Annual Report 2013

Travel24.com

So geht Reisebüro heute!

Contents

1. Summary of key data

In EUR thousands	1 January - 31 December 2013	2012	Changes %
Revenue	29.067	28.725	1%
EBIT	323	2.470	-87%
Net income	-1.201	1.688	-171%
Cumulated loss	-1.670	-469	256%
Earnings per share in EUR (basic and diluted)	-0,59	0,83	-171%

2. Foreword

Dear Shareholders,

For your company, the financial year 2013 was primarily characterised by the increasingly international nature of the online sales business.

With the launch of new portals, especially in France, we were able to gain access to new potential income streams, and as a result we are on a good track towards becoming a significant player in the online travel sales market beyond the borders of our domestic market. The establishment of a subsidiary in France, the third largest European market for online travel, reflects the fact that our international ambitions are taking shape. We have also been able to continue the expansion of our business in other European countries (especially Great Britain), and we continue to make progress with growing the Travel24 brand.

The primary strengths of Travel24.com AG are in our market know-how, the income generating power of the brand, and our ability to react quickly to changes in the competitive environment. With our expansion plans we aim to transfer these advantages to other markets.

At the same time, 2013 was also marked by increased levels of competition for market share in our domestic market in Germany. Overall, we were able to maintain our market position thanks to the strong performance of the flight bookings business. Although we achieved a slow rate revenue growth, we had to make substantial investments in marketing to maintain market share, especially in the first nine months of the year. In combination with the investments made in our international expansion plans, the increased competitive pressure meant that we closed the financial year 2013 with a negative result, a loss of EUR -1,201 thousand. This result is significantly below that of the previous year, and also below our expectations. We are convinced that measures already taken to increase marketing efficiency, as well as the continuous improvements in our product offering, will enable us to regain profitability in online sales operations in our domestic market in the future.

In the financial year 2013 no revenues were generated in the Hotels segment yet. This segment is intended to be a significant driver of diversification and a provider of revenues and return growth in the future. The segment remains in the start-up phase, and we are optimistic about entering this market and generating further growth in the near future.

Yours

Armin Schauer

Managing Board of Travel24.com AG

Leipzig, 28 May 2014

3. Supervisory Board Report

In the year under review, the Supervisory Board has performed its statutory tasks and tasks required of it by law, by the, the Articles of Association and by the Bylaws and convinced itself of the compliance of the management of the Company. The Supervisory Board dealt with the economic position in depth. All mandatory meetings prescribed for the Supervisory Board by the Bylaws were held, as described in the following paragraphs.

Cooperation with the Managing Board/Focus of the Supervisory Board's Activities
The Supervisory Board held discussions with the Managing Board concerning business developments and the further strategic alignment of the Company. It regularly advised the Managing Board in managing the company and monitored the management on an ongoing basis. The Supervisory Board was directly involved in decisions of fundamental importance for the Company.

There were no conflicts of interest among the Managing and Supervisory Board members requiring immediate disclosure to the Supervisory Board and about which the General Meeting must be informed.

In the financial year the work of the Supervisory Board was marked by the continued internationalisation of the business and the resignation of Thomas Gudel from the Managing Board, as well as a further house search by the Saxony State Office of Criminal Investigation on 10 December 2013.

Thomas Gudel resigned from his position as Member of the Managing Board of Travel24.com AG on 13 May 2013. Armin Schauer has performed the dual function of CFO and Chairman of the Managing Board since then.

Of particular note in 2013 was the house search carried out by the Saxony State Office of Criminal Investigation on 10 December 2013 in the premises of the main shareholder (Unister) as well as at Travel24.com AG. The investigations have not yet been completed, and based on information provided by retained lawyers the matter will continue to be of relevance into the next financial year. The Managing Board, in consultation with the Supervisory Board, has made allowance for the related costs in the current financial statements.

No changes were made in respect of the EUR 25 million bond issued to finance the start-up of the Hotels segment and the growth of the international side of the business.

In the financial year 2013 a joint Supervisory Board meeting was held regularly in each quarter. All members of the Supervisory Board were present at the meetings held in 2013. No Supervisory Board sub-committees were formed in the financial year 2013.

The subject matter of the Supervisory Board meeting held on 19 July 2013 was a discussion of the annual financial statements 2012 with the Managing Board and the auditor. The Supervisory Board agreed to the explanations of the Managing Board and the auditor regarding the annual financial statements and approved the annual financial statements 2012.

Changes to the Supervisory Board

The composition of the Supervisory Board was confirmed by the General Meeting held on 30 August 2013.

Corporate Governance

The Managing and Supervisory Boards base their work on corporate governance standards and monitor their compliance with the standards on an ongoing basis. The basis of these standards is the recommendations of the Government Commission for the German Corporate Governance Code. In this meeting of the Supervisory Board, the Managing Board and the Supervisory Board issued their declarations of conformity pursuant to section 161 of the German Stock Corporation Act. The same applies to the 2013 declaration regarding the German Corporate Governance Code 2013. However, this has not been made public on a timely basis, although this is not in connection with a limitation of scope in respect of the period covered by the declaration.

Consolidated financial statements 2013

On 19 July 2013 the Supervisory Board of Travel24.com AG engaged BDO AG, Wirtschaftsprüfungsgesellschaft, Leipzig to audit the consolidated financial statements of Travel24.com AG. The interim audit of the consolidated financial statements 2013 by BDO AG Wirtschaftsprüfungsgesellschaft commenced as planned.

The consolidated financial statements 2013, prepared by the Managing Board in accordance with International Financial Reporting Standards (IFRS), and the group management report together with the bookkeeping system were audited by BDO AG, Wirtschaftsprüfungsgesellschaft, Leipzig. An audit opinion was issued on the consolidated financial statements.

Afterwards, the audit documents were submitted to the Supervisory Board for inspection and audit. The Supervisory Board dealt with the annual financial statements of Travel24.com AG (including the measurement options exercised) as well as the consolidated financial statements and the management report for the Group in detail, taking into account the auditor's report, and critically examined these documents. The management report was examined by the Supervisory Board, particularly with regard to its realistic presentation of the situation and perspectives of the Company. The Supervisory Board shares the opinion of the Managing Board. The audit documents were discussed with the Managing Board in detail in the Supervisory Board meeting on 28 May 2014. The auditor participated in these deliberations to report on significant results. The Supervisory Board concluded that the audit reports fulfil the legal requirements. No objections were raised against the reports, and accordingly the Supervisory Board was able to consent to the audit reports. The Supervisory Board approved the annual financial statements and the consolidated financial statements prepared by the Managing Board at its meeting on 28 May 2014. Accordingly, the annual financial statements 2013 of Travel24.com AG have been approved in accordance with section 172 German Stock Corporation Act.

BDO AG Wirtschaftsprüfungsgesellschaft have evaluated the current data processing and information systems and concluded that they are appropriate.

The IT Audit was conducted by BDO AG Wirtschaftsprüfungsgesellschaft in February 2014, and was performed in close cooperation between the IT department and BDO AG Wirtschaftsprüfungsgesellschaft. In addition, an intensive exchange took place with the responsible tax consulting practice.

One focus point of the 2013 audit was the merger of Travel24.com AG and Vols24, which was effective from 1 January 2013. An impairment test was performed.

The Supervisory Board thanks the Managing Board for its high level of commitment and the performance rendered by it in the past year.

Daniel Kirchhof

Leipzig, 28 May 2014 (Chairman of the Supervisory Board)

Yours sincerely

Daniel Kirchhof
Chairman of the Supervisory Board

4. The business in numbers

4.1 Group management report of Travel24.com AG

A. General information about the Group

A.1. Business model

The Travel24.com AG ("Travel24") business model is divided into two segments: Internet and Hotels. The Internet segment is the core business, while the Hotels segment is still in the start-up phase.

Internet segment

Within the Internet segment, the Company offers travel services on a commission basis. This includes the sale of travel packages, last minute offers, hotel services and flights, as well as various additional travel services. This Travel24.com AG segment operates internationally whereby this is limited to other European countries.

In the financial year 2013 Travel24 undertook various measures to build on the offerings made in this segment. This expansion should primarily be driven by a general expansion of international commission sales. The main focus of these measures was as follows:

- The launch of international online hotel sales portals, in particular in Germany, France and Great Britain, and an additional international portal which is available in thirty languages
- Expanding activities in the French market, in particular for package travel – using the newly-created travel24.fr portal – as well as for flights

The planned launch of all the websites has been completed successfully. As a result Travel24 now has a significantly larger portfolio of websites than in the previous year.

The portfolio of offerings for the Germany-Austria-Switzerland region (G-A-S) continues to include the majority of German travel providers, with up to 100 million package and last minute offers. In the flight sales sector Travel24 has access to more than 750 scheduled, charter and low-budget flight providers, and access to more than 200,000 hotels in the hotel sales sector. Numerous additional products such as car rental, cruises, holiday apartments and insurance complement the products on offer. Travel24 continues to offer booking services for all travel services via its website portals or using various booking hotlines.

In its international business, Travel24 cooperates in the French package tour market in partnership with French tour operators. The majority of the market relevant tour operators have been available via the French booking platform since its launch in the third quarter of 2013.

Meanwhile, in Great Britain we focus exclusively on the use of dynamic packaging technology which combines individual flight and hotel offers to form packages during the customer's booking process. This approach is particularly preferred by travel industry customers in Great Britain. For this purpose Travel24 can draw on the flights and hotels otherwise generally available to it.

The international flights and hotels offered are largely the same as those offered by Travel24 in its domestic market.

In order to maintain and further develop the websites, Travel24 continues its close cooperation with Unister GmbH, which is a leading provider of online travel booking services. Unister GmbH provides various services for Travel24 in this connection, primarily in the information technology and customer service areas. These services include all sectors (flights, package tours, last minute holidays and hotels) and countries in which Travel24 has operations.

In addition to this cooperation arrangement there are cooperative arrangements with various providers located in France for the French package tour business operation, primarily for information technology, service and marketing purposes. France remains the only country in which Travel24 has a local foreign operation. The French subsidiary Travel24.com France SAS located in Paris was formed on 9 April 2013 as an additional member of the Group.

Both nationally and internationally, the Internet segment is subject to the influencing factors which affect the highly competitive nature of the online travel market. The decisive factors relevant in this situation, in addition to the general demand for travel sales services and trends in the tourist sector, are the technical competitiveness of the Company's own product offerings, the use of powerful applications for dynamic pricing, and, in particular, effective and efficient marketing.

By expanding the segments to additional countries we are able to expand the effect of these factors over the segment as a whole, since these factors gain market specific characteristics in each country.

In the Group's management report 2012 it was incorrectly reported that the portfolio offering included in the German language portals in the Internet segment include all major German tour operators. This statement was not correct, as TUI, a not insignificant tour operator, cancelled its contractual arrangement with Travel24.com AG in December 2012.

For further details we refer to section F. in the Group's management report "Events subsequent to the balance sheet date".

Hotels segment

The Hotels segment remains in the start-up phase. Travel24 aims to expand on its business model in the future in this sector by adding branded hotels in Budget-Design-Segment (two star and two star plus). In the long term it is planned to establish a chain of twenty-five hotels in Germany, thereby expanding the business model significantly which will cause a shift in the weighting of the Internet segment within the Group.

Activities undertaken in this segment in 2013 were primarily concerned with planning work. This involved work specific to the real estate investments in Leipzig and Cologne already announced (architectural work, tendering and similar activities), planning the internal hotel business processes, the design and appearance of the Group, budgeting for individual hotels, and giving consideration to general marketing and sales matters.

In order to ensure the rapid implementation of the Hotels start-up, ongoing contacts with potential real estate investors have been intensified.

A.2. Goals and strategies

Internet segment

For us, the financial year 2013 was characterised by the expansion of the Internet segment with the launch of new portals and the increased intensity of sales and marketing activities.

The objective of establishing new websites has largely been achieved, so that the primary objective for this segment in the financial year 2014 is to gain market share for these portals. France is particularly important in this respect, followed by Great Britain. A lower priority is attached to the expansion of other international portals.

With the exception of France, Travel24.com AG is following a policy of operating without opening local operations in order to pursue the international expansion with as little risk as possible and at the lowest cost.

The competitiveness of the Internet segment is primarily ensured by the innovative and efficient work of the information technology and marketing departments. This is facilitated by close cooperation with Unister GmbH, the market leader in online travel sales in Germany. In addition, in this service segment Travel24 benefits from Unister GmbH's terms and conditions. The Group maximises synergies in its activities: the market presence in different markets continues to be kept identical where possible. The websites in the different markets are adjusted to meet market conditions as necessary. To some extent, for example in fulfilment, agreements are entered into with external providers to ensure that the relevant market know-how is available.

Hotels segment

The primary objective in the Hotels segment is seen as the efficient and effective establishment of the hotel group. For construction planning purposes we are cooperating with a number of external experts from various different disciplines. This is to ensure the quality of work performed - also considering the complexity of the construction projects - by architects, construction engineers and other service providers, as well as to ensure that budgets are not exceeded.

In addition, key positions at Travel24 are filled by staff with many years of management experience in the hotel industry in general and in the budget hotel sector in particular. This ensures that the planning procedures from the product offering through operating processes, market presence and design and marketing strategy are prepared with the necessary expertise.

The creation of this segment is designed to enable a diversification of the business model and thereby strengthen the revenue and income base. The budget hotel sector is growing, is promising, and attracts high margins, which makes it an ideal complement to the tough competitive online travel market.

A.3. Management systems

The management of Travel24 uses several key performance indicators on a consistent basis to measure success in the Group. The objective is to manage on a segment by segment basis.

Internet segment

The key performance indicators used to manage the Internet segment are shown in the table below:

	2013	2012
Revenue (In EUR thousands)	29.067	28.725
Material expenses (In EUR thousands)	27.350	23.283
Material expenses (in %)	94	81
EBIT* (In EUR thousands)	49	4.221

* Earnings before interest and taxation

In addition, a series of non-financial performance indicators are used at the level of the individual website and sector (flights, package tours, hotels). These are examined regularly in order to determine the appropriate management actions necessary to manage the portals.

Hotels segment

As the Hotels segment does not yet generate revenues, the segment is managed using measures which are not derived from the income statement. These are the measurement of construction progress and compliance with building regulations, which are monitored on an ongoing basis by the Managing Board. In addition, performance indicators are used for management purposes at the investment level. These are primarily the interest burden and other costs incurred in connection with the real estate investments in Leipzig and Cologne.

B. Business report

Internet segment

Although we continue to consider the prospects of the Internet segment to be positive, it has to be stated that the results in 2013 are below the levels expected in the 2012 forecast report. The expected 10 % revenue growth compares to actual growth of 1.2 %.

The failure to meet revenue expectations is the result of various factors:

- The delayed launch and marketing of international hotel portals and a package tour portal in France
- Increased competitive pressure in the package tour market in Germany and the associated decline in booking and revenue volumes
- The non-achievement of expected revenue growth in the package tour market in Great Britain
- Revenues growth from flight commissions was realised in certain specific countries, but this was not sufficient to compensate for the lower than expected revenues from the package tour sector.

Our expected 2013 EBIT result of EUR 3,100 thousand in this segment compares to the actual EBIT result of EUR 49 thousand. The most significant driver of this was the lower gross margin, which is in turn due to the higher level of marketing expenses. The expansion of marketing activities in the segment overall is driven by the pursuit of international objectives, and as a result of the fight to maintain market share in the German package tour market. However, the growth of revenue volumes does not increase proportionately with the increase in marketing activities, and in some instances falling revenues were recorded. As a consequence, the reported result of the segment was significantly lower than originally expected.

Hotels segment

As this segment is still in the start-up phase, no revenues have been generated in 2013, in line with the forecast.

It can continue to be assumed that the opening of the first locations in Leipzig and Cologne will be postponed until late 2015/early 2016 as a result of various complexities arising in the planning phase. Accordingly, the start date of 2014 projected in the 2012 forecast report can no longer be met. This is primarily due to unexpected construction difficulties connected with the sites and the associated delays in the planning and development phases.

As a result, the forecast for 2013 provided in the previous year only included interest expenses. The variance between the actual EBIT of EUR 274 thousand for this segment and the expected EBIT (EUR 0 thousand) is primarily due to one-off effects from the release of provisions for onerous contracts (EUR 1,413 thousand) less the contrary effects of impairment allowances recorded for trade accounts receivable (EUR 790 thousand) and provisions made for outstanding invoices (EUR 263 thousand). As a result of an agreement made with the bond intermediary, it was possible in financial year 2013 to make a significant reduction to the EUR 1,600 thousand provision for onerous contracts recorded in financial year 2012.

B.1. General economic climate and economic conditions affecting the sector

Internet segment

As a result of the increasingly international nature of the business, Travel24 is confronted with different market conditions in the different individual markets. Compared to the previous year, there was again an increased need to take specific account of country-specific factors in 2013.

Germany-Austria-Switzerland region

In the Germany-Austria-Switzerland region (G-A-S) region, which remains the largest market, it can be assumed that the online travel market as whole registered satisfactory progress with another year of growth in the financial year 2013.[1] The growth trend in the sector continues, explained by the continued trend away from bookings made in travel agencies towards online bookings.[2] This applies particularly to bookings only involving hotel reservations or flights. In view of market growth in Travel24's domestic market, the business environment can therefore be described as positive. On the other hand, there are a large number of market participants typically offering relatively homogeneous products. The resulting price pressure creates a business environment which has a competitive intensity which can be described as very competitive.

Travel24 counters the increasing competitive pressure by the use of more effective and efficient marketing and with a wide range of products across all sectors. This is designed to ensure that the customer is aware of the brand, and, once on our website, he or she always receives a competitive offer for almost all possible destinations.

The general economic climate in Germany and the associated consumer mood and willingness to spend money on tourist services can continue to be described as positive. The online travel business is affected by both the general economic climate and the specific state of the tourism industry. It is especially affected by seasonal changes in demand and shifting customer preferences for particular destinations. Travel24 counters these effects by continually monitoring customer preferences and taking account of seasonal peaks in operating processes.

France

Overall, the French online travel market environment can be regarded as positive. Specific factors influencing the sector are similar to those in Germany. However, as we see it, the competitive intensity is less developed than is the case in Germany.

We have already achieved a notable market position for flight bookings, which should assist the development of both hotel sales and the package tour portal launched in the third quarter of 2013. The wide-ranging product portfolio, the relevant tour operators and our partnership with the leading technology provider locally, should enable us to ensure that we can achieve a leading market position in the future.

The general economic climate in France can still be described as comparatively good. Although recent reports in the media have suggested that there are current problems with the

[1] The market for online travel bookings grew by approximately 20 % in 2013 (source: Internet Travel Sales Association [Verband Internet Reisevertrieb], 2014).

[2] This is also apparent in a renewed fall in the number of traditional travel agency offices. The German Travel Association [Deutsche Reiseverband: DRV] in its report "The German Travel Market: Facts and figures 2013" noted 9,729 travel agency offices, down from 9,896 in 2012. The growth in the online market over a period of years is responsible for this decline.

economy as a whole, we do not believe that consumer demand for tourism services is threatened.

The demand in France naturally has different national characteristics, which primarily express themselves in different choices of primary destinations than those primarily chosen in the domestic G-A-S market. We address these issues using the experts employed at our Paris subsidiary, who have know-how specific to the demands of French tourists.

Great Britain

The online travel market in Great Britain can be described as the most highly developed in Europe. As a result it is also the most highly competitive, with a large number of providers. The large number of competitors and the high price elasticity of demand give rise to a competitive pressure which can be described as more intensive than in Germany. As a result the margins achieved in Great Britain tend to be lower and the need for efficient marketing is greater.

The general economic climate in Great Britain can also be described as comparatively good, with a low level of growth in 2013[3]. Apart from price levels, we consider the demand behaviour in this market to be comparable with that of Germany. For this reason, together with the expected size of the market – especially for flights[4] – Great Britain remains one of the most important markets for our international expansion.

The current overall economic climate in other European countries, and with it the demand for tourism, are less favourable in comparison with the G-A-S market, France and Great Britain. Accordingly, our expansion is concentrated on these more attractive markets.

Hotels segment

We continue to view the prospects for our new Hotels segment positively. Our view, that the trend towards budget hotels will continue and that this sector is booming, is shared by DEHOGA, the German Hotel and Catering Association.[5] In Germany the budget hotel sector has approximately 10 % of the hotel market with a slow upward trend; the sector is accepted by hotel customers of all types, also with an upwards trend.

The continuing trend towards city tourism within Germany and in Europe, combined with a general climate of price awareness, are ideal growth factors for this sector. In addition, an increasing budgetary awareness on the part of business travellers supports the typically high level of capacity utilisation seen in this segment.

[3] 0.6 % from 2012 to 2013 [World Travel Market 2013]
[4] Expected market volume 2017: GBP 31 billion [World Travel Market 2013]
[5] Source: www.dehoga-bundesverband.de (2013)

B.2. Course of business

As the Hotels segment has not yet commenced operations in 2013, the description of the course of business concerns itself exclusively with the Internet segment.

The overall conditions affecting the financial year 2013 were primarily driven by conditions applying to the domestic G-A-S market. Although the market for online travel bookings overall grew yet again, the competitive situation intensified noticeably. In the market overall a light weakening of the early-bird booking season made itself noticeable in the financial year 2013, and this affected first quarter bookings and revenues.

In the first quarter of the financial year 2013 the number of tourist bookings fell slightly compared to the equivalent period in the previous year. While the number of flight bookings remained relatively constant, there was a fall in the number of package tour bookings. However, a small growth in revenues was reported due to the realisation of higher average prices.

Due to the increased marketing expenses the operative results were significantly below those of the comparative period in the previous year 2012.

In the second quarter of 2013 the number of bookings revived, showing strong growth compared with the comparable period in 2012. This was primarily thanks to the ramp-up of the flight business in France in that quarter. In the package tour sector, however, a fall in bookings was recorded compared to the equivalent period in 2012, as was the case in the first quarter. The primary driver of this was the increased competitiveness in this sector.

In 2013 we reported increased revenues in the first half of the financial year. However, this was accompanied by a lower operating result, primarily due to higher marketing expenses and additional legal and consultancy costs.

The trends set in the first half-year continued into the third quarter, with the result that we also recorded a lower overall number of bookings for the first nine months of the financial year 2013 compared to the same period in the financial year 2012.

We also recorded revenue growth in this period compared to the same period in the previous year. The comparatively high level of marketing expense and legal and consultancy costs resulted in our having to report a fall in operating results for the first three quarters of the financial year 2013.

We recorded a fall in the number of bookings for 2013 as a whole compared to the 2012 comparative period, accompanied by a small revenue growth and a fall in operating results.

In conclusion, we view the course of business in the flights bookings business as positive. The course of business in the package tour sales sector, with the lower level of bookings and the lower result, fell below our expectations. This was due to the increased marketing expenses and to the delays in launching additional portals during the course of the second half of the year.

C. Income position

In EUR thousands	Financial year 2013	2012	+/-	%
Revenues	29.067	28.725	342	1,19
EBITDA	323	2.470	-2.147	-86,92
EBIT	323	2.470	-2.147	-86,92
EBT	-1.526	2.251	-3.777	-167,78
Net income	-1.201	1.688	-2.889	-171,18
Operative CF	1.164	5.333	-4.169	-78,18

EBIT is the primary key performance indicator used by management to manage the Group's business. As the Hotels segment has not yet commenced generating revenues, this segment (with the exception of income arising from the release of provisions as well as expenses for property taxes) makes no significant contribution to EBIT. Accordingly, this segment is managed on different criteria appropriate for the investments made.

Internet segment

Revenues in the financial year 2013 totalled EUR 29,067 thousand, a slight increase over the previous year (2012: EUR 28,725 thousand).

While commissions on travel sales fell from EUR 15,218 thousand in 2012 to EUR 12,023 thousand and the commissions on additional travel services fell from EUR 3,873 thousand in 2012 to EUR 3,061 thousand, these falls were more than compensated by increases in commissions from flight sales, from EUR 9,634 thousand in 2012 to EUR 13,983 thousand in 2013.

The **Earnings before interest and taxation (EBIT)** in the Internet segment fell from EUR 4,221 thousand in the previous year to EUR 49 thousand. This is primarily due to the increased **Material expenses** (+17 %) which increased significantly higher than proportionately to the increase in revenues. As in the previous year, these expenses primarily relate to the cost of services provided by the affiliated company Unister GmbH. The proportion of material expenses expressed as a percentage of revenues increased from 81.1 % in the previous year to 94.1 % in the financial year 2013, which is a result of the increased marketing expense per booking. Expenses for third party services primarily include marketing expenses of EUR 25,750 thousand (previous year: EUR 22,781 thousand) and provider costs of EUR 515 thousand (previous year: EUR 428 thousand). The gross profit margin fell as a result, from 19 % in 2012 to 6 % in 2013.

Hotels Segment

As the Hotels segment has not yet generated revenues, its contribution to EBIT resulted from two significant matters

- The increase in other operating income is primarily due to the release of provisions for onerous contracts; EUR 1,413 thousand of the EUR 1,600 thousand provision recorded within other operating expenses in the previous year were released. These provisions were recorded in connection with risks arising from the transfer of 7,300 bonds to an intermediary for the purpose of resale to institutional investors in 2012. The risk was significantly reduced in the financial year 2013 after reaching an agreement with the bond intermediary.
- In addition, other operating expenses include impairment charges against receivables of EUR 790 thousand, provisions made for outstanding invoices of EUR 263 thousand, and property taxes incurred on the Cologne and Leipzig properties.

The significant deterioration of the Group’s financial result compared to the previous year is primarily due to the higher level of interest expenses incurred on the corporate bond compared to the previous year. The bond was primarily issued to finance the hotel construction and the acquisition of real estate investments. Interest expenses in 2013 include EUR 157 thousand out of period expenses being expenses relating to 2012.

Deferred tax income in 2012 primarily related to provisions recorded for onerous contracts. The deferred tax expense recorded in 2013 is primarily due to the release of the same provision in 2013.

As a result of the tax loss position in 2013 the primary tax expense fell to zero in the year. The net deferred tax expense remaining is primarily a result of the release of a provision for onerous contracts not deductible for tax purposes, less deferred tax assets recorded on tax loss carry forwards.

D. Financial position

The balance sheet total has increased slightly compared to the previous year, from EUR 28,606 thousand to EUR 29,490 thousand.

<u>Equity structure</u>

Subscribed capital and capital reserves are unchanged compared to the previous year.

As a result of the loss for the period, the Group's equity has fallen by EUR 1,201 thousand to EUR 3,278 thousand and the equity ratio has fallen from 15.7 % in the financial year 2012 to 11.1 % in the financial year 2013.

The EUR 3,113 thousand (+17.9 %) increase in **non-current liabilities** is primarily due to the increase in the bond liability in connection with payments to the bond intermediary. Accordingly, for accounting purposes only 4,161 bonds remain unissued at the balance sheet date.

Mainly as a result of the lower level of provisions, **current liabilities** fell by EUR 1,027 thousand (-15.2 %). Provisions fell as a result of a further contractual agreement with the bond intermediary which resulted in a release to income in 2013 of EUR 1,413 thousand of the total EUR 1,600 thousand provision for onerous contracts recorded in 2012. The remaining balance on the provision for onerous contracts represents an allowance for the remaining risks arising from the transfer of bonds to an intermediary for resale to institutional investors.

<u>Investment</u>

Travel24 made further investments in the hotel business in the financial year 2013. The amounts invested in construction and construction planning work for the Cologne Perlengraben and Leipzig Ringmessehaus real estate properties fell on a year-on-year basis from EUR 11,518 thousand in 2012 to EUR 2,075 thousand (a reduction of EUR 9,443 thousand, or 81,9 %); however, the previous year's figures include the initial investments in the project, including the acquisition costs of the land and buildings.

Investments in intangible assets were not significant in 2013, following investments in the previous year of EUR 2,700 thousand for brand names, EUR 950 thousand for the hotel concept and EUR 560 thousand for domains.

Liquidity

The Group’s liquidity has increased from EUR 269 thousand to EUR 1,326 thousand compared to the previous year (+ 25.5 %). The increase was generated from positive cash flows from operating activities of EUR 1,164 thousand and positive cash flows from financing activities of EUR 2,751 thousand. On the other hand, cash investments for investing activities resulted in outflows of EUR -3,646 thousand.

The cash flow from current business activities consisted of cash inflows from operations (EUR 3,480 thousand), interest paid (EUR 1,826 thousand), interest received (EUR 96 thousand) and taxes paid (EUR 585 thousand). The increase in cash outflows for interest paid, rising from EUR 53 thousand in 2012 to EUR 1,826 thousand in 2013, was a result of the fact that the first due date for bond interest payments fell in September 2013. Tax paid in the period includes tax payments in respect of both the current and previous year periods.

The net cash outflow from investing activities of EUR 3,646 thousand consists of investments in property, plant, and equipment of EUR 1,580 thousand, further payments under the loan contract with Unister Holding GmbH of EUR 3,060 thousand, and receipts of loan instalments of EUR 1,000 thousand. In the financial year 2012 cash payments of EUR 15,736 thousand were made to acquire the Cologne Perlengraben and Leipzig Ringmessehaus real estate properties. Also in 2012, loans of EUR 3,500 thousand were made.

The cash flow from financing activities consists of receipts from Unister Holding GmbH for the issue of bonds by Travel24.com AG (EUR 1,500 thousand) and the bond intermediary (EUR 1,251 thousand). The cash inflows in the previous year were significantly higher due to the receipt of proceeds from the bond issue, totalling EUR 14,924 thousand.

Overall, the Travel24 Group was able to meet all financial obligations arising from operating activities at all times during the financial year 2013.

The liquidity of the Group is assured for the 2014 financial year, including all planned expenditures for the continued expansion of the internet segment, as well as costs arising for the Hotels segment, and the planned construction costs to be incurred for the hotel projects. The repayment obligations under the bonds in 2017 should be met from the proceeds of a future sale of the two hotel real estate investments.

E. Net asset position

Non-current assets

Non-current assets increased from EUR 19,840 thousand in 2012 to EUR 23,491 thousand in 2013 (EUR +3,651 thousand; +18.4 %). The increase is primarily due to the investments in property, plant, and equipment of EUR 2,075 thousand and an increase of EUR 2,220 thousand in loan receivables due from Unister Holding GmbH. On the other hand, a loan to a business partner of EUR 1,000 was repaid in 2013.

Current assets

Current assets fell from EUR 8,766 thousand in 2012 to EUR 5,999 thousand in 2013 (EUR -2,767 thousand; -31.6 %). While amounts receivable from affiliated companies fell from EUR 3,170 thousand to EUR 2,318 thousand, other financial assets increased from EUR 941 thousand to EUR 1,218 thousand. Other non-financial assets fell by EUR 1,004 thousand.

On one hand the receivables balance arising from current business activities with Unister GmbH has decreased, and on the other hand the balances of receivables between Travel24.com AG, Unister Holding GmbH and Unister GmbH were reduced as a result of compensating set-off agreements.

Financial assets in both 2012 and 2013 wholly represent receivables balances due from LOET Trading AG, the bond intermediary. The increase of EUR 941 thousand is primarily due to payments by LOET Trading AG subsequent to the balance sheet date.

F. Events subsequent to the balance sheet date

In March 2014 the Managing Board of Travel24.com AG was empowered by the Supervisory Board to enter into negotiations in preparation for the sale of the indirect subsidiary Hotel Köln Perlengraben GmbH & Co KG, Leipzig. From the Group’s point of view the successful completion of these plans will include a transfer of the respective land together with the respective building conversion project held by the Hotels segment. The Group plans to complete the sales process in the second half of the 2014 financial year. Based on information available at the current time, a substantial gain is not to be expected on disposal.

In January 2014 charges were made against the Managing Board and the Chairman of the Supervisory Board of Travel24.com AG by the Saxony State Office of Criminal Investigation in Dresden. The charges include accusations of entering into insurance transactions without the necessary permits, and alleged tax evasion in connection with such transactions. The court must now examine the evidence to determine whether the accusations can be substantiated.

The German Financial Reporting Enforcement Panel examined the consolidated financial statements for the year ended 31 December 2012 together with the Group management report 2012 pursuant to section 342b paragraph 2 sentence 3 number 3 (sample audit) and concluded on 19 May 2014 that the notes to the consolidated financial statements and the Group's management report – and exclusively those documents – contain contraventions of the applicable reporting obligations. The contraventions contained in the Group management report are described in the following paragraphs.

The cancellation of a significant contract was not reported in Travel24.com AG's management report and Group management reports with the effect that the reports did not present a true and fair view of the course of business and situation.

A large tour operator had cancelled its cooperation arrangement in December 2012 with immediate effect, with the effect that from that date Travel24.com AG was not able to generate revenues from the sale of travel services with this operator. Prior to that date more than 10 % of revenues had been generated from sales of travel services with this operator. The Travel24.com AG management reports contained no details of the cancellation of the agency contract and no information concerning the expected effect on the position and future development of the Company.

For further information on this matter we refer to chapter A.1 "Business model", segment "Internet".

In the Supervisory Board meeting held on 28 May 2014 the Managing Board of the parent Company confirmed that preparations for the engagement of a domestic bank were being made. This provides for engaging a domestic bank with the task of acquiring substantial amounts of funding, either in the form of equity or borrowings in order to fund the growth of the Hotels segment.

There have been no other events of significance since the balance sheet date.

G. Outlook, opportunities and risks report

G.1. Outlook

Internet segment

Despite the fact that the Internet segment did not fully meet expectations in 2013, we continue to expect that the Internet segment will make good progress overall in the 2014 financial year. We anticipate a slight revenue growth to EUR 30,800 thousand in 2014. At the same time, more effective use of resources, a slight reduction in material expense costs and a material expenses ratio of around 85 % should ensure an improvement in results overall, and based on this we expect EBIT to be around EUR 2,600 thousand.

The assumptions behind the above earnings forecast are the following:

A significant driver of revenues will be the expansion of the package travel business in France, which is already fully operational. Taken as a whole, France is the most important market after Germany, and it is expected that a significant share of revenues will be generated from that source in the 2014 financial year.

This will result in an expanded marketing effort which we expect to create synergy effects in the flight and hotel sales business in France, with an associated increase in revenues.

In the British market we also expect a slight increase in revenues, primarily driven by networking with additional hotel providers relevant to the British market and through the establishment of the brand with its existing catalogue.

In addition, we expect to be able to increase market share in the flight sales business in the G-A-S region. We expect slight revenue growth here as a result of synergy effects from other sectors and from more intelligent marketing management. Furthermore, we will drive forward sales in the hotel sales business in Germany and also record a slight growth there too. This will primarily be achieved by the use of efficient online-marketing-mix management, which until now has only been used to a limited extent.

However, we expect a slight fall in revenues in the package travel market. This assumption is based on the planned reduction in both online and offline marketing expenses. Given that there is a time lag between savings made in marketing budgets and the effect on revenues in established markets, we assume that the reduction in revenues in 2014 will only be slight.

For the remaining portals, we expect results in 2014 to be no different to 2013 as there will be no drive for growth on either the product or the marketing side in 2014.

Overall, these effects will lead to increased levels of commission income from the sale of package travel, flights, hotels, and other travel services such as insurance and car rentals of EUR 1,720 thousand.

On the expenses side, the primary objective is to increase the marketing efficiency our core market in Germany. We anticipate significant savings in this area, especially in offline marketing, but also in online marketing where we are also aiming to achieve further savings, although savings in this area are expected to be less extensive.

The savings are in contrast to our internationalisation strategy – especially in the package travel market – which requires marketing investment, especially in France. A small growth in marketing expenses for the package travel market in Great Britain is also expected. Overall, we expect that the net reduction in marketing expenses will contribute to improved results, which will consist of the net effect of savings on one hand and an increased investment in the international marketing budget on the other. In addition, we expect improvements in results since certain one-off extraordinary expenses were incurred in 2013, such as various legal costs and the costs of the upstream merger of the Vols24 GmbH subsidiary with the Parent Company. These costs are not expected to recur, resulting in a reduction in other operating expenses.

We expect a slight increase in personnel expenses, primarily due to the need for additional procurement personnel in our Paris subsidiary and the expansion of the business in France.

In total we expect a saving of EUR 600 thousand based on these various measures**.**

Hotels segment

As no operating activities are planned for the Hotels segment in 2014, the next financial year is expected to be little different to the current 2013 financial year. Most significantly, we expect personnel costs of approximately EUR 150 thousand as a result of the recruitment of personnel in this segment due to the continued progress of the planning phase and an associated intensification of efforts. We expect increased personnel costs in the construction department, as well as in the finance and process planning areas.

G.2. Opportunities report

Internet segment

We see the market environment at the macroeconomic level, and particularly in our specific sector, as sufficiently advantageous. The internet business across Europe as a whole has developed positively in recent years and we expect this trend to continue into 2014 and beyond. The online travel market is growing throughout Europe, and as a whole it provides opportunities for further growth. Particularly in Germany, our core market, the online travel market is recording solid double-digit growth rates[6]

For this reason Travel24 continues to see significant opportunities for the Internet segment, given the know-how and many years of experience in the sector that we possess.

The strength and the international transferability of the brand name are sources of major international opportunities for the Internet segment. In our view the existing structure of our information technology, product and marketing departments presents us with opportunities for quick entry to new international markets and the chance for a fast scaling-up of all aspects of online travel sales.

In our cooperation with Unister GmbH we continue to have an experienced partner at our side, which as Germany's market leader is able to provide the management and information technology support that we need.

Hotels segment

We continue to see excellent growth opportunities for the budget hotels segment, where we are in the start-up phase.

A look at the success of the budget hotel segment in other European countries shows that there remains enormous growth potential for the budget hotel sector in Germany[7]. The trends in the hotel sector towards more consumer cost sensitivity, emotional and value design orientation, and increasing city tourism shows that this potential will be achieved in the short to medium term. The Travel24 hotel concept taps into these trends, and accordingly provides further growth opportunities for Travel24.

Given the internal know-how that we have in this segment and the general margin and strong cash flow nature of the budget hotels business, we expect that once we have entered the market there will be opportunities to further expand the business within a relatively short period of time.

This presents an excellent opportunity to diversify Travel24's income and cash flow structure and to generate additional growth.

[6] (Source: Internet Travel Sales Association [Verband Internet Reisevertrieb], 2013, 2014).
[7] PKF Budget Hotels Report (2011)

G.3. Risk report

G.3.1. Risk management system

Continuous early detection as well as recognition, assessment and monitoring of potential risks allows a systematic analysis of the current risk situation. In organisational terms, the risk management system reports directly to the Managing Board. In the financial year 2013, three risk management meetings were held.

Travel24 uses various risk management approaches to ensure an appropriate response to risk and protect the business operations from operative, technical, legal and commercial risks, as well as risks specific to the industry sector.
Operative and technical risks primarily involve ensuring that the websites and associated partners and processes are kept free from technical failure, and ensuring the competitiveness of technologies used and services provided and the competitiveness of the product offering in general. Risk audits are performed on other providers with whom Travel24 cooperates directly. During this cooperation, Travel24 maintains a continuous dialogue concerning potential risks.

Travel24 also monitors legal risks. Risks can arise in connection with business operations, for example in respect of data security and consumer protection, and also in regard to fulfilling regulatory obligations. In order to recognise such risks, Travel24 management monitors legal developments in the markets in which it operates on a continuous basis. As a rule, this is done in conjunction with legal practices located in the respective countries who are specialised in providing legal advice for the specific issues relevant for Travel24's operations.

Risks specific to the markets in which Travel24 operates are monitored on a continuous basis by the use of key ratios and by observing qualitative factors which can have an effect on demand or on the economic situation of a specific country.

Specific sector risks arise primarily from global risks, for example acts of terror or major environmental or political upheavals with associated effects on consumers' willingness to travel. We aim to measure such risks by the regular monitoring of the macroeconomic environment by Travel24's management.

G.3.2. Risks

Travel24.com AG monitors both specific risks associated with the Company as well as general market risks.

At the reporting date Travel24.com AG sees itself confronted with the following specific risks:

- General reputation risk: In the financial year 2013 various events of note occurred which contributed to negative publicity for Travel24.com AG and its portals. These affected above all the core markets in Germany and France. There is a noticeable associated reputation risk vis-à-vis business partners and customers. However, until now there has been no noticeable negative effect on business operations.

- Planning and financing uncertainties could affect the Hotels segment in its planning and construction phases. This means that there is the risk that the opening of individual hotels may be subject to delay, with an associated potential delay in the commencement of the segment's business operations. The Managing Board counters this risk by continuous monitoring of all planning and financing activities. The maximum potential effect of possible construction overrun costs is estimated to be EUR 2 million.
- In the French market, Travel24.com AG is involved in a legal dispute with a major provider of travel services. There is a risk that the Company may be prevented from marketing that provider's products, which would have a significant effect on the revenues generated in the French market. At the present time we do not expect that the legal dispute will result in any repayments or damages being payable. Accordingly, the financial risk is assumed to be small.
- In January 2014 the Managing Board and the Chairman of the Supervisory Board of Travel24.com AG were charged with alleged tax evasion and incorrect accounting for value added taxes in respect of certain flight services. The risks to the Group involve the potential obligation for payment of tax arrears. Appropriate provision (EUR 300 thousand) has been made for these risks in the 2013 annual financial statements, and accordingly this matter is not expected to affect the Group's financial results in future periods.
- In December of the financial year 2013 the offices of Unister GmbH were searched by the Saxony State Office of Criminal Investigation. Unister GmbH is a close business partner of Travel24.com AG and provides Travel24.com AG with a comprehensive range of services. As a result of this event, it is possible that further charges may be raised against the Managing Board of Travel24.com AG. However, at the present time Travel24.com AG does not expect any future financial obligations to arise from this matter.
- A large proportion of the services rendered to Travel24.com AG are provided by Unister GmbH, resulting in a high level of dependency.

In addition there are inherent market risks which, because of their importance, can be described as permanent risk issues confronting the business:

- The pressure on sales prices in the travel business in general remains high. Our customers use the internet to search for the cheapest product, and at the same time the providers want to minimise their costs. As a result of the high number of competitors, there is the risk of a price war with an associated potential loss of market share.
- The online travel market is highly competitive and dynamic, and in addition the barriers to entry are relatively low. As a result it is possible that in order to maintain our

competitiveness we may need to change our business model or create a new business model at very short notice.

- To some extent, the entry into new markets has market-specific risks. These include the risks of faulty or insufficient technical and thus product-side market penetration, necessary adjustments to the marketing mix, and sub-optimal performance of partners in product and fulfilment, as well as specific economic factors and local demand preferences which can affect the business. The scale of these risks increases with our expansion into new markets.
- Global risks for the tourism industry – for example, acts of terror, strikes affecting critical elements of the sector (e.g. airlines) or major political upheavals – can have negative effects on online travel sales and thereby on the Travel24.com AG business model.

Overall, under consideration of the opportunities and risks described, we are positive about the Group's development prospects for 2014. With a slight growth in revenues from online travel sales and a moderate expected reduction in expenses, we expect improvements in the revenues and EBIT compared to the financial year 2013.

Overall it can be concluded that there are no risks which threaten the Company's ability to continue as a going concern. Developments affecting specific risks are monitored on a continuous basis by the Managing Board. Accordingly their effect on business operations is closely monitored, whereby the Managing Board has already taken measures to minimise such risks.

H. Risks arising in connection with the use of financial instruments

Financial instruments originated by the Group mainly consist of cash, loans, receivables and liabilities to affiliated companies, trade receivables and payables, bonds payable, and other financial assets and liabilities.

The Travel24 Group is exposed to risks arising from the use of financial instruments, in particular as a result of changes in interest rates, and liquidity risks and risks of default on the part of business partners.

Interest-bearing financial instruments primarily consist of bond liabilities, loans, and other receivables from affiliated companies. Changes in the market interest rates for fixed-interest primary financial instruments originated by the Group only have an effect on results for the period if these are carried at fair value. Accordingly, fixed-interest financial instruments carried at amortised cost are not subject to interest rate risk.

Liquidity risks are primarily the risks associated with meeting repayment obligations for the bonds which are due in the third quarter of 2017.

Impairment allowances are recorded to the extent that there is evidence of default risks affecting individual financial assets. Management is regularly involved in decisions concerning necessary risk allowances.

The primary objective of Travel24's financial risk management is to ensure that liquidity is available as and when required and to minimise financial risk exposure.

I. Accounting-related internal control and risk management system

The significant characteristics of the accounting-related internal control and risk management system existing with Travel24.com AG are as follows:

The accounting-related internal control system includes the principles, procedures and measures required to ensure the proper maintenance of the Group's accounting records. The system is improved on a continuous basis and is designed to ensure that the consolidated financial statements of Travel24.com AG are properly prepared in accordance with the International Financial Reporting Standards (IFRSs) as applicable in the European Union, as well as the supplementary requirements under German commercial law under section 315a paragraph 1 German Commercial Code. In addition, the accounting-related internal control system is also designed to ensure that the annual financial statements of Travel 24.com AG and the management report comply with the requirements of German commercial law.

Irrespective of the specific details of any individual system, there is no absolute guarantee that any internal control system will meet its objectives. Accordingly, an accounting-related internal control system can only offer a relative, not an absolute, degree of assurance that significant errors in the financial reporting have been prevented or detected.

The scope and design of the internal control system is based on the discretion and responsibility of the Managing Board. The effectiveness of the internal control system is reviewed by the Travel 24.com AG Supervisory Board. In addition, the effectiveness of elements of the internal control system which are relevant to the financial reporting is examined by the auditor within the scope of the auditor's risk orientated audit approach.

The Group has a clear management and corporate structure. In addition, in order to prepare its consolidated financial statements and the Group management report, Travel 24.com AG receives assistance from employees of Unister Holding GmbH and Unister GmbH under a service contract arrangement.

The Group reporting department is responsible for the preparation of the consolidated financial statements. Changes to statutory requirements, accounting standards and other pronouncements are analysed to determine whether they apply to Travel24 and to determine their effect on the Group's consolidated financial statements. New issues are examined in the light of existing standards. Under consideration of the size of the Group, the small number of persons involved and that fact that with the exception of one company, the accounting records of all the companies included in the consolidation are maintained at the offices of the parent Company, the relevant requirements are communicated. These, together with the Group financial accounting calendar, form the basis of the consolidated financial statements preparation process. The consolidation is prepared using a system designed for the purpose which requires reporting data submitted by the companies to be included in the consolidation.

The Group uses the expertise of third party experts for selected aspects of the preparation of the consolidated financial statements. In particular, the Group is supported by a tax advisor in determining income taxes, value added taxes, and deferred tax balances.

The management of Travel24.com AG is responsible for the process of preparing the Group management report, and is supported by the controlling (portal management), investor relations and Group accounting departments. Also, the Group uses information which is maintained or generated in information technology systems. The Group reporting department communicates changes in statutory requirements, accounting standards and other pronouncements relevant for the Travel 24.com AG management in order that they can be adopted in the preparation of the management report. Business plans which are used to create forecast data stated in the management report are prepared by management with the assistance of the controlling department.

The accounting-related internal control system provides for the following prevent and detect controls:

The financial systems are protected against unauthorised access by appropriate access controls. Wherever possible, standard software solutions are used for accounting purposes.

The departments and divisions involved in the preparation of the consolidated financial statements are provided with the quantitative and qualitative resources necessary to perform their tasks. Accounting data received or transmitted is regularly examined to ensure that it is complete and accurate, for example by sample testing. Programmed plausibility checks are carried out by the software used e.g. when making payment runs.

For all processes used in the preparation of the consolidated financial statements, checks are performed by a second person independent of the person responsible for the performance of the respective process. Committees (the Supervisory Board) have been established for monitoring the compliance and reliability of internal and external financial reporting.

The use of Unister Group employees enables a high degree of segregation of duties – i.e. a clear separation of responsibilities has been achieved.

With respect to the consolidated accounting procedure, the internal control and risk management system described above ensures that business transactions are properly recorded, processed, evaluated and incorporated in the consolidated financial reporting. The appointment of appropriate staff, the use of the appropriate software, and transparent legal and company internal guidelines form the basis for the preparation of the consolidated financial statements on an orderly, uniform and consistent basis. The clear definition of responsibilities and the use of various control and supervision techniques ensure a solid and responsible Group accounting function. In this manner it is ensured that business transactions are recorded, processed, and documented correctly and in a timely manner. At the same time, it is ensured that assets and liabilities are correctly recognised, disclosed, and measured in the consolidated financial statements, and that reliable and relevant information is presented in a complete manner and on a timely basis.

As already publicly announced in ad hoc press releases it was not possible to meet all reporting deadlines in the course of 2013, primarily because of the fact that the basis for Group reporting in accordance with IFRS requirements needed to be established following the creation of the Group at the end of 2012. As a result it was not possible to issue the consolidated financial statements and annual report 2012 and the half-year report 2013 on a timely basis. The third quarter report 2013 was, however, issued on time, so that the issues described did not apply to the consolidated financial statements 2013. The four week delay in the issue of the 2013 annual report is not due to the delays arising in 2013.

Despite the delays to date we are of the opinion that the internal control system and accounting related aspects of the risk management system, is in principle adequate to ensure the necessary control environment and to identify risks on a timely basis.

J. Other disclosures

J.1. Responsibility statement by the legal representative

I confirm that – to the best of my knowledge and in accordance with the applicable accounting standards – the consolidated financial statements give a true and fair view of the assets, financial and earnings positions of the Group, and that the Group management report presents the course of business, including the performance and the situation of the Group, in a true and fair manner, together with a description of the significant opportunities and risks associated with the Group's expected future development.

J.2. Declaration on corporate management

Corporate Governance for the Group is a matter which affects all areas of the Company. Transparent reporting and corporate management aligned to the interests of the shareholders is an object of corporate policy; responsible and trustworthy cooperation is the basis for corporate actions.

In accordance with section 161 German Stock Corporation Act, the Travel24.com AG Managing and Supervisory Boards declare that the recommendations of the "Government Commission regarding the German Corporate Governance Code", which the Federal Ministry of Justice announced on 4 July 2003 in the official section of the electronic federal gazette in the version of 15 May 2012, publicly announced on 18 June 2012, were complied with from the date of the last declaration of conformity until (and including) 9 June 2013, and that from 10 June 2013 the recommendations of the "Government Commission regarding the German Corporate Governance Code", which the Federal Ministry of Justice announced on 10 June 2013 in the electronic federal gazette in the version of 13 May 2013, have been and are complied with, and/or they make declaration of which recommendations were or are not applied.

This declaration – including explanation – is available on the website of Travel24.com AG www.travel24.com on a permanent basis.

The same applies to the 2013 declaration regarding the German Corporate Governance Code 2013. However, this has not been made public on a timely basis, although this is not in connection with a limitation of scope in respect of the period covered by the declaration.

J.3. Takeover disclosures (section 315 paragraph 4 German Commercial Code)

Issued share capital

There has been no change in the issued share capital of Travel24.com AG since the previous financial year. The share capital is divided into 2,033,585 fully paid no-par shares with equal rights at an arithmetical amount of EUR 1 each. Ownership of the shares entitles the holder to exercise voting rights at shareholders' General Meetings, and to a share of dividends when resolutions for the payment of dividends are approved.

Limitations of share transfer or voting rights

The Managing Board is not aware of any limitations of rights to exercise voting rights or limitations on the transferability of shares.

Holdings of voting rights in excess of 10 %

To the knowledge of Travel24.com AG, the following shareholders are the only shareholdings with direct or indirect investments of 10 % or more of the Company's share capital:

	%
Unister Holding GmbH, Leipzig (directly and indirect holdings)	73.90
LOET Trading AG, Baar, Switzerland	16.34
	90.24

Shares with special and control rights

There are no shares with special rights conferring control.

Nature of voting control rights in respect of shares held by employees

The Managing Board is not aware of any shares held by employees of Travel24.com AG. To the extent that shares are held by employees, no special rights accrue to those shareholders.

The appointment and removal of members of the Managing Board and amendments to the Articles of Association

Both the appointment and the removal of Managing Board members of Travel24.com AG follow from sections 84 and 85 of the German Stock Corporation Act and section 6 number 1 of the Articles of Association. Sections 133 and 179 of the German Stock Corporation Act and section 12 number 1 of the Company's Articles of Association describe the due process that must be followed in order to make amendments to the Articles of Association.

The Articles contain no terms which amend or deviate from statutory requirements.

Authority granted to the Management Board to issue and repurchase shares

Authorised capital 2009

The Managing Board is authorised by a resolution approved by shareholders at the Annual General Meeting held on 31 August 2009, subject to the approval of the Supervisory Board, to increase the Company's share capital once or several times in the period until 31 August 2014 by a maximum of EUR 893,730.00 by issuing up to 893,730 new no-par shares against cash contribution or contribution in kind (authorised capital 2009). In each case, no-par bearer shares may be issued; the share of profits may be determined in deviation from section 60 paragraph 2 of the German Stock Corporation Act. The minimum amount issued per no-par share amounts to EUR 3.00. Furthermore, the Managing Board is authorised to exclude shareholders pre-emptive subscription rights subject to the approval of the Supervisory Board. However, an exclusion of shareholders pre-emptive subscription rights is permitted only in the following cases:

- when the shares are issued to acquire companies, investments in companies or parts thereof;
- for residual amounts;
- if the issue price of the shares is not significantly below the stock market price and the exclusion of the pre-emptive subscription rights only extends to new shares, the arithmetical value of which does not exceed 10% of the share capital, i.e. in total a maximum of EUR 178,746.10; with regard to the application of the 10% limit, the exclusion of the pre-emptive subscription rights due to other authorisations under section 186 paragraph 3 sentence 4 of the German Stock Corporation Act shall be taken into account;
- if required in order to grant the owners of convertible bonds, convertible participation rights or option rights a subscription right to the extent to which they would be entitled after exercising the conversion right or option right as shareholder.

Authorised capital 2010

The Managing Board is authorised by a resolution approved by shareholders at the Annual General Meeting held on 30 July 2010, subject to the approval of the Supervisory Board, to increase the Company's share capital once or several times in the period until 30 July 2015 by a maximum of EUR 90,170.00 by issuing up to 90,170 new no-par shares against cash contribution or contribution in kind (authorised capital 2010). In each case, no-par bearer shares may be issued; the share of profits may be determined in deviation from section 60 paragraph 2 of the German Stock Corporation Act. The minimum amount issued per no-par share amounts to EUR 3.00. Furthermore, the Managing Board is authorised to exclude shareholders pre-emptive subscription rights subject to the approval of the Supervisory Board. However, an exclusion of shareholders pre-emptive subscription rights is permitted only in the following cases:

- when the shares are issued to acquire companies, investments in companies or parts thereof;
- for residual amounts;
- if the issue price of the shares is not significantly below the stock market price and the exclusion of the pre-emptive subscription rights only extends to new shares, the arithmetical value of which does not exceed 10% of the share capital, i.e. in total a maximum of EUR 196,780.00; with regard to the application of the 10% limit, the exclusion

of the pre-emptive subscription rights due to other authorisations under section 186 paragraph 3 sentence 4 of the German Stock Corporation Act shall be taken into account;

- if required in order to grant the owners of convertible bonds, convertible participation rights or option rights a subscription right to the extent to which they would be entitled after exercising the conversion right or option right as shareholder.

Authorisations to repurchase the Company's own shares.

With the resolution in the General Meeting of 6 June 2012, the Company is authorised to purchase own shares. The authorisation is limited to the purchase of own shares amounting to a proportionate amount of the share capital of up to EUR 203,358.50 in total. The authorisation can be exercised once or several times within the framework of the above-mentioned overall volume completely or in partial amounts. The authorisation is valid until the expiry of 6 June 2017.

Change of control

Travel24.com AG has entered into no significant agreements in 2013 which are effective conditional on a change in control following a takeover offer.

Compensation agreements in respect of Travel24.com AG

Travel24.com AG has entered into no agreements with members of the Managing Board or with employees conditional on the event of a takeover offer being received.

J.4. Remuneration report

The members of the Managing Board of Travel24.com AG do not receive any remuneration, fixed or variable, for the performance of their Managing Board duties from the Company, from any of its subsidiaries, or from any third party. The members of the Managing Board are employees of Unister Holding GmbH (the parent company) and are remunerated on a total basis for work performed in accordance with their employee contracts, which includes their duties as members of the Managing Board, whereby it is not reasonably possible to apportion their remuneration between elements attributable to their work as members of the Managing Board and other matters.

Leipzig, 28 May 2014
Travel24.com AG

Armin Schauer
Managing Board

4.2 Consolidated financial statements 2013

4.2.1 Consolidated balance sheet

ASSETS	Notes ref.	31 December 2013 EUR	31 December 2012 EUR
NON-CURRENT ASSETS			
Intangible assets			
Intangible assets purchased	2(e), 2(f), 2(r) 11, 26	4.231.184,60	4.225.634,60
		4.231.184,60	**4.225.634,60**
Property, plant and equipment			
Land	2(h), 2(r), 12	4.906.948,99	4.843.948,99
Construction in process	2(h), 2(r), 12	8.686.359,52	6.674.104,45
		13.593.308,51	**11.518.053,44**
Financial assets			
Other loans	2(i), 13, 31	4.731.324,40	3.510.763,89
		4.731.324,40	**3.510.763,89**
Deferred tax assets	2(j), 8, 14	**935.193,89**	**585.415,80**
TOTAL NON-CURRENT ASSETS		**23.491.011,40**	**19.839.867,73**
CURRENT ASSETS			
Receivables and other assets			
Trade receivables	2(i), 15	205.791,33	8.906,91
Receivables due from affiliated companies	31	2.317.587,97	5.487.491,12
Other financial assets	2(i), 16	1.218.000,00	277.000,00
Other non-financial assets	17	932.468,53	1.936.754,40
		4.673.847,83	**7.710.152,43**
Cash and cash equivalents	2(k), 18	**1.325.517,41**	**1.056.154,46**
TOTAL CURRENT ASSETS		**5.999.365,24**	**8.766.306,89**
BALANCE SHEET TOTAL		**29.490.376,64**	**28.606.174,62**

EQUITY AND LIABILITIES		31 December 2013 EUR	31 December 2012 EUR
EQUITY			
Subscribed capital	19	2.033.585,00	2.033.585,00
Capital reserve	19	2.913.974,00	2.913.974,00
Revenue reserves		**-1.669.957,51**	**-468.514,80**
Equity of the owners of the parent company		**3.277.601,49**	**4.479.044,20**
TOTAL EQUITY		**3.277.601,49**	**4.479.044,20**
LIABILITIES			
NON-CURRENT LIABILITIES			
Financial liabilities	2(i), 20	20.317.442,62	17.229.831,11
Deferred tax liabilities	2(j), 8, 14	182.338,05	156.825,34
TOTAL NON-CURRENT LIABILITIES		**20.499.780,67**	**17.386.656,45**
CURRENT LIABILITIES			
Tax liabilities	8, 14, 21	2.226.900,74	2.586.406,97
Provisions	2(l), 22	1.455.481,64	2.440.478,35
Financial liabilities	2(i), 23	589.653,00	383.500,00
Trade payables	2(i)	569.955,82	662.837,59
Liabilities to affiliated companies	31	388.071,77	0,00
Other liabilities	24	482.931,51	667.251,06
TOTAL CURRENT LIABILITIES		**5.712.994,48**	**6.740.473,97**
TOTAL LIABILITIES		**26.212.775,15**	**24.127.130,42**
BALANCE SHEET TOTAL		**29.490.376,64**	**28.606.174,62**

4.2.2 Consolidated statement of comprehensive income

Travel24.com AG
Annual report 1 January 2013 - 31 December 2013
Consolidated statement of comprehensive income

	Notes ref.	1 January - 31 December 2013 EUR	 2012 EUR
1. Revenue	2(n), 3	29.066.628,91	28.724.699,02
2. Other operating income	4	1.583.816,96	21.241,45
3. Cost of materials	5	-27.356.875,92	-23.297.899,78
4. Personnel expenses		-539.715,45	-432.952,12
5. Other operating expenses	6	-2.430.802,30	-2.544.650,03
6. Operational result		**323.052,20**	**2.470.438,54**
7. Interest income	2(i), 7, 23	299.045,16	216.876,53
8. Interest expenses	2(i), 7, 23	-2.147.803,77	-436.404,92
9. Financial result		**-1.848.758,61**	**-219.528,39**
10. Result before taxes		**-1.525.706,41**	**2.250.910,15**
11. Tax expenses	8	0,00	-991.086,58
12. Deferred taxes	2(j), 8	324.263,70	428.590,46
13. Net income		**-1.201.442,71**	**1.688.414,03**
14. Other comprehensive income		0,00	0,00
15. Comprehensive income		**-1.201.442,71**	**1.688.414,03**
thereof attributable to owners of the parent company		-1.201.442,71	1.688.414,03
attributable to non-controlling shareholders		0,00	0,00
Earnings per share in EUR (basic and diluted)	2(o), 9	-0,59	0,83

4.2.3 Consolidated cash flow statement

Travel24.com AG, Leipzig
Annual report 1 January 2013 - 31 December 2013
Consolidated cash flow statement

		Notes ref.	1 January - 31 December 2013 EUR	2012 EUR
Cash flow from operating activities				
Net income			**-1.201.442,71**	**1.688.414,03**
+ / -	Income taxes	8	-324.263,70	562.496,12
+ / -	Financial result	7	1.848.758,61	219.528,39
+ / -	Increase/decrease in provisions	22	-984.996,71	2.220.250,62
- / +	Increase/decrease in trade receivables and other assets which are not attributable to investing or financial activities		3.104.607,36	-425.112,38
+ / -	Increase/decrease in trade payables and other liabilities which are not attributable to investing or financial activities		1.047.870,45	1.114.124,46
+ / -	Other non-cash expenses/income		-10.648,78	28.831,11
-	Interest paid		-1.826.245,48	-52.904,92
+	Interest received		95.535,08	109.253,39
-	Taxes paid		-585.438,54	-131.927,23
=	Cash flow from operating activities		**1.163.735,58**	**5.332.953,59**
-	Payments for investments in intangible assets	11	-5.550,00	-4.218.000,00
-	Payments for investments in property, plant and equipment	12	-1.580.312,63	-11.518.053,44
-	Payments from the issue of loans	31	-3.060.000,00	-3.500.000,00
-	Receipts from the payment of loans	31	1.000.000,00	0,00
=	Cash flow from investing activities		**-3.645.862,63**	**-19.236.053,44**
+	Receipts from the issue of bonds	27	2.751.490,00	14.924.000,00
=	Cash flow from financing activities		**2.751.490,00**	**14.924.000,00**
	Net changes in cash and cash equivalents		**269.362,95**	**1.020.900,15**
	Cash at the beginning of the period	2(k), 18	1.056.154,46	35.254,31
	Cash at the end of the period	2(k), 18	1.325.517,41	1.056.154,46

4.2.4 Consolidated statement of changes in equity

Travel24.com AG, Leipzig
Annual report 1 January 2013 - 31 December 2013
Consolidated statement of changes in equity

	Outstanding shares	Subscribed capital	Capital reserve	Revenue reseves	Total equity
	Stück	EUR	EUR	EUR	EUR
As of 31 December 2011	**2.033.585**	**2.033.585,00**	**2.913.974,00**	**-2.156.928,83**	**4.947.559,00**
Comprehensive income		0,00	0,00	1.688.414,03	1.688.414,03
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	-1.201.442,71	-1.201.442,71
As of 31 December 2013	**2.033.585**	**2.033.585,00**	**2.913.974,00**	**-1.669.957,51**	**3.277.601,49**

4.2.5 Notes to the consolidated financial statements

1 The Company

(a) Description of business activities

Travel24.com AG, Leipzig, Germany is the parent company of Travel24.com Group ("the business", "the Company", "Travel24", "the Group"), which consists of Travel24.com AG and its subsidiaries.

The product portfolio of the German language portals operated by Travel24 includes almost all major German tour operators with up to 100 million travel packages and last-minute offers each day as well as more than 200,000 hotels and more than 750 scheduled, charter and low-budget flight providers. In addition, there is a business travel application, numerous additional products such as rental cars and insurances, a large travel news area and an own hotel video area. All travel services can be booked easily and comfortably using Travel24.com AG websites, especially www.travel24.com or the bookings hotline.

In the financial year 2013 Travel24.com AG formed a subsidiary in France, known as Travel 24.com France SAS. This is part of the process of the continued expansion of the travel and flight bookings business into international markets.

The Group has continued to invest in the Hotels segment. In particular, construction and construction planning work was undertaken for the two properties in Cologne and Leipzig.

With effect from 1 January 2013, Vols24 GmbH, Hamburg, a wholly owned subsidiary of Travel 24.com AG, was merged with Travel 24.com AG by way of upstream merger without any increase in capital. This merger has no effect on the Group's reporting.

The headquarters of Travel24.com AG are in 04109 Leipzig, Germany (Barfußgässchen 11). The Company has subsidiaries in Germany and in France.

Travel24.com AG is entered in the commercial register at Leipzig under the number HRB 25538.

The consolidated financial statements are available at the headquarters of the Company and/or are published online and in the federal bulletin.

(b) Basis of accounting

The consolidated financial statements of Travel24.com AG have been prepared in accordance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), London as well as the supplementary requirements under German commercial law under section 315a paragraph 1 of the German Commercial Code, and take into account all mandatory accounting standards and interpretations as applicable in the EU which had been adopted by 31 December 2013. They are prepared under the going-concern assumption, and in the present version they comply with the requirements of section 315a of the German Commercial Code, which together with Regulation (EC) No. 1606/2002 of the European Parliament and the Council of 19 July 2002 on the application of international accounting standards, forms the legal basis for the preparation of consolidated financial statements under international standards in Germany.

The financial year of Travel24.com AG and its subsidiaries ends on 31 December.

The annual financial statements of the companies included in the consolidated financial statements are prepared on the basis of uniform accounting and valuation principles at the reporting date of Travel24.com AG.

The balance sheet is classified between current and non-current assets and liabilities in accordance with IAS 1. Assets and liabilities which mature within one year are classified as current. Deferred tax assets and liabilities are classified as non-current items in accordance with IAS 12.

The statement of comprehensive income has been prepared using the nature-of-expense method.

2 Accounting and measurement principles

Correction of errors

The German Financial Reporting Enforcement Panel examined the consolidated financial statements for the year ended 31 December 2012 together with the Group management report 2012 pursuant to section 342b paragraph 2 sentence 3 number 3 (sample audit) and concluded on 19 May 2014 that the notes to the consolidated financial statements and the Group's management report – and exclusively those documents – contain contraventions of the applicable reporting obligations. The contraventions contained in the notes to the consolidated financial statements are described in the following paragraphs.

1. In the notes to the consolidated financial statements there is a statement that the fair value of the corporate bond issued in September 2012 with a carrying value (EUR 17.6 million

including accrued interest) had a fair value of the same amount as its carrying value, EUR 17.6 million. Based on the closing market price of the bond on the Frankfurt Stock Exchange on the last trading day of 2012 (78 %) the fair value of the corporate bond amounted to EUR 13.8 million.

The statement that the fair value of the bond at 31 December 2012 was the same amount as its carrying value is in contravention of IFRS 7.25.

For more information on this matter we refer to note 25 “Additional disclosures on financial instruments”

2. In the notes to the consolidated financial statements the disclosures of accounting and measurement principles include a statement to the effect that the Group regularly receives services from the Unister Group and that these transactions with related parties are on terms and conditions which are equivalent to arm’s length transactions. Unister Holding GmbH performs services for Travel24.com AG and charges only a small flat-rate charge for these services. Amongst other matters, the members of the Managing Board of Travel24.com AG (a sole Board member since May 2013) employed by Unister Holding GmbH although their salaries are not recharged to Travel24.com AG.

   The statement that transactions with related parties are on terms and conditions which are equivalent to arm’s length transactions is in contravention of IAS 24.23.

For more information on this matter we refer to note 31. “Transactions with related companies and persons“.

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of Travel24.com AG and all its subsidiaries. Subsidiaries are all companies which are controlled, directly or indirectly, by Travel24.com AG. Control exists when Travel24.com AG is able to determine the financial and business policy in order to benefit from the activity of the entity. Travel24.com AG also holds the majority of voting rights in each of the companies controlled by it. Joint ventures are companies under joint management together with other companies. There are no joint-venture entities in the Travel24.com AG Group. A complete list of the holdings of Travel24.com AG can be found in note 36 “Disclosures concerning the executive bodies of the parent Company”.

All relevant internal group transactions, balances, expenses, income and unrealised gains between group companies were eliminated on consolidation. Third party shareholdings in partnerships are presented separately from the equity which is attributable to the shareholders of the parent company in the consolidated financial statements.

(b) Business combinations

The consolidation is performed using the acquisition method in accordance with IFRS 3, “Business combinations”. Under this method, the identifiable assets and liabilities, including contingent liabilities, are measured at their fair value at the time of acquisition at the date that acquired assets and liabilities are initially recognised. Minority interests (shares of non-controlling shareholders) are recognised at amounts representing their share in the fair values of the assets and liabilities. The costs of purchase of the shares acquired are offset with the group share of the net assets measured at the fair value of the subsidiary. Incidental costs of purchase are recognised directly as expenses. A remaining positive difference after the offsetting is reported as goodwill, which is tested for impairment annually. Any remaining difference on the liabilities side is immediately reported in income in the statement of comprehensive income, after an additional examination has been performed.

The results of the subsidiaries acquired are included in the statement of comprehensive income from the date they become a member of the Group, i.e. from the effective time of acquisition (when Travel24 acquires the ability to exercise control). A subsidiary is deconsolidated as of the time when Travel24.com AG loses control over the company.

No business combinations were entered into in either the reporting period or in the previous year.

(c) Foreign currency translation

The consolidated financial statements are prepared in euro as the majority of the group transactions are realised in this currency and this currency constitutes the functional currency of Travel24.com AG. All amounts are stated in thousand euros (EUR thousand) unless otherwise stated. Amounts are rounded in accordance with general commercial practice. As a result, rounding differences may occur.

Transactions in foreign currencies are converted with conversion rate as of the transaction date. Monetary assets and liabilities, such as cash and cash equivalents, accounts receivable or liabilities in foreign currencies, are remeasured at each reporting date until settlement. Income and expenses from currency translation are shown in the statement of comprehensive income statement under other operating income or other operating expenses.

The significant exchange rates used for the preparation of the consolidated financial statements are shown in the table below:

	Closing rate as of 31 December 2013	Closing rate as of 31 December 2012	+/- %	Average rate 2013	Average rate 2012	+/- %
CHF	1,2276	1,2220	0,5	1,2245	1,2332	-0,7
GBP	0,8337	0,8280	0,7	0,83639	0,8297	0,8

(d) Use of judgements and estimates

The preparation of the consolidated financial statements in accordance with IFRS requires the use of judgements, assumptions and estimates which affect the amount and disclosure of the assets and liabilities on the balance sheet, income and expenses and contingent liabilities. Disclosures are made of the most significant assumptions and estimation uncertainties at the balance sheet date which present a significant risk of a material adjustment being required in a subsequent period.

Accounting for tangible fixed assets primarily involves the risk of subsequent changes being made to the assumed useful lives assigned to the assets. In particular, when measurements of provisions are made there is a high risk that subsequent changes in estimates are required in respect of the timing of potential liabilities (for example, in relation to legal risks) and that changes are required to the interest rate appropriate to the anticipated liability maturity date. In addition, Travel24.com AG makes assumptions in connection with the recognition of deferred tax assets from tax losses carried forward. In particular these include assumptions concerning the availability of future income streams.

In individual cases, the actual values may differ from the assumptions and estimates made. Changes are taken into account as soon as better knowledge is available.

(e) Intangible assets with indefinite useful lives

Intangible assets acquired against remuneration are recognised with the costs of purchase if the accrual of a benefit to the Group is probable and can be assessed reliably. An indefinite useful life is assumed if the assets are not subject to consumption and therefore are available to the Company on an indefinite basis. Given the opportunities for continuous promotion, and with them the maintenance of brand life-cycles, in our view it is not possible to determine a useful life for brands and accordingly brands have not been assigned a specific useful life.

Intangible assets with indefinite useful lives (in this case domains and brands) are not amortised on a planned basis but tested for impairment regularly (and at least once a year) in accordance with IAS 36 (impairment test).

(f) Other intangible assets

Intangible assets which only have a specific useful life are amortised on a planned basis over their expected useful life commencing with the date from which a potential use for the asset begins. Amortization of the hotel concept will begin once the use of the asset has commenced. As the hotel business did not commence operations in the financial year just ended, planned amortization has not yet commenced.

Planned annual amortisation charges recorded are shown as a separate item “Amortisation” within the statement of comprehensive income. The carrying value of this asset is tested for impairment when impairment indicators are present (impairment test caused by triggering event).

(g) Operating leases

Travel24.com AG mainly leases office premises and technical equipment; the beneficial ownership is retained by the lessor. Accordingly the risks and opportunities associated with these assets remain with the lessor. Based on this, the rental expenses are recognised in the statement of comprehensive income on a straight-line basis over the term of the contract. When determining whether leases are classified as operating or finance leases, Travel 24.com AG examines any agreements for the extension of the respective leases in place at the lease inception date, to the extent that it is likely, based on the economics of the agreements, that such agreements will be fulfilled.

(h) Property, plant and equipment

Property, plant and equipment is measured at the cost of purchase and/or conversion less accumulated scheduled depreciation and accumulated expenses for impairment. The cost of purchase and/or conversion includes expenses which are directly attributable to the acquisition of the asset. The cost of conversion for internally generated assets include the cost of raw materials or supplies, direct labour, all other directly attributable costs occurred in order to bring the assets to an operable condition for their intended purpose, the estimated cost of dismantling and/or removal of the items and the restoration of their location if there is an obligation to do so, and capitalised borrowing costs. If component parts of an item of property, plant and equipment have different useful lives, they will be shown on the balance sheet as separate items (main components) of property, plant and equipment (component approach) and depreciated on a straight-line basis.

Any profit or loss from the disposal of property, plant and equipment (calculated as the difference between the fair value net costs to sell and the residual carrying amount) is recognised in the income statement.

Subsequent cost of purchase and conversion shall only be given and result in the capitalisation of subsequent expenses if it is probable that the future economic benefit associated with the expenses will actually accrue. Ongoing repairs and maintenances are immediately recorded as expenses.

Property, plant and equipment (here: buildings) are depreciated on a planned basis from the date the asset is available for use, or, with regard to internally generated assets, from the date the asset has been completed and is ready for use. The depreciation is calculated so that the cost of purchase and/or conversion less the estimated residual values is spread on a straight-line basis over the period of the estimated useful life and recognised as expenses.

The estimated useful life for the buildings (in construction) included in the balance sheet amounts to thirty years.

The depreciation method, the useful life and the residual values are reviewed on each balance sheet date and adjusted if necessary.

(i) Financial instruments

Financial assets and financial liabilities are taken into account in the consolidated balance sheet from the time when the Group becomes a contracting party to the financial instrument. Financial assets which are acquired or sold on market terms are generally recognised on the settlement date. Financial assets are initially measured at their fair value, with the exception of financial assets which are not measured at fair value through profit and loss. For such financial assets the carrying value on initial recognition additionally includes directly attributable transaction costs.

Financial assets and liabilities within the meaning of IAS 39 are classified as loans and receivables (“LaR”), as held-to-maturity (“HtM”) financial investments, as financial assets available for sale (“AfS”), as financial assets or liabilities held for trading (“FAHfT/FLHfT”) or as financial liabilities measured at amortised cost (“FLAC”). The categorisation depends on the type and the purpose of use of the financial assets and liabilities and takes place on initial recognition. Financial assets are recognised in the consolidated balance sheet if there is a contractual right to receive cash or other financial assets of another entity.

Financial instruments originated by the Group

Financial instruments originated by the Group mainly consist of cash, loans, receivables and liabilities to affiliated companies, trade receivables and payables, bonds payable and other financial assets and liabilities.

Loans and receivables as well as short-term and long-term financial liabilities are measured at amortised cost. The amortised cost of a financial asset or financial liability describes the amount with which a financial asset or financial liability is measured on initial recognition, less any repayments, using the effective interest method and taking any impairments into account.

The amortised cost of current receivables and liabilities generally corresponds to the nominal value and/or repayment amount.

Trade receivables are recognised at their nominal values after deduction of any valuation allowances made for amounts which are expected to be uncollectable.

The Group determines the valuation allowances for doubtful accounts and loans based on regular systematic reviews as well as measurements within the framework of the credit monitoring. This monitoring takes into account historical bad debt losses and the amount and adequacy of collaterals, as well as other relevant factors. Impairments are made based on objective indications and account for the credit risk. For example, objective indications may be significant financial difficulties of the debtor, breach of contract such as default or delayed interest payment, or principal repayment or the high probability of insolvency proceedings against the debtor. Receivables and loans will be written off against these valuation allowances if they are expected to be uncollectible. Further information on credit risks is provided in note 33 (Financial risk management – Credit risk).

Income and expenses as well as profits and losses from financial assets include impairments and write-ups, interest income and expenses, and dividends, as well as profits and losses from the disposal of such assets. Dividends are recognised as income upon realisation. Interest income is recognised based on the effective interest method.

Upon disposal of an asset, neither dividend nor interest income is included in the calculation of the net income or loss. Financial assets are written off when the contractual rights in the cash flows from the financial assets have expired or when the risks and opportunities from the ownership of the financial assets are mainly transferred.

(j) Deferred income taxes

Deferred income taxes are determined annually based on the balance sheet oriented approach in accordance with the provisions of IAS 12, “Income taxes”, on the treatment of income taxes. All liabilities or claims from income taxes arising during a financial year are shown in the consolidated financial statements pursuant to the respective tax laws. In order to take into account the tax effect of differences between valuations for assets and liabilities in the consolidated financial statements and the corresponding tax bases, for differences arising on consolidation processes and for losses carried forward, deferred taxes are recorded annually based on the tax rates which are applicable or which will shortly be applicable for the taxable profit, if it is to be expected that these differences will be realised over the course of time.

The expense for income taxes in the reporting period represents the amount of taxes to be paid or refunded by the tax authorities in addition to or less (as applicable) the changes in deferred taxes recognised in the income statement. The effects of changes of tax rates on deferred tax assets or liabilities are taken into account during the period in which the change was made legally binding.

Deferred tax assets on tax losses carried forward are recognised at the amount of the expected tax benefits arising from their realisation by the generation of future profits, to the extent that such realisation is probable.

Deferred tax assets and liabilities are presented net only if there is a right to offset receivables and payables from income taxes and the deferred tax assets and liabilities relate to income taxes raised by the same tax authorities and the same group companies.

(k) Cash and cash equivalents

Cash and cash equivalents reported in the balance sheet include cash, bank balances and short-term highly liquid deposits, i.e. deposits with a original remaining term to maturity of three months or less. In 2013 this position contained bank balances only. Due to their short-term maturities, the carrying amounts of cash balances correspond to the fair value in all significant aspects.

(l) Provisions

A provision is recognised when the Group has a present obligation (constructive or legal) as a result of a past event. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the Group expects a refund (or at least a partial refund) in respect of an amount included in a provision (for example, in the case of an insurance contract), the refund will only be recognised as separate asset if the refund is practically certain.

If the effect of the impact on interest is significant, provisions are discounted at an interest rate before taxes which reflects the specific risks for the liability. In the case of discounting, the increase of the provision caused by the passage of time will be recognised as interest expense. Provisions are broken down by their expected maturity, so that provisions with a maturity of up to one year are considered to be short-term and provisions with a maturity of more than one year are considered to be long-term.

(m) Other obligations

The provisions for other obligations relate to recognisable individual risks and uncertain obligations, mainly from risks of litigation.

(n) Revenue recognition

The Group realises the major part of its revenues from brokerage services (primarily commissions from acting as an agent) based on a contractual agreement with Unister GmbH (an affiliated company), as soon as the respective booking has been made by the customer and the respective products have been brokered, the remuneration can be determined reliably and no significant obligations exist vis-à-vis Unister GmbH, and the collection of the receivable is considered to be probable.

In 2013, the first significant volumes of revenues were generated based on contracts with third parties for flight sales, which include both regular flights as well as so-called low-cost flights. These revenues are also recognised at the time the customer’s booking is made.

The net amount after deduction of cash discounts, customer bonuses and rebates is recognised as revenue.

No revenues from the hotels business have been recognised to date.

(o) Earnings per share

The basic earnings per share were calculated by means of division of the consolidated result attributable to the shareholders of the parent company amounting to EUR -1,201 thousand (previous year: EUR 1,688 thousand) by the weighted average number of common shares issued during each individual period. As in the previous year, the number of shares in this financial year amounted to 2,034 thousand shares. Conversion rights or options were not outstanding. By issuing shares or subscription rights from the approved or conditional capital, the earnings per share might potentially be diluted.

In EUR thousands	Financial year 2013	Financial year 2012
Net income	-1.201	1.688
Net income attributable to shareholders of the parent company	-1.201	1.688
Weighted average number of outstanding shares (in thousands)	2.034	2.034
Earnings per share in euro (basic and diluted)	-0,59	0,83

p) Borrowing costs

Borrowing costs are charged to expenses in the period in which they arise. Borrowing costs are capitalised for qualifying assets in accordance with IAS 23.5, except where capitalisation is not permitted under IAS 23.21.

(q) Business relations with related companies and persons

Unister Holding GmbH is Travel24's largest single shareholder. Unister Holding GmbH, Leipzig, including its subsidiaries (the "Unister Group") as well as affiliated companies not consolidated are considered as related companies. Transactions, for example income, receivables and liabilities with these companies, are shown separately in note 31.

The Group purchases services from Unister Group on a regular basis, including from Unister Holding GmbH. These include, among other things, services for personnel and administrative activities as well as sales and information technology services performed on the basis of contractual agreements. In addition, in 2013 Unister Holding GmbH subscribed and fully paid for a share of the corporate bond issued in 2012.

(r) Impairment of property, plant and equipment and intangible assets

The carrying values of intangible assets are tested for potential impairment (impairment tests) at each balance sheet date (31 December) and on the occurrence of triggering events. When such indicators are present, the recoverable amount of the asset is estimated and compared to the carrying amount of the asset in order to determine the amount of a possible impairment loss, if any. If the recoverable amount cannot be estimated on the level of the individual asset, the determination will be carried out on the level of the cash-generating unit (CGU) to which the respective asset is assigned. In this respect, the distribution takes place to the individual CGUs and/or the smallest group of CGUs on a reasonable and consistent basis.

The Company carries out an impairment test for the intangible assets (domain and trademark rights) acquired in 2012 to which an indefinite useful life was assigned.

In the case of intangible assets with indefinite useful life and assets which cannot yet be used, an impairment test is performed at least once a year and in addition when impairment indicators (triggering events) are present.

The recoverable amount is the fair value less costs to sell or the value in use, whichever is higher.

- In determining the value in use, the estimated future cash flows are discounted with an interest rate before taxes. This takes account the present market estimate of the present value of the cash flows as well as the risks relating to the asset, unless they have already been considered in the estimate of the cash flows. The calculations are based on forecasts which rely on the financial budgets approved by the management. Cash flow forecasts in excess of the detailed planning period are calculated based on suitable growth rates.

- The fair value less costs to sell is determined based on available transaction prices/based on an appropriate assessment model. This model uses valuation multiples, prices of listed shares in subsidiaries and other available indicators of fair value to the extent that such data is observable. The cash flows calculated are supported by external sources of information. The significant assumptions made by management in determining the fair value less costs to sell are as follows:

    - Development of sales;
    - Acquisition of customers and retention costs;
    - Cancellation rates;
    - Market share;
    - Growth rates and discount rate.

If the recoverable amount of an asset and/or a CGU falls below its carrying amount, the carrying amount will be impaired to the recoverable amount. The impairment loss is recognised immediately in the income statement as an impairment charge.

If the impairment loss is reversed, the carrying amount of the asset and/or the CGU will be increased to the newly determined recoverable amount in the income statement. In this respect, the upper value limit of the write-up amounting to the original carrying amount of the asset and/or the CGU is to be taken into account. A reversal of the impairment is immediately included in the income statement.

(s) New and amended accounting standards of relevance to the Group

The following new or amended standards and interpretations were mandatory for the first time in the financial year ended 31 December 2013.

1. Presentation of Items of Other Comprehensive Income (Amendments to IAS 1)
2. Employee Benefits (Amendments to IAS 19)
3. Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters (Amendments to IFRS 1)
4. Government Loans (Amendments to IFRS 1)

The new standards issued by the IASB and adopted for application in the EU described above did not have any effect on the consolidated financial statements for the current period. In addition, these financial statements include the initial adoption of the following new standards issued by the IASB and adopted for application in the EU which did have an effect on the consolidated financial statements for the current period:

IFRS 13 Fair Value Measurement

Issue date: 12 May 2011
Effective for financial years beginning on or after 1 January 2013.
EU Endorsement Status: Endorsed on: 11 December 2012

The standard promotes market values as the primary basis of fair value measurement and defines this as the selling price. The characteristics of the following elements are taken into account: the nature of the items valued, the transaction (market participants, valuation date, market conditions, reference market) and the price. Contrary to the valuations based on acquisition and cost prices used previously, fair value valuations under IFRS 13 are based on exit prices. The fair value of liabilities is based on a theoretical transfer price (instead of the settlement amount).

In addition to providing guidelines for valuation assumptions for non-financial assets, non-financial liabilities and financial instruments and valuation methods for situations in which market activity levels are falling, IFRS 13 provides particular guidance on valuation hierarchies, valuation methods and valuation input factors.

Deferred Taxes: Deferred Tax: Recovery of Underlying Assets (Amendments to IAS 12)

Issue date: 20 December 2010
Effective date: From the commencement of the next financial year on or after the effective date of the regulation*
EU Endorsement Status: Endorsed on: 11 December 2012

The measurement of deferred tax liabilities is dependent on whether the carrying value of an asset will be realised by its consumption or by its sale. Properties that are held for investment purposes and valued at fair value give rise to particular valuation problems and their valuation is subject to a particularly high level of subjectivity. The amendment introduces the rebuttable presumption that the value of such properties will also be realised by sale. However, this does not apply to assets which are carried at fair value in accordance with IAS 16 or 38.

* The regulation is effective on the third day after publication in the Official Journal of the European Union. The regulation was published in the Official Journal on 29 December 2012

Disclosure: Offsetting financial assets and financial liabilities (Amendments to IFRS 7)

Issue date: 12 May 2011
Effective for financial years beginning on or after 1 January 2013.
EU Endorsement Status: Endorsed on: 13 December 2012

The amendments require significant additional disclosures about the effect of offset rights under master netting agreements.

Annual Improvements to IFRSs 2009–2011

Issue date: 12 May 2011
Effective for financial years beginning on or after 1 January 2013.
EU Endorsement Status: Endorsed on: 27 March 2013

<u>IAS 1 Presentation of Financial Statements: Comparative Information, Changes in Accounting Policies, Restatements/Reclassifications</u>

Clarification of disclosure requirements for previous year periods when an entity presents further periods in addition to the minimum comparative financial statement periods. In addition, the draft includes clarifications in the case of changes in accounting policies or retrospective restatements/reclassifications.

IAS 32 Financial instruments: Presentation and Disclosure

Clarification of IAS 32.35a, that the tax effect of distributions to shareholders and costs incurred in connection with equity transactions shall be accounted for in accordance with IAS 12. The amendment eliminates redundancies.

IAS 34 Interim Financial Reporting: Total segment assets

Clarification of IAS 34.16A (iv) concerning disclosure of total assets of a segment in interim reporting. This disclosure is only necessary when the amounts are regularly provided to the responsible decision maker and there has been a material change from the amounts disclosed in the last annual financial statements.

In addition, the IASB and the IFRS IC have issued the following standards, interpretations, and amendments to existing standards whose application is not yet binding on Travel24. The option to apply these standards prematurely has not been exercised. The standards will be implemented at the earliest EU application date.

Standard/amendment	Issue date	Adopted by the in EU law	Effective date (EU)
IFRS 10 Consolidated Financial Statements:	12 May 2011	11 December 2012	1 January 2014
IFRS 11 Joint Arrangements	12 May 2011	11 December 2012	1 January 2014
IFRS 12 Disclosure of Interests in Other Entities	12 May 2011	11 December 2012	1 January 2014
IAS 27 Separate Financial Statements	12 May 2011	11 December 2012	1 January 2014
IAS 28 Investments in Associates and Joint Ventures	12 May 2011	11 December 2012	1 January 2014
Recoverable amount disclosures (Amendments to IAS 36)	29 May 2013	20 December 2013	1 January 2014
Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)	27 June 2013	20 December 2013	1 January 2014
Transitional Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)	28 June 2012	4 April 2013	1 January 2014
Investment Entities (Amendments to	31 October 2012	20 November 2013	1 January 2014

IFRS 10, IFRS 12 and IAS 27)			
Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)	16 December 2011	13 December 2012	1 January 2014

The effect to be expected from the application of these standards in the future is currently under discussion. Travel24.com AG expects that there will be no effect from the implementation of standards forming part of the consolidation package (IFRS 10, IFRS 11 and IFRS 12) as the Group has no joint-ventures, the majority of companies are wholly-owned by Travel24.com AG, and these companies in turn do not hold any special purpose entities.

Notes to the consolidated statement of comprehensive income

3 Revenue

The group income for the financial years 2013 and 2012 mainly consists of revenue. A breakdown of the revenue is as follows:

	Financial year	
	2013	2012
In EUR thousands		
Revenue from travel retail commissions	13.983	9.634
Revenue from flight retail commissions	12.023	15.218
Revenue from commissions for additional travel services	3.061	3.873
Total	**29.067**	**28.725**

Revenues increased only slightly compared to the previous year. This is due to the strong growth of revenues from flight commissions (EUR 4,349 thousand), less a reduction in travel commissions (EUR 3,195 thousand). In addition, commissions for sale of additional services fell by EUR 812 thousand

Commissions on flight sales increased strongly as a result of increased marketing activities in Germany, Austria, and Switzerland, and as a result of the new portals in France. In contrast, commissions from travel sales fell due to increased competition in that sector. Additional travel services include primarily travel cancellation insurance and charges made for late booking changes and for cancellation of packages and flights. Accordingly, revenues from additional travel services suffered as a result of the lower level of sales of travel products and the associated lower sales of cancellation insurance agreements.

4 Other operating income

In EUR thousands	Financial year 2013	2012
Release of provisions	1.557	12
Other	27	9
	1.584	21

Other operating income largely consists of the release of provisions for onerous contracts (EUR 1,413 thousand) as a result of the reduced risk following amendments made to the affected contracts in 2013.

5 Cost of materials

The cost of materials primarily includes marketing expenses, provider costs and costs of the fulfilment performed by Unister GmbH. In particular, these services include the processing of bookings and customer service processes, including the collection of Travel24.com AG receivables, carried out by Unister GmbH.

6 Other operating expenses

Other operating expenses were as follows:

In EUR thousands	Financial year 2013	2012
Legal, consulting, and audit fees	645	548
Bond issue costs	327	235
Property taxes	159	0
Insurance	57	25
Provisions for onerous contracts	100	1.600
Allowances for doubtful debts	790	0
Others	353	137
	2.431	2.545

A significant amount of these expenses (EUR 645 thousand; previous year: EUR 548 thousand) comprises legal, consulting and audit fees. Property taxes represent a significant expense for the first time in 2013 as a consequence of the acquisition of the “Ringmessehaus” and “Perlengraben” properties.

Emissions costs in the reporting period are in connection with the bonds which first qualified as issued in 2013 following their placement by a bond intermediary.

7. Financial result

Interest income

Interest income consisted of the following:

In EUR thousands	Financial year 2013	2012
Interest income from Unister Holding loan	161	11
Interest income from Unister Holding bond	64	43
Interest income GBI property	44	52
Interest income Unister GmbH	30	110
	299	216

Interest charges on receivable and liability balances with Unister GmbH are charged by settlement between the parties at each quarter end (EUR 30 thousand).

Interest expense

Interest expenses primarily relate to the bond issued in the financial year 2012 (EUR 2,034 thousand; previous year: EUR 384 thousand). In addition, interest charges include expenses payable on supplementary tax payments.

In addition this position includes the non-controlling interests (limited partners' shares) contribution to the results of the partnership entities Hotel Köln Perlengraben GmbH & Co. KG and Hotel Leipzig Ringmessehaus GmbH & Co. KG. No interest was payable on the limited partners' shares in the financial year.

8. Tax expenses and deferred taxes

Income taxes consisted of the following:

In EUR thousands	Financial year 2013	2012
Current taxes	0	991
Germany	0	991
International	0	0
	0	991
(thereof income relating to other periods)	0	-159
Deferred taxes	-324	-429
Germany	-324	-429
International	0	0
	-324	-429
Total	**-324**	**562**

No current or deferred taxes were directly recorded in equity in the financial years 2013 or 2012.

As Travel24.com AG does not have any items of other comprehensive income to report, additional disclosures of the income tax effect of each component of the other comprehensive income are omitted here.

In accordance with the tax law applicable in the financial year 2013, the income of German group companies is taxable at a corporation tax rate of 15 % (previous year: 15 %). Taking into account the solidarity tax and the local trade tax multiplier for Leipzig of 460 %, the Group's overall tax rate totals 31.93 % (previous year: 31.93 %).

The nominal tax rate applicable to the parent company Travel24 of 31.93 % (previous year 31.93 %) is used as the applicable tax rate for the tax reconciliation. Deferred taxes are calculated using the applicable nominal tax rate applying to the parent company Travel24 of 31.93% (previous year: 31.93%).

The reconciliation of the expected income tax expense, based on the result before income tax to the actual tax expense, is shown in the tax reconciliation below.

	Financial year	
	2013 € thousand	2012 € thousand
Result before taxes	-1.526	2.251
Income tax expanse at a tax rate of 31.9 %	-487	719
Effect of unused tax losses and tax losses for which no asset is recognised	78	0
Tax effects relating to previous periods	83	-159
Other	2	2
Actual tax expense	**-324**	**562**
Effective tax rate	21,2%	24,9%

Deferred tax assets on tax losses carried forward (EUR 767 thousand) have been recognised for the first time as of 31 December 2013, and wholly relate to 2013. The tax loss carry forward giving rise to these assets is, in turn, due to the fact that the release of the provision for onerous contracts (EUR 1,413 thousand) is not relevant for tax purposes. The release to income in the commercial balance sheet results in a corresponding deferred tax expense, which, however, is largely offset by the deferred tax income from the recognition of deferred tax on 2013 tax losses. We refer to the table showing the principal tax reconciliation items for further details.

9. Earnings per share

The following table shows the calculation of earnings per share:

	Financial year	
	2013 In thousand Euro	2012 In thousand Euro
Net income	-1,201	1,688
thereof attributable to:		
Shareholders of the parent Company	-1,201	1,688
Weighted average number of outstanding shares (in thousand shares)	2,034	2,034
Earnings per share in euro (basic and diluted)	-0.59	0.83

10. Dividends

No dividends were paid to Travel24 shareholders in the current or the previous year.

Notes to the consolidated balance sheet

11. Intangible assets

The movement on intangible assets for the financial years 2013 and 2012 were as follows:

2013 In EUR thousands	Brand name	Hotel concepts	Domains	Total
Cost of purchase and conversion				
as of 1 January 2013	2.700	950	576	4.226
Additions	0	0	5	5
Disposals	0	0	0	0
As of 31 December 2013	**2.700**	**950**	**581**	**4.231**
Amortisation				
as of 1 January 2013	0	0	0	0
Additions	0	0	0	0
Disposals	0	0	0	0
As of 31 December 2013	**0**	**0**	**0**	**0**
Net carrying amount as of 31 December 2013	**2.700**	**950**	**581**	**4.231**

2012 In EUR thousands	Brand name	Hotel concepts	Domains	Total
Cost of purchase and conversion				
as of 1 January 2012	0	0	8	8
Additions	2.700	950	568	4.218
Disposals	0	0	0	0
As of 31 December 2012	**2.700**	**950**	**576**	**4.226**
Amortisation				
as of 1 January 2012	0	0	0	0
Additions	0	0	0	0
Disposals	0	0	0	0
As of 31 December 2012	**0**	**0**	**0**	**0**
Net carrying amount as of 31 December 2012	**2.700**	**950**	**576**	**4.226**

12. Property, plant and equipment

The movements on property, plant and equipment for the financial years 2013 and 2012 were as follows:

2013 In EUR thousands	Land	Buildings under construction	Total
Cost of purchase and conversion			
as of 1 January 2013	4.844	6.674	11.518
Additions	63	2.012	2.075
Disposals	0	0	0
As of 31 December 2013	**4.907**	**8.686**	**13.593**
Depreciation			
as of 1 January 2013	0	0	0
Additions	0	0	0
Disposals	0	0	0
As of 31 December 2013	**0**	**0**	**0**
Net carrying amount as of 31 December 2013	**4.907**	**8.686**	**13.593**

2012 In EUR thousands	Land	Buildings under construction	Total
Cost of purchase and conversion			
as of 1 January 2012	0	0	0
Additions	4.844	6.674	11.518
Disposals	0	0	0
As of 31 December 2012	**4.844**	**6.674**	**11.518**
Depreciation			
as of 1 January 2012	0	0	0
Additions	0	0	0
Disposals	0	0	0
As of 31 December 2012	**0**	**0**	**0**
Net carrying amount as of 31 December 2012	**4.844**	**6.674**	**11.518**

Additions to land in 2013 represent property purchase taxes paid. Additions to buildings under construction in 2013 were acquired from third parties for cash.

13. Non-current financial assets

Non-current financial assets represent non-current loan receivable balances with Unister Holding GmbH (EUR 4,731 thousand; previous year: EUR 2,511 thousand).

14. Deferred taxes

Deferred tax assets and liabilities arise on the following balance sheet items:

In EUR thousands	Financial year			
	31 December 2013		31 December 2012	
	Deferred tax assets	**Deferred tax liabilities**	**Deferred tax assets**	**Deferred tax liabilities**
Tax loss carryforwards	767	-	-	-
Intangible assets	-	58	-	-
Non-current assets	-	-	-	-
Trade receivables		-		
	-	-	-	-
Other assets	3	-	-	-
Provisions	165	-	88	-
Trade payables		-		
	-	-	497	-
Other liabilities	-	124	-	157
Total	**935**	**182**	**585**	**157**

Deferred tax assets and liabilities have not been presented net in accordance with the requirements of IAS 12.

Subsidiaries have no retained profits for planned distribution for which deferred taxation should be recorded.

No deferred tax assets have been recorded for tax losses carried forward by two companies included in the consolidated financial statements because the future realisability of these losses is not sufficiently probable.

Deferred tax assets on tax losses carried forward by Travel24.com AG have not been recognised to the extent that they were not originated in the reporting period because legal uncertainty remains concerning the financial restructuring exception under section 8c paragraph 1a of the German

Corporation Tax Act. However, deferred tax assets of EUR 767 thousand were recorded for tax losses carried forward generated in 2013.

15. Trade receivables

We refer to the credit risk reporting for more information on this item (Note 33, financial risk management – credit risks).

16. Other current financial assets

This item exclusively relates to a receivable from LOET Trading AG in its capacity as one of the subscribers for the 2012 bond issue. Impairment allowances of EUR 790 thousand have been recorded against the LOET Trading AG receivable because the receivable is viewed as partially irrecoverable.

17. Other current non- financial assets

At 31 December 2013 this position primarily includes receivables for value added taxes from the tax office of EUR 806 thousand (previous year: EUR 1,007 thousand).

18. Cash and cash equivalents

The cash and cash equivalents wholly comprise current account balances with a remaining time to maturity of up to three months. Of this balance, EUR 453 thousand has been deposited as security for credit guarantees at 31 December 2013 (previous year: EUR 355 thousand).

19. Shareholders' equity

Subscribed capital

There has been no change in the issued share capital of Travel24.com AG since the previous year end. The share capital is divided into 2,033,585 fully paid no-par shares with equal rights and an arithmetical amount of EUR 1 each. Ownership of the shares entitles the holder to exercise voting rights at shareholders' General Meetings and to a share of dividends, when resolutions for the payment of dividends are approved.

For details of the number of shares issued please refer to the consolidated statement of changes in equity included as part of these consolidated financial statements.

Authorised capital

Authorised capital 2009

The Managing Board is authorised by a resolution approved by shareholders at the Annual General Meeting held on 31 August 2009, subject to the approval of the Supervisory Board, to increase the Company's share capital once or several times in the period until 31 August 2014 by a maximum of EUR 893,730.00 by issuing up to 893,730 new no-par shares against cash contribution or contribution in kind (authorised capital 2009). In each case, no-par bearer shares may be issued; the share of profits may be determined in deviation from section 60 paragraph 2 of the German Stock Corporation Act. The minimum amount issued per no-par share amounts to EUR 3.00. Furthermore, the Managing Board is authorised to exclude shareholders pre-emptive subscription rights subject to the approval of the Supervisory Board. However, an exclusion of shareholders pre-emptive subscription rights is permitted only in the following cases:

- when the shares are issued to acquire companies, investments in companies or parts thereof;
- for residual amounts;
- if the issue price of the shares is not significantly below the stock market price and the exclusion of the pre-emptive subscription rights only extends to new shares, the arithmetical value of which does not exceed 10% of the share capital, i.e. in total a maximum of EUR 178,746.10;
- with regard to the application of the 10% limit, the exclusion of the pre-emptive subscription rights due to other authorisations under section 186 paragraph 3 sentence 4 of the German Stock Corporation Act shall be taken into account; if required in order to grant the owners of convertible bonds, convertible participation rights or option rights a subscription right to the extent to which they would be entitled after exercising the conversion right or option right as shareholder.

This shareholder's resolution approved by shareholders at the Annual General Meeting was entered in the commercial register on 21 October 2009. As of the balance sheet date, the authorised capital 2009 amounts to EUR 893,730.00.

Authorised capital 2010

The Managing Board is authorised by a resolution approved by shareholders at the Annual General Meeting held on 30 July 2010, subject to the approval of the Supervisory Board, to increase the Company’s share capital once or several times in the period until 30 July 2015 by a maximum of EUR 90,170.00 by issuing up to 90,170 new no-par shares against cash contribution or contribution in kind (authorised capital 2010). In each case, no-par bearer shares may be issued; the share of profits may be determined in deviation from section 60 paragraph 2 of the German Stock Corporation Act. The minimum amount issued per no-par share amounts to EUR 3.00. Furthermore, the Managing Board is authorised to exclude shareholders pre-emptive subscription rights subject to the approval of the Supervisory Board. However, an exclusion of shareholders pre-emptive subscription rights is permitted only in the following cases:

- when the shares are issued to acquire companies, investments in companies or parts thereof; for residual amounts;
- for residual amounts;
- if the issue price of the shares is not significantly below the stock market price and the exclusion of the pre-emptive subscription rights only extends to new shares, the arithmetical value of which does not exceed 10% of the share capital, i.e. in total a maximum of EUR 196,780.00;
- with regard to the application of the 10% limit, the exclusion of the pre-emptive subscription rights due to other authorisations under section 186 paragraph 3 sentence 4 of the German Stock Corporation Act shall be taken into account; if required in order to grant the owners of convertible bonds, convertible participation rights or option rights a subscription right to the extent to which they would be entitled after exercising the conversion right or option right as shareholder.

This shareholder's resolution approved by shareholders at the Annual General Meeting was entered in the commercial register on 6 December 2010. As of the balance sheet date, the authorised capital 2010 amounts to EUR 90,170.00.

<u>Conditional capital</u>

The subscribed capital of Travel24.com AG is the subject of a conditional increase. The conditional capital increase is carried out only insofar as the holders of warrants and conversion rights exercise their rights. In accordance with the entry in the commercial register of 7 December 2010, the contingent capital 2004/ II continues to amount to EUR 8,213.00.

Capital reserve

The capital reserve includes the excess of capital paid in on the issue of shares over the nominal amount.

Authorisation to purchase own shares

With the resolution in the General Meeting of 6 June 2012, the Company is authorised to purchase own shares. The authorisation is limited to the purchase of own shares amounting to a proportionate amount of the share capital of up to EUR 203,358.50 in total. The authorisation can be exercised once or several times within the framework of the above-mentioned overall volume completely or in partial amounts. The authorisation is valid until the expiry of 6 June 2017.

Revenue reserves

In accordance with the German Stock Corporation Act, the dividend amount available for distribution to the shareholders depends on the equity total as reported in the separate financial statements of Travel24.com AG prepared in accordance with the German Commercial Code. Dividend resolutions may be made distributed only to the extent that a balance sheet profit (after allocation to statutory reserves) is available for that purpose. The balance sheet profit stated in the separate financial statements of Travel24.com AG prepared in accordance with the German Commercial Code regularly differs from the accumulated balance sheet profit in these consolidated financial statements prepared in accordance with IFRS. As of 31 December 2013, the separate financial statements of Travel24.com AG reports a cumulated loss amounting to EUR 1,751 thousand (previous year: EUR 986 thousand). In its separate financial statements, Travel24.com AG has made use of the optional accounting treatment provided for by section 274 paragraph 1 sentence 2 of the German Commercial Code and recognised deferred tax assets amounting to EUR 996 thousand (previous year: EUR 581 thousand). Section 268 paragraph 8 sentence 2 of the German Commercial Cod provides for a limitation on distributable amounts in the amount of deferred tax assets recognised.

Other comprehensive income

Travel24.com AG does not have any items of other comprehensive income to report in either the current or the previous year period. Accordingly, there are no income tax effects attributable to the individual components of the other comprehensive income.

20. Non-current financial liabilities

Non-controlling shares in partnerships

The non-controlling shareholders (limited partners) of the “Hotel Köln Perlengraben GmbH & Co. KG, Leipzig” and “Hotel Leipzig Ringmessehaus GmbH & Co. KG, Leipzig” partnerships, which are included in the consolidated financial statements, have termination rights in respect of their shareholdings. The potential indemnification claims which could arise on termination of the shareholdings are recorded under other financial liabilities.

On initial recognition of the liability, Travel 24.com AG recognises the obligation at fair value, which corresponds to the share of the minority shareholder in the net asset value of the respective company. The obligation is subsequently measured at fair value.

The resulting liability is close to zero as of the balance sheet date.

21. Tax liabilities

Tax liabilities primarily relate to liabilities for income taxes for periods prior to 2013. The central issue is whether tax losses brought forward can be used. In this connection there are various open current tax law processes at EU level. Until the issue is finally resolved the Company is of the opinion that recording the tax liability is appropriate.

22. Provisions

The changes in current provisions were as follows:

In EUR thousands	**Personnel and social security**	**Accounting and auditing costs**	**Provisions for onerous contracts**	**Cancell ation risks**	**Outstanding invoices**	**Legal and others**	Total
As of 1 January 2013	17	76	1.600	144	152	451	**2.440**
Additions	6	160	0	0	371	364	**901**
Releases	0	0	(1.413)	(144)	0	0	**(1.557)**
Utilisation	0	(76)	0	0	(139)	(97)	**(329)**
As of 31 December 2013	**6**	**160**	**187**	**0**	**384**	**718**	**1.455**

Of the EUR 1,600 thousand provision recorded in the previous year for onerous contracts, an amount of EUR 1,413 thousand has been released and included in income in the 2013 financial year. The release followed the renegotiation of an agreement which was originally to the Company's disadvantage, such that the risks from the contract have been reduced and to a large extent the reasons for requiring the provision no longer apply in 2013. The original risks arose under an agreement between Travel24 and an intermediary with the objective of placing the bond with institutional investors. The intermediary's minimum price obligation, which ended in 2013, has been restored as a result of the renegotiation of the agreement. In exchange, interest paid to the intermediary in 2013, which also partially relates to 2012, is no longer subject to reclaim or a potential reclaim.

The provisions for legal risks and other provisions primarily include allowances for the risks arising from accusations made against Travel24 by regulatory authorities for matters pertaining to insurance law, and for expenses arising from late fulfilment of reporting obligations (EUR 430 thousand; previous year: EUR 300 thousand) and expected interest on tax arrears (EUR 82 thousand; previous year: EUR 72 thousand).

23. Current financial liabilities

Bond liabilities reported in current financial liabilities exclusively relate to interest accrued until the balance sheet date in advance of its payment to bondholders. Interest payment took place in September 2013.

24. Other current liabilities

As in the previous year, other current non-financial liabilities include almost exclusively liabilities due to the tax authorities. These include property purchase taxes and property taxes of EUR 145 thousand, value added taxes of EUR 184 thousand, and liabilities to the French tax authorities of EUR 133 thousand.

25. Additional disclosures on financial instruments

The following table shows the carrying amounts, measurement methods and fair values of financial instruments as of 31 December 2013 and as of 31 December 2012, by measurement classification.

	31 December 2013 Valuation balance sheet under IAS 39					
In EUR thousands	Measurement category under IAS 39	**Carrying amount**	Amortised costs	Fair value not affecting income	Fair value reported in income	**Fair Value ***
Financial instruments originated by the Group						
Assets						
Loans	LaR	**4.731**	4.731	-	-	**4.731**
Trade receivables	LaR	**206**	206	-	-	**206**
Receivables from affiliated companies	LaR	**2.318**	2.318	-	-	**2.318**
Other financial assets	LaR	**1.218**	1.218	-	-	**1.218**
Cash and cash equivalents	LaR	**1.326**	1.326	-	-	**1.326**
Liabilities						
Bond liabilities (current and non-current)	FLAC	**20.907**	20.907	-	-	**14.339**
Trade payables	FLAC	**570**	570	-	-	**570**
Obligation from the potential termination of limited partner's interest	FLaFV	**0**	0	-	-	**0**
Thereof aggregated under measurement categories persuant to IAS 39						
Loans and Receivables (LaR)		**9.799**	9.799	-	-	**9.799**
Financial Liabilties Measured at Amortised Cost (FLAC)		**21.477**	21.477	-	-	**14.909**
Financial Liabilties Measured at Fair Value (FLaFV)		**0**	0			**0**

* If no fair value can be determined, the carrying amount is stated

In EUR thousands	Measurement category under IAS 39	**Carrying amount**	Amortised costs	Fair value not affecting income	Fair value reported in income	**Fair Value ***
		31 December 2013 — **Valuation balance sheet under IAS 39**				
Financial instruments originated by the Group						
Assets						
Loans	LaR	**3.511**	**3.511**	**0**	**0**	**3.511**
Trade receivables	LaR	**9**	**9**	**0**	**0**	**9**
Receivables from affiliated companies	LaR	**5.488**	**5.488**	**0**	**0**	**5.488**
Other financial assets	LaR	**277**	**277**	**0**	**0**	**277**
Cash and cash equivalents	LaR	**1.056**	**1.056**	**0**	**0**	**1.056**
Liabilities						
Bond liabilities (current and non-current)	FLAC	**17.613**	**17.613**	**0**	**0**	**13.806**
Trade payables	FLAC	**663**	**663**	**0**	**0**	**663**
Obligation from the potential termination of limited partner's interest	FLaFV	**0**	**0**	**0**	**0**	**0**
Thereof aggregated under measurement categories persuant to IAS 39						
Loans and Receivables (LaR)		**10.341**	**10.341**	**0**	**0**	**10.341**
Financial Liabilties Measured at Amortised Cost (FLAC)		**18.276**	**18.276**	**0**	**0**	**14.469**
Financial Liabilties Measured at Fair Value (FLaFV)		**0**	**0**	**0**	**0**	**0**

* If no fair value can be determined, the carrying amount is stated

The fair value of the bond in issue differs from its carrying amount in the reporting period. The fair value of the bond amounted to EUR 14,339 thousand at 31 December 2013.

In the previous year the carrying value (EUR 17.6 million) of the bond was incorrectly viewed as the best approximation of its fair value given the short interval between the reporting date and the date the bond was issued. This view was not correct as an available market prices was not taken into account.

The fair value at the previous year’s balance sheet date was EUR 13.8 million. In the current reporting period we have determined the fair value based on the number of bonds in issue (20,839) and the market price at the balance sheet date (68.81 %). For further information on this issue please refer to note 2 “Accounting and measurement principles”

The abbreviations used to describe the measurement classification in accordance with IAS 39 are described in note (2 (i)). The classes for IFRS 7 purposes refer to the balance sheet items as follows:

Class under IFRS 7	**Category under IAS 39**	**Balance sheet position**
Loans	LaR	Financial assets/other loans
Trade receivables	LaR	Trade receivables
Receivables due from affiliated companies	LaR	Receivables due from affiliated companies
Other financial assets	LaR	Other financial assets
Cash	LaR	Cash
Bond	FLAC	(Non-current) financial liabilities
Obligation from the potential termination of limited partner’s interest	FLaFV	(Non-current) financial liabilities
Trade payables	FLAC	Trade payables
Liabilities to affiliated companies	FLAC	Liabilities to affiliated companies

The fair values of the financial instruments, which are assessed at amortised cost, are determined as follows:

Cash and cash equivalents, trade receivables, and other non-derivative financial assets: As the financial assets are mainly short term, it is assumed that their fair values are approximately equivalent to their carrying amounts. We discount non-interest bearing or low interest, long-term loans to third parties or employees to their present value based on their anticipated future cash flows. In doing so we apply the original effective interest rate which a borrower would have to pay for a similar loan with a financial institute. Trade payables and non-derivative financial liabilities: Our non-derivative financial liabilities comprise financial debt and other non-derivative financial liabilities. As the trade payables and other non-derivative financial liabilities are mainly current in nature, we assume that their fair values are approximately equivalent to their carrying amounts. We determine the fair value of financial debt with fixed interest rates based on available market prices or by discounting the cash flows with the market interest rates applicable on 31 December.

The Group does not hold financial instruments which are classified in the categories “held-to-maturity” and “available for sale”.

Net results according to measurement category

The following schedule shows how interest income and expenses, the subsequent measurement of financial instruments at fair value, and gains and losses from currency translations and impairment allowances and write downs are distributed among the individual categories of financial instruments in the sense of IAS 39, together with the respective net result by category.

Net result by valuation category

In EUR thousands		**Interest**	**Subsequent measurement**			**Write offs**	**Reported directly in equity**	**Net result**
			At fair value	Currency translation	Valuation allowance			
From loans and receivables	31 December 2013	299	n.a.	(9)	(790)	0	n.a.	(500)
	31 December 2013	217	n.a.	(5)	(1)	(9)	n.a.	202
From financial liabilities measured at amortised cost	31 December 2013	(2.148)	n.a.	0	n.a.	n.a.	n.a.	(2.148)
	31 December 2013	(436)	n.a.	0	n.a.	n.a.	n.a.	(436)
From financial liabilities measured at fair value	31 December 2013	0	0	0	0	0	0	0
	31 December 2013	0	0	0	0	0	0	0
Total	**31 December 2013**	**(1.849)**	**0**	**(9)**	**(790)**	**0**	0	**(2648)**
	31 December 2013	**(219)**	**0**	**(5)**	**(1)**	**(9)**	0	**(234)**
Thereof affecting net income	31 December 2013	(1.849)	0	(9)	(790)	0	0	(2648)
	31 December 2013	(219)	0	(5)	(1)	(9)	0	(234)

The interest from financial instruments is reported in interest income and/or interest expenses, respectively. The other components of the net result are reported by Travel24 in other operating income and/or other operating expenses, respectively.

Other disclosures

26. Impairment test for intangible assets with indefinite useful lives

The intangible assets with indefinite useful lives (domains and brand) acquired within the framework of acquisition of Travel 24 Hotel AG were allocated to the cash generating unit (CGU) “Internet” for impairment testing purposes. In addition, the Group also has another CGU, “Hotels”, which had not commenced operations in 2013 and accordingly has not yet generated revenues.

The CGUs correspond to the operational segments prior to combination with other segments.

The domains and the brand constitute jointly used assets (corporate assets), which do not generate their own cash flows. For this reason, the allocation of the intangible assets to the CGUs is based on revenues. As the Hotels business has not yet generated revenue in 2013, the domains and the brand were reviewed for impairment based on the CGU “Internet”.

in EUR (thousands)	CGU “Internet”	CGU “Hotels”	Total
Domains	581	0	581
Brand	2,700	0	2,700

26.1. Explanation of the CGUs

CGU “Internet”

The business segment Internet operates in the travel and flight retail sector. This includes travel packages and last-minute travel offers as well as flight retail sales. All services can be booked via the internet or the booking hotline.

Travel 24.com Group carried out an annual impairment test for the CGU “Internet” on 31 December 2013. The recoverable amount of the CGU “Internet” is determined based on the calculation of the fair value less costs to sell, on the basis of a DCF procedure. The assessment takes place based on medium-term plans approved by the management for a detailed period of three years. Growth rates for cash flow forecasts in excess thereof are determined based on both analyses of historical data as well as industry-specific future forecasts. The growth rates determined in 2013 amount to 1 %. Long-term, market-specific inflation rates are the basis of the nominal growth rates, adjusted for segment-specific development expectations. The discount rates after taxes are determined based on market data and amount to 9.7 % as of the reference date (31 December 2013).

Impairment testing performed for the CGU “Internet” determined that no impairment write-downs were required.

26.2. Basic assumptions for calculating the recoverable amount

When calculating the fair value less costs to sell (by means of the DCF procedure) of the CGU "Internet", there are estimation uncertainties for the underlying assumptions, in particular regarding:

- Gross profit margins
- Discount rate (interest rate)
- Market share in the reporting period
- Growth rate which is used as the basis for the extrapolation of the cash flow forecast beyond the budget period.

Gross profit margins – the gross profit margins are determined based on the average values recovered in the three preceding financial years prior to start of the budget period. The gross profit margins were increased by anticipated efficiency increases over the course of the budget period. For the CGU "Internet" factors of 5.9 %, 6.8 % and 8.8 % were applied for the years 2014, 2015 and 2016 respectively.

Discount rates – the discounting rates represent the current market assessment of the specific risks attributable to the respective CGU. The discount rate was estimated based on the weighted average capital costs (WACC) customary in the industry. The interest rate was further adjusted by the market estimate regarding all risks specifically allocated to the CGUs for which the estimates of future cash flows were not adjusted.

Assumptions regarding the market share – the assumptions regarding the market share correspond to the estimated growth rates. Thus, they reflect the opinion of the management as to how CGUs will develop compared to other competitors during the budget period. In this respect, the management expects that the Group's market share in the CGU "Internet" will be secured in the long run due to strong marketing activities and the associated market share gains.

Valuation models are used to calculate the *fair values* used in determining *fair value less costs to sell*. The valuation is classified in the valuation hierarchy as a level 3 valuation given the nature of the valuation methods used and valuation inputs.

26.3. Sensitivity of the assumptions made

The management is of the opinion that no reasonably possible change of any one of the basic assumptions relevant to the determination of the recoverable amount of the CGU “Internet” would result in the carrying amount of the CGU significantly exceeding the recoverable amount.

The management also considered the possible presence of new competitors and their potential effect on the assumptions regarding the growth rate as parameters influencing the growth rate. All in all, no negative effects are expected due to the high level of marketing activities and the solid growth path.

27. Information regarding the cash flow statement

In accordance with IAS 7 (Statement of cash flows) the cash flow statement shows how the cash and cash equivalents in the Group changed over the course of the year under review due to inflows and outflows of funds. The cash and cash equivalents exclusively comprise current account balances with a remaining time to maturity of up to three months. The cash flow statement differentiates between changes in cash flows from operating activities, investing and financing activities.

The following non-cash transactions occurred during the reporting year:
Affecting investing activities:
Additions reported in the fixed asset movement schedule include reclassifications of EUR 432 thousand from other assets, the purchase price of which was paid in 2012. In addition, property purchase taxes of EUR 63 thousand capitalised in 2013 had not yet been paid by the end of the 2013 financial year.

Affecting financing activities:
The receivable recorded against Unister Holding GmbH at 31 December 2012 arising from the bond subscription (EUR 2,000 thousand) has been settled in full in 2013; however, only EUR 1,500 thousand were paid in cash. Payments made by an intermediary (bond subscriber) in 2013 totalled EUR 1,241 thousand. The associated nominal amount liability was recorded as present value. The additional receivable due from the intermediary recorded at 31 December 2013 also led to the initial recording of a bond liability (at present value).

The cash and cash equivalents as reported in the cash flow statement are identical to the cash and cash equivalents reported in the balance sheet.

28. Contingencies and other financial obligations

<u>Guarantees</u>

As in the previous year, there are no guarantees vis-à-vis third parties.

<u>Legal disputes and arbitration proceedings</u>

Travel24 Group is a party to several court or arbitration proceedings which, based on the Group's assessment of the individual circumstances, cannot have significant influence on the overall economic situation of Travel24. Such proceedings are not threatened or to be expected as far as the Company knows.

Adequate risk provisions have been made in these consolidated financial statements for expected expenses arising from tax law investigative proceedings currently being carried out.

The current investigations have been under way since December 2012. Further searches were carried out in connection with the investigative proceedings in the offices of the Unister Group on 10 December 2013 after new information came to light. Travel24.com AG's Managing Board and the Chairman of the Supervisory Board remain the focus of the investigation. The subject of the proceedings was the accusation of alleged tax evasion due to incorrect value added tax accounting for a specific service in the flights business. In addition the Saxony State Office of Criminal Investigation is of the opinion that Travel24.com AG had wrongly retained price differences obtained ex post in connection with flight services provided. In particular, General Terms and Conditions used by Travel24.com AG in transactions with customers since mid-2013 are seen as invalid. In the view of the Office of Criminal Investigation this is grounds for suspicion of computer fraud.

In January 2014 the Saxony State Office of Criminal Investigation in Dresden filed charges, which were by this time been long anticipated, against the Managing Board and the Chairman of the Supervisory Board of Travel24.com AG. The charges include accusations of entering into insurance transactions without the necessary permits, alleged tax evasion in connection with such transactions, and illegal advertising practices. The court must now examine the evidence to determine whether the accusations can be substantiated.

<u>Operating Lease Arrangements</u>

Operating lease agreements primarily govern rental expenses for office premises and rental expense for technical equipment leased under contract with Unister GmbH. For more detailed information regarding the contract we refer to disclosures concerning affiliated companies presented in note 31. Obligations disclosed only cover a one-year period as the contract only has a duration of one year.

Obligations under leasing arrangements at 31 December 2013 were as follows:

	Office premises	Technical Equipment	**Total**
Up to one year	51,198.00	149,887.82	**201,085.82**
Total	51,198.00	149,887.82	**201,085.82**

Obligations under leasing arrangements at 31 December 2012 were as follows:

Stated in euros	Office premises	Technical equipment	**Total**
Up to one year	10,950.00	149,887.82	**160,837.82**
Total	10,950.00	149,887.82	**160,837.82**

Other service relationships

At the 31 December 2013 balance sheet date Travel24.com AG Group has obligations under service contracts with architects and other providers of construction services amounting to EUR 810 thousand (previous year: EUR 1,861 thousand).

29. Collateral

Assets pledged as collateral

Travel24.com AG has pledged the shares in Travel24 Hotel AG to a trustee as collateral for the bond.

Assets received as collateral

Travel24.com AG has disposal rights over Unister Holding GmbH’s shareholdings in Travel24.com AG in connection with loans granted to Unister Holding GmbH and receivables payable to it, such rights being for the benefit of Travel24.com AG.

30. Segment reporting

In accordance with IFRS 8, the Group publishes its business segments based on information which is reported internally to the CEO, who is simultaneously the Chief Operating Decision Maker. The business segments correspond to the business areas of the Group. The segment “Internet” and the segment “Hotels” comprise all activities of Travel24.

The segment “Internet” mainly operates in the field of travel services and flight retail sales. The online sales business originated in Germany and was subsequently expanded to Switzerland and Austria. The travel offerings include a multitude of travel packages and last-minute travel offers and numerous charter and low-budget flight providers. In addition, the Company also offers numerous additional tourism products (for example rental cars and cruises).

The Hotels segment remains in the start-up phase at the current time. With these, Travel24.com AG aims to expand its business in future by adding branded hotels in Budget-Design-Segment (two star and two star plus). Altogether, the Company plans to open twenty-five hotels by 2021.

For each of the business areas, internal management reports regarding decisions on the allocation of resources and performance are analysed by the CEO at least quarterly.

	Internet		**Hotels**		**Total**	
In EUR thousands	12 Months		12 Months		12 Months	
	2013	2012	2013	2012	2013	2012
Revenues	29.067	28.725	0	0	29.067	28.725
Other income	170	14	1.414	7	1.584	21
Material expenses	(27.350)	(23.283)	(7)	(15)	(27.357)	(23.298)
Personnel expenses	(540)	(433)	0	0	(540)	(433)
Other	(1.298)	(802)	(1.133)	(1.831)	(2.431)	(2.545)
Result before interest and taxation	49	4.221	274	(1.751)	323	2.470
Reconciliation of comprehensive income of the segments to the comprehensive income for the period						
Comprehensive income of the segments					323	2.470
Consolidated result before interest and income taxes (EBIT)					323	2.470
Financial result					(1.849)	(220)
Consolidated result before income taxes					(1.526)	2.251
Income tax expenses					324	(562)
Consolidated result					(1.201)	1.688
Thereof attributable to:						
Shareholders of the parent					(1.201)	1.688

The segment data is based on IFRS data, and as a result the total of the segments corresponds to the overall values shown in the consolidated income statement. For this reason (except for the segment result) no reconciliation is necessary. The details of reconciling items between the result before interest and income taxes and the consolidated result can be derived from the notes to the consolidated income statement. Income and expenses reported in the Hotels segment in both the current and the previous year did not affect cash flows. There were no revenues generated between the segments. The revenue in the segment Internet is achieved mainly based on a contractual agreement between Travel24 and the affiliated company Unister GmbH (fulfilment contract). All significant segment activities take place in Germany. In addition, revenues of EUR 6,206 thousand (previous year: zero) were generated by French portals.

31. Transactions with related companies and persons

Related companies and persons within the meaning of IAS 24 are legal or natural persons that may exercise an influence on Travel24.com AG and its subsidiaries, or who are subject to its control or significant influence. In particular, this includes legal or natural persons who, due to their shareholdings in Travel24.com AG, can exercise significant influence on Travel24.com AG, and Travel24.com AG's board members.

In the previous year in note 2 (p) "Transactions with related companies and persons" it was stated incorrectly that transactions with related parties are on terms and conditions which are equivalent to arm's length transactions. In addition, it was stated that the Managing Directors of Travel24.com AG did not receive any remuneration for their activities from Group companies.

The members of the Managing Board of Travel24.com AG did not receive any remuneration, fixed or variable, for the performance of their Managing Board duties from the Company, from any of its subsidiaries, or from any third (unrelated) party in 2013 or in 2012. The members of the Managing Board are employees of Unister Holding GmbH (the parent company) and are remunerated on a total basis for work performed in accordance with their employee contracts, which includes their duties as members of the Managing Board, whereby it is not possible to apportion their remuneration between elements attributable to their work as members of the Managing Board and other matters.

For more details on this matter we refer to note 2 "Accounting and measurement principles" in the notes to the consolidated financial statements.

Unister Holding GmbH is the direct parent of Travel24.com AG and the parent of the Unister Group.

Transactions with related companies in accordance with IAS 24

The following transactions and outstanding balances result from various agreements with related companies:

	Assets		Liabilities	
In EUR thousands	**31.12.2013**	**31.12.2012**	**31.12.2013**	**31.12.2012**
Unister Holding GmbH:				
Long term loan	4.731	2.511	0	0
Current account	2.025	253	0	0
from bond issue	0	2.043	0	0
Bond liability	0	0	2.053	1.996
	6.756	**4.807 0**	**2.053**	**1.996**
AERUNI GmbH:				
Trade balances	**293**	0	**40**	0
Unister GmbH:				
Trade balances	0	**3.191**	**221**	0
Urlaubstours GmbH:				
Current account	0	0	**127**	0

	Income		Expenses	
	2013	**2012**	**2013**	**2012**
Unister Holding GmbH:				
Interest	225	54	161	43
Group recharges	0	0	1	1
	225	**54**	**162**	**44**
AERUNI GmbH:	**7.987**	0	**982**	0
Unister GmbH:				
Fulfillment contract	16.752	28.691	25.681	22.466
Interest	30	110	0	0
	16.782	**28.801**	**25.681**	**22.466**

Under the Group recharge agreement Unister Holding GmbH received only a small flat-rate charge for services rendered in the financial years 2013 and 2012. Accordingly, the statement in the 2012 consolidated financial statement in note 2 (p) “Transactions with related companies and persons” to the effect that these transactions with related parties are on terms and conditions which are equivalent to arm’s length transactions was not correct. For more details on this matter we refer to note 2 “Accounting and measurement principles” in the notes to the consolidated financial statements.

Transactions with Unister Holding GmbH

We refer to the previous year's report for details of the loan agreement entered into in the previous year and the successful placing of the corporate bond in 2012. The liability to Travel24 arising from the bond subscription remaining unpaid at 31 December 2012 was settled in full in 2013. The largest part of the total was settled by payment (EUR 1,500 thousand), while EUR 500 thousand was settled by set-off against Travel24 liabilities to Unister GmbH. Bond interest expenses attributable to bonds held by Unister Holding GmbH amounted to EUR 161 thousand in 2013. At the date the first bond interest payment was due in September 2013, an amount of EUR 150 thousand was payable to Unister Holding GmbH. However, of this amount, EUR 97 thousand was set off against interest due from Unister Holding GmbH. The remaining balance is included in the bond liability at the balance sheet date.

Successive further drawdowns have been made during the reporting year on the long-term loan granted in 2012. Interest income on this loan amounted to EUR 161 thousand.

The net current account receivable balance has increased significantly in 2013 due to the assignment of a value added tax reclaim of EUR 1.429 thousand (relating to 2012) to Unister Holding GmbH by Travel 24.

Transactions with Unister GmbH

In addition, an agreement at the balance sheet date between Unister GmbH and Travel24.com AG governs the retail sale of travel and flight services and the provision of management, fulfilment and technical services.

- Revenues generated from the retail of travel and flight services are allocated by Unister GmbH to Travel24.com AG based on the fulfilment contract. Accordingly, the revenue resulting from that contract constitutes a significant component of Travel24's income. For fulfilling the agreement described above, Unister GmbH receives a remuneration based on typical market rates.
- Part of this agreement includes a sublease regarding office premises and technical equipment, under which rental expenses amounting to EUR 51 thousand for office premises and EUR 150 thousand for technical equipment were paid to Unister GmbH in 2013 (2012: office premises: EUR 11 thousand; technical equipment: 150 thousand).

Transactions with LOET Trading AG

We refer to information provided in the previous year's report for details of transactions made in 2012 (sale of intangible assets to Travel24, bond subscription). In the current reporting period, LOET Trading AG is not considered a related party, despite its 16 % shareholding in Travel24.com AG, because it does not have significant influence.

Irrespective of that fact, no sales or purchase transactions were recorded in 2013. At the end of 2013 an amendment was made to the previous year's agreement for the resale of bonds, on the basis of which Travel24 was able to release a large proportion of the provision for onerous contracts initially recorded at 31 December 2012. On the other hand, this amendment agreement resulted in the acceptance of interest claims made against Travel24.com AG by LOET Trading AG. The emission costs reported in 2013 are in connection with the contract made in the previous year.

Travel24 reports receivables due from LOET Trading AG totalling EUR 2,008 thousand in connection with the sale by LOET Trading AG of bonds. An impairment allowance of EUR 790 thousand has been recorded against this balance.

32. Reportable transactions in the reporting period

Unister

On 9 September 2013, pursuant to section 21 paragraph 1 of the German Securities Trading Act we were informed that the shareholding of Unister Holding GmbH in Travel24.com AG, Barfußgässchen 11, 04109 Leipzig, Germany, ISIN: DE 000 A0L1NQ8, had exceeded the 50 % and 75 % threshold on 4 September 2013 and totalled 78.76 % (1,601,662 voting shares) on that date. Of this total, 0.28 % (5,686 voting shares) are attributable to Unister Holding GmbH pursuant to section 22 paragraph 1 number 2 of the German Securities Trading Act, as well as a further 1.21 % (24,556 voting shares) pursuant to section 22 paragraph 1 number 2 and section 22 paragraph 2 and a further 2.80 % (56,848 voting shares) pursuant to section 22 paragraph 2.

On 9 September 2013, pursuant to section 21 paragraph 1 of the German Securities Trading Act we were informed that the voting share rights held by Thomas Wagner in Travel24.com AG, Barfußgässchen 11, 04109 Leipzig, Germany, ISIN: DE 000 A0L1NQ8, had exceeded the 50 % and 75 % threshold on 4 September 2013 and totalled 78.76 % (1,601,662 voting shares) on that date. Of this total, 74.47 % (1,514,422 voting shares) are attributable to both Thomas Wagner pursuant to section 22 paragraph 1 number 1 of the German Securities Trading Act, and Unister Holding GmbH pursuant to section 22 paragraph 2 of the German Securities Trading Act. An additional 0.28 % (5,686 voting shares) are attributable to Thomas Wagner pursuant to section 22 paragraph 1 number 2 of the German Securities Trading Act in connection with paragraph 2, as well as pursuant to section 22 paragraph 1 number 1 and additionally pursuant to section 22 paragraph 2. A further 1.21 % (24,556 voting shares) are attributable to Thomas Wagner pursuant to section 22 paragraph 1 sentence 1 number 2 in connection with paragraph 2 and section 22 paragraph 2, and a further 0.01 % (150 voting shares) are attributable to Thomas Wagner pursuant to section 22 paragraph 2. Voting rights attributable to Thomas Wagner are held by the following company with 3 % or more voting shares in Travel24.com AG controlled by him: Unister Holding GmbH.

On 9 September 2013, pursuant to section 21 paragraph 1 of the German Securities Trading Act we were informed that the voting share rights held by Oliver Schilling in Travel24.com AG, Barfußgässchen 11, 04109 Leipzig, Germany, ISIN: DE 000 A0L1NQ8, had exceeded the 50 % and 75 % threshold on 4 September 2013 and totalled 78.76 % (1,601,662 voting shares) on that date. Of this total, 74.47 % (1,514,422 voting shares) are attributable to both Oliver Schilling pursuant to section 22 paragraph 1 number 1 of the German Securities Trading Act, and Unister Holding GmbH pursuant to section 22 paragraph 2 of the German Securities Trading Act. A further 0.28 % (5,686 voting shares) are attributable to Oliver Schilling pursuant to section 22 paragraph 1 number 2 of the German Securities Trading Act in connection with paragraph 2 as well as section 22 paragraph 1 number 1 and in addition section 22 paragraph 2. A further 2.80 % (56,848 voting shares) are attributable to Oliver Schilling pursuant to section 22 paragraph 2. Voting rights attributable to Oliver

Schilling are held by the following company with 3 % or more voting shares in Travel24.com AG controlled by him: Unister Holding GmbH.

On 9 September 2013 pursuant to section 21 paragraph 1 of the German Securities Trading Act we were informed that the voting share rights held by Daniel Kirchhof in Travel24.com AG, Barfußgässchen 11, 04109 Leipzig, Germany, ISIN: DE 000 A0L1NQ8, had exceeded the 50 % and 75 % threshold on 4 September 2013 and totalled 78.76 % (1,601,662 voting shares) on that date. Of this total, 74.47 % (1,514,422 voting shares) are attributable to both Daniel Kirchhof pursuant to section 22 paragraph 1 number 1 of the German Securities Trading Act, and Unister Holding GmbH pursuant to section 22 paragraph 2. A further 0.28 % (5,686 voting shares) are attributable to Daniel Kirchhof pursuant to section 22 paragraph 1 number 2 of the German Securities Trading Act in connection with paragraph 2 as well as section 22 paragraph 1 number 1 and in addition section 22 paragraph 2. A further 1.21 % (24,556 voting shares) are attributable to Daniel Kirchhof pursuant to section 22 paragraph 1 number 2 of the German Securities Trading Act in connection with paragraph 2 as well as section 22 paragraph 1, and a further 2.80 % (56,848 voting shares) are attributable to Daniel Kirchhof pursuant to section 22 paragraph 2. Voting rights attributable to Daniel Kirchhof are held by the following company with 3 % or more voting shares in Travel24.com AG controlled by him: Unister Holding GmbH.

On 9 September 2013, pursuant to section 21 paragraph 1 of the German Securities Trading Act we were informed that the voting share rights held by Christian Schilling in Travel24.com AG, Barfußgässchen 11, 04109 Leipzig, Germany, ISIN: DE 000 A0L1NQ8, had exceeded the 50 % and 75 % threshold on 4 September 2013 and totalled 78.76 % (1,601,662 voting shares) on that date. Of this total, 74.47 % (1,514,422 voting shares) are attributable to both Christian Schilling pursuant to section 22 paragraph 1 number 1 of the German Securities Trading Act, and Unister Holding GmbH pursuant to section 22 paragraph 2. A further 0.28 % (5,686 voting shares) are attributable to Christian Schilling pursuant to section 22 paragraph 1 number 2 of the German Securities Trading Act in connection with paragraph 2 as well as section 22 paragraph 1 number 1, and in addition section 22 paragraph 2. A further 1.21 % (24,556 voting shares) are attributable to Christian Schilling pursuant to section 22 paragraph 1 number 2 of the German Securities Trading Act in connection with paragraph 2 as well as section 22 paragraph 2, and a further 2.80 % (56,848 voting shares) are attributable to Christian Schilling pursuant to section 22 paragraph 2. Voting rights attributable to Christian Schilling are held by the following company with 3 % or more voting shares in Travel24.com AG controlled by him: Unister Holding GmbH.

On 9 September 2013, pursuant to section 21 paragraph 1 of the German Securities Trading Act we were informed that the voting share rights held by Sebastian Gantzckow in Travel24.com AG, Barfußgässchen 11, 04109 Leipzig, Germany, ISIN: DE 000 A0L1NQ8, had exceeded the 50 % and 75 % threshold on 4 September 2013 and totalled 78.76 % (1,601,662 voting shares) on that date. Of this total, 74.47 % (1,514,422 voting shares) are attributable to both Sebastian Gantzckow pursuant to section 22 paragraph 1 number 1 of the German Securities Trading Act, and Unister Holding GmbH pursuant to section 22 paragraph 2. A further 0.28 % (5,686 voting shares) are attributable to Sebastian Gantzckow pursuant to section 22 paragraph 1 sentence 1 number 2 of the German Securities Trading Act in connection with paragraph 2 as well as section 22 paragraph 1 sentence 1 number 1, and in addition section 22 paragraph 2. A further 1.21 % (24,556 voting shares) are attributable to Sebastian Gantzckow pursuant to section 22 paragraph 1 number 2 of the German Securities Trading Act in connection with paragraph 2 as well as section 22 paragraph 2, and a further 2.80 % (56,848 voting shares) are attributable to Sebastian Gantzckow pursuant to section 22 paragraph 2. Voting rights attributable to Sebastian Gantzckow are held by the following company with 3 % or more voting shares in Travel24.com AG controlled by him: Unister Holding GmbH.

Bankhaus Metzler

On 9 September 2013 Erste Gallus Verwaltungs GmbH, Frankfurt am Main, Germany informed us pursuant to section 21 paragraph 1 of the German Securities Trading Act that its share of voting rights in Travel24.com AG, Barfußgässchen 11, 04109 Leipzig ISIN: DE 000 A0L1NQ8, had fallen below the 3 %, 5 %, 10 %, 15 %, 20 % and 25 % thresholds on 4 September 2013, and that its voting share totalled 0 % (0 voting shares) since that date.

On 9 September 2013 B. Metzler seel. Sohn & Co. KGaA, Frankfurt am Main, Germany, informed us pursuant to section 21 paragraph 1 of the German Securities Trading Act that its share of voting rights in Travel24.com AG, Barfußgässchen 11, 04109 Leipzig, Germany, ISIN: DE 000 A0L1NQ8, had fallen below the 3 %, 5 %, 10 %, 15 %, 20 % and 25 % thresholds on 4 September 2013, and that from that date its voting share totalled 0 % (0 voting shares). Thereof 0 % (0 voting shares) held by Erste Gallus Verwaltungs GmbH are attributable to B. Metzler seel. Sohn & Co. KGaA pursuant to section 22 paragraph 1 sentence 1 number 1 of the German Securities Trading Act.

33. Financial risk management

The Group operates financial risk management, which covers all subsidiaries and is organised centrally at Group level. The primary aim of the financial risk management is to provide the liquidity required by the group companies in business operations and to limit the financial risks.

The Group is exposed to risks arising from the use of financial instruments, in particular risks arising from changes in interest rates and from changes in the default risk on the part of business partners.

The following sections provide a description of the exposure to each of the risks described above together with the aims, strategies and procedures applied to manage them and methods used to assess the risks. In addition, information on the risk management system is provided in the risk report section of the management report.

Market risk

Interest rate risk

Interest-bearing financial instruments primarily consist of bond liabilities and loans, trade receivables and other receivables from affiliated companies.

An interest sensitivity analysis is based on the following assumptions: Changes in the market interest rates for fixed-interest primary financial instruments originated by the Group only have an effect on results for the period if these are carried at fair value. Accordingly, fixed-interest financial instruments carried at amortised cost are not subject to interest rate risk in the sense of IFRS 7.

The following schedule shows the portfolio of interest-bearing non-derivative financial instruments based on their carrying amounts.

In EUR thousands	31 December 2013	31 December 2012
Financial assets with variable interest rates	0	3.191
Financial assets with fixed interest rates	4.731	5.511
Total of interest bearing assets	4.731	8.702
Financial liabilities with variable interest rates	221	0
Financial liabilities with fixed interest rates	20.907	17.614
Total of interest bearing liabilities	21.128	24.680

A change in the average variable interest rates of 100 base points would not have significantly influenced the result as of the balance sheet date, principally because interest income in 2013 from variable rate sources amounted to only EUR 110 thousand.

The interest rate risk is addressed within the framework of the overall financial risk management by regularly monitoring the significant items and the inherent interest rate risks. The aim is to limit these risks, if need be. At present, this risk can be assessed as being insignificant.

Other price risks

IFRS 7 requires market risk disclosure information about the effects of hypothetical changes in risk variables on prices of financial instruments. In particular stock exchange prices or indices come into question as risk variables. As of 31 December 2013 – as well as in the previous year – there were no such significant risks within the Group.

Currency exchange risks

As the Group’s operations are almost exclusively in the euro currency zone, no notable exchange rate risk arises. Accordingly no sensitivity analysis is presented.

There is no significant concentration of market risk.

Credit risk

The Group is exposed to credit default risk under its operations and financing activities. In order to minimise credit default risk, collateral is requested for all financial instruments originated depending on the type and amount of the respective performance, or else the historical data available from previous business relations is used, in particular payment history data. Impairment allowances are recorded to the extent that there is evidence of default risks affecting individual financial assets. Management is regularly involved in decisions concerning necessary risk allowances. The maximum default risk is the carrying amount of the financial assets recognised in the balance sheet. It is not anticipated that future default rates will change significantly.

The trade receivables from the third parties category is of limited relevance to the Group, and accordingly there are no material impairment allowances at the current or the previous balance sheet date. There were no significant defaults of receivable balances.

In principle, however, there are default risks in respect of receivables from affiliated companies (including those reported under other loans), other current financial assets, and loans to third parties. No valuation allowances were considered necessary in respect of these balances.

The remaining credit risks are presented based on the following ageing analysis.

In EUR thousands	Balance sheet date	Carrying value	Thereof neither impaired nor past due as of the reporting date	Thereof not impaired as of the reporting date, although past due in the following time ranges				
				Up to 30 days	From 31 to 90 days	From 91 to 180 days	From 181 to 360 days	Over 360 days
Financial assets (loans)	31 December 2013	4.731	4.731					
	31 December 2012	3.511	3.511	-	-	-	-	-
Trade receivables	31 December 2013	206	206					
	31 December 2012	9	9	-	-	-	-	-
Receivables from affiliated companies	31 December 2013	2.318	2.318					
	31 December 2012	5.487	5.487	-	-	-	-	-
Other financial assets	31 December 2013	1.218	1.218					
	31 December 2012	277	0	277	-	-	-	-
Cash and cash equivalents	31 December 2013	1.326	1.326					
	31 December 2012	1.056	1.056	-	-	-	-	-

Risk concentration arises when liabilities are concentrated with one party. Credit risk concentration for the company arises in connection with receivables of EUR 1,218 thousand payable by LOET Trading AG (previous year: EUR 277 thousand) (see note 31).

Liquidity risk

In order to ensure the Group's solvency and financial flexibility, Travel24 forecasts its financial requirements by means of liquidity forecasts within a fixed planning period, and maintains a corresponding liquidity reserve in the form of cash. Given the cash held by the Group and the Group's financing structure, the insolvency risk can at present be assessed as manageable.

We refer to note 20 concerning the liquidity risks associated with the bond issue.

At 31 December 2013 the maturities of the Group's financial liabilities were as follows:

				Disclosure of undiscounted contractually agreed cash flows				
In EUR thousands	**Balance sheet date**	**Carrying amount**	**Total**	Up to 30 days	From 31 to 90 days	From 91 to 180 days	From 181 to 360 days	Over 360 days
Financial liabilities (bond)	31 December 2013	20.907	28.339	-	-	-	1.875	26.464
	31 December 2012	18.156	21.675	-	-	-	1.182	20.493
Trade liabilities	31 December 2013	570	570	570	-	-	-	-
	31 December 2012	663	663	663	-	-	-	-
Liabilities to affiliated companies	31 December 2013	388	388	388	-	-	-	-
	31 December 2012	-	-	-	-	-	-	-
Total	31 December 2013	21.865	29.297	958	-	-	1.875	26.464
	31 December 2012	18.819	22.338	663	-	-	1.182	20.493

The Company is not exposed to any significant concentration of liquidity risk.

The Group's capital management objective is to minimise the capital costs of the Group while maintaining a balance between cash flow volatility and financial flexibility. In order to achieve this aim, the equity-debt ratio is to be optimised correspondingly. At present the Company is within the determined target corridor. The significant decisions regarding the financing structure are taken by the Managing Board. The equity ratio and the net debt ratio are used as performance indicators for the equity-debt ratio. The equity ratio is defined as the percentage ratio of equity to the overall capital. The net debt results from the debt of the Group minus cash and any short-term financial investments. The Company is not subject to external minimum capital requirements. The following table presents the ratio stated above in the report period:

In EUR thousands	As of 31 December 2013	31 December 2012
Equity	3.278	4.479
Borrowings	26.213	24.127
Balance sheet total	29.490	28.606
Cash and cash equivalents	1.326	1.056
Equity ratio in %	11,1	15,7
Net debt	24.887	28.383

35. Events subsequent to the balance sheet date

In March 2014 the Managing Board of Travel24.com AG were empowered by the Supervisory Board to enter into negotiations in preparation for the sale of the indirect subsidiary Hotel Köln Perlengraben GmbH & Co KG, Leipzig. From the Group’s point of view the successful completion of these plans will include a transfer of the respective land together with the respective hotel building conversion project held by the Hotels segment. The Group plans to complete the sales process in the first half of the 2014 financial year. A substantial gain on disposal is not to be expected based on information available at the current time.

In January 2014 the Saxony State Office of Criminal Investigation in Dresden have filed charges against the Managing Board and the Chairman of the Supervisory Board of Travel24.com AG. The charges include accusations of entering into insurance transactions without the necessary permits, alleged tax evasion in connection with such transactions, and illegal advertising practices. The court must now examine the evidence to determine whether the accusations can be substantiated.

36. Disclosures concerning the executive bodies of the parent Company

Managing Board

The following persons were appointed and entered in the commercial register as members of the Managing Board of Travel24.com AG during the financial year 2013:

Members of the Managing Board	Membership in statutory Supervisory Boards and comparable supervisory committees in other companies
Armin Schauer Chairman Commercial employee Year of initial employment: 2011	none
Thomas Gudel (until 13 May 2013) Commercial employee Year of initial employment: 2010	none

The members of the Managing Board of Travel24.com AG do not receive any remuneration, fixed or variable, for the performance of their Managing Board duties from the Company, from any of its subsidiaries, or from any third (unrelated) party. The members of the Managing Board are employees of Unister Holding GmbH (the parent company) and are remunerated on a total basis for work performed in accordance with their employee contracts, whereby it is not possible to apportion their remuneration between elements attributable to their work as members of the Managing Board and other matters.

Supervisory Board

In the financial year 2013, the Supervisory Board of Travel24.com AG consisted of the following members:

Members of the Supervisory Board	Membership in statutory Supervisory Boards and comparable supervisory committees in other companies
Daniel Kirchhof Chairman Dipl.-Kaufmann, Leipzig Member of the Supervisory Board since 2 January 2012	Chairman of the Supervisory Board of Travel24 Hotel AG, Leipzig Chairman of the Supervisory Board of GELD.de Holding AG, Leipzig
Oliver Schilling Deputy chairman Employee, Leipzig Member of the Supervisory Board since 2 January 2012	Deputy Chairman of the Supervisory Board of Travel24 Hotel AG, Leipzig Deputy Chairman of the Supervisory Board of GELD.de Holding AG, Leipzig
Detlef Kurt Schubert State Secretary (retired), Leipzig Member of the Supervisory Board since 2 January 2012	none

No remuneration is paid to the members of the Supervisory Board.

Allowances, loans and contingent liabilities assumed for the benefit of members of executive bodies

No allowances or loans were awarded to members of executive bodies. No contingent liabilities have been entered into for the benefit of members of the Managing or Supervisory Boards.

Average number of employees (section 314 paragraph 1 number 4 of the German Commercial Code)

The average number of persons employed by the Group in the reporting period was 13.3 (previous year: 10.7).

Auditors' remuneration

The following analysis shows the total remuneration charged by the auditors in Germany:

	Financial year	
In EUR thousands	2013	2012
Audit fees	230	65
Other audit services	0	0
Tax consultancy services	0	0
Other services	0	0

Details of shareholdings (consolidated entities)

Name and registered office of the company	**Share of voting capital (in %)**
Travel24 Hotel AG, Leipzig	100.0
Travel24 Hotel Betriebs- und Verwaltungs GmbH, Leipzig	100.0
Travel24 Hotel Grundbesitz Holding GmbH, Leipzig	100.0
Hotel Köln Perlengraben GmbH & Co. KG, Leipzig	94.9
Perlengraben Besitz- und Verwaltungs GmbH, Leipzig	100.0
Hotel Leipzig Ringmessehaus GmbH & Co. KG, Leipzig	94.9
Hotel RMH Besitz- und Verwaltungs GmbH, Leipzig	100.0
Travel24 France SAS, Paris (France)	100.0

Pursuant to section 264b German Commercial Code, Hotel Köln Perlengraben GmbH & Co. KG, Leipzig is exempt from the commercial law obligation under the supplementary provisions for limited companies and certain partnerships to prepare annual financial statements and a management report, and to have those documents audited and published.

Pursuant to section 264b German Commercial Code, Hotel Leipzig Ringmessehaus GmbH & Co. KG, Leipzig is exempt from the commercial law obligation under the supplementary provisions for limited companies and certain partnerships to prepare annual financial statements and a management report, and to have those documents audited and published.

Statement pursuant to section 314 paragraph 1 number 8 German Commercial Code

All voting right notifications can be inspected on the Company's website at www.travel24.com.

German Corporate Governance Code/Declaration under section 161 German commercial code

Corporate Governance for the Group is a matter which affects all areas of the Company. Transparent reporting and corporate management aligned to the interests of the shareholders is an object of corporate policy, and responsible and trustworthy cooperation is the basis for corporate actions.

In accordance with section 161 German Stock Corporation Act, the Travel24.com AG Managing and Supervisory Boards declare that the recommendations of the “Government Commission regarding the German Corporate Governance Code”, which the Federal Ministry of Justice announced on 4 July 2003 in the official section of the electronic federal gazette in the version of 15 May 2012, publicly announced on 18 June 2012 were complied with from the date of the last declaration of conformity until (and including) 9 June 2013, and that from 10 June 2013 the recommendations of the “Government Commission regarding the German Corporate Governance Code”, which the Federal Ministry of Justice announced on 10 June 2013 in the electronic federal gazette in the version of 13 May 2013, have been and are complied with, and/or they make declaration of which recommendations were or are not applied.

This declaration – including explanation – is accessible on the website of Travel24.com AG at www.travel24.com on a permanent basis.

The same applies to the declaration on the German Corporate Governance Code 2013 which, however, has not been made public on a timely basis. However, this is not in connection with a limitation of scope in respect of the period covered by the declaration.

37. Approval for publication

The Managing Board of Travel24.com AG approved these IFRS consolidated financial statements on 28 May 2014 for submission to the Supervisory Board. The Supervisory Board is responsible for examining the consolidated financial statements and issuing a statement on their approval. If the Supervisory Board approves the annual financial statements, they are therewith adopted and issued for publication.

Leipzig, 28 May 2014
Travel24.com AG

Armin Schauer
Managing Board

4.3 Responsibility statement by the legal representative

I confirm that – to the best of my knowledge and in accordance with the applicable accounting standards – the consolidated financial statements of Travel24.com AG give a true and fair view of the assets, financial and earnings position of the Group, and that the Group management report presents the course of business, earnings and the Group’s situation in a true and fair way, and that the main risks and opportunities of the Group’s expected future development are described.

Leipzig, 28 May 2014
Travel24.com AG

Armin Schauer
Managing Board

4.4 Auditors´ opinion

We have audited the consolidated financial statements prepared by Travel24.com AG, Leipzig – comprising the balance sheet, the statement of comprehensive income, the statement of changes in equity, the cash flow statement and the notes to the consolidated financial statements – together with the Group's management report for the financial year from 1 January 2013 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 section 315a paragraph 1 of the German Commercial Code, are the responsibility of the legal representatives of the Company. Our responsibility is to express an opinion on the consolidated financial statements and on the Group's management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with section 317 of the German Commercial Code and German generally accepted standards for the audit of financial statements promulgated by the German Institute of Auditors (Institut der Wirtschaftsprüfer, IDW). Those standards require that we plan and conduct the audit such that misstatements and irregularities materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements, drawn up in accordance with accepted accounting principles, and in the Group's management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and of expectations of possible misstatements are taken into account when determining 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's management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the financial reporting information of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used, and significant estimates made by the Managing Board, as well as evaluating the overall presentation of the consolidated financial statements and the Group's management report. We believe that our audit provides a reasonable basis for our opinion.

With the following exception, our audit has not led to any reservations:

Contrary to section 161 of the German Stock Corporation Act, the Travel24.com AG Managing and Supervisory Boards have not made an updated declaration on the German Corporate Governance Code 2013 on a timely basis after the expiry of the previous declaration from April 2012. Accordingly, the notes to the consolidated financial statements do not include the statement required under section 314 paragraph 1 number 8 of the German Commercial Code that the declaration has been made annually, together with a statement of where that declaration has been made available to the public.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs, as adopted by the EU, and, with the exception of the matter described above, the additional requirements pursuant to section 315a paragraph 1 of the German Commercial Code, 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's management report is consistent with the legal requirements for 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.

Leipzig, 28 May 2014
BDO AG
Wirtschaftsprüfungsgesellschaft
[German Certified Public Accountants]

Dr. Hammer	ppa. Funk
Wirtschaftsprüferin	Wirtschaftsprüfer
[German Certified Public Accountant]	[German Certified Public Accountant]

5. Key corporate announcements 2013

Ad hoc announcements pursuant to section 15 German Securities Trading Law

26 April 2013	Postponement of the publication of the 2012 annual report
15 May 2013	Resignation of Thomas Gudel from the Managing Board
31 May 2013	Postponement of the publication of the 2012 annual report
	Postponement of the publication of the Q1/2013 report
1 October 2013	Postponement of the publication of the Q2/2013 report
11 December 2013	Further investigations carried out in connection with the current formal investigation proceedings
15 January 2014	Charges raised against the Managing Board and the Chairman of the Supervisory Board
30 April 2014	Postponement of the publication of the 2013 annual report

6. Financial calendar 2014

28 May 2014	Publication of the 2013 annual report
2 June 2014	Publication of the Q1/2014 report
1 September 2014	Publication of the 2014 half-year report
1 December 2014	Publication of the Q3/2014 report

7. Legal notice

Published by

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