 2017, according to emarketer (2013: 61.1 %). Although this trend has been slowing of late, new users in developing areas of the Asian-Pacific region, the Middle East and Africa will bring further increases. As of the current year, 4.55 billion people are already using a smartphone for mobile access to the Internet (emarketer, Smartphone User worldwide 2014).
In Germany, internet use through smartphones has increased by 20 % as compared to the previous year (2013: 70 %; 2012: 50 %). Roughly 21 % of Germans polled surfed the Internet with a tablet (2012: 17 %) (Accenture Mobile Web Watch 2013).

As a relatively new medium, mobile Internet recruited most of its users in the past from early adopters and trendsetters. It is to be assumed, however, that the social structures among users will eventually resemble those of the population as a whole. As a percentage of mobile users, men are currently slightly ahead (at 54 %) of women (at 46 %). Of the various functions for which smartphones are used, making telephone calls remains in first place (at about 82 %) at the moment. Following in second and third places are mobile use of search engines (about 77 %) and information pages such as weather sites or weather apps (approx. 73 %) (AGOF mobile facts 2013-III).).

Mobile product searches, mobile purchases and mobile product recommendations have now become a firmly established aspect of everyday life. One consequence of this is an increase of the mobile advertising market. In its "MAC Mobile Report 2013/02", the Mobile study group at the Bundesverband der Digitalen Wirtschaft (BVDW – the German Federal Association for the Digital Economy) expects that investment in mobile display ads, mobile apps and tablet apps will therefore continue to increase in Germany (MAC Mobile-Report 2013/02).

In the first half of 2013, advertisers in Germany invested EUR 44.5 million gross in mobile advertising. In direct comparison to the first half of 2012, therefore, the industry experienced an increase of 75.6 % (MAC Mobile-Report 2013/02).

The mobile advertising sector is growing steadily in Europe as well. Advertiser spending for advertising on mobile devices is reaching new highs. According to the sixth IAB Europe AdEx Benchmark study , by 2012 the entire value added in the mobile advertising area had already increased to a total value of EUR 392 million (IAB Europe's AdEx Benchmark 2012). This entire development in mobile advertising reflects the strong growth in mobile Internet use resulting from the ever more widespread use of smartphones along with more transparent and calculable rates for data use. That mobile advertising is something whose time has come is further reflected in the steadily advancing integration of new advertising techniques. Recently, for example, more and more advertisers have been opting for mobile real-time bidding (IMB Donau-Uni 2013).

Banner ads are the most common form of advertising on mobile devices and were seen by 63 % of mobile Internet users. 83 % of users found coupons to be informative or interesting. Although fewer than a third of those polled were willing to disclose their own whereabouts in order to take part in discount campaigns, 89 % of consumers find advertising to be helpful when they receive it from shops they are visiting at a given moment (Accenture Mobile Web Watch 2013).

Premium-based campaigns focus primarily on advertisers' goals regarding branding, image and awareness. To reach advertisers and achieve a maximum reach, media agencies today are making use of high-profile interactive advertising formats such as the YOC Interactive Video Ad and the YOC Interactive Cube Ad. When measuring the effectiveness of advertising for its clients, YOC has been able to demonstrate the specific influence of these formats on branding parameters. Mobile advertising, for example, has a strong positive influence on how people remember advertising, on brand image and on purchasing decisions (Case Study „BECK´s Pils 140 Jahre" 2013).

Online and affiliate marketing: current developments

According to "Monitoring-Report: Digital Economy 2013" by the German Federal Ministry for Economic Affairs and Energy, the digital economy in Germany ranks fifth among the 15 most important locations worldwide. The United States, South Korea, Japan and Great Britain occupy the first four places. With a 4.6 % share of the world market, the digital German economy is the world's fourth largest in terms of sales. This success is based on three factors: market strength, infrastructure conditions and the use of technologies and services in this country.

The German Internet economy has grown by 10.4 % and realised just under EUR 79 billion in total revenue in the financial year 2013. This is equivalent to 3 % of the gross domestic product (GDP). Both in terms of value and as a percentage of GDP, the Internet economy continued to grow in comparison to the previous year (Monitoring Report Digitale Wirtschaft 2013).

According to emarketer's current forecast, e-commerce sales worldwide will increase by up to 20.1 % in 2014 to reach a trade volume of about USD 1.5 billion. This increase is primarily attributable to a rapid increase in the number of online and mobile users in emerging countries. For the first time,

consumers in the Asian-Pacific region are expected to make more e-commerce purchases than those in North America, the largest regional e-commerce market in the world to date (emarketer, Global B2C E-commerce Sales).
In this context, the German market for online marketing followed a positive trend in the financial year 2013. The Online-Vermarkterkreis (OVK – Circle of Online Marketers) predicts that the online advertising sector will achieve growth of 11 % to reach a gross advertising volume of more than EUR 7 billion. Traditional online advertising will continue to account for the largest share of this, followed by search term advertising and affiliate networks. For affiliate networks, a growth of 7 % to EUR 440 million is expected (OVK Online-Report 2014/01). To profit from this stable market trend in e-commerce, YOC Group is constantly working to expand its affiliate network belboon. This involves the development of new platform features and the acquisition of further exclusive partner programmes.

Scope of Service

Mobile Adverstising

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.

Mobile Advertising is operated 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.

Performance-based campaigns focus primarily on advertisers' conversion goals. Optimisation towards a high advertising click-through rate and a high conversion rate in order to achieve both optimum actual costs and high performance are essential campaign characteristics. Based on the cost-per-click model, YOC is continually working to optimise advertisers' key performance indicators (KPI). With additional targeting options such as countries, operators, device types, operating systems, times of day and many others, performance-based bookings can be optimally placed through YOC. In addition to download targets for apps, website activity such as user registration or sales transactions can be measured, as can click-to-call or click-to-calendar activity.

Affiliate Marketing

Via its subsidiary belboon GmbH, YOC Group operates its affiliate network belboon, which is one of the three leading affiliate networks in the German-speaking market. In the international market, the expansion of its business operations is concentrated in Europe, especially in France, Great Britain, and, increasingly, Spain.

An affiliate network is an Internet-based independent platform which functions as a marketplace between advertisers and distributors. In the network marketplace, advertisers present their offers for the publishers in "partner programmes". The end clients' desired outcomes (sale or registration) and the associated commissions for the publisher are defined in these partner programmes. The available advertising material is likewise stored in the partner programme. Once they have entered into a contract, publishers earn their revenue and commissions through a partner programme by using the provided advertising material on their digital advertising space, such as Internet pages or newsletters, or through search engine marketing.

The belboon affiliate network is responsible for handling financial matters between the business partners and for the administrative technology. This includes recording and allocating the earned commissions through tracking technologies and providing a highly developed management and financial controlling platform for advertisers and publishers.

As is customary in the industry, belboon's services are billed according to a purely outcome-based pricing model that is primarily based on the sales or registration commissions realised.

Business development

Mobile Advertising

Business development in the Mobile Advertising product segment in 2013 lagged behind the market's growth. Unlike in the first three quarters, the company was able to post an increase in sales in the fourth quarter of 2013. On the whole, however, the targets for the year could not be achieved. This was attributable primarily to drastic changes in market conditions within the mobile advertising industry, which the company failed to counteract in time with a suitable product strategy. The company's development was further influenced by volumes that failed to materialise from the YOC Performance Network and an unexpectedly high rate of staff turnover. Having sold its Mobile Technology product segment during the third quarter, the company is now able to direct its full attention to its core strengths in the Mobile Advertising segment.

The competitive environment changed considerably in 2013. Increasing automation combined with efficient data analysis of the sort needed for targeting solutions or in programmatic buying is becoming an increasingly important factor in mobile advertising. In the second half of the financial year 2013, YOC began to focus its technological development in these directions in order to meet market requirements and maintain its claim to the position of market pioneer.

The company was nevertheless able to further expand its international portfolio of publishers over the course of the past financial year. In the German-speaking world, for example, Börsennews, Tagesspiegel, Kurier.at and wetter.tv were added. In Great Britain, the leading British media brand Metro decided in favour of YOC, as did Europapress in Spain. The company's reach grew nationally and internationally, especially in the news area, but also in the lifestyle and sports segments, where strategic reorientation towards the company's publishers is already becoming evident.

A study of the "BECK´s Pils 140 Jahre" jubilee campaign prepared for YOC by the independent market research institute Interrogare has shown that investing advertising budgets in the mobile medium pays off. This study documents the connection between recognition of the advertising material used and perception within the mobile channel. The strong branding effect of the mobile campaign had a lasting effect on BECK's brand image in respect of the items "innovative" and "preferred beer brand". This further increased the willingness of consumers to purchase the product and recommend it to others.

In addition, YOC successfully introduced to the market innovative advertising formats such as the YOC Interactive Cube Ad and the YOC Interactive Video Ad. The media agencies for international clients such as Austrian Airlines and O2 integrated these directly into their media plans. Their interactive approach makes both advertising formats strong attention-grabbers, with a correspondingly positive effect on a campaign's click-through rate (CTR). The CTR for the Austrian Airlines campaign was more than 2 %, which was above average as compared to campaigns without interactive elements.

Affiliate Marketing

Via its subsidiary belboon GmbH, YOC Group operates its affiliate network belboon, which is one of the three leading affiliate networks in the German-speaking market. Its core component is an online-based self-service platform that makes it possible for advertisers and publishers alike to engage in performance-based e-commerce, lead generation, etc. belboon is responsible for handling financial matters between the business partners as well as the administrative technology, for example the collection and allocation of the earned commissions with the use of tracking technologies.

Mobile affiliate marketing is demonstrably gaining in importance within the marketing mix. The main reason for this is the rapid market penetration of tablets and smartphones. Like online marketing, mobile marketing is undergoing a process of development away from CPM-based compensation towards increasingly performance-based pricing.

The successful revenue drivers in the past financial year were re-targeting, performance display advertising and mobile performance marketing. While the sales trend in Germany remained below expectations, the trend on the international level was satisfactory, with a growth in sales as compared to the financial year 2012.

Employees

As of 31 December 2013, YOC Group had 94 permanent employees, a decline of roughly 58% as compared to the previous year (2012: 225 permanent employees). This is attributable mainly to the company's sale of its Mobile Technology business segment in July 2013 and the new focus and reorientation that accompanied it.

In 2013, as in the years preceding, the search for employees with the requisite knowledge and experience turned out to be a formidable undertaking for the personnel division as it sought to suitably mitigate the shortage of skilled workers. As a result of this process, the company has further internationalised its workforce.

Internationalisation

YOC Group profited in the financial year 2013 from its presence in the core European markets, its extensive range of products and its longstanding market expertise. In addition to its headquarters in Berlin, the company has four other branches in the UK (London), Spain (Madrid), Austria (Vienna) and France (Paris).

As expected, the locations in Austria and Spain in particular grew in step with the market for mobile advertising. In the British market, YOC was unable to sustain the positive trend of previous years, as the company did not provide the products that this rapidly changing lead market demanded. In the first quarter of 2013, the French subsidiary YOC France (formerly MobilADdict) lost important publisher clients, a development that had a strongly negative effect on its business performance in the financial year 2013.

With its affiliate network within YOC Group, the subsidiary belboon GmbH worked consistently towards securing its corporate development in line with the growing market requirements for online and mobile advertising. It did this by expanding its action radius in the german speaking countries of Germany, Austria and Switzerland and internationally, with a focus on Europe (particularly France, the UK and Spain).

Further development of IT infrastructure and technological integration

YOC has a high-performance IT system landscape and proprietary software products with which it is able to market and deliver special advertising materials developed for mobile devices. The underlying technology platforms are developed in-house and are noted for their flexibility, power, reliability and scalability. They have numerous interfaces through which networked applications can be integrated. For this purpose YOC has its own IT departments which manage and further develop the software concerned (for example, YOC tags and SDK).

The belboon affiliate marketing network is among the leading performance marketing networks in Europe. The most up-to-date second-generation network technology guarantees successful multi-channel online advertising and mobile performance advertising. Apart from having the market's highest standard of network platforms, belboon has the most up-to-date tracking technologies for reliable recording of sales. With its combination of fingerprint, session, cookie, post-view and flash tracking, the success of publishers is guaranteed.

The trend towards mobile affiliate marketing via the mobile web and apps gathered pace in 2013. Belboon developed innovative solutions in-house for both segments.

The database and application servers used by YOC are installed in Berlin and are administered by YOC's IT department. In addition, further servers are operated for security reasons in TÜV-certified data centres and likewise administered by YOC and hosted by outside service providers.

Development of Profit

YOC Group has made major changes in the past months. The most significant change was the sale of the company's Mobile Technology segment as of 31 July 2013.

This led to deconsolidation of Sevenval GmbH from the Group along with the disposal of assets and liabilities that were allocated to the Mobile Technology business segment. The effects the sale had on the company's net assets, financial position and results of operations are shown in detail under item 5 in "Notes to the financial statements".

In keeping with the company's concentration on its core strengths, the following comments relate exclusively to the continued operations of Media Segment and the holding company

Revenue trend and overall performance

YOC Group's revenue decreased during the reporting period from EUR 21.7 million to EUR 19.0 million, a decline of 12 %.

Total operating revenue fell in the financial year 2013 disproportionally by 9 % to a total of EUR 20.4 million, owing to a marked increase in other operating income. In particular, derecognition of rent obligations through occupancy of new business premises in Berlin had the effect of improving operating results by EUR 0.4 million.

Revenue by region

Revenue in the German domestic market maintained the previous year's level at EUR 9.1 million (2012: EUR 9.1 million). In our international markets, revenue declined in the financial year 2013 by 21 %, from EUR 12.6 million to EUR 10.0 million, and accounts for about 52 % of total revenue (previous year: 58 %). The most important international market, with sales of EUR 5.2 million, was the United Kingdom (2012: EUR 6.2 million). This was followed by Spain with EUR 1.8 million (2012: EUR 1.4 million), Austria with EUR 1.4 million (2012: EUR 1.1 million), and France with EUR 1.1 million (2012: EUR 2.6 million). In the other foreign markets – including the United States, Switzerland, Belgium, Italy and Luxembourg – sales revenue totalling EUR 0.8 million was achieved (2012: EUR 1.3 million).

For Spain and Austria, an increase in sales over the previous year was posted. France and the United Kingdom developed in the opposite direction, however. The change in the portfolio of publishers in France in late 2012 and the first quarter of 2013 brought a marked decline in sales for YOC Group in 2013. The UK market did not develop according to plan owing to the rapidly changing market environment, and was therefore unable to consolidate the previous year's sales results.

Gross income

Expenses for goods and services decreased by 14 %, slightly out of proportion to the trend for revenue, to EUR 13.9 million. The gross margin increased to 27 % in the reporting year (previous year: 26 %).

Personnel expenses and personnel development

In contrast to the previous year, the average number of employees employed by YOC Group decreased by 5 % to 104 employees (2012: 109 employees) as the company narrowed its focus to its core business. As of 31 December 2013, YOC Group employed 98 permanent employees.

Personnel expenses of the **Media** segment exceeded the prior-year level at EUR 6.0 million (previous year: EUR 5.7 million). In particular, severance pay and higher bonuses and commissions in early 2013 resulted in an overall increase despite a reduction in the number of staff.

Owing to management restructuring, the **holding** company's personnel expenses decreased by EUR 0.7 million to EUR 1.4 million as compared to the prior-year period.

Altogether, personnel expenses decreased in 2013 by approximately EUR 0.3 million to EUR 7.4 million (-4 %).

The personnel cost ratio, which sets the personnel expenses in relation to gross revenue for the period, did, however, increase to 36 % (2012: 34 %).

Other operating expenses

Other operating expenses increased in the financial year 2013 to EUR 4.6 million (previous year: EUR 3.5 million). Legal and consulting costs grew in total by EUR 0.3 million. This increase was attributable in particular to consulting costs associated with the sale of the Mobile Technology segment and the capital increases.

Rent increases caused expenses to rise by EUR 0.2 million as compared to the previous year.

Altogether, the ratio of other operating expenses to total operating revenue for the period was 22 % (previous year: 16 %).

EBITDA

Earnings before interest, tax, depreciation and amortisation amounted to EUR -5.4 million in the financial year 2013 (previous year: EUR -4.8 million).

In contrast to the previous year, the **Media** segment reported an operating loss of EUR -2.2 million (previous year: EUR -1.4 million). With revenue in decline, the cost structure increased significantly as compared to the prior-year period.

Added to the expenses of EUR -3.2 million from the **holding** organisation (previous year: EUR -3.4 million), these resulted in an overall operating loss in 2013.

EBT

The Group's earnings before taxes stood at EUR -6.6 million in the period under review (previous year: EUR -10.3 million). Earnings before taxes were affected by the amortisation of intangible assets and depreciation of property, plant and equipment amounting to EUR 0.6 million, impairment of goodwill and of a customer base in the segment Media amounting to EUR 0.5 million, and the financial result amounting to EUR -0.1 million.

The decline in the financial result to EUR -0.1 million (previous year: EUR -0.2 million) resulted mainly from discharge of the loan taken to finance the acquisitions made in previous years.

Net income

The Group's net income from continued operations came to EUR -7.3 million in the period under review (previous year: EUR -11.1 million).

The non-cash tax expense is the result almost entirely of the reduction in deferred tax assets for EUR 0.6 million for losses generated in Germany.

Comprehensive income from the sold Mobile Technology business segment came to EUR -3.2 million.

Until July 2013, the sold business segment was able to earn an operating result of EUR 0.9 million. An opposite effect came from the impairment of goodwill in the sold business segment which, as measured according to IFRS 5, amounted to EUR 3.1 million.

Comprehensive income for the Group as a whole, net of taxes, amounted to EUR -10.5 million (previous year: EUR -11.3 million) in the financial year 2013.

Development of Financial Position and Net Assets

Financial position and net assets

YOC Group's total assets amounted to EUR 7.7 million as of 31 December 2013 and therefore fell by 66 % in comparison to the end of financial year 2012 (EUR 23.1 Million). The reduction in total assets reflects mainly the disposal of assets and liabilities amounting to EUR 13.9 million from the sale of the Mobile Technology business segment.

Non-current assets

The value of non-current assets was EUR 2.2 million as of the reporting date, lower by EUR 1.5 million as compared to the previous year.

Goodwill in the Media segment was impaired amounting to EUR 0.5 million.

As of 31 December 2013, other intangible assets amounted to EUR 0.5 million (previous year: EUR 0.8 million). Only in the self-developed software item were additions amounting to EUR 0.1 million posted. With scheduled depreciation of EUR 0.3 million along with the customer base impairment of EUR 0.1 million for the Spanish region, a decline of EUR 0.2 million in total was posted.

Property, plant and equipment declined by EUR 0.2 million to EUR 0.5 million. Investment requirements in 2013 were low at EUR 0.1 million. Thus the decline is explained mainly by the EUR 0.3 million in depreciation reported in 2013.

In 2013 the sale of the Mobile Technology business segment resulted in a reduction in deferred tax assets for EUR 0.5 million in losses generated in Germany and for EUR 0.2 million in losses generated abroad.

Current assets

Current assets amounted to EUR 5.5 million on the reporting date and declined by EUR 13.8 million as compared to the previous year. Altogether, assets classified as held-for-sale from the sale of the Mobile Technology segment came to EUR 13.9 million.

Trade receivables came to EUR 4.0 million as of 31 December 2013. This is a year-on-year decline of EUR 0.8 million. Owing to measures taken to optimise the management of receivables, trade receivables decreased by 18 %, a disproportionately large percentage as compared to the 12 % decline in revenue.

The increase of EUR 0.7 million in other assets was based almost exclusively on the reporting of receivables resulting from the sale of assets amounting to EUR 0.7 million.

Cash and cash equivalents increased by EUR 0.3 million to EUR 0.5 million. For an analysis of the change in the available cash and cash equivalents, reference is made to the statement of cash flows.

Equity

As of 31 December 2013, YOC Group's equity amounted to EUR -4.7 million (previous year: EUR 2.7 million). The decline can be attributed to the deficit for the year of EUR 10.5 million.

Opposite effects resulted from the capital increase in February 2013 involving the issue of 220,000 new shares with a nominal price of EUR 1.00 per share, from the related increase of EUR 1.8 million in additional paid-in capital, and from the capital increase in May 2013 involving the issue of 258,500 new shares with a nominal price of EUR 1.00 per share and the related increase of EUR 1.3 million in paid-in capital. The additional paid-in capital from the two capital increases, net of transaction costs, amounted to EUR 3.1 million. Recognition of the Management Incentive Programme also had the effect of increasing capital reserves.

The currency translations of the financial statements of the British subsidiaries into euros led to other comprehensive income which also slightly increased equity.

Non-current liabilities

As of 31 December 2013, YOC Group's non-current liabilities increased by EUR 0.3 million to EUR 0.7 million as compared to the previous year. This increase is attributable mainly to the raising of a long-term shareholder loan in the amount of EUR 0.6 million. An opposite effect resulted from the derecognition of rent obligations following termination as of 31 December 2013 of the lease on the office at Karl-Liebknecht-Str. 1, 10178 Berlin.

Current liabilities

Current liabilities fell by EUR 8.3 million to EUR 11.7 million in the financial year 2013.

Two underlying effects in particular account for the decline in current liabilities. Firstly, liabilities amounting to EUR 4.1 million were disposed of in connection with the sale of the Mobile Technology business segment. Secondly, liabilities to financial institutions are in decline owing to scheduled repayments amounting to EUR 0.7 million and special repayments amounting to EUR 1.9 million, which were made from the proceeds of the sale.

Furthermore, trade liabilities decreased as of 31 December 2013 by EUR 0.9 million to EUR 3.0 million. This development results mainly from the decline in expenses for goods and services as compared to the previous year.

Other current liabilities decreased by about EUR 0.7 million to EUR 1.3 million as of the reporting date and consist mainly of liabilities from personnel matters amounting to EUR 0.8 million (previous year: EUR 1.1 million) and value-added tax liabilities of EUR 0.3 million (previous year: EUR 0.8 million).

Other current financial liabilities consist mainly of EUR 4.7 million in liabilities for outstanding purchase invoices (previous year: EUR 4.1 million).

Prepayments received include up-front payments associated with the operating business and fell slightly, by EUR 0.3 million to EUR 1.7 million, as of the reporting date.

Cash flow

On the reporting date, YOC Group's cash and cash equivalents amounted to EUR 0.5 million. Thus the increase in liquidity amounted to EUR 0.3 million as compared to the previous year. The inflow of cash consisted of the operating cash flow amounting to EUR -4.8 million, a cash inflow from investing activities amounting to EUR 4.4 million and cash inflows from financing activities amounting to EUR 0.7 million. The negative operating cash flow reflects the Group's negative operating earnings before depreciation and amortisation.

The cash flow from investing activity for the past financial year amounted to EUR 4.4 million. The company received EUR 5.0 million to date as a fixed purchase price from the sale of the Mobile Technology segment. In the financial year 2013, investments in self-produced software in connection with further development or new development of existing platforms and solutions, as well as in property, plant and equipment, amounted to EUR 0.3 million.

The cash inflow from financing activities amounting in total to EUR 0.7 million consisted of the following:

Loan liabilities to financial institutions amounting to EUR 2.5 million in 2013 were reduced as agreed using the proceeds from the sale of the Mobile Technology segment and subject to the scheduled amortisation rates. As of the reporting date of 31 December 2013, furthermore, YOC Group had drawn EUR 0.5 million from its credit line of EUR 1.0 million (previous year: EUR 1.0 million).

To finance corporate development and investments, two capital increases with issuing proceeds amounting to EUR 3.1 million were successfully placed in the past financial year.

In addition, a shareholder loan in the amount of EUR 0.6 million was obtained in April 2013 from DIH Deutsche Industrie-Holding GmbH, Frankfurt am Main.

Financial management

YOC Group has a credit line of EUR 1.0 million at its disposal, EUR 0.5 million of which had been drawn upon as of the reporting date of 31 December 2013.

To ensure its liquidity, the company received further shareholder loans amounting to EUR 1.0 million after the reporting date.

Research and development

Expenses for research and development of new products or technological innovation totalled EUR 0.6 million in the financial year 2013 (previous year: EUR 0.3 million).

Summary of the results of operations, financial position and net assets

As a result of the losses suffered within the Group since 2011, equity is negative in 2013 for the first time. After the operating losses incurred in the first nine months (Q1 2013: EUR -1.2 million; Q2 2013: EUR -2.4 million; Q3 2013: EUR -1.9 million), an operating profit of EUR 0.2 million was posted in the fourth quarter of 2013. Operating income was influenced by special effects such as the derecognition of rent obligations owing to the move to a new office in Berlin in January 2014, so that an operating loss would have been incurred without these special effects. In comparison to the previous quarters of the financial year 2013, however, a respectable upward trend was observed.

The liquidity situation for YOC Group remains constricted. The company's focus on its core business is showing the first signs of positive effects; the results of business operations, however, are not yet sufficient to cover liquidity requirements in the short term. To secure the future of the company as a going concern, the Management Board is exploring other external as well as internal financing options. Raising loans, factoring and sales of assets are being considered.

In late December 2013, YOC AG was able to extend to the end of 2015 a shareholder loan in the amount of EUR 0.6 million that was made in April 2013. Further shareholder loans amounting in total to EUR 1.0 million were made to the company in January and February 2014.

Further successful outcomes were posted as early as the first quarter of 2014. Because of a debt waiver by a key creditor of the company, a restructuring gain of EUR 0.7 million was realised.

On 03. July 2014 a contract regarding the sale of the entire Affiliate Marketing division was made.

Forecast report

Economic conditions

On an annual average basis, the German economy as a whole proved to be stable in 2013. This conclusion is based on calculations performed by the German Federal Statistical Office (Destatis), according to which the price-adjusted gross domestic product (GDP) was 0.4 % higher than in the previous year. GDP grew more vigorously in the previous two years, however (2012: 0.7 %; 2011: 3.3 %). The reason for this, according to Destatis, is the continuing recession in some European countries and a slowdown in global economic development, both of which have affected the German economy. The economic situation improved in the course of 2013 after the period of weakness in the winter of 2012 (Statistisches Bundesamt 2014).

For the financial year 2014 the ifo Institute predicts positive trends in its Business Climate Index. The conditions in Germany are favourable, as there is a lower level of uncertainty among companies. Investors therefore continue to be interested in Germany as a relatively safe place to invest. The global economic environment is improving at the same time (ifo Konjunkturprognose 2013/2014). The US economy in particular is recovering, according to the German Institute for Economic Research (DIW). The economic dynamics in newly industrialised countries such as China or India are also strong. This trend is helped by the fact that global monetary policy is likely to remain extremely expansive, notwithstanding a scaling back of the measures taken in the US and initial increases in key lending rates in Brazil and India, for example (Deutsches Institut für Wirtschaftsforschung 2013).

Media

According to "Monitoring-Report: Digital Economy 2013" by the German Federal Ministry for Economic Affairs and Energy, the digital economy in Germany ranks fifth among the 15 most important locations worldwide. The information and communication technology industry (ICT industry) in Germany generates EUR 228 billion in annual sales and contributes more, at just under EUR 85 billion, to commercial value creation than traditional industries such as mechanical engineering and automobile manufacturing. Digital applications and technologies are therefore growth drivers for the entire German economy. Infrastructure and other framework conditions are important considerations. In this respect Germany ranks fourth for mobile telephony penetration, since 33 % of citizens already possess a smartphone (Monitoring Report Digitale Wirtschaft 2013).

A trend towards digitalisation is visible in the German advertising market as well. Altogether, the advertising market in Germany picked up again in 2013, according to Nielsen Research. After an unsteady first half of the year, companies increased their gross advertising expenditures by 2.3 % in the third quarter of 2013 as compared to the same quarter of the previous year. On balance, the first nine months saw an increase of 0.8 % (which amounts to EUR 18.4 billion) as compared to the previous year. The trend towards digital advertising formats also remains unbroken in the financial year 2014. This is seen, according to Nielsen, in the mobile advertising statistics especially, which record growth of more than 70 % as compared to the previous year (Nielsen 2013).

The growth in mobile advertising is also a consequence of the increase in mobile product searches, purchases and product recommendations. In its "MAC Mobile Report 2013/02", the Mobile study group at the Bundesverband der Digitalen Wirtschaft (BVDW – the German Federal Association for the Digital Economy) expects that there will be a further increase in investments in mobile display ads, mobile apps and tablet apps in Germany. Mobile advertising has finally made the breakthrough, according to the report, and has now become a permanent element in many advertisers' marketing mix. The service industry, the automobile industry, telecommunications and media companies invest the most in mobile advertising. The greatest increases in mobile spending in the first half of 2013 were reported by companies in the food industry. As compared to the previous year, their expenditures increased by 295 % to EUR 1.6 million (MAC Mobile-Report 2013/02). Numerous other studies have since documented the effectiveness of mobile advertising campaigns (for example, YOC in its study of the "BECK´s Pils 140 Jahre" jubilee campaign), thereby persuading advertisers to include this direct channel to their target groups in their media mixes.

For 2013 the Circle of Online Marketers (OVK) confirms its prediction that the online advertising sector will achieve growth of 11 % to more than EUR 7 billion in gross advertising volume. Traditional online advertising will continue to account for the largest share of this, followed by search term advertising and affiliated networks (OVK Online-Report 2014/01).

Companies in the digital economy are very optimistic as 2014 begins. Growth is expected in both sales and employment, according to the BVDW's "Trend in Prozent" survey of experts. When asked about which trends and developments will have a significant impact on the digital economy in 2014, most experts responded that the challenges faced in the mobile segment are of primary importance. These challenges are followed by automation of media commerce – programmatic buying and selling, real-time advertising (RTA) – and the issues associated with Big Data (BVDW, Trend in Prozent 2014).

Against this background, the forecasts for spending on mobile advertising are favourable. Studies for the Western European market, for example, predict for the new financial year expenditures amounting to roughly USD 6.4 billion, which corresponds to growth of 56 % as compared to the previous year (Statista, Ausgaben Mobile Advertising 2014).

Outlook

On the whole, YOC expects to see decreasing sales revenue in the Media segment in a double-digit percentage range due to the sale of the entire Affiliate Marketing division in the coming financial year. Because of the market´s accelerated growth and the segment´s position in the market, a stable development of the remaining division Mobile Advertising is to be expected. Investments are therefore planned to further develop innovative technologies and products and to promote further internationalization. YOC Group expects a considerable reduced operating loss in 2014 as compared to the previous year.

The liquidity situation of the YOC Group remains strained. The Group´s focus on his core business shows first positive results. The operating results are still not yet sufficient to cover the short- and midterm liquidity requirements according to the continuing loss situation. The Management Board expects further negative operating Cash Flows to come and examines further ways of debt- and equity financing to ensure the continuation of the company as a going concern. To counteract the strained liquidity situation, various measures are taken into account. These measures or events involve in particular:

- A timely significant cash inflow from selling the entire Affiliate Marketing division,
- a timely and successful collection of debts of up to a maximum of EUR 1.7 million according to a variable purchase price component from the sale of the Mobile Technology segment in July 2013,
- a successful realization of a debt waiver with one or more substantial creditors,
- a successful implementation of a capital measure in the next six to twelve months,
- a timely realization of improving operating results considerably and therewith the achievement of reaching the planned targets of business operations

The continuation of the company as a going concern depends on the success of implementing the mentioned above measures and therewith corresponding cash inflows.

Opportunities and Risk report

Principles of risk and opportunity management

YOC Group takes a comprehensive, systematic approach to opportunity and risk management to achieve its goals in this regard. This ensures that the company is able to recognise and diligently seize opportunities without disregard for the associated risks.

Continual development of the opportunity and risk management system to adapt to rapidly changing market and business conditions is the foundation for sustainable growth. To that end, the company consciously takes necessary risks while weighing them against the potential rewards in order to take advantage of market opportunities and exploit the potential for success inherent in them.

A key element of this system is the internal reporting of operational key performance indicators. This provides a means for early detection and assessment of risks and opportunities. The Management Board monitors implementation of risk control measures and the realisation of opportunities in the operating units.

The appropriateness of the risk management methods and processes used to identify, assess, control, monitor and communicate risks is reviewed at regular intervals and adjusted in response to internal and external developments.

Financial and treasury risks

YOC Group set up its own treasury function to plan and monitor cash flows. The liquidity management unit helps the Management Board monitor the effectiveness of liquidity support measures by tracking business performance and cash flow fluctuations. The management decisions rely on key performance indicators, among other things, which provide information on the company's capital structure.

The risk of default by debtors is countered through rigorous accounts receivable management which monitors the age distribution of receivables and manages those whose payment is in doubt.

With liquidity of EUR 0.5 million as of 31 December 2013, the company has a low liquidity reserve for a company of its size. YOC Group is in a strained liquidity position; delays in turning receivables into cash could adversely affect the solvency of the company.

In late December 2013, to stabilise the company's liquidity position, a shareholder loan that had been made to YOC AG in the amount of EUR 0.6 million was extended to the end of 2015. Further shareholder loans amounting in total to EUR 1.0 million were made to the company in January and February 2014.

In the first quarter of 2014 a negotiated debt waiver by a creditor resulted in a recapitalisation gain of EUR 0.7 million.

On 03. July 2014 a contract regarding the sale of the entire Affiliate Marketing division was made.

Additional corporate measures are being studied for future periods to cover short-term and medium-term financing needs. At this time various external and internal financing options are being considered.

In this context we refer in particular to the section „outlook", which shows the threat of the company as a going concern due to the strained liquidity situation as well as an overview of future developments. Due to the remaining negative operating Cash Flows the Group tries to implement various measures to counteract the strained liquidity situation. Continuation as a going concern crucially depends on a successful completion of measures to be taken outlined in section „outlook". This includes in particular a timely improvement of operating results and therewith the achievement of the planned business development. In the absent of such measures outlined in section „outlook" and an improvement of operating results cannot be approved, the continuation of the Group as a going concern would be acutely at risk.

Market risks and risks of competition

YOC Group is active in a young and rapidly developing market. This environment demands highly flexible processes and structures. Changes in market and competitive conditions, such as the appearance in the market of a new competitor, for example, are among the risks which YOC Group seeks to anticipate through constant market and company monitoring. The market research and business development departments in particular work to ensure that emerging trends and new developments are detected.

Changes in economic factors may also have an impact on YOC Group's development as a result of declines in orders, especially in the advertising sector. Given its broad range of products and services and its diversified customer base, YOC Group is well positioned to withstand such developments. The risk of a decline in sales as a result of conditions in the economy as a whole is estimated to be low.

Risks from acquisitions

Acquisitions of subsidiaries pose not only financial risks, but also challenges to the organisational consolidation of the companies. YOC Group has trained its focus on the various company structures and the arrangement of organisational interdependencies as a means of exploiting synergies. There is an attendant risk that synergies will not be realised to the extent intended or that the subsidiaries will not achieve the planned return on sales. Not every acquisition in the history of YOC Group has brought about the desired results. More thorough organisational and personnel integration within the Group is planned to prevent such developments in the future.

Technological risks

YOC Group pursues a uniform IT strategy which involves constant monitoring and further development of its IT systems. The speed of technological innovation in the market demands a great deal of flexibility and increasingly poses a risk. A large part of the problem is the lack of standards in some areas of the technological environment. Substitutes or products from competitors could weaken YOC Group's competitive position. Technological innovation must therefore be promoted in the interest of long-term success and to strengthen the company's market position. Because of the highly dynamic nature of the market, investments in the development of new products and technologies also bear the risk that such investments will prove to be unprofitable.

When selecting IT systems, YOC Group for the most part chooses industry-specific standard software from reputable providers. The arrangements for information security comprise the implementation of encryption mechanisms, firewalls and virus scanners. Precautionary measures against technical equipment failure have been taken through parallel operation of technical applications so that client orders are processed smoothly at all times. In addition, backup systems protect the database against possible loss of data and ensure that it is consistently available.

Legal risks and liability risks

To avoid legal risks, external lawyers are engaged to review important legal transactions. YOC Group protects itself against claims and potential liability risks with comprehensive insurance cover, which is subject to ongoing review. The current directors & officers liability insurance policy protects the management in the event of financial losses to the company.

Neither YOC Group nor one of its subsidiaries was a party in any ongoing or foreseeable judicial or arbitral proceedings in the financial year 2013 that might have a material impact on the corporation's financial position. No negative developments are expected for the coming financial year either.

Legislative decisions such as a change in the data protection law, for example, also could have a negative effect on YOC Group's business activities. As the financial statements are being drawn up, however, YOC Group is not aware of any plans for legislative changes in the foreseeable future that would significantly affect it.

Personnel risks

The successful development of YOC Group depends on its ability to attract and earn the loyalty of qualified employees. Owing to vigorous growth in the markets of relevance to YOC Group, the labour market for personnel with the required knowledge and experience is extremely competitive. The risk of staff shortages is monitored and avoided with the support of a Group-wide staff planning system. Staff development measures and a performance-based remuneration system that is subject to regular review by the Management Board ensure that we remain competitive in the market for personnel. Programs of training and advanced education also guarantee that several key members of staff work in each company segment. Rules on replacement and succession ensure the safeguarding of business procedures and decision-making processes.

Employees who work with confidential information are obliged to comply with the applicable rules and are to deal with confidential information in a responsible manner.

Planning risks

Forecasts for revenue and expenses involve planning risks. Considering the highly dynamic nature of the market, short-term and medium-term forecasts are based mainly on estimates and assumptions, particularly sales forecasts. Regular review of these assumptions allows the Management Board to react to outcomes that diverge from plans and to initiate countermeasures accordingly.

We refer further to the “Outlook” section, which describes how constricted liquidity puts the future of the company as a going concern at risk and gives an overview of future performance.

Control systems

The internal control systems support management in monitoring and steering the company and the group. The systems comprise budgets, actual cost calculation and forecasts and are based on the annual updated strategic planning of the group. In particular market performance, new technical developments and trends, which have an impact on own products and services as well as the financial resources of the group are taken into account.

The group´s reporting system consists of monthly earning statements and quarterly IFRS reporting of all consolidated companies of the group. They contain of the position of net assets, the financial position and results of operations on group level and on division level. In line with the positioning of the product areas Mobile Advertising and Affiliate Marketing the operative business of the group are essentially steered by the measurement of sales revenue, gross profit and EBITDA.

Inspection and Risk Management Report on the Accounting Process

(Sect. 289 Para. 5 and Sect. 315 Para. 2 No. 5 German Commercial Code (HGB))

For both YOC AG and YOC Group, the existing control and risk management system comprises the entirety of all organisational provisions and measures for identifying, assessing and communicating risks and dealing with the risks of entrepreneurial activity. As regards the (Group’s) accounting process, moreover, the internal financial control system is organised and continually developed to ensure that the relevant accounting principles and standards are observed, and that the accounts are prepared properly, so that the financial reporting provides a true and fair view of the real circumstances of YOC AG’s and YOC Group’s net assets, financial position and results of operations.

The Management Board bears all responsibility for the internal control and risk management system as it relates to the (Group’s) accounting process. All companies covered in the consolidated financial statements are integrated through a firmly defined management and reporting organisation. Operational responsibility is vested in the Management Board, which is assisted by the management of the accounting department.

We regard the following elements of YOC Group’s internal control and risk system as essential to the (Group’s) accounting process:

- Procedures for identifying, assessing and documenting all essential business processes and areas of risk relating to accounting, including the associated key controls. These encompass financial and accounting processes along with administrative and operational business processes which generate information that is essential for the compilation of the annual and consolidated financial statements, including the management and Group management reports.

- Process-integrated controls (EDP-assisted controls and access restrictions, the dual-control principle, separation of functions, analytical controls).
- Standardised financial accounting processes.
- Ensuring uniform accounting through Group-wide guidelines and procedures
- Monthly internal Group reporting, profit and loss accounting, and monthly results reporting, including the analysis and reporting of essential developments and target/performance deviations.

The effectiveness of the (Group's) accounting-related internal control and risk management system is systematically examined and evaluated through regular preventive control tests. A Group-wide reporting system has the task of ensuring that the Management Board and Supervisory Board receive regular and timely information. The Management Board and Supervisory Board are regularly apprised of the current risk situation and the functioning, effectiveness and adequacy of the internal control and risk management system.

In the opinion of the Management Board, the processes, systems and controls in place are a sufficient guarantee that the accounting processes are followed in conformity with the relevant accounting principles.

Information on Shares and Management Board Explanatory Report

(Disclosures pursuant to Sect. 289 Para. 4 and Sect. 315 Para. 4 of the German Code of Commercial Law (HGB) and explanatory report of the Management Board)

Subscribed capital

As of 31 December 2013, YOC AG's subscribed capital amounts to EUR 2,858,500 and is divided into 2,858,000 no-par ordinary shares made out to bearer. Each share has one vote. Different classes of shares do not exsist.

The same rights and obligations are associated with all shares. Each share guarantees a vote at the General Meeting and entitles the holder to a share of the company's profits. Excepted are shares held by the company itself, which confer no rights on the company.

Restrictions of voting rights or transfer of shares

There are no restrictions on the voting rights associated with shares in YOC AG or the transfer of shares in YOC AG.

Ownership interests in capital that exceed 10 % of the voting rights

The following direct or indirect ownership interests in YOC AG capital which exceed 10 % of the voting rights are based on voting rights announcements pursuant to Sect. 21 of the German Securities Trading Act (WpHG) received and published by the company in the financial year 2013 and earlier.

- dkam GmbH, Frankfurt am Main: around 17.6 % of the company's nominal capital. This ownership interest is attributed to Mr Dirk Kraus, Frankfurt am Main. The ownership interest indirectly controlled by Mr Dirk Kraus amounts to an overall total of 17.6 % of the voting rights.
- DIH Deutsche Industrie-Holding GmbH, Frankfurt am Main: 11.0 % of the nominal capital. This ownership interest is attributed to Mr Peter Zühlsdorff, Berlin. The ownership interest directly and indirectly controlled by Mr Peter Zühlsdorff amounts to an overall total of 11.0 % of the voting rights as of the last voting rights announcement received by the company.

Shares with special rights which give supervisory powers

There are no shares with special rights which confer supervisory powers.

Type of voting power if employees participate in capital and do not immediately exercise their

supervisory rights

The YOC Management Incentive Programme was launched on 15 July 2009 by decision of the General Meeting of YOC AG. Under this programme, subscription rights were granted to members of the Management Board and employees of the company, for the first time, in the autumn of 2009. Because the terms for exercising these rights under the YOC Management Incentive Programme have not yet been satisfied, no shares have been transferred yet to the members of the Management Board or the company's employees.

If YOC AG issues shares to employees under the YOC Management Incentive Programme, the shares will be transferred directly to the employees. Like other shareholders, employees so benefitted may exercise the rights their shares afford them in accordance with the provisions of law and the Articles of Association.

Rules for the appointment and dismissal of members of the Management Board and on the amendment of the Articles of Association

The provisions of law governing the appointment and dismissal of members of the Management Board are found in Sect. 84 and Sect. 85 of the German Stock Corporation Act (AktG). These provisions are implemented in Sect. 7 Para. 2 of YOC AG's Articles of Association.

According to Sect. 119 Para. 1 No. 5, Sect. 133, Sect. 179 Para. 1 and Para. 2 AktG, the Articles of Association can be amended by a resolution of the General Meeting passed with a simple majority of the votes cast and a majority of three quarters of the share capital represented at the vote.

The Supervisory Board is authorised to make amendments to the Articles of Association that concern only the drafting (Sect. 17 of the Articles of Association of YOC AG).

THE AUTHORITY OF THE MANAGEMENT BOARD CONCERNING THE POSSIBILITY OF DISTRIBUTING OR BUYING BACK SHARES

Acquisition of own shares

The resolution passed by the General Meeting on 16 June 2010 authorises the company to buy its own shares until 15 June 2015. This authorisation allows shares to be acquired in a volume not exceeding 10 % of the share capital existing at the time of the resolution. Other shares in the company's possession or attributable to it according to Sect. 71a et seq. AktG count towards this limit of 10 % of the share capital. The details of the authorisation are contained in the invitation to the General Meeting on 16 June 2010, which is available on the YOC AG website (see agenda item 5 and the related report of the Management Board).

The company held 4,000 of its own shares at the end of the financial year 2013. (This is equivalent to approximately 0.14 % of the share capital).

Authorised capital

Sect. 6 Para. 5 of the Articles of Association of YOC AG provides for authorised capital 2013/I:

The resolution passed by the General Meeting on 6 June 2013 authorises the Management Board to increase the share capital of the company, on one or several occasions, up to a total of EUR 1,300,000 by 5 June 2018 by issuing new bearer shares against cash contributions and/or contributions in kind with the approval of the Supervisory Board.

The Management Board was also authorised to exclude subscription rights of shareholders under certain conditions subject to the Supervisory Board's approval.

The details of the authorisation are contained in the invitation to the General Meeting of 6 June 2013, which is available on the YOC AG I website (see agenda item 6 and the related report from the Management Board).

With the approval of the Supervisory Board, the Management Board has twice made use (in the amount of EUR 478,500) of the authorisation it was granted in 2011 (authorised capital 2011/I). The authorised capital 2011/I therefore no longer exists as of the end of the financial year 2013.

Contingent capital

In accordance with Sect. 6 Para. 7 of YOC AG's Articles of Association, the share capital of the company was contingently increased by up to EUR 175,000 through the issue of up to 175,000 new shares made out to bearer. The contingent capital increase is used to operate the YOC Management Incentive Programme and for the subscription rights issued under this programme. Contingent capital is increased only to the extent that those entitled to subscribe exercise their subscription rights. The new shares resulting from the exercise of subscription rights entitle the holder to share in the profits from the beginning of the financial year for which, at the time at which the subscription right is exercised, no resolution of the General Meeting has yet been passed concerning the use of the net income. The Management Board is authorised, subject to the consent of the Supervisory Board, to determine the further details of the implementation of the contingent capital increase.

Key agreements of the company that are subject to the condition of a change in control resulting from a takeover bid.

The company has entered into no agreements which are subject to the condition of a change in control resulting from a takeover bid.

Compensation agreements made betweenthe Company and members of the Management Board or employees in the event of a takeover bid.

The YOC Management Incentive Programme provides that, in the event of a takeover bid for purposes of Sect. 29, 35 of the German Securities Acquisition and Takeover Act (WpÜG), the subscription rights already granted under an option agreement can be exercised by those entitled to subscribe – these being the members of the Management Board and employees of the company – during an additional exercise period on the fifth and ten following stock exchange trading days after the takeover bid is published, provided that the statutory waiting period for the initial exercise of the subscription rights of at least two years is observed.

In the event of a takeover bid before the end of the two-year statutory waiting period, the company will compensate the members of the Management Board in cash for the value of their subscription rights. No such compensation agreements have been made with employees of the company.

Declaration on Corporate Governance

(Sect. 289a German Commercial Code (HGB))

The Declaration on Corporate Governance pursuant to Sect. 289a HGB includes the Declaration of Conformity in accordance with Sect. 161 of the German Stock Corporation Act (AktG), relevant information concerning company management practices and a description of the working methods of the Management Board and the Supervisory Board.

This declaration forms part of the Management Report of YOC AG and Group Management Report of YOC Group for the financial year 2013. According to Sect. 317 Para. 2 Sent. 3 HGB, the information pursuant to Sect. 289a HGB is not among the information that is subject to an auditor's scrutiny.

Declaration by the Management Board and Supervisory Board of YOC AG in accordance with Sect. 161 Stock Corporation Act (AktG) on the German Corporate Governance Code in the version of 13 May 2013 (Declaration of Conformity 2013)

According to Sect.161 AktG, the Management Board and the Supervisory Board of a listed company must annually declare that the recommendations of the "Government Commission on the German Corporate Governance Code" in the official part of the electronic Federal Gazette published by the German Federal Ministry of Justice were or are compiled with, or which recommendations for valid reasons were or are not applied. The declaration must be made publicly available on the company's website.

The German Corporate Governance Code (DCGK) contains provisions, not all of which are equally binding. Aside from descriptions of current company law, it contains recommendations which companies may disregard, in which case, however, they must disclose that they have done so. According to Sect. 161 AktG, departures from the recommendations of the DCGK must be justified. Furthermore, the DCGK contains suggestions which companies may disregard without disclosing that they have done so. The following declaration concerns the period since the last Declaration of Conformity, that of December 2012, and refers to the requirements of the DCGK in its current version of 13 May 2013.

The Management Board and the Supervisory Board of YOC AG declare that the recommendations made by the "Government Commission on the German Corporate Governance Code" are and were fundamentally complied with in the past. The Management Board and the Supervisory Board also intend to comply with it in the future. Only the following recommendations of the German Corporate Governance Code were and are not applied:

- **Item 3.8 Para. 3 DCGK:** The company is of the opinion that the motivation and responsibility with which the members of the Supervisory Board carry out their duties will not be improved by an insurance excess. The D&O liability insurance serves to safeguard against the company's material own risks and at most serves as a second-line defence of the assets of the members of those bodies. The D&O insurance for the Supervisory Board was therefore taken out without an excess.

- **Item 4.1.5 DCGK:** When filling managerial positions within the company, the Management Board considers both company-specific realities and an appropriate level of diversity. In our opinion, however, the guidelines of the DCGK inappropriately restrict the Management Board in its choice of suitable candidates for managerial positions which need to be filled.

- **Item 4.2.1 DCGK:** According to item 4.2.1 of the DCGK, the Management Board is to consist of several persons and have a chairman or spokesman. Mr Dirk Freytag resigned from his office as chairman on 30 September 2013 for reasons of health. Since then, the Management Board of YOC AG has consisted of only one person.

- **Item 4.2.2 Para. 2 Sent. 3 DCGK:** The Supervisory Board is to consider the relationship between the remuneration of the Management Board and that of senior management and of the staff overall, particularly in terms of its development over time. For this comparison the Supervisory Board must determine how senior management and the relevant staff are to be differentiated. Item 4.2.2 Para. 2 Sent. 2 DCGK was newly added to the German Corporate Governance Code in the version of 13 May 2013. No remuneration amounts for Management Board members were reset by the Supervisory Board before this Declaration of Conformity was issued. The relationship between the remuneration of the Management Board and that of senior management and of the staff overall, particularly in terms of its development over time, was not explicitly considered when the Management Board's remuneration was set.
- **Item 4.2.3 Para. 2 Sent. 6 DCGK:** The amount of remuneration paid to the Management Board is to be capped, both overall and for the variable pay components. Item 4.2.3 Para. 2 Sent. 6 DCGK was newly added to the German Corporate Governance Code in the version of 13 May 2013. No remuneration amounts for Management Board members were reset by the Supervisory Board before this Declaration of Conformity was issued. The existing contracts with Management Board members cap the variable pay components at amounts that may not fully comply with the Code's new recommendation. Item 4.2.3 Para. 5 DCGK: notwithstanding the recommendation of the DCGK, payments in the event of a change of control are not generally limited to 150 % of the severance payment cap. Such a limit could impair the ability to attract highly qualified employees. According to the Management Board remuneration structure, a change of control case could also have the effect of increasing the YOC share price when Management Board members participate in the share option programme of the company. In addition to the beneficiaries of the share option programme, however, the shareholders profit from the rise in the share price, so that the interests of the Management Board and the shareholders coincide in this regard.

- **Item 5.1.2 Para. 1 along with Item 5.4.1 Para. 2 and 3 DCGK:** A guideline for the composition of the Management Board as called for in Item 5.1.2 Para. 1 DCGK inappropriately restricts the Supervisory Board in its choice of suitable Management Board members. The same applies to an objective for the composition structure of the Supervisory Board as set forth in Item 5.4.1 Para. 2 and 3 DCGK. We are fundamentally of the opinion that this constitutes an excessively severe limitation in the selection of suitable candidates for the Supervisory Board on an individual-case basis. Moreover, such an objective also encroaches upon the right of our shareholders to elect the members of the Supervisory Board.

- **Item 5.1.2 Para. 2 Sent. 3 DCGK:** The Supervisory Board has not set an age limit for members of the Management Board. The members of the Supervisory Board believe that suitability for a company management position depends mainly on individual ability and performance.

- **Items 5.3.1, 5.3.2 and 5.3.3 DCGK:** As the Supervisory Board of YOC AG has only three members, it would be neither practical nor in accordance with best practice standards to set up committees, particularly an audit committee or nomination committee. The purpose of setting up an audit committee as proposed by the DCGK is to increase the efficiency of auditing. This aim would not be achieved at YOC AG as nearly all members of the plenum would have to sit on the audit committee. Similarly, nearly all plenum members would have to sit on the nomination committee, which would not bring any improvement in the preparation of Supervisory Board recommendations regarding candidates proposed by the shareholders.

- **Item 5.4.1 Para. 2 Sent. 1 DCGK:** No age limit has been set for Supervisory Board members. A candidate's ability to monitor and act as a coequal contact for the Management Board depends mainly on individual capabilities.

- **Item 5.4.3 Sent. 2 DCGK:** According to Item 5.4.3 Sent. 2 DCGK, the next General Meeting is to be set as the deadline for an application for judicial appointment of a Supervisory Board member. To ensure continuity and efficient and productive work in the Supervisory Board, no deadline was set for the application for judicial appointment of the present Supervisory Board members.

- **Item 5.4.6 para. 1 sent. 3 DCGK:** The company complies with the recommendations of the Code regarding remuneration of the chairman of the Supervisory Board and the deputy chairman, with the exception that the chair and the members of committees receive no special consideration for lack of committees formed.

- **Item 7.1.2 Sent. 4 DCGK:** The company will endeavour to comply with the recommendation that the consolidated financial statements be made available to the public within 90 days after the end of the financial year and the interim reports within 45 days after the end of the reporting period, but cannot guarantee that it will do so owing to the large scope of consolidation.

Berlin, March 2014

YOC AG

The Management Board
The Supervisory Board

The declaration has been made permanently available to the public on YOC AG's website (www.yoc.com) under "Investor Relations". Earlier versions of the Declaration of Conformity also can be found there.

Information concerning company management practices

BASIC PRINCIPLES

Sustainable economic, ecological and social action is a defining element of the corporate culture at YOC AG. This also includes integrity in dealings with employees, investors, customers, suppliers, authorities, interest groups, other stakeholders and the public.

YOC AG is a stock corporation with its registered office in Germany. Therefore, the formal framework for corporate governance has its basis in German law, particularly the stock corporation law and the law on capital markets, and in the Articles of Association.

As a service company, YOC AG is depends on its ability to win and maintain the trust of its customers and business partners through exemplary behaviour. The objective is to act in a credible, trustworthy and reliable manner and to convey a corresponding image.

TRANSPARENCY

A uniform, comprehensive and prompt information policy in relation to employees, investors, customers, suppliers, authorities, interest groups and other stakeholders ranks high in importance for YOC AG. The aforementioned are all provided with information by YOC AG on a uniform, comprehensive, prompt and simultaneous basis. The business situation and operating results of YOC AG and YOC Group are reported in the annual report, the mid-year report and the interim reports. In addition, information is passed on through ad-hoc communications, when the law so requires, and through the company's websites. All messages, presentations and notices, along with the current financial calendar, can be viewed on the company's website (www.yoc.com) under "Investor Relations".

Changes in the make-up of the shareholder structure which must be reported (Announcements of Voting Rights, Sect. 21 et seq. WpHG) and the purchase and sale of shares of individuals holding management positions within YOC AG (Directors' Dealings according to Sect. 15a WpHG) also are published by the Management Board.

YOC AG also maintains the required insider registers in accordance with Sect. 15b WpHG. The individuals concerned were and are informed of the legal duties and sanctions.

RISK MANAGEMENT

YOC Group is one of Europe's leading mobile media providers and as such is exposed to many of the opportunities and risks specific to the sector and the companies. YOC AG has an established, comprehensive and effective system which enables the company to detect, assess, report on and deal with opportunities and risks associated with all functions and business processes at an early stage. The aim of this system is to systematically detect risks at the earliest possible time, assess the likelihood of their occurrence, estimate their potential qualitative and quantitative effects and initiate effective countermeasures. Risk management is regularly discussed and further developed at Management Board and Supervisory Board level.

Further information on the company's risk management, the specific risks to which the company finds itself exposed, and the accounts-related internal control and risk management system can be found in the Risk Report that forms part of the company's Group Management Report.

Description of the working methods of the Management Board and the Supervisory Board

As a German stock corporation, YOC AG is governed by the As a German stock corporation, YOC AG is subject to the German Stock Corporation Act. A dual management system is therefore required by law. The Management Board and Supervisory Board have autonomous powers but collaborate closely and in confidence in the discharge of their statutory duties.

MANAGEMENT BOARD

The Management Board has sole responsibility for the management of the company. It has a duty to act in the interests of the company and is committed to the sustainable development of the company. The Management Board responsibilities include determining the company's strategic direction in consultation with the Supervisory Board and managing the business of the company. The Management Board manages the company's business in accordance with the relevant laws, the Articles of Association and its Rules of Procedure. The members of the Management Board bear joint responsibility for corporate governance, work together cooperatively, and keep each other regularly informed of important actions and events in their business areas. Notwithstanding the joint responsibility of all members of the Management Board, each member manages the business area assigned to him, apart from those matters that must be decided by the Management Board as a whole, on his own responsibility. More detailed rules are set forth in the Rules of Procedure enacted by the Management Board with the Supervisory Board's approval. The members of the Management Board are appointed by the Supervisory Board.

The term of office served by Management Board members cannot exceed five years. Management Board members may, however, be appointed more than once. The Supervisory Board may appoint a member of the Management Board as chairman of the Management Board. Mr Dirk Kraus has been appointed Chairman of the YOC AG Management Board effective 10 September 2013.

The Management Board reports to the Supervisory Board regularly, promptly and completely on key issues relating to the Group's business development, strategy and planning, risk situation and compliance. It also confers with the Supervisory Board before all important strategic decisions. Management Board meetings are normally held every two weeks for joint votes. In addition, the Management Board regularly confers with the members of the company's second management level. The Management Board has not formed any committees.

SUPERVISORY BOARD

It is the duty of the Supervisory Board to advise and supervise the Management Board. It is involved in strategy and planning and in all issues which are of fundamental importance for the company. Important decisions by the Management Board are subject to its approval. This includes the corporate planning for the year ahead prepared by the company once a year (the budget), which is submitted to the Supervisory Board by the Management Board, discussed with the Supervisory Board and adjusted as needed. The Supervisory Board also assigns the audit mandate to the auditor appointed by the General Meeting. The Supervisory Board holds at least four meetings per year.

The YOC AG Supervisory Board consists of three members, none of whom were previously on the company's Management Board. The Supervisory Board is elected by the General Meeting. The Supervisory Board has not formed any committees.

The way the Supervisory Board works is set out formally in the Rules of Procedure. Resolutions of the Supervisory Board are normally passed in face-to-face meetings. In addition, meetings may be held and resolutions passed through written communication, by telephone or telex, or with the aid of other means of telecommunication. The company's Management Board attends the meetings regularly and other members of the company's extended management also are invited to attend as needed. The first face-to-face meeting of the year to be held after the preparation and auditing of the annual financial statements (the "statement of financial position meeting") is attended also by the company's auditors, who present their report of the completed audit to the Supervisory Board.

The agenda and proposed resolutions for the Supervisory Board meetings are communicated to all participants in writing sufficiently well in advance of the meetings. When decisions are necessary at short notice, they may be made by written consent in lieu of a meeting. All meetings of the Supervisory Board are recorded in writing.

The chairman of the Supervisory Board explains annually the activities of the Supervisory Board at the General Meeting and in his report to the shareholders, which is printed in the company's Annual Report.

Berlin, March 2014

YOC AG
The Management Board
The Supervisory Board

Remuneration Report

The Remuneration Report is based on the “Recommendations of the German Corporate Governance Code”. It summarises the principles which are applied in setting the remuneration of the Management Board of YOC AG and explains the amount and structure of the Management Board members’ income. It also describes the principles according to which the Supervisory Board members are remunerated and the amount of their remuneration.

The Remuneration Report also contains particulars which, under German commercial law, must be included as part of the notes to the consolidated financial statements pursuant to Sect. 314 HGB and the Group Management Report pursuant to Sect. 315 HGB.

Management Board remuneration

The Supervisory Board is responsible for setting the Management Board’s remuneration. In doing so, it considers the company’s size and activities, the company’s economic and financial position, the duties of the Management Board member in question, and, for comparative purposes, the amount and structure of management board remuneration elsewhere in the industry. Management Board remuneration is performance-based. Remuneration is designed to be competitive in the market for highly qualified management personnel and to offer an incentive for successful performance.

In the financial year 2013 it consisted of a fixed basic remuneration amount, a variable component and the participation in the YOC Management Incentive Programme.

- The base remuneration is cash remuneration in a fixed amount for the year as a whole which is specific to the Management Board member’s area of responsibility and is paid out in twelve monthly instalments.

- The variable component consists of cash remuneration as profit-sharing based on the results of operations according to IFRS (EBITDA) of YOC AG and is subject to an upper limit. Because the success parameters were not met, no member of the Management Board was granted variable remuneration in the financial year 2013.

- With the participation in the YOC Management Incentive Programme set up in 2009, members of the Management Board, along with other employees of the company, receive subscription rights to shares in YOC AG. The subscription rights so granted are subject to a holding period of several years. The exercise of subscription rights requires an own investment by the subscription right holder at an exercise price derived from the stock market price of the YOC share when the subscription rights in question are issued (market value). The purpose of the YOC Management Incentive Programme is to reward the Management Board for its contribution to increasing shareholder value and to promote the long-term success of the company. This remuneration component and the long-term incentive it offers create a useful link between the interests of the management and those of the shareholders.

As a contractual fringe benefit, Dirk Freytag and Jan Webering were each provided with a company car.

Remuneration of the Management Board for 2013 (in kEUR)

Name	**Fixed renumeration*** (in kEUR)	**Payments occasioned by ending of employment** (in kEUR)	**Subscription rights granted in 2009 and 2011** (in shares)
Dirk Freytag (until September 2013)	205		0
Dirk Kraus (since September 2013)	35		32,655
Jan Webering (until July 2013)	121		32,655
Joachim von Bonin (until March 2013)	51	100	16,625
Total	**412**	**100**	**81,935**

In the financial year 2013 the total of all remuneration paid to the Management Board amounted to kEUR 587. The Management Board was granted a total of 81,935 subscription rights in 2009 and 2011. A further 32,655 subscription rights were granted to a former member of the Management Board.

In the financial year 2013 Mr Alexander Sutter received kEUR 75, the occasion for which was the ending of his employment as chairman in 2012.

Remuneration of the Supervisory Board

Supervisory Board remuneration was set by the General Meeting of YOC AG on the basis of a proposal by the Management Board and Supervisory Board.

Supervisory Board remuneration is fixed at kEUR 12.5 for one financial year. The chairman of the Supervisory Board receives twice this amount and the deputy chair 1.5 times this amount. For each face-to-face meeting of the Supervisory Board, each member of the Supervisory Board receives the amount of EUR 1.0 thousand; the chairman of the Supervisory Board receives twice that; and the deputy chair 1.5 times that amount.

There was no remuneration for personally rendered services apart from the board activities, particularly for any consulting or referral services.

Remuneration for the activities of the Supervisory Board came to a total of EUR 91 thousand in the financial year 2013.

Remuneration of the Supervisory Board for 2013 (in kEUR)

Name	Fixed remun.	Attendance allowance	Total
Gerd Schmitz-Morkramer (Supervisory Board chairman until 06 June 2013)	11	4	15
Peter Zühlsdorff (until 06 June 2013)	8	3	11
Oliver Borrmann (until 06 June 2013)	6	2	8
Dr. Bernhard Heiss (Supervisory Board chairman from 06 June 2013)	10	14	24
Dr. Nikolaus Breuel (from 06 June 2013)	11	10	21
Ludwig Prinz zu Salm-Salm (from 06 June 2013 until 24 October 2013)	5	7	12
Total	**51**	**40**	**91**

Events after the Statement of Financial Position Reporting Date

On 13 January 2014, Sacha Berlik and Konstantin Graf Lambsdorff were appointed by order of the Local Court [Amtsgericht] of Berlin-Charlottenburg, effective immediately, members of the Supervisory Board of YOC AG.

In January and February 2014, shareholders in the company extended loans of EUR 1.0 million in total. Of that, EUR 0.6 million was attributable to Mr Hilmar Kraus and another EUR 0.4 million to KJK Management und Beteiligungen GmbH. Interest of 8.25 % per annum is paid on these loans.

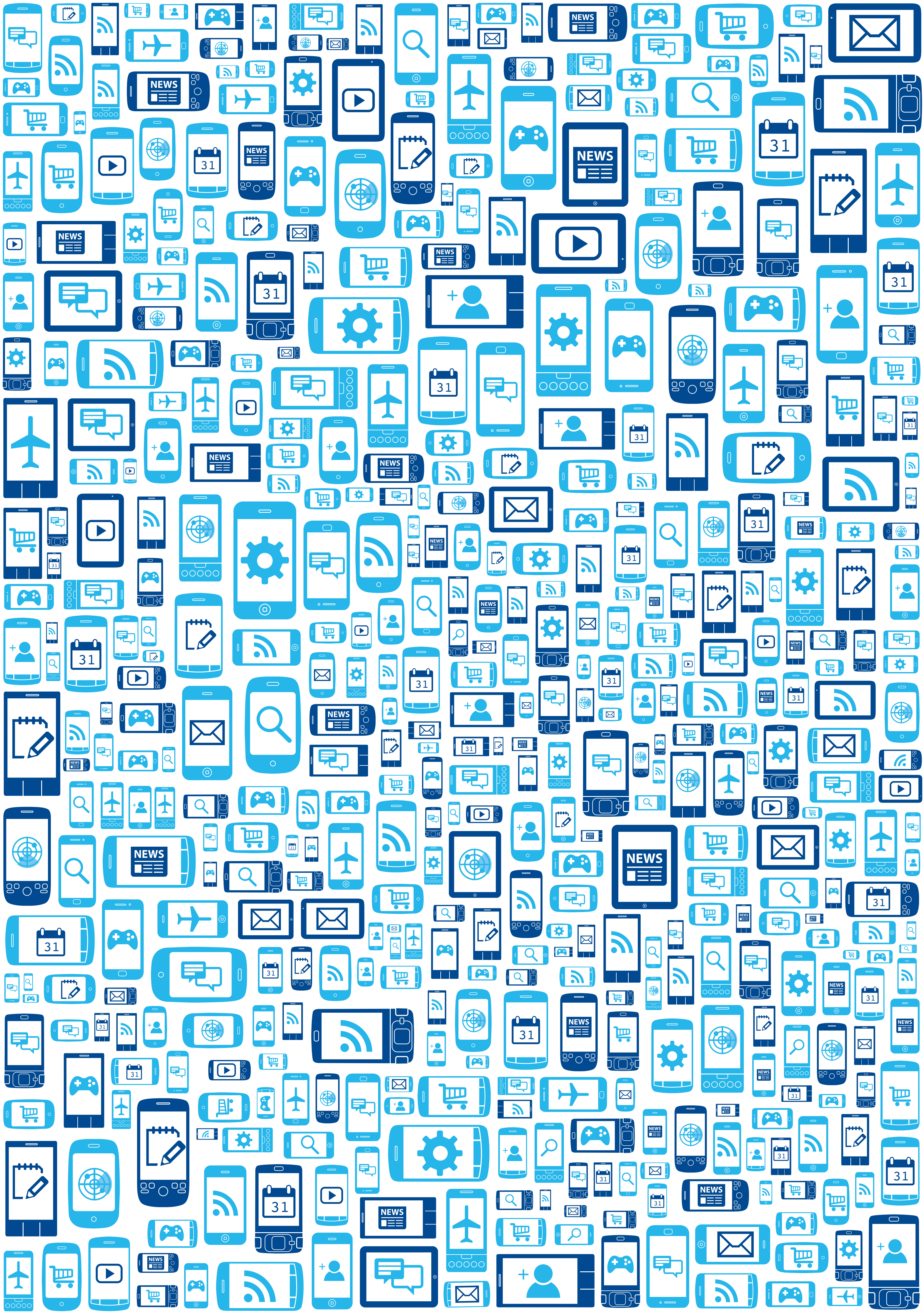
In March 2014, YOC AG succeeded in obtaining a debt waiver by agreement with a key creditor. The company thereby posted a recapitalisation gain of EUR 0.75 million in the first quarter of 2014.

In January 2014 YOC AG moved into new business premises at Rosenstrasse 17, 10178 Berlin. This will result in significant cost savings in 2014.

In July 2014 YOC AG entered into a contract of selling the entire Affiliate Marketing division, which will lead into a significant cash inflow.

No other events occurred after the statement of financial position reporting date which might have had a significant effect on net assets, financial position and results of operations.

Berlin, in July 2014
The Management Board
Dirk Kraus



3

CONSOLIDATED FINANCIAL STATEMENT

Consolidated Statement of Comprehensive Income

Consolidated Income Statemtent (in EUR)	Note #	2013	2012
Revenues	6.1	**19,003,307**	**21,720,335**
Own work capitalised	6.2	63,388	237,782
Other operating income	6.3	1,367,223	644,309
Total output		**20,433,918**	**22,602,426**
Expenses for goods and services	6.4	13,866,415	16,151,310
Personnel expenses	6.5	7,414,152	7,728,197
Other operating expenses	6.6	4,568,058	3,495,781
EBITDA		**-5,414,707**	**-4,772,862**
Depreciation and amortisation	7.1/7.2/7.3	1,083,132	5,331,451
EBIT		**-6,497,839**	**-10,104,313**
Financial income	6.7	18,717	103,874
Financial expenses	6.7	104,188	269,546
Financial result		**-85,470**	**-165,672**
EBT		**-6,583,309**	**-10,269,985**
Income taxes	6.8	694,317	787,769
Net income continuing operations		**-7,277,626**	**-11,057,754**
Net income discontinued operations		-3,205,289	-285,661
Net income		**-10.482,916**	**-11,343,415**
Earnings per share			
Earnings per share basic	6.9	-3.83	-5.54
Earnings per share diluted	6.9	-3.83	-5.54
Earnings per share continuing operations			
Earnings per share basic	6.9	-2.66	-5.40
Earnings per share diluted	6.9	-2.66	-5.40

Consolidated statement of comprehensice income (in EUR)	Note #	2013	2012
Net income		**-10,482,916**	**-11,343,415**
Net other comprehensive income to be reclassified to profit or loss in subsequent period			
Unrealised gains from foreign currency translation		-17,416	28,263
Total other comprehensive income	6.11	**-17,416**	**28,263**
Total comprehensive income		**-10,500,332**	**-11.315.152**

Consolidated Statement of Financial Position

(in EUR)	Note #	31/12/2013	31/12/2012
Assets			
Non-Current Assets		**2,228,934**	**3,772,769**
Property, plant and equipment	7.1	498,211	679,748
Goodwill	7.2	1,187,866	1,639,739
Intagible assets	7.3	541,280	756,613
Deferred tax assets	6.8	1,576	696,668
Current Assets		**5,500,335**	**19,288,287**
Trade receivables	7.4	3,960,233	4,828,697
Other receivables	7.4	971,544	282,009
Tax assets		37,470	43,951
Securities		0	14,101
Cash and cash equivaltents	7.5	531,087	235,737
Assets classified as held-for-sale	5	0	13,883,792
Total Assets		**7,729,269**	**23,061,055**
Equity and Liabilities			
Equity		**-4,678,394**	**2,702,568**
Subscribed capital	7.6	2,858,500	2,380,000
Additional paid in capital	7.6	20,226,168	17,585,298
Retained earnings	7.6	-27,781,828	-17,298,913
Other comprehensive income from currency translation differences	7.6	69,085	86,501
Own shares	7.6	-50,319	-50,319
Non-Current Liabilities		**684,414**	**404,999**
Provisions	7.7	64,312	52,297
Other liabilities	7.8	17,545	289,488
Other financial liablilties	7.8	602,557	35,671
Deferred tax liabilities	6.8	-0	27,542
Current Liabilities		**11,723,249**	**19,953,489**
Prepayments received	7.8	1,685,746	1,945,002
Trade payables	7.8	3,008,062	3,867,915
Loans and borrowings	7.8	525,296	3,493,677
Other liabilities	7.8	1,318,705	2,045,098
Other financial liablilties	7.8	5,145,530	4,288,505
Tax liabilities		388	157,912
Provisions	7.7	39,522	75,000
Liabilities associated with assets classified as held-for-sale	5	0	4,080,379
Total Equity and Liabilities		**7,729,269**	**23,061,055**

Consolidated Cash flow Statement

(in EUR)	Note #	2013	2012
Net income continuing operations		**-7,277,627**	**-11,057,754**
Net income discontinued operations		**-3,205,289**	**-285,661**
Depreciation, amortisation and impairements		4,138,132	7,161,133
Taxes recognised in the income statement		901,938	786,834
Interests recognised in the income statement		85,470	-167,992
Other non-cash income and expenses		87,019	39,674
Cash-Earnings		**-5,270,355**	**-3,523,766**
Result from disposal of assets		-852	3,242
Changes in receivables and other receivables		-99,162	-15,874
Changes in liabilities, prepayments received and other liabilities		-1,055,608	1,228,729
Changes in provisions		-193,003	-70,671
Interests received		2,858	1,354
Interests paid		-80,466	-225,678
Income taxes paid		-232,209	-93,958
Cash flow from operating activities	8.1	**-4,817,582**	**-2,696,622**
Disposal Mobile technology		5.000.000	0
Akquisition of shares		0	-588,314
Purchase of property, plant and equipment		-177,660	-706,504
Purchase of intangible assets		-110,352	-18,556
Outflow from development costs		-295,478	-659,603
Cash flow from investing activities	8.1	**4,416,510**	**-1,972,978**
Inflows from capital increase		3,162,500	3,117,500
Transaction costs related to issuance of own shares		-100,00	-92,567
Repayments of liabilities under finance lease		-21,768	-21,503
Repayment of bank loans		-2,968,380	-603,000
Issuance of bank loans		600,000	957,610
Cashflow from financing activities	8.1	**672,351**	**3,358,040**
Net increase/decrease		**271,279**	**-1,311,560**
Cash and cash equivalents at the beginning of the period	8.2	**259,808**	**1,571,368**
Cash and cash equivalents at the end of the period	8.2	**531,087**	**259,808**

Consolidated Statement of Changes in Equity

(in EUR)	Note #	Subscribed Capital	Additional paid in capital	Retained Earnings	Other comprehensive income from currency translation differences	Own shares	Total
as of 01/01/2012		**1,915,000**	**15,013,955**	**-5,955,498**	**58,237**	**-50,319**	**10,981,376**
Net income				-11,343,415			-11,343,415
Currency translation differences	6.11/9				28,264		28,264
Comprehensive income				**-11,343,415**	**28,264**		**-11,315,152**
Issuance of subscribed capital		465,000	2,652,500				3,117,500
Stock option programme			9,080				9,080
Transaction costs including tax benefits			-90,237				-90,237
as of 31/12/2012		**2,380,000**	**17,585,298**	**-17,298,913**	**86,501**	**-50,319**	**2,702,568**
Net income				-10,482,916			-10,482,916
Currency translation differences	6.11/9				-17,416		-17,416
Comprehensive income				**-10,482,916**	**-17,416**		**-10,500,332**
Issuance of subscribed capital	7.6/9	478,500	2,684,000				3,162,500
Stock option programme	7.6/9		45,672				45,672
Transaction costs including tax benefits	7.6/9		-88,802				-88,802
as of 31/12/2013		**2,858,500**	**20,226,168**	**-27,781,829**	**69,085**	**-50,319**	**-4,678,394**

No shares are held by non-controlling shareholders.

Notes to the Financial Statements

1. General Information

YOC AG, with headquarters at Rosenstr. 17, Berlin, Germany, is an international provider of media-related services (marketing of media packages and advertising formats).

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

The consolidated financial statements of YOC AG as of 31 December 2013 have been prepared pursuant to Sect. 315a of the German Commercial Code (HGB) in accordance with the principles of the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB), London, United Kingdom, and with the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as applicable in the European Union (EU) as effective on the reporting date.

The consolidated financial statements of YOC AG conform to the IFRS as mandatory in the European Union from 1 January 2013.

The consolidated financial statements provide a fair presentation of the company's net assets, financial position and results.

At the end of July 2013 the Mobile Technology segment was sold. The information in the Notes as it pertains to the statement of financial position and the income statement relates solely to the Media segment that is to be continued.

The Management Board of YOC AG prepared the consolidated financial statements and authorised their submission to the Supervisory Board of the company on 07. July 2014.

2. Application of new or amended Standards

2.1 Standards and interpretations to be applied in the current financial year

The following new or revised standards and interpretations were applicable for the first time in financial year 2013:

- **IFRS 13 – Fair Value Measurement:**
  IFRS 13 for the first time provides general guidance on measuring and providing such fair value information as other IFRS standards may require or allow. IFRS 13 standardises the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. In addition, the Standard supplements and replaces the requirements for information on fair value measurements in other IFRS Standards, including IFRS 7, "Financial Instruments: Disclosures". It has no significant effects on the measurement of assets and liabilities when used for the first time. The changes apply in particular to disclosures in the notes concerning market values and the categorisation of financial instruments.

- **Amendment of IAS 36** – Impairment of assets – recoverable amount disclosures for non-financial assets: These amendments remove the unintended consequences of IFRS 13 on the disclosures required under IAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or CGUs for which impairment loss has been recognised or reversed during the period. These amendments are effective retrospectively for annual periods beginning on or after 1 January 2014 with earlier application permitted, provided IFRS 13 is also applied.

- **Amendment of IAS 1** – Presentation of items of other comprehensive income. The items to be stated under other comprehensive income are to be divided into two categories depending on whether a possibility for recycling exists. For YOC AG there are only disclosure duties regarding recyclable components.

- **Amendment of IFRS 7** – Financial Instruments: Disclosures
  The balancing of financial assets and financial liabilities extends the disclosure requirements for financial instruments in connection with certain offsetting arrangements. For the company there is no case in which it would apply.

- **Amendment of IAS 19**: Employee Benefits: Employee Benefit Accounting: Comprehensive revision of the standard, particularly with regard to defined benefit plans. For the company there is no case in which it would apply.

- **IAS 32 Financial instruments:** Presentation: Clarification that income taxes on distributions to holders of equity instruments fall within the scope of IAS 12 Income Taxes. For the company there is no case in which it would apply.

2.2 Published standards and interpretations whose application is not yet mandatory

As of the publication approval date for these financial statements, the following standards, interpretations and amendments to standards and interpretations have already been published but their application is not yet mandatory and/or recognised as part of the EU endorsement process.

- **IFRS 10 Consolidated Financial Statements:** This standard has replaced the guidelines regarding control and consolidation contained in IAS 27, "Consolidated and Separate Financial Statements", and SIC 12, "Consolidation – Special Purpose Entities". In the process, IAS 27 was renamed as "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. IFRS 10 is applicable to financial years beginning on or after 1 January 2014.

- **IFRS 11 Joint Arrangements:** Two types of joint arrangements are covered in IFRS 11: joint ventures on the one hand (division of net assets and accounting according to the equity method) and joint activities on the other (division of rights in assets and of duties arising from liabilities). IFRS 11 is applicable to financial years beginning on or after 1 January 2014.

- **IFRS 12 Disclosure of Interests in Other Entities:** The disclosure duties in IAS 28, Investments in Associates, are replaced by IFRS 12. Companies must disclose information that enables one to evaluate the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and special-purpose entities. IFRS 12 is applicable to financial years beginning on or after 1 January 2014.

- **IFRS 9:** Financial Instruments replaces the provisions of IAS 39 concerning the classification and measurement of financial instruments. The current version of IFRS 9 (amended in November 2013) does not specify a date on which it is to go into effect but is available for early application. The company will quantify the effect in conjunction with the otherphases, when the final standard including all phases is issued.

- **Amendments to IAS 32** – Offsetting financial assets and financial liabilities: These amendments clarify the meaning for offsetting financial assets and financial liabilities. These are effective to financial years beginning on or after 1 January 2014.

- **IFRIC 21** – Levies: clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation is effective to financial years beginning on or after 1 January 2014.

- **Amendments to IAS 39** - Novation of Derivatives and Continuation of Hedge Accounting: These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments are effective to annual periods beginning on or after 1 January 2014.

The Management Board of YOC AG assumes that the standards and interpretations mentioned above are applied as appropriate in the consolidated financial statements for the financial year in which their application is mandatory.

3. Consolidation

3.1 Consolidation principles

The consolidated financial statements include those companies in which YOC AG holds a direct or indirect majority of the voting rights (subsidiaries) or in which YOC AG, by virtue of its controlling position, is able to derive the majority of economic benefits, or must bear the majority of the risks, resulting from their operations.

The inclusion of subsidiaries in the consolidated financial statements begins from the date on which YOC AG acquires the possibility of control. The separate financial statements of the consolidated companies are prepared as of the reporting date of the consolidated financial statements. The results of subsidiaries acquired during the year are reported in the consolidated income statement and statement of comprehensive income beginning from the actual date of acquisition.

Investments are consolidated using the purchase method by offsetting the carrying amounts of the investments against the revalued equity of the subsidiaries as of the date of their acquisition. Assets and liabilities that meet the recognition criteria of IFRS 3 are recorded at their fair value. Any residual amounts are reported as goodwill.

A subsidiary is deconsolidated at the time at which control of the subsidiary is lost.

Intra-group profits and losses, revenue, expenses and income, along with intercompany receivables and other assets and liabilities, are eliminated.

3.2 Consolidated companies

The companies of the YOC Group that were consolidated as of 31 December 2013 are as follows:

Fully consolidated companies		Share in %	Held through No.	since
Domestic				
1	YOC AG, Berlin	-	-	-
2	Moustik GmbH i.L., Berlin	100	1	01/02/2007
3	belboon GmbH, Berlin	100	1	12/03/2008
4	YOC Mobile Advertising GmbH, Berlin	100	1	11/03/2009
Foreign				
5	YOC Mobile Advertising Ltd., London, Great Britain	100	1	01/01/2007
6	Moustik Sprl., Brussels, Belgium	100	1	01/02/2007
7	Sevenval Ltd., London, Great Britain	100	1	27/05/2009
8	YOC Central Eastern Europe GmbH, Vienna, Austria	100	1	01/06/2009
9	YOC Spain, S.L., Madrid, Spain	100	1	22/09/2009
10	YOC France SAS (formerly MobilADdict SAS, Paris, France	100	1	23/03/2011

Sevenval GmbH was deconsolidated as of 31 July 2013 through the sale of the Mobile Technology segment (see item 5).

All subsidiaries of YOC AG are included in the consolidated financial statements through full consolidation.

4. Accounting and Measurement Principles

4.1 General principles

YOC AG functions as the parent company of the group and directly holds a 100% interest in all of the companies in the YOC Group. The financial year for all subsidiaries coincides with the calendar year.

The consolidated statement of financial position is structured according to IAS 1 "Presentation of Financial Statements" and the principle of maturity. Consequently, the statement items are divided into non-current and current assets or liabilities respectively. Assets and liabilities are generally classified as current when they have a remaining term to maturity or turnover of less than one year within the scope of ordinary business operations. Accordingly, assets and liabilities are classified as non-current when they remain within the company for more than one year.

The annual financial statements of the companies included in these consolidated financial statements are based on uniform accounting and measurement principles. Tax bases are not used as carrying amounts in the consolidated financial statements. The consolidated financial statements are presented in Euros. For purposes of clarity and comparability, all amounts are generally (unless otherwise stated) stated in kEUR. Minor rounding differences may occur as a result of commercial rounding of individual items and percentages.

Total income is presented in two separate statements: the consolidated income statement according to the expense method and the consolidated statement of comprehensive income.

The accounting and measurement principles described below have been applied to the consolidated financial statements:

Property, plant and equipment

Property, plant and equipment is measured at historical or production cost and depreciated on a straight-line basis over expected economic life as follows:

Property, plant and equipment	Useful life in years
Tenant improvements	8 - 10
Operating and office equipment	3 - 8

If there is an indication of impairment, an impairment test also is performed.

Gains and losses from asset disposals are recorded in other operating income or in other operating expenses respectively.

Investment subsidies and public grants for the acquisition of property, plant and equipment are recorded on the grant date by deducting the grant from the cost, and are depreciated over the useful lives of the assets in the form of reduced depreciation or recorded in income upon disposal of the grant-supported assets.

Intangible assets

Goodwill

Goodwill arising from the acquisition of a subsidiary is the excess of the acquisition costs, measured at the fair value, above the fair net value of the subsidiary's identifiable assets, liabilities and contingent liabilities.

Goodwill is never amortised. Goodwill is tested once a year, or at any other time when there is indication of an impairment. If the recoverable amount no longer exceeds the carrying amount, the carrying amount of goodwill is reduced to the expected recoverable amount.

Other intangible assets

Other intangible assets include both acquired and self-developed intangible assets.

Acquired intangible assets are valued at cost and, if applicable, less accumulated depreciation and impairment. They include both intangible assets which have been acquired as a result of business combinations, if they meet the recognition criteria of IFRS 3, and those intangible assets which have been acquired separately.

Internally-generated intangible assets from which it is probable that future economic benefits will flow to the group and which meet the recognition criteria of IAS 38, "Intangible Assets", are measured at the costs incurred during the development phase of the assets. Capitalised development costs comprise only directly attributable costs. Research costs and development costs that cannot be capitalised are recorded in full as expenses in the periods in which they are incurred.

Unless intangible assets have an indefinite useful life, they are amortised on a straight-line basis over their expected useful life. In the case of internally-generated intangible assets, amortisation begins from the date on which the assets are completed.

The useful lives are as follows:

Intangible assets	Useful life in years
Internally-generated software	3
Acquired software and licences	3 - 5
Customer bases	7 - 10

If there are indications of an impairment, an impairment test also is performed.

If there are impairment losses, intangible assets are written down to their recoverable amount.

Receivables and tax receivables

Trade receivables and other financial assets in the "loans and receivables" category are reported in the statement of financial position on the settlement date. They are subsequently measured at amortised cost, if necessary, using the effective interest method less any impairment losses resulting from the difference between the carrying amount of the receivable and the estimated future cash flows which are expected from this receivable. Losses arising from the impairment loss are recorded under other operating expenses.

Other receivables that are not financial instruments as defined by IFRS 7 are first reported at cost. They are subsequently valued at amortised cost subject to impairment. All recognised receivables and other assets are current.

Cash and cash equivalents

Cash and cash equivalents, including cash-in-hand, bank balances and checks are assigned to the "loans and receivables" category. Short-term deposits with a maturity of up to 90 days and low risk of value fluctuation are categorised under cash equivalents. Cash and cash equivalents are measured at nominal value.

Deferred taxes

Deferred taxes are recognised on temporary differences between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements, and on loss carryforwards, to accurately account for future tax liability and relief.

Deferred taxes were measured using the expected tax rates based on current law as of the end of the financial year. The tax calculations took into consideration the circumstances particular to the individual legal entities. For foreign companies, the tax rates used were those specific to the country in which they are based.

Deferred tax liabilities have been recognised for all taxable temporary differences. Deferred tax assets have been recognised in those cases in which it is sufficiently certain that they can be realised in the near future. The tax effect of tax loss carryforwards was capitalised to the extent to which the future use of such loss carryforwards is expected.

Deferred tax assets and liabilities are presented net to the extent that a legal claim to set-off against the same tax authority exists.

Equity

Own shares are measured at cost and deducted from the equity capital with no effect on the income statement. This is reported in the statement of financial position in a separate item.

The buying, selling, issue and recall of own shares are recognised with no effect on the income statement.

PROVISIONS

Provisions are made for present legal and constructive obligations to third parties if the obligation is likely to lead to a future outflow of resources and the amount of the obligation can be reliably estimated. Provisions are recognised for the expected settlement amount, with long-term provisions being recognised at present value. To calculate present value, provisions are discounted to the reporting date on the basis of a risk- and duration-adequate market interest rate.

PREPAYMENTS RECEIVED, LIABILITIES AND TAX LIABILITIES

The liabilities explained in the Notes comprise received prepayments, trade payables, other financial and non-financial liabilities and tax liabilities.

The received prepayments are recognised at their settlement values.

Financial liabilities as defined by IFRS 7 are trade payables, financial liabilities, variable purchase price components, derivative financial instruments, liabilities for purchase invoices not yet received, and liabilities arising from application of the POC method.

These are initially recognised at fair value. Transaction costs that are directly attributable to the acquisition of financial liabilities (which are measured at fair value with no effect on the income statement) are accounted for in other comprehensive income, with no effect on the income statement. Non-current liabilities are subsequently measured at amortised cost using the effective interest method. Current liabilities are subsequently measured at the settlement amount, without discount.

In accordance with IFRS 3, liabilities from variable purchase prices are measured at the fair value of the likely settlement amount, which is discounted to present value when the term is longer than one year.

Tax liabilities are recognised in the amount of the anticipated tax payments.

SHARE-BASED REMUNERATION EXPENSE ASSOCIATED WITH THE GRANTING OF EQUITY INSTRUMENTS

For purposes of the YOC Management Incentive Programme, the first and second management levels in the YOC Group are granted subscription rights to shares in YOC.

These are measured at the fair value of the equity instruments on the day they are granted and recognised on a straight-line basis as personnel expense over the vesting period through capital reserves.

On every reporting date the estimation regarding the number of equity instruments that vest is reviewed. The effects that modifications of the original estimates have are, when known, recognised in profit or loss, subject to adjustment of the capital reserves, over the remaining period to vesting.

REVENUE AND EXPENSES

YOC Group generates its revenue mainly by performing services. Sales revenue is recognised on the date of service, so that the economic benefit to the group resulting from the services is assigned on an accrual basis.

Revenue is measured at the fair value of the counter performance and net of amounts from bonus agreements with customers and net of any discounts or similar deductions that have been granted.

Service agreements for customer-specific software

Reliably estimable sales revenue from service agreements for customer-specific software is recognised according to the percentage-of-completion method in an amount commensurate with the degree of completion achieved. In 2012 and 2013 this applies only to the discontinued operations.

To determine the degree of completion, the order costs of the service already performed are divided by the estimated total order costs.

If the result of an order cannot be reliably estimated, the sales revenue is recognised only in the amount of the order costs already incurred and likely to be collectible.

If the estimated total order costs exceed total order revenue, this estimated loss is recognised as expense. The order costs are recognised on an accrual basis.

If the incurred order costs plus recognised profits less recognised losses exceed the value of the settlement according to the degree of completion, the excess is shown as an asset under trade receivables. Liability items are recognised within other financial obligations if the value of the settlement according to the degree of completion exceeds the incurred order costs plus recognised profits less recognised losses.

If orders that have not yet begun have already been paid for, the amount is recognised as a received prepayment. Partial invoices as yet unpaid by the customer for services already performed under a service agreement are recognised in the statement of financial position as trade receivables.

Licence revenue

Furthermore, YOC Group realises revenue from licensing software solutions. This is collected on an accrual basis over the term of the licence agreement whenever a licence is granted. When licences are sold, the revenue is considered realised on the date of sale. In 2012 and 2013, licence revenue accrued only in the Mobile Technology business segment.

Revenue from affiliate marketing and mobile advertising
Revenue in the Affiliate Marketing and Mobile Advertising segments is recognised on the date on which the service is performed and as a gross sum. The associated publishers' fees are recognised in cost of materials on an accrual basis as purchased services.

INTEREST

Interest expense on loans is recognized in profit or loss according to the effective interest method.

LEASING

Both financing and operating leases exist within the YOC Group.

Under operating leases, the incurred expenses are recognised on a straight-line basis as expense over the term of the contract.

When incentives are granted for entry into an operating lease, these are allocated on a straight-line basis over the term of the lease, unless another systematic basis accords with actual use over the course of time.

Assets which are acquired under a finance lease are set at their fair value or the lower present value of the minimum leasing payments at the beginning of the lease. For the liability to the lessor, a corresponding amount is recognised under liabilities.

4.2 Important judgements and estimation uncertainty

Preparing the consolidated financial statement in accordance with IFRS requires making assumptions and judgements which concern the future and which, naturally, do not have to accord with circumstances occurring later. Such assumptions and estimates affect the recognition and measurement of assets and liabilities along with income and expenses. The estimates and assumptions in these consolidated financial statements are based on empirical values and other factors that are considered plausible and commercially reasonable under the given circumstances. Since assumptions and estimates may differ from actual values and have a significant effect on the net assets, financial position and results of operations of the company, these assumptions and estimates are subject to regular review. Key estimates and assumptions have been made in respect of the following issues in particular:

Variable purchase price components from the sale of the Mobile Technology segment
The sale of the Mobile Technology business segment contains a variable purchase price component (earn-out) up to a maximum of EUR 1.5 million. The earn-out is contingent on achievement by the Mobile Technology segment of an EBITDA range specified for the 2013 calendar year in the contract of sale. After careful estimation by the Management Board on the basis of projections, it is assumed at this time that the minimum EBITDA will be achieved.

A final assessment of whether the conditions for the earn-out have been met is pending but is expected to be made by the middle of 2014. Altogether, the earn-out will fall within a range from EUR 0 to EUR 1.5 million. Consequently, YOC AG faces a potential risk of derecognition of the purchase money claim as well as the chance of an increase up to the amount of EUR 1.5 million.

Impairment
YOC AG tests goodwill for possible impairment once a year and when there are indications pointing to impairment losses. The process of determining the recoverable amount of a cash-generating unit to which goodwill has been assigned takes into account estimates made by the company's management. The recoverable amount is the higher of a) the fair value of the cash-generating unit less costs to sell or b) its value in use. The company generally determines these figures by means of discounted cash flow valuations. Underlying these discounted cash flows are five-year forecasts based on financial budgets. The most important assumptions underlying calculation of fair value less costs to sell and of value in use include estimated growth rates, weighted average capital cost rates and tax rates (see also item 6.2).

When intangible assets are reviewed for impairment, the process of determining the recoverable amount is equally associated with estimates. Beside the impairments recognised in the previous year further impairments were recognised in 2013 amounting to EUR 0.5 million (see also item 7.2)

Deferred tax assets
Deferred tax assets are recognized if sufficient taxable income is going to be available in the future (see also item 6.8). Recognition takes into account projected results from operations and the earnings effects from the reversal of taxable timing differences. Based on projected future taxable income, the company's management assesses on each reporting date the recoverability of deferred tax assets. As future business developments are uncertain and to some extent beyond the control of the company's management, it is necessary to make assumptions in order to estimate the amount of taxable income in the future, as well as the date on which deferred tax assets will be realised. Estimated values are adjusted in the period in which there is sufficient information available for such an adjustment. If the management proceeds from the assumption that deferred tax assets will remain fully or partially unrealised, an impairment charge is made in the corresponding amount. Due to the persistent operating loss of the company deferred tax assets on temporary differences and tax losses carried-forward are only recognised in so far, as deferred tax liabilities on temporary differences exist (see also item 6.8).

4.3 Management of capital and going concern

The Management Board is informed of the development of YOC Group's own equity through regular reporting of key figures such as the equity ratio. The aim is to cover the company's short- to medium-term financing needs through equity and to pay back borrowed funds in full. In addition, liquidity risks are monitored regularly to analyse cash flow fluctuations and to detect liquidity shortages early on and take countermeasures.

In preparing the consolidated financial statements, the Management Board has assumed that, with the exception of the following companies, the companies included in the consolidated financial statements will be continued as going concerns. There are plans to liquidate Sevenval Ltd. and Moustik GmbH since they have ceased operations. Moustik SPRL was liquidated in March 2014. These will have no significant effect on the group's net assets, financial position or results of operations.

Accounting and measurement have been based on the going concern assumption. Nonetheless, the company's liquidity position is strained, and the company's continuation as a going concern is therefore at risk.

To improve its liquidity, two capital increases were placed during the past financial year with issuing proceeds of EUR 3.1 million.

In July 2013 a portion of the fixed purchase price of EUR 5.0 million from the sale of the Mobile Technology segment was used to repay in the amount of EUR 1.9 million all acquisition loans remaining at the time of sale.

As of 31 December 2013, YOC AG still had a credit line amounting to EUR 1.0 million. The amount outstanding on the reporting date was EUR 0.5 million. The variable interest accrued at a rate of 3.5 % in the fourth quarter of 2013.

At the end of December 2013, YOC AG was able to extend to the end of 2015 a shareholder loan in the amount of EUR 0.6 million that was made in April 2013. Further shareholder loans amounting in total to EUR 1.0 million were made to the company in January and February 2014.

In March 2014, YOC AG was able to get a key creditor to agree to waive a debt in the amount of 750 kEUR, thereby realising a recapitalisation gain of 750 kEUR.

In July 2014 YOC AG entered into a contract of selling the entire Affiliate Marketing division, which will lead into a significant cash inflow.

Regarding the liquidity risks, we refer also to the "Net Assets and Financial Position" and "Opportunities and Risk Report" sections in the Group Management Report.

4.4 Currency effects and currency translation

The functional currency of the parent company and the presentation currency of the group is the Euro.

When transactions are invoiced in a foreign currency, receivables and payables are translated into the functional currency and entered in the accounting records at the exchange rate applicable on the closing date of the transaction. Receivables and payables existing on the reporting date are adjusted to take exchange rate fluctuations into account.

For foreign subsidiaries, currencies are translated according to the functional currency concept. The functional currency of a subsidiary is its national currency.

Assets and liabilities of affiliated companies whose functional currency is not the Euro are translated into Euros at an exchange rate that is valid on the reporting date. Changes during the year along with expenses and income are translated into Euros using annual average exchange rates. Equity is translated using the historical exchange rate. Differences resulting from the translation at end-of-period exchange rates are recorded as exchange differences in equity.

Currency is translated based on the following exchange rates:

	Closing rate		Average rate	
	31.12.13	31.12.12	2013	2012
1 EUR = GBP	0.8347	0.8173	0.8491	0.8112
1 EUR = USD	1.3684	1.3214	1.3700	1.2858

The following table indicates the sensitivity of the group's consolidated pre-tax earnings when compared to a reasonably possible significant change in exchange rate change as a percentage of the Pound Sterling (GBP) or the US Dollar (USD). All monetary assets in foreign currency are factored into the sensitivity. All other variables remain constant in the analysis.

Foreign currency	Foreign currency market trend in percentage points	Effect on earnings before taxes (in kEUR)
2013		
Pound Sterling (GBP)	+5%	44
	- 5%	-48
US Dollar (USD)	+5%	-33
	- 5%	37
2012		
Pound Sterling (GBP)	+5%	-50
	- 5%	55
US Dollar (USD)	+5%	-29
	- 5%	32

The fully consolidated subsidiaries YOC Mobile Advertising Ltd. and Sevenval Ltd. have receivables in USD. Exchange rate fluctuations resulting from currency translation from USD into GBP have an effect of kGBP 20 when the exchange rate changes by +5 % and kGBP -22 where it changes by -5 %.

5. Sale of the Mobile Technology Segment

Effective 31 July 2013, YOC AG has sold its subsidiary Sevenval GmbH, based in Cologne, assets of Sevenval Ltd., based in London, assets belonging to the Mobile Technology segment of YOC AG, and assets of YOC Central Eastern Europe GmbH, based in Vienna, to a subsidiary of Berlin Technologie Holding GmbH. In the process, Sevenval GmbH was deconsolidated. YOC AG received a fixed purchase price of EUR 5.0 million for the sale of the Mobile Technology segment. Further variable purchase price components may amount to up to EUR 1.5 million.

With the classification as held-for-sale, the Mobile Technology segment was measured at the lesser of carrying amount or fair value. The fair value was adjusted as of the half-yearly financial statements on the basis of the contract of sale. The associated loss of kEUR 3,055 was recorded as impairment of goodwill in the cash-generating Mobile Technology unit.

The income components for the sold business segment as of 31 July 2013 are as follows:

Comprehensive income from the sold business segment (in kEUR)	7M/2013	2012
Income	7,291	13,995
Expenses	-6,365	-12,450
Gross income from revenue	**926**	**-1,545**
Depreciation and amortisation	0	-1,030
Financial result	0	-2
Impairment loss from the revaluation at fair value	-3,055	-800
Comprehensive income from the sold business segment before taxes	**-2,129**	**-287**
Taxes	-208	1
Comprehensive income from the sold business segment after taxes	**-2,337**	**-286**

The main categories of the discontinued operation's assets and liabilities as of 31 July 2013 are as follows:

Assets and liabilities of the sold business segment (kEUR)	31/07/2013	31/12/2012
Property, plant and equipment	436	454
Goodwill	3,740	6,795
Intangible assets	2,994	2,786
Deferred tax assets	0	16
Trade receivables	3,968	3,615
Other receivables	261	194
Cash and cash equivalents	1	24
Sold Assets	**11,400**	**13,884**
Provisions	0	2
Deferred tax liabilities	1,052	863
Prepayments received	727	332
Trade payables	324	602
PoC liabilities	647	1,066
Other liabilities	414	393
Other financial liabilities	591	823
Sold liabilities	**3,756**	**4,080**

The cash flow from the discontinued operations in July 2013 was as follows:

Cash flow from the sold business segment (in kEUR)	7M/2013	2012
Current operations	287	1.182
Investment activities	-311	-604
Financing activities	0	-11
Cash flow from the sold business segment	**-24**	**567**

6. Notes to the Statement of Comprehensive Income

6.1 Revenue

YOC Group generated sales revenue in the amount of kEUR 19,003 (2012: kEUR 21,720) in the financial year 2013 by providing services in the Media segment.

Revenue (in kEUR)	2013	2012
Sales revenue	25,728	26,572
Revenue reductions	6,725	4,852
Total	**19,003**	**21,720**

The reductions in revenue have increased significantly, by kEUR 1,873 to kEUR 6,725, as compared to the previous year as a result of newly made master agreements, particularly with advertising agencies.

6.2 Own work capitalised

In 2013, development costs of internally-generated software amounting to kEUR 63 (2012: kEUR 238) were capitalised. The Mobile Advertising product area mainly develops software for the YOC Media Network and YOC Performance Network which is used for the purpose of providing services, is developed.

The recognition criteria of IAS 38 have been met. The directly attributable individual costs were capitalised as production costs for internally-generated software. Production costs were determined on the basis of hourly logs and measured at daily rates for each employee.

The research and development costs for new products and technological innovations in financial year 2013 amounted to kEUR 556 (2012: kEUR 332).

6.3 Other operating income

Other operating income (in kEUR)	2013	2012
Income from termination of the rental lease	410	0
Income from derecognition of personnel liabilities	190	36
Derecognition of liabilities because of limitation of time	166	0
Income from letting office space	161	78
Foreign exchange and currency translation gains	123	98
Derecognition of purchase invoices not received	80	32
Income from adjustment of stock options programme	31	36
Income from investment subsidies	27	17
Income from reversal of specific valuation allowance	23	97
Other remuneration in kind	3	13
Reversal of provisions	2	2
Income from adjustment of MobileADdict SAS purchase price	0	162
Other income	151	73
Total	**1,367**	**644**

The one-off effect on other operating income of terminating the lease effective 31 December 2013 amounted to kEUR 410. Further income from the derecognition of liabilities was posted. In particular, liabilities recognised in the previous year for severance pay were not claim in the full amount. Time-barred liabilities were derecognised in the amount of kEUR 166 in the reporting year. Income from letting office space increased as compared to the previous year particularly as a result of the leasing of office space to the sold Mobile Technology business segment beginning in August 2013.

6.4 Expenses for goods and services

Cost of materials (in kEUR)	2013	2012
Costs of material for external services	13,866	16,151
Total	**13,866**	**16,151**

The **costs of materials for external services** amounting to kEUR 13,866 (2012: kEUR 16,151) include mainly the costs of the infrastructure for providing services and for publishing expenses.

6.5 Personnel expenses

Personnel expenses (in kEUR)	2013	2012
Wages and salaries	6,340	6,666
Social security costs	1,074	1,062
Total	**7,414**	**7,728**

The decline in personnel expenses by kEUR 314 to kEUR 7,414 in financial year 2013 resulted mainly from the decline in the average number of employees by 5 people associated with the focus on the company's core business.

The **social security costs** include contributions in the amount of kEUR 7 (2012: kEUR 13) for direct insurance policies along with contributions to the statutory / public pension fund (contribution-oriented scheme) amounting to kEUR 184 (2012: kEUR 184). The item **"wages and salaries"** includes expenses amounting to kEUR 77 (2012: kEUR 139) for the share option programme introduced in financial year 2009.

Number of employees	2013	2012
Annual average	104	109
At end of year	98	105

6.6 Other operating expenses

Other operating expenses (in kEUR)	**2013**	**2012**
Current operating expenses	1,309	895
Legal consulting expenses	1,035	721
Marketing, communication and media placement	681	503
Outside servies	297	214
Travel costs	225	244
Stock exchange listing fees	205	47
Recruiting and training expenses	170	171
Stock price losses	171	148
Allowances on receivables	82	143
Miscellaneous other operating expenses	393	410
Total	**4,568**	**3,496**

The **current operating expenses** item includes mainly expenditures for rent, leasing, and incidental costs amounting to kEUR 869 (2012: kEUR 704). The increase of kEUR 165 is the result mainly of rent increases. Also included are expenditures for repairs, maintenance and servicing of operating and office equipment and software in the amount of kEUR 81 (2012: kEUR 87) along with expenditures for contributions, insurance and taxes in the amount of kEUR 85 (2012: kEUR 71).

The increase in **legal consulting expenses** is attributable to, among other things, the increased need for consultation associated with the sale and for consultations in connection with capital increases that are planned or have been carried out. In addition, costs amounting to kEUR 277 (2012: kEUR 256) were incurred to prepare and audit the annual financial statements, along with expenditures amounting to kEUR 70 (2012: kEUR 105) for tax advice.

The **marketing, communication, media placement** item includes mainly marketing and public relations costs amounting to kEUR 289 (2012: kEUR 229) along with communication costs amounting to kEUR 250 (2012: kEUR 191).

The **miscellaneous other operating expenses** item includes, among other things, compensation expenses for the Supervisory Board amounting to kEUR 90 (2012: kEUR 74), expenses for other taxes from previous years in the amount of kEUR 58 (2012: kEUR 154), expenses for licences and concession amounting to kEUR 56 (2012: kEUR 6), and incidental costs of money transfers amounting to kEUR 53 (2012: kEUR 44). The increase for licences is attributable to the use of a new marketing tool.

6.7 Financial result

Net interest (in kEUR)	**2013**	**2012**
Income from securities and other interest income	19	2
Income from the valuation of interest rate swaps	0	102
Interest income	**19**	**104**
Interest and similar expenses	76	228
Interest expense from non-current liabilities	28	42
Interest expense	**104**	**270**
Financial result	**-85**	**-166**

The interest and similar expenses item includes mainly interest expense on loans. Interest expense on loans which have a final maturity of more than one year is recognised in the item for interest expense from non-current liabilities.

The interest expense from non-current liabilities item further includes the amount of kEUR 1 (2012: kEUR 10) attributable to long-term financing leasing.

6.8 Income taxes

The tax expenses for financial year 2013 consist of the following:

Income taxes (in kEUR)	**2013**	**2012**
Actual income taxes		
Actual taxes on domestic income	7	27
Actual taxes on foreign income	-21	24
Total actual income taxes	**-14**	**51**
Deferred taxes		
Deferred domestic taxes	611	1,201
Deferred foreign taxes	97	-497
Total deferred taxes	**708**	**704**
Total income taxes	**694**	**755**

The actual taxes on income comprise corporate income tax, trade tax, solidarity surcharge and the foreign taxes on income and earnings. The actual domestic taxes on income are treated as tax expenses for other accounting periods.

The deferred taxes recognised in profit or loss are broken down as follows:

Deferred taxes recognised in profit or loss (in kEUR)	2013	2012
From temporary differences	-133	-896
From loss carryforwards and tax credits	841	1,600
Total deferred taxes recognised in profit or loss	**708**	**704**

The tax expense in the amount of kEUR 841 (2012: kEUR 1,600) resulted from the impairment of deferred tax assets on loss carryforwards.

The item "Deferred taxes recognised in profit or loss" includes effects amounting to kEUR 38 (2012: kEUR 40) resulting from the reversal, recognised in profit or loss, of deferred tax originally not recognised in profit or loss.

The following table shows the reconciliation between expected and actually reported tax expenses:

Reconciliation (in kEUR)	2013 kEUR	2013 %	2012 kEUR	2012 %
Comprehensive income before taxes	**-9,581**		**-10,557**	
Relevant tax rate		**30%**		**31%**
Expected tax expense	**-2,891**		**-3,243**	
Changes resulting from departure from the tax measurement basis				
Tax-exempt income, tax-exempt amounts and benefits	-2		-16	
Non-tax-deductible expenses	998		48	
Tax effects at the Group				
Deconsolidation	139		-67	
Non-tax deductible amortisation of goodwill	1,058		756	
Tax rate differences				
Effects of various trade tax rates	8		11	
Effects of differing foreign tax rates	-122		-26	
Recognition and measurement of deffered tax assets				
Impairment of deferred taxes on loss carryforwards	688		1.594	
Non-recognition of deferred tax assets on loss carryforwards	916		1.672	
Use of non-deferred loss carryforwards	0		-31	
Changes in tax rates on deferred taxes				
Changes in tax rates on deferred taxes	74		9	
Non-periodic effects				
Taxes from previous years	-14		60	
Other				
Other	51		20	
Actual tax expense per income statement	**902**		**787**	

The expected tax expense is obtained by multiplying comprehensive income before taxes by the parent company's tax rate of 30.18 % (2012: 30.72 %). The relevant tax rate is calculated according to the tax provisions in effect on the closing date of the financial statements. The corporate income tax, the solidarity surcharge and the trade tax are taken into account accordingly.

The following deferred tax assets and deferred tax liabilities were recognised on differences and on loss carryforwards:

Deferred tax assets/liabilities (in kEUR)	2013		2012	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferreed tax liabilities
Intangible assets	36	146	74	196
Receivables	0	1	0	0
Provisions	113	0	0	0
Liabilites	0	0	0	9
Tax loss carryforwards and benefits	0	0	800	0
Total	**149**	**147**	**874**	**205**
Netting	-147	-147	-177	-177
Recognised on statement of financial position	**2**	**0**	**697**	**28**

For German tax purposes, the deferred taxes are accounted for using a corporate income tax rate of 15 % and a solidarity surcharge of 5.5 %. The trade tax is calculated using a 3.5 % base rate and the tax rate specific to local municipality.

Deferred taxes on items on the statement of financial position relating to foreign ownership interests are recognised with due regard to the tax conditions applicable to the company in question.

Deferred taxes on tax loss carryforwards are recognised subject to whether they can be realised in the future. As of 31 December 2013, deferred tax assets on tax loss carryforwards amounting to EUR kEUR 14,026 (2012: kEUR 10,592) for corporate income taxes and kEUR 13,099 (2012: kEUR 9,812) for trade tax were not recognized. An amount of kEUR 4,007 attributed to foreign subsidiaries were not recognized.

The amount of deferred tax assets to be stated in accordance with IAS 12.82 is kEUR 0 (2012: kEUR 670).

The tax receivables amounting to EUR 3K (2011: kEUR 44) are attributable to continuing operations and include the following items:

Tax receivables (in kEUR)	2013	2012
Claims for return of		
Corporate income tax	36	29
Trade tax	0	9
Investment income tax	1	6
Solidarity surcharge	0	0
Total	**37**	**44**

Tax liabilities amount to kEUR 0 (2012: kEUR 158) as of 31 December 2013.

6.9 Earnings per share

The registered share capital as of 31 December 2013 is divided into 2,858,500 bearer shares (2012: 2,380,000 bearer shares) each with a nominal value of EUR 1.00 per share. To calculate the undiluted earnings per share, the earnings attributable to ordinary shareholders of YOC AG are divided by the weighted average number of ordinary shares in circulation during the year. In 2013 the weighted average number of shares used to calculate the undiluted earnings per share was 2,736,092 (2012: 2,045,973 shares). The share options offered under the share option programme had no dilutive effect in financial year 2013. By reason of IAS 33.41 no dilutive effects occurred in the previous year either. The information below the income statement was corrected for the previous year accordingly.

6.10 Segment reporting

Segment reporting is based on the internal management structure. The Group is made up of the following reportable business segments:

1. Media
2. Mobile Technology (discontinued operations)

The Media segment comprises the Mobile Advertising and Affiliate Marketing product areas. Mobile Advertising includes the marketing of mobile Internet portals and applications operated on a CPM (cost per mille), reach and performance basis. An Internet-based independent platform is operated within the Affiliate Marketing product area, in which advertisers and distributors are brought together.

The Mobile Internet Marketing and Mobile Internet product areas are assigned to the Mobile Technology segment. The licensing and implementation of technological products for targeted communication via mobile devices falls under the Mobile Technology segment. The Mobile Technology segment was sold on 31 July 2013 and includes therefore seven months in 2013.

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)	continuing operations	discontinued operations			
	Media	**Mobile Technology**	**Overhead**	**Consolidation**	**YOC Group**
01/01/2013 - 31/12/2013					
Sales	19,003	6,799			25,803
Internal sales		24		-24	
Total sales	19,003	6,823		-24	25,803
Own work capitalised	63	232			295
Other operating income	1,367	260			1,627
Gross revenue	20,434	7,291			27,725
Cost of materials	13,866	585			14,451
Personnel expense	6,036	4,585	1,378		11,999
Other operating expenses	2,724	1,196	1,844		5,764
EBITDA	**-2,193**	**926**	**-3,222**		**-4,489**
01/01/2012-31/12/2012					
Sales	21,720	12,896			34,617
Internal sales	146	201		-347	
Total sales	21,867	13,097		-347	34,617
Own work capitalised	238	422			660
Other operating income	644	677			1,321
Gross revenue	22,603	13,995			36,598
Cost of materials	16,151	2,271			18,422
Personnel expense	5,667	7,874	2,061		15,602
Other operating expenses	2,158	2,305	1,337		5,801
EBITDA	**-1,375**	**1,546**	**-3,398**		**-3,227**

The accounting and measurement methods of the reportable segments follow the accounting and measurement methods used in the consolidated financial statements.

EBITDA is reconciled to net income as follows:

Reconciliation (in kEUR)	2013	2012
EBITDA (continuing operations)	**-5,415**	**-4,773**
Depreciation and amortisation	-1,083	-5,331
Financial result	-85	-166
Taxes	-694	-787
Net income from continuing operations	**-7,278**	**-11,057**
Net income from discontinued operations	-3,205	-286
Net income	**-10,483**	**-11,343**

kEUR 9,062 in external sales in the Media segment (2012: kEUR 9,119) are attributable to Germany; kEUR 9,966 (2012: kEUR 12,601) is attributable to international sales. kEUR 4,766 (2012: kEUR 5,901) in international sales are attributable to the United Kingdom.

Sales revenue is generally attributed to the country in which the service is provided. If such an attribution is not possible, then the revenue is attributed to the country in which performance of the service was ordered.

Within the Media segment, the Mobile Advertising product area accounts for 63 % of sales and the Affiliate Marketing product area accounts for 37 % (unchanged from the previous year).

Of non-current assets, kEUR 618 (2012: kEUR 765) is attributable to countries other than Germany and kEUR 2,139 (2012: kEUR 3,007) is attributable to Germany.

6.11 Other comprehensive income

Other comprehensive income in the financial year 2013 includes changes arising from currency translations amounting to kEUR 18 (2012: kEUR -24). No amounts have been reversed through the Income Statement with an effect on income in the financial year 2013.

7. Notes to individual Items in the Statement of Financial Position

7.1 Property, plant and equipment

Property, plant and equipment comprises mainly operating and office equipment and such IT infrastructure as, for example, server systems.

On 31 December 2013, the consolidated statement of financial position showed property, plant and equipment amounting to kEUR 498 (2012: kEUR 680). Scheduled depreciation on property, plant and equipment amounts to kEUR 290 for the financial year (2012: kEUR 432).

There were no limits on disposal or restrictions for individual items of property, plant and equipment. Likewise, no property, plant or equipment has been pledged or otherwise given as security.

Changes to property, plant and equipment in the financial year 2013 are as follows:

Changes to property, plant and equipment (in kEUR)

Acquisition costs	
as of 01/01/2012	**2.578**
Additions	392
Disposals	37
Currency translation effects	4
Reclassifications as „held for sale“	1.310
as of 31/12/2012	**1.627**
Depreciation	
as of 01/01/2012	**1.402**
Additions	432
Disposals	33
Currency translation effects	2
Reclassifications as „held for sale“	856
as of 31/12/2012	**947**
Net carrying amount on 31/12/2012	**680**
Acquisition costs	
as of 01/01/2013	**1.627**
Additions	47
Disposals	14
Currency translation effects	1
Reclassifications as „held for sale“	181
as of 31/12/2013	**1.842**
Depreciation	
as of 01/01/2013	**947**
Additions	290
Disposals	3
Currency translation effects	-1
Reclassifications as „held for sale“	111
as of 31/12/2013	**1.344**
Net carrying amount on 31/12/2013	**498**

7.2 Goodwill

In the financial year 2013, the change in goodwill resulted mainly from the annual impairment test. Because of the unplanned direction of business operations, an impairment loss of kEUR 452 was allocated to goodwill and an impairment loss of kEUR 78 was allocated to the customer base.

The remaining goodwill in the Media segment, at kEUR 1,188, is therefore attributable entirely to Affiliate Marketing.

To conduct the impairment test, the goodwill was allocated to those cash-generating units (reporting units) that are expected to benefit from the synergies of the company acquisitions. These reporting units represent the lowest level at which the goodwill is monitored for management control purposes. In the Media segment, the reporting entities are the Affiliate Marketing product area and, for the Mobile Advertising product area, the regions of Central Europe, UK, France, Spain, and Austria.

The impairment test is performed by determining the reporting units' value in use on the basis of estimated future cash flows which are derived from medium-term planning. The medium-term planning is based on empirical values from the past and takes into account market growth expectations for specific business segments. The medium-term planning horizon amounts to five years if the company continues to be a going concern. The cash flows beyond the five year period are extrapolated by applying a growth rate of 2 % (2012: 2 %) that does not exceed the assumed average market growth of the reporting units. The discount rates are determined on the basis of the industry average weighted costs of capital and amount to 10.3 % before taxes for the planning period and 8,03% before taxes for the perpetual annuity (2012: 9.5 % respectively 7,5 %). Another key planning assumption is the disproportionately small increase in operating expenses such as personnel expenses and other operating expenses as a result of the scalable business model.

According to the cash generating unit Affiliate Marketing a depressive revenue growth in line with the market was assumed. Relying on the development in the past stable margins were assumed.

7.3 Other intangible assets

As of 31 December 2013, other intangible assets with a definite useful life amounted to kEUR 541 (2012: kEUR 757).

Other intangible assets with a definite useful life include the following items:

(in kEUR)	2013	2012
Internally-generated software	180	165
Software and licences	67	135
Customer bases	294	457
Total	**541**	**757**

Those parts of the software already completed that are valued at cost in the amount of kEUR 180 (2012: kEUR 165) are amortised on a straight-line basis over a useful life of three years.

As of 31 December 2013, the remaining useful lives were between 1.0 and 3.0 years (2012: between 1.0 and 3.0 years).

The customer bases amounting to kEUR 294 (2012: kEUR 457) include the customer base acquired through the acquisition of belboon GmbH. The customer base of YOC Spain S.L. was impaired in full in connection with the annual impairment test.

The amortisation of other intangible assets amounted to kEUR 261 for the financial year (2012: kEUR 431).

There were no limits or restrictions on the disposal of any other intangible assets. Likewise, no other intangible assets were pledged or otherwise issued as security.

The development of other intangible assets is as follows

(in kEUR)	Internally generated software	Website and trademark rights	Acquired software and licences	Customer bases	Total
Acquisition costs					
as of 01/01/2012	**5,420**	**1,542**	**1,057**	**6,684**	**14,703**
Additions	728	0	24	0	752
Disposals	0	0	5	0	5
Currency translation effects	0	0	0	22	22
Reclassifications as „held for sale"	3,694	911	536	4,059	9,200
as of 31/12/2012	**2,454**	**631**	**540**	**2,647**	**6,272**
Depreciation					
as of 01/01/2012	**2,222**	**970**	**827**	**3,509**	**7,528**
Additions	628	0	79	347	1.054
Disposals	0	0	2	0	2
Impairment losses	1,283	572	0	1,488	3,343
Currency translation effects	0	0	0	6	6
Reclassifications as „held for sale"	1,844	911	499	3,160	6,414
as of 31/12/2012	**2,289**	**631**	**405**	**2,190**	**5,515**
Nettobuchwert am 31/12/2012	**165**	**0**	**135**	**457**	**757**
Acquisition costs					
as of 01/01/2013	**2,454**	**631**	**540**	**2,647**	**6,272**
Additions	129	0	0	0	129
Disposals	286	0	32	0	318
Currency translation effects	0	0	0	0	0
Reclassifications as „held for sale"	180	0	3	524	707
as of 31/12/2013	**2,477**	**631**	**511**	**3,170**	**6,789**
Depreciation					
as of 01/01/2013	**2,289**	**631**	**405**	**2,190**	**5,515**
Additions	114	0	63	84	261
Disposals	286	0	26	0	312
Impairment losses	0	0	2	78	80
Currency translation effects	0	0	0	0	0
Reclassifications as „held for sale"	180	0	0	524	704
as of 31/12/2013	2,297	631	444	2,876	6,248
Nettobuchwert am 31/12/2013	**180**	**0**	**67**	**294**	**541**

7.4 Trade Receivables and other receivables

On 31 December 2013, trade receivables amounted to kEUR 3,960 (2012: kEUR 4,829). They consist of the following:

Trade receivables (in kEUR)	2013	2012
Trade receivables, before impairment	4,317	5,080
Individual adjustment	-357	-251
Total	**3,960**	**4,829**

The impairment losses that have been recognised on trade receivables have changed as follows:

Changes in impairment losses (in kEUR)	2013	2012
Stand am 01/01	**251**	**351**
Increases	107	157
Reversals	-49	-127
Used	-31	-51
Reclassifications as ‚held for sale'	79	-79
As of 31/12	**357**	**251**

The management of receivables accommodates a balanced age structure of receivables by continuously analysing the receivables amount. Trade receivables older than 60 days are subjected to detailed analysis.

If there are already past indications that an individual adjustment is necessary, the receivables are impaired accordingly.
The following table shows the analysis of the age structure of receivables which are reported in the statement of financial position on the reporting date:

Post-due trade receivables (in kEUR)	**2013**	**2012**
up to 30 days*	3,322	4,089
31 days to 90 days	293	470
91 days to 180 days	172	154
from 181 days	173	21
Value-adjusted receivables mature as of 31/12/2013	357	346
Total trade receivables	**4,317**	**5,080**

*Of these, receivables amounting to kEUR 2.159 are neither due nor impaired on 31/12/2013 (2012: kEUR 2,969)

The other assets amounting to kEUR 972 (2012: kEUR 282) comprise mainly kEUR 700 consisting of purchase money claims from the sale of assets. Also reported are advances amounting to kEUR 172 (2012: kEUR 79), receivables from tax authorities from value added taxes in the amount of kEUR 36, creditor accounts with debit balances amounting to kEUR 24, security deposits in the amount of kEUR 18, and receivables from employees in the amount of kEUR 8. The advances are for, among other things, insurance, membership fees, rents and royalties.

As in the previous year, there were no impairments of other assets.

All receivables and other assets are short-term items.

There are exceptional default risks, or concentrations of default risks, on YOC Group receivables especially in respect of the recognised purchase money claim from the sale of assets.

Altogether, the carrying amounts presented above reflect the Group's maximum default risk on such receivables and assets.

7.5 Cash and cash equivalents

Cash and cash equivalents comprise all bank and cash assets along with short-term time deposits and cheques amounting in total to kEUR 531 (2012: kEUR 236). On the reporting date, the credit balances held at various banks were earning interest rates of between 0 % and 0.5 %. Bank accounts held in a foreign currency were translated using the end-of-period exchange rate. On 31 December 2013, no cash assets had been pledged as security.

7.6 Equity

In the reporting year, YOC AG undertook a capital increase amounting in total to 478,500 bearer shares with a nominal value of the share capital of EUR 1 per share in order to shore up its capital base. The first tranche was issued in the first quarter with 220,000 shares at EUR 8.50 per share; the second tranche was issued in the second quarter with 258,500 shares at EUR 5.00 per share. That increased the number of the company's shares from 2,380,000 to 2,858,500. Of the 2,858,500 shares with a nominal value of the share capital of EUR 1.00, YOC AG has held 4,000 as its own shares (see explanations further below). Treasury shares are presented as a deduction from the share capital.

In the annual general meeting of shareholders on 6 June 2013, a regular capital increase for cash with subscription rights, with a volume of up to the nominal amount of EUR 571,700.00, was approved to strengthen the equity base. Any new shares issued would be fully entitled to dividends from 1 January 2013.

In addition, the annual general meeting approved new authorised capital, whereby it authorised the Management Board, with the Supervisory Board's approval, to increase the company's share capital one or more times until 5 June 2018, up to a total nominal amount of EUR 1,300,000, by issuing new shares for cash contributions and/or contributions in kind.

The following table shows the shareholder structure of YOC AG as of 31 December 2013:

Shareholders in YOC AG	**Ownership interests in %**
Management Board*	17.6
DIH Deutsche Industrie Holding GmbH**	11.0
Institutional investors	8.9
Dr. Bernhard Heiss	8.0
Hilmar Kraus	3.1
YOC AG (own shares)	0.1
Free float	51.3
Total	**100.00%**

*The ownership interest held by dkam GmbH is attributed to Mr. Dirk Kraus.
**The ownership interest held by DIH Deutsche Industrie Holding GmbH is attributed to Mr. Peter Zühlsdorff.

As early as the financial year 2009, contingent capital was created to give the management and employees of the company and its affiliates, for the first time, subscription rights under the stock option programme.

Of the total volume of 175,000 potential subscription rights, 115,500 shares, i.e. up to 66 % of the total volume, may be granted to members of YOC AG's Management Board. A total of 59,500 shares, i.e. up to 34 % of the total volume, may be granted to employees of YOC AG and to employees of its affiliates. Each subscription right entitles the holder to purchase one share in YOC AG at the exercise price.

The exercise price is equivalent to 100 % of the unweighted average Xetra closing rate of YOC shares in the last eight trading days before the beginning of the subscription period in which the subscription rights are granted, but not less than the closing price of the share on the date when the subscription rights are granted. The subscription rights may be exercised only during specific exercise periods, but no earlier than three years after they have been granted, and for the last time in 2017.

Exercise of the subscription rights is therefore linked to an increase in the stock market price of YOC shares of at least 15 % in the third year following the granting of the subscription rights, at least 20 % in the fourth year and at least 25 % in the fifth year. In addition, the person exercising such rights must have been continuously employed by YOC AG or one of its affiliates since the subscription rights were granted. The right to exercise the subscription rights remains intact if the employment contract is terminated due to long-term illness, inability to work, or retirement, or if the employment contract is consensually terminated or is terminated by reason of parental leave.

New subscription rights may be granted within the limits of the total volume for subscription rights which have expired owing to cancellations.

In the event of a takeover bid for the shares of YOC AG according to Sect. 29, 35 German Securities Acquisition and Takeover Act (WpÜG), the subscription rights can be exercised within an additional exercise period as long as the statutory waiting period of two years is observed.

The following table shows the number and the weighted average exercise price (WAEP) along with the performance of the share options in the financial year:

	2013		2012	
	Number	WAEP	Number	WAEP
Outstanding at the beginning of the period	167,865	14.64	165,590	15.77
Granted during the period	0	0.00	34,025	10.52
Expired during the period	8,100	16.55	9,875	19.06
Bought back during the period	0	0.00	21,875	14.79
Outstanding at the end of the period	159,765	14.54	167,865	14.64
Exercisable at the end of the period	**0**	**0,00**	**0**	**0.00**

On 31 December 2013, the weighted average remaining term was 0.5 years (2012: 0.8 years). The weighted average fair value of the options on the reporting date amounted to EUR 4.66 (2012: EUR 4.98). The exercise prices for the options outstanding at the end of the current financial year range between EUR 7.37 and EUR 35.90.

The fair value of the share options was ascertained by means of a Monte Carlo simulation, taking the following assumptions as a basis:

	Options September 2012	Options May 2012	Options September 2011	Options August 2010	Options May 2010	Options September 2009
Expected dividend yield	0%	0%	0%	0%	0%	0%
Interest on riskless assets	0,47%	0,61%	0,97%	1,23%	1,43%	2,40%
Vesting period	3,3	3,3	3,3	3,3	3,3	3,3
Volatility	50%	50%	45%	40%	40%	35%

Volatility was ascertained in previous years using historical changes in share prices of a group of companies which are comparable with YOC AG.

On 31 December 2013, the capital reserve amount to kEUR 20,226 (2012: kEUR 17,858). The change in capital reserve is the result, on the one hand, of recognition of the premium on the capital increases, less attributable costs totalling kEUR 2,595. On the other hand, commitments amounting to kEUR 46 (2012: kEUR 9) under the stock option programme were transferred to capital reserve in accordance with IFRS 2.

The retained earnings item reflects the cumulative results of past financial years and amounts to kEUR -27,782 as of 31 December 2013 (2012: kEUR -17,299).

The changes in reserves are shown in the statement of changes in equity.

In the financial year 2013, as in the previous year, YOC AG held 4,000 of its own shares valued at an average of EUR 12.56.

7.7 Provisions

The provisions consist of the following:

(in kEUR)	As of 01/01/13	Draw-down	Reversal	Addition	As of 31/12/2013
Archiving provisions	50	0	0	14	64
Provisions for virtual stock option programmw	2	0	2	0	0
Other provisions	75	75	0	40	40
Total	**127**	**75**	**2**	**52**	**104**

On 31 December 2013, YOC Group had provisions amounting in total to kEUR 104 (2012: kEUR 127). Of this, the amount of kEUR 64 (2012: kEUR 50) is classifiable as long term. The long-term provisions item includes the provisions for archiving. These provisions are a consequence of the duty to preserve business records. The discount rate applied is based on the interest rates published by the Bundesbank for the various maturities. In 2013, it was on average 3.97 % (2012: 4.25 %).

The amount of kEUR 40 (2012: kEUR 75) is reported as short-term and concerns other provisions to cover required removal of tenant improvements in the London office.

7.8 Liabilities

On 31 December 2013, the YOC Group's liabilities amounted in total to kEUR 12,304 (2012: kEUR 16,123). They include prepayments received, trade payables, loans and borrowings, tax liabilities, other liabilities and other financial liabilities.

As of 31 December 2013 there are trade payables amounting to kEUR 3,008 (2012: kEUR 3.868).

Other liabilities as of 31 December 2013 amounting to kEUR 1,336 (2012: kEUR 2,335) include current liabilities amounting to kEUR 1,319 (2012: kEUR 2,045). They break down as follows:

	2013		2012	
(in kEUR)	Total	of which current	Total	of which current
Liabilities arising from personnel matters	901	901	1.125	1.125
Liabilities from operating taxes	361	261	852	852
Liabilities to supervisory boards	56	56	24	24
Liabilities from operating leasing	18	0	192	0
Miscellaneous other liabilities	45	45	141	44
Total	**1,336**	**1,318**	**2,335**	**2,045**

Liabilities arising from personnel matters include mainly deferred bonus and commission claims amounting to kEUR 409 (2012: kEUR 346), liabilities for severance pay amounting to kEUR 222 (2012: kEUR 455), liabilities for payroll and church taxes, trade association commitments, an obligation to pay the disabled persons' levy in the amount of kEUR 159 (2012: kEUR 162) and commitments for unused vacation days amounting to kEUR 44 (2012: kEUR 59).

Other financial liabilities amounting in total to kEUR 5,748 as of 31 December 2013 (2012: kEUR 4,324) include current liabilities amounting to kEUR 5,145 (2012: kEUR 4,288). They break down as follows:.

	2013		2012	
(in kEUR)	Total	of which current	Total	of which current
Liabilities from invoices not yet received	4,657	4,657	4,076	4,076
Shareholder loans	600	0	0	0
Liabilities from financial leasing	36	33	77	41
Miscellaneous other financial liabilities	455	455	171	171
Total	**5,748**	**5,145**	**4,324**	**4,288**

The item other financial liabilities comprises in the current financial year mainly the liabilities from purchase invoices not yet received. These include obligations for financial reporting and audit costs of YOC AG amounting to kEUR 108 (2012: kEUR 120). Also included in this item are liabilities for customers' overpayments amounting to kEUR 154 (2012: kEUR 80).

A payment of kEUR 386 inadvertently made by a shareholder is included in miscellaneous other financial liabilities. The repayment was made at the beginning of 2014.

As of 31 December 2013, financial liabilities amount to kEUR 525 (2012: kEUR 3,494). YOC AG had at its disposal as of 31 December 2013 a credit line of kEUR 1,000 granted by the commercial bank. As of reporting date, kEUR 525 had been drawn from the credit line and is due for repayment in the short term.

In July 2013, following the sale of the Mobile Technology segment, all acquisition loans still outstanding as of the date of sale, which amounted to kEUR 1,898, were repaid.

Hedging relationships are not reported.

7.9 Other financial obligations

As of 31 December 2013, there were financial obligations for outstanding leasing instalments for office space, operating and office equipment and motor vehicles.

Of the leasing obligations from operating leases, the following is to be paid in the coming years:

Other financial obligations

(in kEUR)	2013	2012
Up to 1 year	252	389
1 – 5 years	24	1.402
More than 5 years	0	0
Total	**275**	**1,791**

As of 31 December 2013 the lease for YOC AG's business premises was terminated. For the new business premises a new lease was entered into which commenced on 1 January 2014 with a minimum term of six months.

Rent-free periods are recognised over the lease term on a straight-line basis as a reduction of current rent expenses.

In the financial year 2013, the minimum lease payments recognized in profit or loss under operating leases for continuing operations amounted to kEUR 529 (2012: kEUR 432). There were no lease commitments according to IFRIC 4.

The YOC Group has entered into a sub-lease for an office building in London and is therefore a lessor. As of 31 December 2013, future lease receivables existed in the amount of kEUR 76 (2012: kEUR 205) arising from future lease payments under binding leases, kEUR 76 of that (2012: kEUR 123) up to one year.

As of 31 December 2013 there are in addition obligations under finance lease agreements for tenant improvements, office equipment and hardware with maturities of up to five years. Of the obligations under finance leases amounting to kEUR 36 (2012: kEUR 79), payments are to be made in the years following as follows:

Minimum lease payments

(in kEUR)	2013	2012
Up to 1 year	33	41
1-5 years	3	38
Total	**36**	**79**

The present value of the minimum lease payments is as follows:

Present value minimum lease payments

(in kEUR)	2013	2012
Up to 1 year	32	41
1-5 years	2	36
Total	**34**	**77**

The minimum lease payments can be reconciled with present value as follows:

Reconciliation

(in kEUR)	31/12/2013	31/12/2012
Minimum lease payment at settlement day	35	79
- Future financing cost	-1	-2
= Present value minimum lease payment	**34**	**77**

The commitments under finance lease agreements are included in the amount stated under the following statement of financial position items:

Lease obligations

(in kEUR)	2013	2012
Short-term financial obligations	32	41
Long-term financial obligations	2	36
Total	**34**	**77**

The fair value of the liabilities under finance lease agreements is essentially their carrying amounts.

Lending and similar forms of financing did not occur in the financial year 2013.

7.10 Other disclosures on financial instruments

The following table shows the carrying amounts and fair values, the categorisation according to IAS 39, and fair-value hierarchy of the financial assets and liabilities recognised in the consolidated financial statements:

31/12/2013 (in kEUR)	Measured at fair value	Measured at amortised cost	non-financial assets/liabilities	Statement of 31/12/2013	Measurement category IAS 39[1]	Fair Value hierarchy
Assets						
Cash and cash equivalents		531		531	LaR	n/a
Trade receivables		3,960		3,960	LaR	n/a
Other assets		724	248	972	LaR	n/a
Liabilities						
Liabilities to financial institutions		525		525	FLAC	n/a
Trade payables		3,008		3,008	FLAC	n/a
other liabilities		5,748	1,336	7,084	FLAC	n/a
of which under finance lease agreements		36				

31/12/2012 (in kEUR)	Measured at fair value	Measured at amortised cost	non-financial assets/liabilities	Statement of 31/12/2012	Measurement category IAS 39[1]	Fair Value hierarchy
Assets						
Cash and cash equivalents		236		236	LaR	n/a
Trade receivables		4,829		4,829	LaR	n/a
Other assets		29	253	282	LaR	n/a
Securities	14			14	AfS	Level 1
Passiva						
Liabilities to financial institutions		3,494		3,494	FLAC	n/a
Trade payables		3,868		3,868	FLAC	n/a
other liabilities		4,324	2,335	6,659	FLAC	n/a
of which under finance lease agreements		77				

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

The fair value of the securities (Level 1) is based on quoted market prices on active markets.

The fair value of receivables and interest-free liabilities that are measured at amortised cost is determined by means of discounting using a market interest rate that is risk-adequate and of concordant maturity.

In accordance with the principle of materiality, the fair value of current items in the statement of financial position items is equated with their recognised value.

The following table shows the future, non-discounted, contractually agreed cash outflows in relation to the financial instruments:

		Non-discounted cash outflow		
Age structure analysis (in kEUR)	**Carrying amount on 31/12/2013**	**Up to 1 year**	**1 to 5 years**	**more than 5 years**
Liabilities financial institutions	525	525	0	0
Other liabilities	1,336	1,318	18	0
Other financial liabilities	5,748	5,145	603	0
Trade payables	3,008	3,008	0	0

Age structure analysis (in kEUR)	**Carrying amount on 31/12/2012**	**Up to 1 year**	**1 to 5 years**	**more than 5 years**
Liabilities financial institutions	3,494	3,510	0	0
Other liabilities	2,335	2,045	290	0
Other financial liabilities	4,324	4,288	36	0
Trade payables	3,868	3,868	0	0

The YOC Group has a group-wide cash management system with which the liquidity of the group companies is monitored on a daily basis.

As of 31 December 2013, as in the previous year, the maximum contingency risk was equal to the carrying amount of all financial assets owed to third parties.

The revenue and expenditures along with profits and losses from financial instruments which are recorded in the income statement are presented in the table below:

	2013		2012	
(in kEUR)	Net profit/ -losses	Total interest income and expense (effective interest method)	Net profit/ -losses	Total interest income and expense (effective interest method)
Loans and receivables (including cash and bank balances)	-59	-23	-51	-31
Financial liabilities measured at amortised cost	0	-65	-0	-190
Financial instruments measured at fair value recognized in profit or loss	0	0	102	0
Total	**-59**	**-88**	**51**	**-221**

Net gains or net losses according to IFRS 7.20 (a) include interest for liabilities to financial institutions, changes in impairment of receivables, and results of measuring financial instruments at fair value. Total interest income and total interest expense according to IFRS 7.20 (b) includes mainly interest expenses resulting from application of the effective interest method along with interest expenses from leasing liabilities.

8. Notes to the Cash Flow Statement

8.1 Cash flow from individual activities

Operating cash flow

The operating cash flow is determined according to the indirect method. The starting point for determining the operating cash flow is net income after taxes for the past financial year, which amounts to EUR -7.3 million (2012: EUR -11.1 million).

Operating cash flow came to EUR -4.8 million in the financial year 2013 (previous year: EUR -2.7 million) and is attributable in particular to the Group's negative net income before depreciation and amortisation. The operating cash flow includes all cash transactions of the financial year that are not attributable to investing or financing activities.

Cash flow from investing activities

Cash inflows from investing activities for the past financial year amounted to EUR 4.4 million (previous year: cash outflows of EUR 2.0 million).

From the Mobile Technology business segment which was sold effective 31/07/2013, the company received a fixed purchase price of EUR 5.0 million, which was used mainly to reduce short-term liabilities.

Of this, EUR 0.3 million went to payments for investments in property, plant and equipment and intangible assets. This included, among other things, internal development costs associated with further development of technical platforms and new products. Technological competitiveness is crucial for the YOC Group's ability to continue growing and improve its market position, which is why we are pressing ahead with improving and developing our products and platforms internally.

Cash flow from financing activity

Changes in cash from financing activities amounted to EUR 0.7 million in the financial (2012: EUR 3.4 million).

Liabilities to financial institutions amounting to EUR 2.5 million in 2013 were reduced as agreed using the proceeds from the sale of the Mobile Technology segment and subject to the scheduled amortization rates.

As of the reporting date of 31 December 2013, furthermore, the YOC Group had drawn EUR 0.5 million from its credit line of EUR 1.0 million (previous year: EUR 1.0 million).

Two capital increases were placed in the past financial year to finance company growth and investments with total additional paid-in capital of EUR 3.1 million.

In addition, a shareholder loan in the amount of EUR 0.6 million was obtained in April 2013 from DIH Deutsche Industrie-Holding GmbH, Frankfurt am Main.

To ensure its liquidity, the company received further shareholder loans amounting to EUR 1.0 million after the reporting date.

8.2 Cash funds

The cash funds comprise cheques, cash in hand and bank balances along with short-term deposits with a maturity of up to 90 days which have only a slight value fluctuation risk. On 31 December 2013, cash funds amounted to kEUR 531 (2012: kEUR 260).

9. Notes to the Statement of Changes in Equity

Apart from the retained earnings recognised in the net loss for the year of kEUR 10,483, the following issues have had an effect on equity:

Currency translation effects arising from consolidation of the foreign subsidiaries YOC Mobile Advertising Ltd. and Sevenval Ltd. have led to a decline in equity that amounts to kEUR -17 (2012: kEUR 28).

The addition of personnel expenses associated with the stock option programme led to an increase in capital reserves by kEUR 46 (2012: kEUR 9).

In the second quarter of the financial year there was an initial capital increase by 220,000 bearer shares at EUR 8.50 per share, and, in the second quarter, there was a further capital increase by 258,500 shares at EUR 5.00 per share. This resulted in an increase of kEUR 2,684 in capital reserves, the directly attributable costs of the capital increase amounting to kEUR 89.

10. Other Disclosures

10.1 Guarantees, contingent liabilities and similar obligations

As security for the loans extended by shareholders, YOC AG pledged its share in belboon GmbH, Berlin, to the lenders.

There are no other contingent liabilities.

10.2 Events after the statement of financial position reporting date

On 13 January 2014, Sacha Berlik and Konstantin Graf Lambsdorff were appointed by order of the Local Court [Amtsgericht] of Berlin-Charlottenburg, effective immediately, members of the Supervisory Board of YOC AG.

In January and February 2014, shareholders in the company extended loans of EUR 1.0 million in total. Of that, EUR 0.6 million was attributable to Mr Hilmar Kraus and another EUR 0.4 million to KJK Management und Beteiligungen GmbH. Interest of 8.25 % per annum is paid on these loans.

In March 2014, a debt waiver by a key creditor resulted in income amounting to kEUR 750.

In January 2014 YOC AG moved into new business premises at Rosenstrasse 17, 10178 Berlin. This will result in significant cost savings in 2014.

In July 2014 YOC AG entered into a contract of selling the entire Affiliate Marketing division, which will lead into a significant cash inflow.

No other events occurred after the statement of financial position reporting date which might have had a significant effect on net assets, financial position and results of operations.

10.3 Report on risks and opportunities

The disclosures on company- and industry-specific risks and financial risks of the YOC Group and its management are made in the risk report of the Group Management Report, which is subject to auditing.

10.4 Related party disclosures

For purposes of IAS 24, related companies and persons are generally defined as members of the Management Board and of the Supervisory Board of YOC AG along with their family members and companies controlled by these persons. Persons in key positions and their close family members also are considered related parties.

DIH Deutsche Industrie-Holding GmbH, Frankfurt am Main, granted to YOC AG in April 2013 a short-term loan in the amount of kEUR 610. In December, an extension of the term of the loan until 31 December 2015 was arranged. The loan accrues interest at the rate of 8.5 % per annum. YOC AG pledged its share in belboon GmbH, Berlin, to the lender as security.

A former Management Board member who had retired from that body in 2013 holds an ownership interest in two shareholders, with which transactions amounting in total to kEUR 99 were concluded in the financial year 2013 according to the usual third-party terms and conditions. Of this amount, kEUR 97 is attributable to publishers' fees. As of the reporting date, a liability in the amount of kEUR 7 has been posted.

In 2013 YOC AG made use of consulting services offered by a shareholder for the support of the finance department. Expenses amounting to kEUR 63 were recognised. As of the reporting date a liability in the amount of kEUR 3 was recorded.

With the exception of the business transactions described above and the emoluments of the Supervisory Board and Management Board as described in the next section, no other significant business transactions with related companies or persons took place in the financial year 2013.

10.5 Supervisory Board and Management Board remuneration

Remuneration of the Management Board

Appointed Management Board in financial year 2013:

Dirk Kraus, member since September 2013
Dirk Freytag, chairman until September 2013
Jan Webering, member until July 2013
Joachim von Bonin, member until March 2013

In the financial year 2012, remuneration for the Management Board of YOC AG includes a fixed salary component amounting in total to kEUR 412 (2012: kEUR 920). As in the previous year, no variable component based on the operating result of YOC Group was paid in the current financial year. In the financial year 2009, the Management Board received under the YOC Management Incentive Programme 97,965 stock options with a fair value of kEUR 403 as of the date on which they were granted. In the financial year 2011, another 16,625 stock options were granted at a fair value kEUR 170 as of the date on which they were granted. Of the 2009 stock options that were granted, 32,655 shares were granted to former members of the Board of Management.

In the financial year 2013, kEUR 512 of the Management Board's current remuneration was paid in cash-effective (2012: kEUR 895). In the current year and the previous year no variable compensation was paid.

The following table shows the breakdown of the remuneration components for each Management Board member:

Management Board compensation for 2013 (in kEUR)

Name	Fixed compensation* (in kEUR)	Payments associated with ending of employment (in kEUR)	Subscription rights granted in 2009 and 2011 (in units)
Dirk Freytag (Vorstands-vorsitzender bis September 2013)	205		0
Dirk Kraus (seit September 2013)	35		32,655
Jan Webering	121		32,655
Joachim von Bonin	51	100	81,935
Total	**412**	**100**	**81,935**

*including contractual fringe benefits

Mr Dirk Freytag (until September 2013) and Mr Jan Webering (until July 2013) received as a contractual fringe benefit the right to a company car, for both work-related and private use, with an equivalent value of kEUR 22, along with a company old-age pension in the amount of kEUR 4.

Mr Alexander Sutter received in the financial year 2013 kEUR 75, the occasion for which was the ending of his employment as chairman in 2012.

Other than the above, no advances, loans, security payments, pension promises or similar benefits were granted to the Management Board.

Remuneration of the Supervisory Board

The remuneration of YOC AG's Supervisory Board consists of The compensation received by YOC AG's Supervisory Board comprises fixed remuneration amounting in total to kEUR 50 (2012: kEUR 56) and an attendance allowance of kEUR 40 (2012: kEUR 18).

The following table shows the breakdown of the remuneration for each member of the Supervisory Board in 2013:

Supervisory Board remuneration for 2013 (in kEUR)

Name	Fixed compensation	Attendance allowance	Total
Gerd Schmitz-Morkramer (Supervisory Board chairman until 6 June 2013)	11	4	15
Peter Zühlsdorff (until 6 June 2013)	8	3	11
Oliver Borrmann (until 6 June 2013)	5	2	7
Dr. Bernhard Heiss (Supervisory Board chairman from 6 June 2013 to 24 October 2013)	10	14	24
Dr. Nikolaus Breuel (from 6 June 2013)	11	10	21
Ludwig Prinz zu Salm-Salm (from 6 June 2013 to 24 October 2013)	5	7	12
Total	**50**	**40**	**90**

No advances, loans, security payments, pension promises or similar benefits were granted to the Supervisory Board.

Similarly, other than their Supervisory Board activities, the Supervisory Board members did not perform any advisory or referral services for YOC Group

10.6 Auditor's fees

The following fees were incurred for the services performed by the auditor Ernst & Young (E&Y):

(in kEUR)	2013	2012
Audit of financial statements	82	110
Tax consulting services	17	0
Other services	71	11
Total	**170**	**121**

10.7 Declaration of Conformity with the German Corporate Government Code

The Declaration of Conformity with the German Corporate Governance Code (Deutsche Corporate Governance Kodex) pursuant to Sect. 161 of the German Stock Corporation Act (AktG) was issued by the Management Board and the Supervisory Board and has been made permanently accessible to YOC AG's shareholders on the Web page at www.yoc.com in the "Investor Relations" section.

Berlin, 07. July 2014
Board YOC AG

Dirk Kraus

Statement of Responsibility made by the Management Board

(Pursuant to Sect. 37y No. 1 Securities Trading Act (WpHG) in conjunction with Sect. 297 Para. 2 Sent. 4 and Sect. 315 Para. 1 Sent. 6 German Commercial Code (HGB))

I assure, to the best of my knowledge, that the consolidated financial statement conveys a true and fair view of the net assets, financial position and results of operations of the group according to the applicable accounting principles, and that the conduct of business including the business results and the situation of the group are described in the Group Management Report so as to convey a true and fair view of the facts and circumstances as well as the material risks and opportunities of the group's expected development.

Berlin, 07. July, 2013

Dirk Kraus
Board YOC AG

Audit Opinion

We have issued the following opinion on the consolidated financial statements and the group management report:

„We have audited the consolidated financial statements prepared by the YOC AG, Berlin, comprising the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the notes to the consolidated financial statements, together with the group management report for the fiscal year from 1 January to 31 December 2013. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB [„Handelsgesetzbuch": „German Commercial Code"] are the responsibility of the parent company's management. 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 Sec. 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (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 management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 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 this opinion, we draw attention to the information provided in the management report by the management board of YOC AG. In the section "outlook" it is stated that various measures are taken into account to counteract the strained liquidity situation. These measures or events involve in particular:

- A timely significant cash inflow from selling the entire Affiliate Marketing division,
- a timely and successful collection of debts of up to a maximum of EUR 1.7 million according to a variable purchase price component from the sale of the Mobile Technology segment in July 2013,
- a successful realization of a debt waiver with one or more substantial creditors,
- a successful implementation of a capital measure in the next six to twelve months,
- a timely realization of improving operating results considerably and therewith the achievement of reaching the planned targets of business operations

The continuation of the company as a going concern depends on the success of implementing the mentioned above measures and therewith corresponding cash inflows.

Berlin, 08 July 2014
Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Dr. Roeders	Klemm
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Management Board

The Management Board was composed as follows in the financial year 2013

DIRK KRAUS (since 10 September 2013)

Dirk Kraus was reappointed as member of the Management Board of YOC AG in September 2013. He is the sole member of the company's Management Board, and he had previously been represented on the Management Board of the company from 2001 to 2012 – since 2005 as CEO of the company. He established YOC AG with a partner in Berlin in 2001 after working for Roland Berger Strategy Consultants as a senior advisor dealing mainly with the restructuring and strategic reorientation of companies.

DIRK FREYTAG (until 30 September 2013)

Dirk Freytag was appointed CEO of YOC AG in December 2012 and left the company in September 2013. In his position he was responsible for corporate strategy and organisation, the Media business unit, and investor and public relations. Before joining YOC, Dirk Freytag worked in a double role as CEO of ADTECH AG and Senior Vice President at AOL Inc.

JAN WEBERING (until 24 July 2013)

position was responsible for the Mobile Technology business area until the division was sold on 24 July 2013. In his previous position as CEO of Sevenval AG, the law graduate was responsible for sales, marketing and professional services. Before Sevenval was founded, Jan Webering managed several companies, including the internet consultancy company net-consulting.

JOACHIM VON BONIN (until 31 March 2013)

Joachim von Bonin was CFO of YOC AG until 31 March 2013. In this position he was responsible for finances and controlling, human resources and central purchasing. Before that, he served as the company's Business Administration Manager, a position he had held since joining the company in June 2010. Joachim von Bonin had previously worked for the auditing firm KPMG for several years in Germany and abroad, and was in charge of DAX-listed corporations and medium-sized companies in various industries.

Supervisory Board

The Supervisory Board was composed as follows in the financial year 2013

NIKOLAUS BREUEL

Businessman, Berlin

- Managing partner, Karl-J. Kraus GmbH
- D+S communication center management GmbH: Member of the Supervisory Board
- YOC AG: Chairman of the Supervisory Board since 16/1/2014, member since 7/6/2013

GERD SCHMITZ-MORKRAMER

Businessman, Munich

- bmp media investors AG (formerly bmp AG): Chairman of the Supervisory Board
- Ernst Max von Grunelius Stiftung: Management Board
- YOC AG: Chairman of the Supervisory Board (until 6/6/2013)

BERNHARD HEISS

Lawyer, Munich

- Dr. Bernhard Heiss Rechtsanwalts GmbH: Managing partner
- Centrosolar Group AG: Deputy Chairman of the Supervisory Board
- Centrotec Sustainable AG: Deputy Chairman of the Supervisory Board
- Altium Capital AG: Member of the Supervisory Board
- YOC AG: Chairman of the Supervisory Board (7/6/2013 - 24/10/2013)

PETER ZÜHLSDORFF

Businessman, Berlin

- OBI Group: Member of the Supervisory Board
- ALBA Group: Member of the Supervisory Board
- KMS Group Management GmbH: Member of the Advisory Board
- Vivantes Netzwerk für Gesundheit GmbH: Chairman of the Supervisory Board
- Universitätsklinikum Schleswig-Holstein: Member of the Supervisory Board
- YOC AG: Member of the Supervisory Board (until 6/6/2013)

LUDWIG ZU SALM

Businessman, Starnberg

- Zu Salm Vermögensverwaltung GbR: Managing partner
- YOC AG: Member of the Supervisory Board (7/6/2013 - 24/10/2013)

OLIVER BORRMANN

Businessman, Berlin

- bmp media investors AG: Management Board
- bmp Beteiligungsmanagement AG: Chairman of the Management Board
- König & Cie. Private Equity Management GmbH: Managing Director
- König & Cie. II. Private Equity Beteiligungs- und Treuhand GmbH: Managing Director
- Cavy Capital GmbH: Managing Director
- Heliocentris Fuel Cells AG: Chairman of the Supervisory Board
- brand eins Medien AG: Chairman of the Supervisory Board
- YOC AG: Member of the Supervisory Board (until 6/6/2013)

Financial Calendar **2014**

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AUGUST

Annual General Meeting

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AUGUST

Interim Report First Half of 2014

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NOVEMBER

Third Interim Report 2014

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