

Travel24.com AG

HGB single-entity financial statements



Quarterly Financial Report

Q1 2012



Selected Key Performance Indicators

Q1	01.01. - 31.03.		Delta
	2012 EUR thousand	2011 EUR thousand	
Sales	7.405	4.691	+ 58%
EBIT	1.735	1.025	+ 69%
Net income for the quarter	1.201	690	+ 74%
Result per share in EUR			
Undiluted	0,59	0,34	+ 74%
Diluted	0,56	0,32	+ 75%

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Foreword

Dear Shareholders, Clients and Business Partners,

Dear Sir/Madam,

Company operations continued to grow in the first quarter of 2012. The positive trend in the 2011 financial year has continued in 2012. Sales and marketing measures have been rolled out further. Overall, we have once again achieved a significant improvement in turnover and income compared to the previous quarters. Strong demand on existing markets has been a key contributor to growth.

Leipzig, May 2012

Yours faithfully,

Armin Schauer

Spokesman of the Board, Travel24.com AG

Business Development

The Market & Economic Environment

The German and European online travel market experienced reasonable growth in the first quarter of 2012. A particularly strong first quarter in the previous year was the main reason growth was not stronger. The trend away from bookings in travel agencies and towards online sales nevertheless continues, and there was a general improvement in overall demand in the economy as a whole.

Corporate Strategy

Travel24.com AG growth in the first quarter of 2012 was significantly above the market average, but without restricting synergies with Unister GmbH in Leipzig. Unister GmbH operates and markets a number of Internet portals in a range of segments and is part of the Unister Group. The Unister Group parent company is Unister Holding GmbH, which is in turn the majority shareholder of Travel24.com AG. Operating tourism brands including ab-in-den-urlaub.de and fluege.de, the Unister GmbH online travel network is one of the largest in Germany.

Travel24.com AG has used this expertise to drive forward expansion not just in Germany but also on the international markets (Switzerland, the Netherlands and the UK). The Company focuses on harnessing maximum synergy in its international operations: its websites for each of the various markets are, as far as possible, identical. Where necessary, they are adjusted to market requirements. In some areas, such as fulfilment, agreements with external service providers ensure the necessary market expertise for travel agency services. We are aiming to re-launch the portal in the UK with a new product structure in the second quarter. Expansion into new markets is in the pipeline; cost-minimisation is a key priority in each case. The next step towards internationalisation is to be the French market.

Travel Agency Services

The Company significantly increased holiday travel sales in the first quarter of 2012. The number of tourist bookings was up sharply compared to the fourth quarter of 2011. This rise was driven by stronger activity both on the German-speaking markets (travel24.com, lastminute24.com) and abroad.

The range of offers on the tourist portals now includes all major German, Austrian, Swiss and Dutch tour operators with up to 100 million package and last-minute deals every day and over 200,000 hotels. The flight portfolio covers over 750 standard, charter and budget airlines.

Marketing & Key Performance Indicators

Marketing activities have been greatly expanded. TV advertising and more online activities contributed to growth in turnover. The many online marketing measures included search engine marketing, newsletter marketing, the targeted use of both conventional and Internet banners, and affiliate marketing. All marketing tools were continuously optimized and adapted to the relevant markets. The result was a significant rise in user numbers which is reflected in the growth in turnover. Further improvements were also made to the websites, which increased the conversion rate and therefore profitability.

Outlook

Travel24.com AG is planning further and significant growth, in particular for the 2012 last-minute season, as it seeks to improve turnover and results. The focus will be on internationalizing operations and further expanding successful marketing activities on the German-speaking markets. A number of market launches are in the pipeline; the next step towards internationalization is entry onto the French market. In the UK, transfer services will also be offered as cross-selling options as of the second quarter of 2012. Planning and developments to date indicate that results in the 2012 financial year will remain significantly higher than in the previous year.

Balance Sheet

as at 31 March 2012

ASSETS	31.03. 2012 EUR	31.12. 2011 EUR
A. FIXED ASSETS		
Intangible assets		
Concessions, industrial property rights and similar rights and assets purchased	7.634,60	7.634,60
	7.634,60	7.634,60
B. CURRENT ASSETS		
I. Receivables and other assets		
1 Trade accounts receivable	2.651,02	7.594,08
2 Receivables from affiliated companies	3.773.655,46	4.833.983,81
3 Other assets	1.446.624,38	22.449,70
II. Bank balances	1.593.463,06	35.254,31
	6.816.393,92	4.899.281,90
C. PREPAID EXPENSES	54.028,89	47.153,21
BALANCE SHEET TOTAL	6.878.057,41	4.954.069,71

LIABILITIES	31.03. 2012 EUR	31.12. 2011 EUR
A. EQUITY		
I. Subscribed capital	2.033.585,00	2.033.585,00
II. Capital reserves	2.913.974,00	2.913.974,00
III. Net accumulated losses covered by equity	-955.438,74	-2.156.928,83
	3.992.120,26	2.790.630,17
B. PROVISIONS		
1 Provisions for taxes	2.213.736,82	1.727.247,62
2 Other provisions	298.644,38	220.227,73
	2.512.381,20	1.947.475,35
C. LIABILITIES		
1 Payments received on account of orders	70.816,00	55.633,00
2 Trade accounts payable	148.724,28	62.023,06
3 Other liabilities	154.015,67	98.308,13
- of which from taxes: EUR 43,061.75 (previous year: EUR 34,903.64)		
- of which from social security: EUR 1,447.38 (previous year: EUR 0.00)		
	373.555,95	215.964
BALANCE SHEET TOTAL	6.878.057,41	4.954.069,71

Profit and Loss Account

01 January 2012 to 31 March 2012

	01.01. - 31.03.	
	2012 EUR	2011 EUR
1 Sales	7.404.981,31	4.691.204,63
2 Other operating income	4.007,44	3.414,64
3 Cost of materials		
Cost of purchased services	-5.324.695,21	-3.518.145,34
4 Personnel expenses		
a) Wages and salaries	-84.722,13	-33.945,61
b) Social security, post-employment and other employee benefit costs	-16.918,74	-7.278,18
5 Amortisation and write-downs of intangible fixed assets and depreciation and write-downs of tangible	0,00	0,00
6 Other operating expenses	-247.945,85	-110.077,71
7 Income from other securities	0,00	0,00
8 Other interest and similar income	39.330,36	5,01
9 Write-downs of long-term financial assets	0,00	0,00
10 Interest and similar expenses	-5.827,77	-0,05
11 Result from ordinary activities	1.768.209,41	1.025.177,39
12 Extraordinary income	0,00	0,00
13 Extraordinary expenses	0,00	0,00
14 Extraordinary result	0,00	0,00
15 Taxes on income	-566.719,32	-335.003,75
16 Other taxes	0,00	0,00
17 Net income for the quarter	1.201.490,09	690.173,64
18 Loss carried forward	-2.156.928,83	-4.035.259,47
19 Income from capital decrease	0,00	0,00
20 Net accumulated losses	-955.438,74	-3.345.085,83
EBIT	1.734.706,82	1.025.172,43

Cash Flow Statement

01 January 2012 to 31 March 2012

	01.01. - 31.03.	
	2012	2011
	EUR	EUR
Net income / loss	1.201.490,09	690.174,00
(+) Depreciation of fixed assets	0,00	0,00
(+/-) Increase / decrease in provisions	564.905,85	318.161,00
(+/-) Gain (-) / loss (+) on disposal of fixed assets	0,00	0,00
(-/+) Changes in net current assets	-365.778,95	-908.363,00
(+/-) Increase / decrease in trade accounts payable and other liabilities which cannot be classified as investment or financing activities	157.591,76	13.617,00
Cash flow from operating activities	1.558.208,75	113.589,00
(-) Acquisition of fixed assets	0,00	0,00
(-) Purchase of intangible fixed assets	0,00	0,00
Cash flow from investment activities	0,00	0,00
(+) Contributions to share capital	0,00	0,00
(+/-) Contributions to capital reserves	0,00	0,00
Cash flow from financing activities	0,00	0,00
Net changes in cash funds	1.558.208,75	113.589,00
Cash funds at the start of the period	35.254,31	9.925,00
Cash funds at the end of the period	1.593.463,06	123.514,00

Statement of Changes in Equity

01 January 2012 to 31 March 2012

	Shares issued	Share capital (common shares)	Capital reserves	Accumulated losses	Total
	No.	EUR	EUR	EUR	EUR
As at 31 Dec. 2010	2.033.585	2.033.585,00	2.913.974,00	-4.035.259,47	912.299,53
Contributions to capital reserves	0	0,00	0,00	0,00	0,00
Capital increase from conversion of convertible bonds	0	0,00	0,00	0,00	0,00
Gain in the period under review	0	0,00	0,00	1.878.330,64	1.878.330,64
As at 31 Dec. 2011	2.033.585	2.033.585,00	2.913.974,00	-2.156.928,83	2.790.630,17
Contributions to capital reserves	0	0,00	0,00	0,00	0,00
Capital increase from conversion of convertible bonds	0	0,00	0,00	0,00	0,00
Gain in the period under review	0	0,00	0,00	1.201.490,09	1.201.490,09
As at 31 March 2011	2.033.585	2.033.585,00	2.913.974,00	-955.438,74	3.992.120,26

Notes

Notes on accounting and valuation methods

Travel24.com AG applied the same accounting and valuation methods for its quarterly financial report as at 31 March 2012 as for the last annual financial statements as at 31 December 2011.

The interim financial statement is not subject to inspection by an auditor, nor has it been audited pursuant to Sec. 317 *HGB* [German Commercial Code].

Notes on individual items in the annual financial statements

Below is a breakdown of changes in fixed assets based on the overall acquisition and production costs:

	Acquisition / production costs				Depreciation and amortisation				Residual book value	
	01.01.2012 EUR	Additions EUR	Disposals EUR	31.03.2012 EUR	01.01.2012 EUR	Additions EUR	Disposals EUR	31.03.2012 EUR	31.12.2011 EUR	31.03.2012 EUR
I. Intangible assets										
Concessions, industrial property rights and similar rights and assets purchased	7.634,60	0,00	0,00	7.634,60	0,00	0,00	0,00	0,00	7.634,60	7.634,60
II. Financial assets										
1 Shares in affiliated companies	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
2 Long-term equity investments	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
3 Loans to other long-term investees and investors	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
?	7.634,60	0,00	0,00	7.634,60	0,00	0,00	0,00	0,00	7.634,60	7.634,60

[Changes in fixed assets from 01 January 2012 to 31 March 2012]

Accounts receivable and liabilities were reported at their nominal value. The remaining term to maturity is less than one year in all cases. The liabilities are unsecured.

Taxes on income for the period under review (EUR 567 thousand) only affect the result from ordinary activities.

Other provisions are as follows:

	31.12. 2011	Use	Reversal	Transfer	31.03. 2012
	EUR	EUR	EUR	EUR	EUR
Cancellation risks	107.000,00	0,00	0,00	0,00	107.000,00
Legal disputes	55.915,50	0,00	0,00	3.840,00	59.755,50
Annual financial statements	23.964,83	6.438,80	226,03	8.300,00	25.600,00
Interest on provisions for taxes	17.415,00	0,00	0,00	5.805,00	23.220,00
Provisions for personnel	11.812,40	0,00	3.000,00	0,00	8.812,40
Outstanding invoices	4.120,00	0,00	0,00	70.136,48	74.256,48
Legal advice	0,00	0,00	0,00	0,00	0,00
Total	220.227,73	6.438,80	3.226,03	88.081,48	298.644,38

[Other provisions from 01 January 2012 to 31 March 2012]

Other financial commitments for the next 5 years following the quarterly reporting date are as below. They only affect service agreements with affiliated companies (in this case Unister GmbH):

	01.04. - 31.12.					01.01. - 31.03.
	2012	2013	2014	2015	2016	2017
	EUR	EUR	EUR	EUR	EUR	EUR
Service / consulting agreements	540.000	720.000	720.000	720.000	720.000	180.000

[Other financial commitments from 01 April 2012 to 31 March 2017]

Investor Relations

Share capital

The total number of voting rights in Travel24.com AG as at the end of the quarter remained unchanged at 2,033,585.

Authorised capital

The shareholders' meeting of 30 July 2010 voted to authorise the Board to increase the Company's share capital, once or repeatedly, to an overall total of EUR 90,170 at any time before or on 30 July 2015 by issuing up to 90,170 no par value shares in return for contributions in cash or in kind (2010 authorised capital), subject to the approval of the Supervisory Board. The Board may issue common bearer shares; in derogation from Sec. 60 (2) AktG [German Stock Corporation Act], profit distribution may be fixed. The minimum issue price per no par

value share shall be EUR 3.00. Subject to the approval of the Supervisory Board, the Board is also authorised to exclude shareholders' subscription rights under certain conditions.

The resolution of the shareholders' meeting was registered in the Commercial Register on 06 December 2010.

Conditional capital

Following the issue of new shares, the 2004/II conditional capital at the end of the period under review remained at EUR 8,213.

Corporate Governance Code

The declaration of compliance for 2012 pursuant to Sec. 161 *AktG* has been published on the homepage of Travel24.com AG at www.travel24.com and is updated annually.

Personnel

Travel24.com AG employed a staff of twelve (12) as at 31 March 2012 (excluding the Board).

Events occurring after the balance sheet date

The business of the company was expanded at the shareholders' meeting on 30 July 2010, since when it has also included holdings in hotel companies. The concept phase for hotels in the two-star segment has now been completed. A number of sites and companies in Germany are already on the Travel24.com AG shortlist. We expect rental or purchase agreements to be concluded in the near future. The Company is therefore on schedule for its new strategic focus.

This development is already reflected in the new reporting layout, in use as of today.

Interim Management Report

Report on net assets, financial position and results of operations

Sales

Travel and flight sales and advertising revenue in the first quarter totalled EUR 7,405 thousand

Result

The company generated EBIT of EUR 1,735 from operations alone; following full income taxation (EUR 567 thousand), this resulted in net income for the quarter of EUR 1,201.

Liquidity

Liquidity improved significantly in the period under review from EUR 35 thousand to EUR 1,593 thousand.

Notes on the balance sheet

The share capital of the Company as at 31 March 2012 remained unchanged at EUR 2,033,585.

Balance sheet equity rose to EUR 3,992 thousand (as at 31 December 2011: EUR 2,791 thousand) solely as a result of the net income for the quarter. Balance sheet losses carried forward were reduced further to EUR -955 thousand (as at 31 December 2011: EUR -2,157 thousand).

The provisions of EUR 2,512 thousand include provisions for taxes of EUR 2,214 thousand. In this quarter once again, provisions for taxes on income were calculated without tax losses carried forward. Losses carried forward were approx. EUR 93 million as at 31 December 2008. The Company believes that these have remained pursuant to Sec. 8c (1a) *KStG* [German Corporate Income Tax Act], despite the acquisition by Unister Group, as this is clearly a restructuring measure. However, in its decision of 26 January 2011, the European Commission ruled that the restructuring clause in Sec. 8c (1a) of the German Corporate Income Tax Act was inconsistent with EU law on state aid. The German government is now planning to appeal against this decision (see German Federal Ministry of Finance press release of 09 March 2011). Until such time as the matter is settled, the provisions for taxes are being calculated without these losses carried forward for reasons of commercial prudence.

Notes on the cash flow statement

The cash flow statement for the period under review commences with the net income for the period. Net income is adjusted for non-cash income and expenses. Cash flow also takes account of changes in the net current assets. The cash flow in the first (1st) quarter of the 2012 financial year was generated solely by operating activities.

The cash funds comprise the cash and cash items reported on the balance sheet.

Opportunity and risk report

Travel24 AG is achieving solid growth. Online travel sales are experiencing significant growth as people become more accustomed to booking over the Internet. Pressure on sales prices

remains. Our customers look online for the most attractive offers. Bookings are increasingly spontaneous. As in 2011, we therefore expect strong last-minute business in 2012.

Entry onto new European markets poses a number of market-specific risks. These include insufficient or ineffective market penetration in technical and therefore also product terms; the need for changes to the marketing mix; unsatisfactory performance from our partners in the product and fulfilment segments, and specific economic factors which could affect business. Global risks such as terrorist attacks, environmental disasters and political upheaval with implications for the overall popularity of travel are inherent.

The macroeconomic and sector-specific environment is, however, sufficiently favourable for positive development. Internet business overall has continued to grow across Europe, albeit slowly, despite the economic and financial crisis, and we expect this trend to continue over the coming years. In the light of this environment and on the basis of the assumptions made for its core business areas (technology, product, sales, marketing and fulfilment), the Company is therefore expecting strong and profitable growth in Internet travel turnover on existing markets, and the successful launch/expansion of business on new markets. Travel24 is focussing on minimising fixed costs (one measure here is centralised management from the Leipzig site) and the associated risks.

A further improvement in net results for the year is expected for the 2012 financial year as a whole; business on the new markets should also be profitable for the year as a whole.

The Board expects the positive trend in net results to continue in 2013.

Significant transactions with related parties

The business model is to place the 'Travel24' brand and pursue the Internet-based business segment using the 'Travel24.com' and 'Travel24.de' domains as the basis for long-term and profitable business operations. Unister Holding GmbH has acquired the 'travel24.de' and 'travel24.com' domains and the 'Travel24' brand for a total of EUR 1.5 million. The domains and the Travel24.com AG brand may be used for at least 30 months under a licence agreement. A monthly licence fee of EUR 10 thousand is due with effect from 01 January 2012.

Its contractual agreement with Unister GmbH, a subsidiary of Unister Holding GmbH, has secured Travel24.com AG attractive travel agency terms. Under both this agreement and the service agreement also concluded with Unister GmbH, Travel24.com AG benefits from Unister GmbH terms and can make the best possible use of synergies and Unister Group expertise. Such agreements have a positive effect on the net assets, financial position and results of the company.

Securities held by the Board and the Supervisory Board

As at the reporting date of 31 March 2011, the Board and Supervisory Board held the following shares:

	Shares	Options
Board		
Armin Schauer	0	0
Thomas Gudel	0	0
Supervisory Board		
Daniel Kirchhof	150	0
Oliver Schilling	24.556	0
Detlef Kurt Schubert	0	0

Declaration by the Legal Representatives

We hereby declare that, to the best of our knowledge and in accordance with German generally accepted reporting principles for interim reports, the interim financial statements provide a true and fair view of the net assets, financial position and results of operations of the Company, the interim management report presents a true and fair view of business development including business results, and that the significant opportunities and risks relating to foreseeable future development of the Company in the remainder of the financial year have been detailed.

Leipzig, May 2012

The Board of Travel24.com AG

Armin Schauer

Thomas Gudel

Corporate Calendar

31 March 2012	Publication of the 2011 annual financial report
07 May 2012	Publication of the Q 1 / 2012 quarterly report (German)
14 May 2012	Publication of the Q 1 / 2012 quarterly report (English)
04 June 2012	Analyst conference
06 June 2012	Shareholders' meeting
06 August 2012	Publication of the 2012 half-yearly financial report (German)
13 August 2012	Publication of the 2012 half-yearly financial report (English)
29 October 2012	Publication of the Q 3 / 2012 quarterly report (German)
05 November 2012	Publication of the Q 3 / 2012 quarterly report (English)

Legal Notice

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