Travel24.com AG

Consolidated Financial Statements (IFRS)

Nine-month report

Q3 2013

Summary of Key Data

	1 January to 30 September 2013 EUR thousand	2012 EUR thousand	Changes %
Revenue	23,083	21,255	+ 9%
EBIT	92	3,584	- 97%
Net result for the period	-1,004	2,300	- 144%
Earnings per share in EUR			
basic	-0.49	1.13	- 144%
diluted	-0.49	1.13	- 144%

Contents

Message to the shareholders

Dear Shareholders, Customers and Business Friends,

Ladies and Gentlemen,

In the third quarter of 2013 Travel24.com AG was able to position itself successfully in the online travel market. A small increase in overall revenues was achieved compared to the previous quarter, which was reflected in an almost break-even operating result.
This is – looking at the core operations –primarily a result of increased marketing investments, including the international ambitions in France and Great Britain. In addition, a continued high level of competitive pressure in the package tour sector in the domestic market resulted in the need for a higher marketing budget expense for a broadly similar market position.

Key milestones achieved in this quarter were the successful launch of the package tour portal in France and the launch of an international hotel bookings website in 39 languages.

Leipzig, in November 2013

Yours

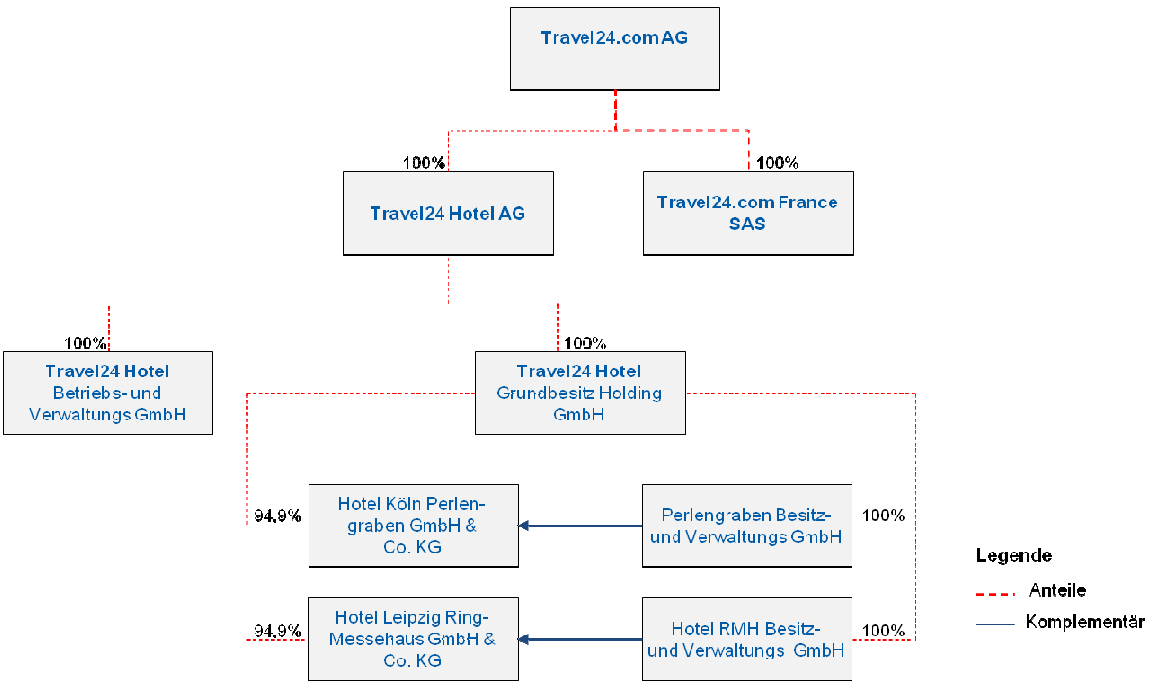
Armin Schauer

Managing Board of Travel24.com AG

Group Management Report

Corporate structure

The illustration below shows the structure of the Group at 30 September:



Business conditions

The online travel market overall experienced an average level of growth in the third quarter of 2013. Market conditions for business growth in the domestic German market were generally positive, however the large number of providers and new substitute products in the package tour sector continues to be a potential source of shifts in demand. Within the European market, we see good prospects for further growth in the online travel market despite the continuing mood of economic crisis.

We continue to view the prospects positively for our new segment ‘Hotel Business’.

Business strategy

Based on the know-how gained over many years, Travel24.com AG continues to drive the expansion of the business into international markets (in particular Great Britain and France). The market presence in the different countries will be kept identical where possible. The websites in the different markets will be adjusted to meet market conditions as necessary. To some extent, for example in fulfilment, agreements will be entered into with external providers, which also ensures that the relevant market know-how is available.

Travel agency

The total number of tourist bookings increased slightly compared to the same period in 2012. This is primarily due to the continued strength of the flights business in France and Germany. The number of bookings in the package tour segment fell slightly due to the increased level of competition in the domestic German market.

The tourist portals continues to offer a portfolio which includes over 70 relevant German, Austrian and Swiss tour operators, all major cruise line operators and over 200,000 hotels and holiday homes. The airline portfolio includes more than 750 scheduled, charter and budget providers.

Marketing & key performance indicators

In Germany, our core market, TV advertising and online processes in particular are used to increase brand awareness and keep the level of bookings at a consistently high level. The growth strategy in the international environment will be driven primarily by online marketing. Our online marketing includes search engine marketing, newsletter advertising, the targeted use of internet banner advertising and affiliate marketing. All marketing tools were continuously optimized and adjusted to the corresponding markets.

Results of operations, financial position and net assets

The Group was formed in the third quarter of 2012 following the acquisition of the assets of Travel 24 Hotel AG. There is little impairment in the comparability of the income statement as the Hotel Business segment which is currently being established does not yet generate revenues nor – with the exception of property taxes – significant operating expenses. The comparative figures already include the assets of Travel 24 Hotel AG.

Revenues and results

The **internet** business segment again generated revenue growth in the first nine months (from EUR 21.3 million to EUR 23.1 million; +9 %). However, increased marketing expenses in particular, as well as legal, audit and consultancy costs resulted in a significantly (90 %) lower operating result (down from EUR 3.7 million to EUR 0.4 million).

The significant increase in interest expenses (+ EUR 1.1 million) is due to interest incurred on the corporate bond issued at the end of the third quarter of 2012, resulting in a loss for the period overall of EUR 1.0 million after generating a profit in the first nine-months of the comparative period of EUR 2.3 million.

Notes to the balance sheet

The balance sheet total fell slightly compared to 31 December 2012, from EUR 28.6 million to EUR 27.7 million, although there has been a shift in the maturity structure of the balance sheet.

The carrying value of non-current assets increased by EUR 2.1 million (11 %); this is almost exclusively a result of the continuing construction work for the renovation of the hotel buildings in Cologne and Leipzig. This was offset by current assets falling by EUR 3.0 million, primarily as a result of the reduction in receivables due from affiliated companies. Non-current assets as a percentage of the total increased accordingly from 69 % to 79 %.

The negative retained earnings increased corresponding to the net loss for the current nine-month period. As a result, the Group's equity amounts to EUR 3.5 million. As a result, the equity ratio has decreased slightly (13 %).

On the equity and liabilities side of the balance sheet, the maturity structure is largely unchanged. Non-current liabilities comprise 63 % (31 December 2012: 61 %) of total capital.

Employees

Travel24.com AG employed twelve people (excluding management board members) at the balance sheet date 30 September 2013.

Opportunities and risks report

With the increasing popularity of the internet as a booking medium, the online sale of holiday travel continues to enjoy above average growth rates. The pressure on the sales prices in both domestic and international markets has increased with new competitors entering the market.

To some extent, the entry into new European markets has market-specific risks. These include faulty or insufficient technical and thus product-side market penetration, necessary adjustment in the marketing mix, delays to market entry resulting from acquiring licenses from state authorities, under performance of partners in product and fulfilment, increasing market saturation, as well as specific economic factors which can affect the business.

Global risks such as terror attacks or major environmental disasters and political changes which impact the general travel urge remain imminent.

However, the macroeconomic and industry-specific market environment is still sufficiently favourable for a positive development: The internet business across Europe as a whole has continued to grow slightly, despite the continuing current economic and financial crisis, and we expect this trend to continue in the forthcoming years. Against this backdrop, and based on assumptions made for the Group's core business for technology, products, sales, marketing and fulfilment, the company expects continued growth of sales volume in the future from the internet travel sales business segment in existing markets, and a successful start and/or expansion of the business in new markets.

We continue to expect a slight growth in revenues for 2013 as a whole based on the comparatively strong revenues generated in the first three quarters of 2013. However, weaker net results in comparison with 2012 can be expected as a result of the high level of marketing investment undertaken in domestic and international markets.

Outlook

Travel24.com AG plans to continue the expansion of the business throughout the remainder of 2013. The focus is primarily on growth in France and Great Britain as well as in domestic flight and hotel placement business. Efforts to maintain the market position in the domestic market will be intensified. This requires a continued, relatively high level of marketing investment. As a result of this, we expect an increase in revenues of approximately 10 % for the full year 2013, and, compared to last year, a neutral operating result of approximately EUR 2.4 million.

The new Hotel Business segment will remain in a sustained construction phase in the coming quarters. First revenues are anticipated from 2015.

Consolidated balance sheet

as at 30.09.2013

ASSETS	30 September 2013 EUR	31 December 2012 EUR
NON-CURRENT ASSETS		
Intangible Assets		
Intangible assets purchased	4,231,184.60	4,225,634.60
	4,231,184.60	**4,225,634.60**
Property, plant and equipment		
Land	4,906,948.99	4,843,948.99
Construction in process	8,649,906.68	6,674,104.45
	13,556,855.67	**11,518,053.44**
Financial Assets		
Other loans	3,611,319.47	3,510,763.89
	3,611,319.47	**3,510,763.89**
Deferred tax assets	**585,415.80**	**585,415.80**
TOTAL NON-CURRENT ASSETS	**21,984,775.54**	**19,839,867.73**
CURRENT ASSETS		
Receivables and other assets		
Trade receivables	265,378.02	8,906.91
Receivables due from affiliated companies	1,006,532.03	5,487,491.12
Other financial assets	292,585.00	277,000.00
Other non-financial assets	2,445,445.17	1,936,754.40
	4,009,940.22	**7,710,152.43**
Cash	**1,713,772.56**	**1,056,154.46**
TOTAL CURRENT ASSETS	**5,723,712.78**	**8,766,306.89**
BALANCE SHEET TOTAL	**27,708,488,32**	**28,606,174.62**

EQUITY AND LIABILITIES	30 September 2013 EUR	31 December 2012 EUR
EQUITY		
Subscribed capital	2,033,585.00	2,033,585.00
Capital reserve	2,913,974.00	2,913,974.00
Retained Earnings	-1,472,297.59	-468,514.80
Equity of the owners of the parent company	**3,475,261.41**	**4,479,044.20**
TOTAL EQUITY	**3,475,261.41**	**4,479,044.20**
LIABILITIES		
NON-CURRENT LIABILITIES		
Financial liabilities	17,304,681.11	17,229,831.11
Deferred tax liabilities	132,873.34	156,825.34
TOTAL NON-CURRENT LIABILITIES	**17,437,554.45**	**17,386,656.45**
CURRENT LIABILITIES		
Tax liabilities	2,226,900.74	2,586,406.97
Provisions	2,292,527.86	2,440,478.35
Financial liabilities	99,903.00	383,500.00
Trade payables	321,856.65	662,837.59
Liabilities due to affiliated companies	1,337,163.56	0,00
Other liabilities	517,320.65	667,251.06
TOTAL CURRENT LIABILITIES	**6,795,672.46**	**6,740,473.97**
TOTAL LIABILITIES	**24,233,226.91**	**24,127,130.42**
BALANCE SHEET TOTAL	**27,708,488.32**	**28,606,174.62**

Consolidated statement of comprehensive income

01.01.2013 to 30.09.2013

	Q3 figures		1 January to 30 September	
	2013	**2012**	**2013**	**2012**
	EUR	EUR	EUR	EUR
1. Revenue	7,623,855.81	7,215,123.80	23,082,743.37	21,254,698.79
2. Other operating income	135.92	4.38	145,041.13	4,070.58
3. Cost of materials	-7,286,328.04	-6,419,354.61	-21,977,845.10	-17,108,174.80
4. Personnel expenses	-231,246.24	-91,134.30	-340,725.51	-347,543.10
5. Other operating expenses	-177,403.17	-111,162.64	-817,337.38	-218,817.28
6. Operational result	**-70,985.72**	**593,476.63**	**91,876.51**	**3,584,234.19**
7. Interest income	64,205.30	51,802.44	199,462.62	125,778.78
8. Interest expenses	-594,754.00	-215,164.04	-1,319,072.24	-237,313.58
9. Financial result	**-530,548.70**	**-163,361.60**	**-1,119,609.62**	**-111,534.80**
10. Result before taxes	**-601,534.42**	**430,115.03**	**-1,027,733.11**	**3,472,699.39**
11. Tax income (2012: tax expenses)	7,984.00	-185,655.70	23,950.32	-1,173,012.10
12. Net loss for the period (2012: net income)	**-593,550.42**	**244,459.33**	**-1,003,782.79**	**2,299,687.29**
13. Other comprehensive income	0.00	0.00	0.00	0.00
14. Comprehensive income	**-593,550.42**	**244,459.33**	**-1,003,782.79**	**2,299,687.29**
From net result for the period/comprehensive income is attributable: to owners of the parent company	-593,550.42	244,459.33	-1,003,782.79	2,299,687.29
Earnings per share in EUR (basic and diluted)	-0.29	0.12	-0.49	1.13

Consolidated cash flow statement

01.01.2013 to 30.09.2013

		1 January to 30 September 2013 EUR	2012 EUR
Cash flow from operating activities			
	Net loss for the period (2012: net income for the period)	**-1,003,782.79**	**2,299,687.29**
+	Income taxes	-23,950.32	1,173,012.10
+ / -	Financial result	1,119,609.62	111,534.80
+	Amortisation on intangible assets	0.00	15,007.50
+ / -	Increase/decrease in provisions	-158,599.27	490,204.17
- / +	Increase/decrease in trade receivables and other assets which are not attributable to investing or financing activities	1,833,208.66	-6,265,677.94
+ / -	Increase/decrease in trade payables and other liabilities which are not attributable to investing or financing activities	783,252.21	10,732,615.74
-	Interest paid	-1,712,265.46	0.00
+	Interest received	95,535.41	125,778,78
-	Income tax paid	-502,980.17	-121,503.81
=	Cash flow from operating activities	**430,027.89**	**8,560,658.63**
-	Payments for investments in intangible assets	-5,550.00	-3,268,000.00
-	Payments for investments in property, plant and equipment	-1,543,859.79	-12,121,191.20
-	Payments from the issue of loans	-1,000,000.00	-1,000,000.00
-	Inflow from the repayment of a loan	1,000,000.00	0.00
=	Cash flow from investing activities	**-1,549,409.79**	**-16,389,191.20**
+	Inflow from the issue of a bond	1,777,000.00	24,379,893.48
=	Cash flow from financing activities	**1,777,000.00**	**24,379,893.48**
	Net changes in cash	**657,618.10**	**16,551,360.91**
	Cash at the beginning of the period	1,056,154.46	35,254.31
	Cash at the end of the period	1,713,772.56	16,586,615.22

Consolidated statement of changes in equity

as at 30.09.2013

	Outstanding shares	Subscribed capital	Capital reserve	Retained Earnings	Total Equity
	number	EUR	EUR	EUR	EUR
As of 31 December 2011	**2,033,585**	**2,033,585.00**	**2,913,974.00**	**-2,156,928.83**	**2,790,630.17**
Comprehensive income		0.00	0.00	2,299,687.29	2,299,687.29
As of 30 September 2012	**2,033,585**	**2,033,585.00**	**2,913,974.00**	**142,758.46**	**5,090,317.46**
As of 31 December 2012	**2,033,585**	**2,033,585.00**	**2,913,974.00**	**-468,514.80**	**4,479,044.20**
Comprehensive income		0.00	0.00	-1,003,782.79	-1,003,782.79
As of 30 September 2013	**2,033,585**	**2,033,585.00**	**2,913,974.00**	**-1,472,297.59**	**3,475,261.41**

Notes to the interim consolidated financial statements

I. General information

These **condensed** interim consolidated financial statements of Travel24.com AG were prepared in accordance with the International Financial Reporting Standards (IFRS) and the interpretations of the IFRS Interpretations Committee (IFRIC/SIC), as applicable and binding in the European Union. In particular, they comply with requirements applicable to interim reporting in accordance with IAS 34.

The consolidated financial statements as at 30 September 2013 have not been subject to review by an auditor and have not been audited in accordance with Section 317 of the German Commercial Code.

The consolidated financial statements are prepared in euros (EUR) as the majority of the group transactions are realised in that currency. All amounts are stated in thousand euros (EUR thousand) unless otherwise stated.

Amounts are rounded up/down to the nearest even number. As a result, rounding differences may occur.

II. Accounting and measurement principles

II.1 Accounting basis

These **condensed** interim consolidated financial statements of Travel24.com AG were, with the exception of the initial application of new or amended standards or interpretations, prepared under the same accounting and measurement principles that were applied in the preparation of the IFRS consolidated financial statements of Travel24.com AG as of 31 December 2012.

For the purposes of presenting the (condensed) interim consolidated statement of comprehensive income, a single figure is shown for the categories cost of materials, personnel expenses and tax expenses respectively. These condensed consolidated financial statements consequently do not include all of the disclosures that would be required in a set of annual consolidated financial statements prepared at year end and should therefore necessarily be read together with the consolidated financial statements for the year ended 31 December 2012. This particularly applies to the section entitled ‘Use of estimates’.

In preparing interim financial statements, the Management Board must make the best possible estimates and assumptions, based on current information, which have an effect on the assets and liabilities presented and on disclosures of contingent assets and liabilities, as well as on income and expenses reported in the period. Subsequent actual results may differ from these estimates.

II.2 Initial application of new or amended standards in financial year 2013

We refer to the disclosures made in the consolidated financial statements as of 31 December 2012.

II.3 Scope of consolidation

All subsidiaries are included in these interim consolidated financial statements. There are no joint ventures or associated companies.

With the exception of the formation of a French subsidiary, there have been no changes in the scope of the consolidation since 31 December 2012.

As the Group was first created in the third quarter of 2012, the comparative figures for the third quarter of 2012 and for the first nine months as a whole (i.e. for the most part the parent Company only) are of limited use for comparison purposes.

III. Significant matters for the asset, financial and income position in the first nine months of 2013

In contrast with the second half of 2012, there were no significant transactions or matters recorded in the reporting period.

IV. Notes to the consolidated balance sheet

The **balance sheet total** is largely unchanged. The carrying value of construction in progress included in **non-current assets** increased by EUR 1,976 thousand as a result of the continued investment in existing real estate properties of which only EUR 1,544 thousand resulted in cash flows in the period.

The total reduction of **current assets** amounting to EUR 3,042 thousand is primarily a result of lower receivables due from affiliated companies which fell by EUR 4,481 thousand due, amongst other reasons, to the successive planned loan repayments made to repay a receivable against Unister Holding GmbH in connection with the issue of a bond in 2012. The planned loan repayments made amounted to EUR 1,500 thousand and are shown in the cash flow statement as cash inflows from the issue of a bond. In addition, at the reporting date the balance sheet includes a net liability with Unister GmbH; this amount is disclosed in the equity and liability section of the consolidated balance sheet.

The composition of other non-financial assets has changed to the extent that at 30 September 2013 this amount almost exclusively consists of receivables from tax authorities primarily in connection with recoverable value added tax. This was predominately applicable at 31 December 2012.

Provisions included in **current liabilities** fell by EUR 148 thousand. This is primarily a result of the release to income of provisions totalling EUR 144 thousand for cancellation risks following changes in contractual arrangements with Unister GmbH. Taking into account the current risk situation, the provision for future losses first recorded at 31 December 2012 remains unchanged at EUR 1,600 thousand. The provision for legal costs of approximately EUR 410 thousand has fallen insignificantly.

As in previous periods, current financial liabilities include exclusively bond interest payment obligations which were due in September 2013; these obligations have mostly been settled by payment or offset.

V. Notes to the consolidated profit and loss account

Revenues are exclusively revenues from commissions, of which EUR 11,333 thousand (2012: EUR 10,968 thousand) are in respect of retail commissions, EUR 8,980 thousand (2012: EUR 7,652 thousand) relate to flight commissions and EUR 2,770 thousand (2012: EUR 2,635 thousand) relate to commissions for additional travel services.

The increase in other operating income is due to the release of provisions for cancellation costs described above.

Other operating expenses have increased almost fourfold. The change results primarily from charges for property taxes of EUR 221 thousand, for which there is no corresponding expense in the previous year. In addition, legal, audit and consultancy costs increased from approximately EUR 250 thousand to EUR 339 thousand.

The significant increase in interest expenses (increase of EUR 1,082 thousand) results from interest expenses accounted for under the effective interest method arising on the bond issued in September 2012.

VI. Segment reporting

The following segment information shows information pertaining to the Group's two segments, the segment **Internet** (the parent Company's only segment) and the segment **Hotel Business** (which is in the process of being established). There have been no significant changes in the assets or liabilities reported by either segment compared to the position at 31 December 2012. In the Hotel Business segment, however, more investments were made in the building of hotels. The resulting cash flows in the first half of 2013 can be obtained directly from the cash flow from investments section of the consolidated statement of cash flows.

Segment revenues

The Group's total revenues of EUR 23,083 thousand are wholly attributable to the segment **Internet**. No inter-segment revenues between the two segments arose in the period. Revenues in the previous year totalling EUR 21,255 thousand are also attributable to this segment.

Segment result (result before interest and income taxes)

Of the Group's total operating result (result before interest and income taxes) of EUR +92 thousand for the first nine-months of 2013, a total of EUR +352 thousand is attributable to the segment **Internet** and EUR -260 thousand is attributable to the segment **Hotel Business**. In the comparative period, the operating result of EUR +3,584 thousand was almost exclusively attributable to the segment Internet (EUR 3,704 thousand). The significant loss reported by the Hotel Business segment in 2013 is almost exclusively a result of charges for property taxes.

The reconciliation of the sum of the segment results for the period (EUR +92 thousand) to the consolidated result before taxes can be directly obtained from the consolidated statement of comprehensive income.

VII. Significant transactions with related parties

We refer to the presentation in the 2012 annual report for a description of the nature of the respective transactions. Almost all revenues and material expenses continue to represent transactions with Unister GmbH. A long-term loan extended to Unister Holding GmbH in 2012 was increased by a further EUR 1,000 thousand in the reporting period. There were no transactions with LOET Trading AG (LOET) in the reporting period. The receivable payable by LOET reported in the balance sheet at 31 December 2012 has been settled in full in the reporting period. However, a compensation repayment claim of EUR 293 thousand against LOET resulting from the payment of bond interest to LOET has been recorded at the balance sheet date.

VIII. Events subsequent to the reporting date

There were no significant reportable events subsequent to the balance sheet date.

Investor Relations

Share capital of Travel24.com AG

The total number of the voting rights of Travel24.com AG remained unchanged at 30 September 2013 and totalled 2,033,585.

Shareholdings of members of the management board and members of the supervisory board

As at the balance sheet date of 30 September 2013, members of the management board and supervisory boards have shareholdings as follows:

	Shares	Options
Management Board		
Armin Schauer	0	0
Supervisory Board		
Daniel Kirchhof	150	0
Oliver Schilling	24,556	0
Detlef Kurt Schubert	0	0

Responsibility statement of the legal representatives

I confirm that to the best of my knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, financial position and income position of the Group. In addition, I confirm that the interim Group management report includes a fair review of business developments including the results of the business and the position of the Group. The principal opportunities and risks associated with the expected development of the Group for the remaining period of the financial year have been described.

Leipzig, in November 2013

The Travel24.com AG Management Board

Armin Schauer

Reporting calendar

29. November 2013
Publication of quarterly report Q3 2013

Legal notice

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