



Travel24.com AG

Consolidated Financial Statements (IFRS)

Semi-annual financial report

Q2 2013



Summary of Key Data

	1 January to 30 June		Changes
	2013	2012	
	EUR thousand	EUR thousand	%
Revenue	15,459	14,040	+ 10%
EBIT	163	2,991	- 95%
Net result for the period	-410	2,055	- 120%
Earnings per share in EUR			
basic	-0.20	1.01	- 120%
diluted	-0.20	1.01	- 120%

Note:

The Travel24 Group was created with the acquisition of numerous entities in the third quarter of 2012. Accordingly, the figures for 2012 are of limited value for comparison purposes!

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Message to the shareholders

Dear Shareholders, Customers and Business Friends,

Ladies and Gentlemen,

In the first-half year of 2013 Travel24.com AG continued to be successful in the online travel market. Overall, there was a slight growth in revenues, however results were significantly lower than in the first half of the previous year. This is, as far as the operating results are concerned, primarily a result of the proportionate increase in the level of investments made in France and Great Britain as part of the strategy to drive the business into international markets. In addition, increased competitive pressures in the package tour sector in the domestic market resulted in a slight reduction in the number of online bookings generated despite the marketing budget being held at approximately the same level.

In addition, operating results (EBIT) were affected by the expense recorded for property taxes incurred on the property acquired in the third quarter of 2012.

One milestone achieved this half-year was the successful launch of the hotel booking portal in Germany and in Great Britain in Q2/2013.

Leipzig, in October 2013

Your

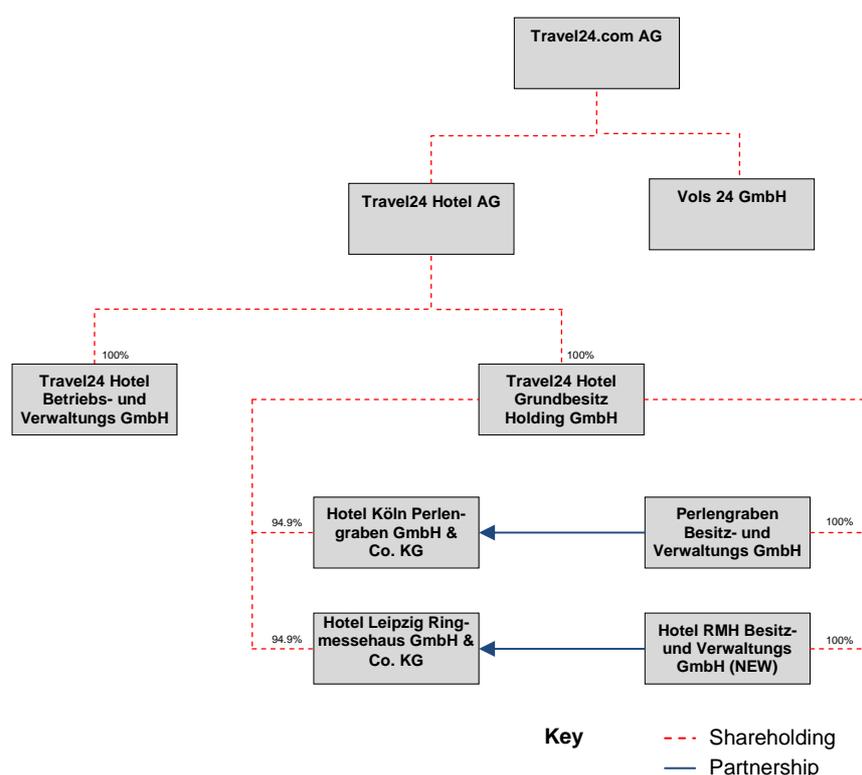
Armin Schauer

Managing Board of Travel24.com AG

Group Management Report

Corporate structure

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



Business conditions

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

We continue to view the prospects positively for our new segment “Hotel Business”.

Business strategy

Based on the know-how gained over many years, Travel24.com AG continues to drive the expansion of the business into international markets (Switzerland, the Netherlands, Great Britain and France). The market presence in the different countries will be identical where possible. The websites in the different markets will be adjusted as necessary. To some

extent, for example in fulfilment, agreements will be entered into with external providers to ensure the relevant market know-how is available. The launch of an additional travel portal is planned for France in the third quarter. The expansion into foreign markets will continue to be driven forward using a minimal cost approach. The next stage of the internationalisation will be the roll-out of various hotel booking portals within 2013.

Travel agency

The number of tourist bookings increased significantly compared to the same period in 2012. This is primarily a result of the ramp-up of the strong flight business in France in Q2/2013. The number of bookings in the package tour segment fell due to the weak early booking season and to the increased level of competition in the domestic German market.

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

Marketing & key performance indicators

In Germany, our core market, we use primarily TV advertising and the increased efficiency of online processes to increase brand awareness and to keep the level of bookings up to a constant high level. The growth strategy in the international environment will be driven primarily by online marketing. Online marketing continues to include all standard practices such as search engine marketing, newsletter advertising, and the targeted use of online and classic banner ads as well as affiliate marketing. All marketing tools were continuously optimized and adjusted to the corresponding markets.

Results of operations, financial position and net assets

The Group was formed in the third quarter of 2012 following the acquisition of the assets of Travel 24 Hotel AG. There is no impairment in the comparability of the income statement as the Hotel Business segment which is currently being established does not yet generate revenues or – with the exception of property taxes – no significant expenses. The comparative figures already include the assets of Travel 24 Hotel AG.

Revenues and results

The **internet** business segment generated revenue growth in the first six months (from EUR 14.0 million to EUR 15.5 million; +10 %). Increased marketing expenses in particular as well as legal, audit and consultancy costs resulted in a significantly (87 %) lower operating result in the first half-year (down from EUR 3.0 million to EUR 0.4 million).

The significant increase in interest expenses (+ EUR 0.7 million) is due to interest incurred on the corporate bond issued in the third quarter of 2012, resulting in a loss for the period overall of EUR 0.4 million after generating a profit in the first half-year of the comparative period of EUR 2.1 million.

Notes to the balance sheet

The balance sheet total fell slightly compared to 31 December 2012, from EUR 28.6 million to EUR 28.2 million, although there has been a shift in the maturity structure of the balance sheet.

The carrying value of non-current assets increased by EUR 2.0 million (10 %); this is almost exclusively a result of the continued construction work for the renovation of the hotel buildings in Cologne and Leipzig. In the contrary direction current assets fell by EUR 2.4 million as a result of the reduction in receivables due from affiliated companies. Non-current assets as a percentage of the total increased accordingly from 69 % to 77 %.

The negative retained earnings increased slightly as a result of the net loss for the current half-year period, the Group's equity totals EUR 4.1 million at the reporting date. As a result the equity ratio has decreased slightly (14 %).

On the equity and liabilities side of the balance sheet the maturity structure of the balance sheet is largely unchanged. Non-current liabilities comprise 62 % (31 December 2012: 61 %) of total capital.

Employees

Travel24.com AG employed seven employees (excluding management board members) at the balance sheet date 30 June 2013.

Opportunities and risks report

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

To some extent, the entry into new European markets has market-specific risks. These include faulty or insufficient technical and thus product side market penetration, necessary adjustment in the marketing mix, delays to market entry resulting from acquiring licenses from state authorities, under performance of partners in product and fulfilment as well as specific economic factors which can affect the business. Global risks such as terror attacks or major environmental disasters and political changes which impact the general travel urge remain imminent.

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

Following the comparatively strong revenues achieved in the first half-year 2013 a slight revenue increase is expected for the financial year as a whole. However, weaker net results

in comparison with 2012 can be expected as a result of the high level of initial marketing investment undertaken in international markets.

Outlook

Travel24.com AG plans to continue the expansion of the business throughout the remainder of 2013. The focus will be on growth in France and Great Britain. In addition it is planned to launch international websites focussed on the growing hotel booking business during the course of the year. European countries are in particular focus.

The new Hotel Industry business segment will continue to be characterized by the ongoing construction phase in coming quarters. The first revenues can be expected from 2015.

Current planning indicates that revenue improvements can be expected for the financial year 2013 as a whole. This revenue growth should primarily be generated by expanding the presence in European markets. This requires continued relatively high initial investments in marketing as the level of brand awareness of the Travel24 brands in those markets is still relatively weak. For this reason operating results significantly lower than the 2012 level, at break-even level, can be expected for the financial year as a whole.

Consolidated balance sheet

As of 30 June 2013

ASSETS	30 June 2013 EUR	31 December 2012 EUR
NON-CURRENT ASSETS		
Intangible Assets		
Intangible assets purchased	4,225,634.60	4,225,634.60
	4,225,634.60	4,225,634.60
Property, plant and equipment		
Land	4,906,948.99	4,843,948.99
Construction in process	8,531,488.10	6,674,104.45
	13,438,437.09	11,518,053.44
Financial Assets		
Other loans	3,573,263.91	3,510,763.89
	3,573,263.91	3,510,763.89
Deferred tax assets	585,415.80	585,415.80
TOTAL NON-CURRENT ASSETS	21,822,751.40	19,839,867.73
CURRENT ASSETS		
Receivables and other assets		
Trade receivables	113,933.18	8,906.91
Receivables due from affiliated companies	2,111,862.60	5,487,491.12
Other financial assets	267,000.00	277,000.00
Other non-financial assets	2,258,229.45	1,936,754.40
	4,751,025.23	7,710,152.43
Cash	1,646,120.20	1,056,154.46
TOTAL CURRENT ASSETS	6,397,145.43	8,766,306.89
BALANCE SHEET TOTAL	28,219,896.83	28,606,174.62

<u>EQUITY AND LIABILITIES</u>	30 June 2013 EUR	31 December 2012 EUR
EQUITY		
Subscribed capital	2,033,585.00	2,033,585.00
Capital reserve	2,913,974.00	2,913,974.00
Retained Earnings	-878,747.17	-468,514.80
Equity of the owners of the parent company	4,068,811.83	4,479,044.20
TOTAL EQUITY	4,068,811.83	4,479,044.20
LIABILITIES		
NON-CURRENT LIABILITIES		
Financial liabilities	17,279,731.11	17,229,831.11
Deferred tax liabilities	140,857.34	156,825.34
TOTAL NON-CURRENT LIABILITIES	17,420,588.45	17,386,656.45
CURRENT LIABILITIES		
Tax liabilities	2,267,079.36	2,586,406.97
Provisions	2,323,149.50	2,440,478.35
Financial liabilities	1,047,250.00	383,500.00
Trade payables	668,486.16	662,837.59
Other liabilities	424,531.53	667,251.06
TOTAL CURRENT LIABILITIES	6,730,496.55	6,740,473.97
TOTAL LIABILITIES	24,151,085.00	24,127,130.42
BALANCE SHEET TOTAL	28,219,896.83	28,606,174.62

Consolidated statement of comprehensive income

From 1 January to 30 June 2013

	Q2 figures		1st half-year	
	2013 EUR	2012 EUR	2013 EUR	2012 EUR
1. Revenue	7,524,348.74	6,634,593.68	15,458,887.56	14,039,574.99
2. Other operating income	288.31	58.76	144,905.21	4,066.20
3. Cost of materials	-7,233,091.85	-5,561,865.30	-14,691,517.06	-10,688,820.19
4. Personnel expenses	-56,928.11	-154,767.93	-109,479.27	-256,408.80
5. Other operating expenses	-542,775.14	338,031.53	-639,934.21	-107,654.64
6. Operational result	-308,158.05	1,256,050.74	162,862.23	2,990,757.56
7. Interest income	48,783.34	34,645.98	135,257.32	73,976.34
8. Interest expenses	-356,835.55	-16,321.77	-724,318.24	-22,149.54
9. Financial result	-308,052.21	18,324.21	-589,060.92	51,826.80
10. Result before taxes	-616,210.26	1,274,374.95	-426,198.69	3,042,584.36
11. Tax income (2012: tax expenses)	100,232.37	-420,637.08	15,966.32	-987,356.40
12. Net loss for the period (2012: net income)	-515,977.89	853,737.87	-410,232.37	2,055,227.96
13. Other comprehensive income	0	0	0	0
14. Comprehensive income	-515,977.89	853,737.87	-410,232.37	2,055,227.96
From net result for the period/comprehensive income is attributable: to owners of the parent company	-515,977.89	853,737.87	-410,232.37	2,055,227.96
Earnings per share in EUR (basic and diluted)	-0.25	0.42	-0.20	1.01

Consolidated cash flow statement

From 1 January to 30 June 2013

	1 January - 30 June	
	2013	2012
	EUR	EUR
Cash flow from operating activities		
Net loss for the period (2012: net income for the period)	-410,232.37	2,055,227.96
+ Income taxes	-15,966.32	987,356.40
+ / - Financial result	589,060.92	-51,826.80
+ / - Increase/decrease in provisions	-127,977.63	123,527.28
- / + Increase/decrease in trade receivables and other assets which are not attributable to investing or financing activities	1,150,698.65	-2,153,051.57
+ / - Increase/decrease in trade payables and other liabilities which are not attributable to investing or financing activities	-442,164.36	30,348.04
- Interest paid	-19.46	-22,149.54
+ Interest received	257.30	73,976.34
- Income tax paid	-380,343.18	-100,867.20
= Cash flow from operating activities	363,313.55	942,540.91
- Payments for investments in property, plant and equipment	-1,283,347.81	0.00
= Cash flow from investing activities	-1,283,347.81	0.00
+ Inflow from the issue of a bond	1,510,000.00	0.00
= Cash flow from financing activities	1,510,000.00	0.00
Net changes in cash	589,965.74	942,540.91
Cash at the beginning of the period	1,056,154.46	35,254.31
Cash at the end of the period	1,646,120.20	977,795.22

Consolidated statement of changes in equity

As of 30 June 2013

	Outstanding shares	Subscribed capital	Capital reserve	Retained Earnings	Total Equity
	number	EUR	EUR	EUR	EUR
As of 31 December 2011	2,033,585	2,033,585.00	2,913,974.00	-2,156,928.83	2,790,630.17
Comprehensive income HY1 2012		0.00	0.00	2,055,227.96	2,055,227.96
As of 30 June 2012	2,033,585	2,033,585.00	2,913,974.00	-101,700.87	4,845,858.13
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 HY1 2013		0.00	0.00	-410,232.37	-410,232.37
As of 30 June 2013	2,033,585	2,033,585.00	2,913,974.00	-878,747.17	4,068,811.83

Notes to the interim consolidated financial statements

I. General information

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

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

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

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

II. Accounting and measurement principles

II.1 Accounting basis

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

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

In preparing interim financial statements, the Management Board must necessarily make the best possible estimates and assumptions, based on current information, which have an effect on the assets and liabilities presented and on disclosures of contingent assets and liabilities, as well as on income and expenses reported in the period. The actual result of later events, when they subsequently occur, may differ from those estimates.

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

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

II.3 Scope of consolidation

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

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

As the Group was first created in the third quarter of 2012 the comparative figures for the second quarter of 2012 and for the first-half year as a whole (i.e. of the parent Company only) are of limited use for comparison purposes.

III. Significant matters for the asset, financial and income position in the first half-year 2013

In comparison with the second half-year 2012 there were no significant transactions to report in the reporting period.

IV. Notes to the consolidated balance sheet

The **balance sheet total** is largely unchanged. The carrying value of construction in progress included in **non-current assets** increased by EUR 1,857 thousand as a result of the continued investment in real estate properties already owned by the Group, of which only EUR 1,283 thousand resulted in cash flows in the period.

The total reduction of **current assets** amounting to EUR 2,369 thousand is primarily a result of lower receivables due from affiliated companies which fell by EUR 3,376 thousand due, amongst other reasons, to the successive planned repayments made to repay a receivable against Unister Holding GmbH in connection with the issue of the bond in 2012. The planned repayments made amounted to EUR 1,500 thousand and are shown in the cash flow statement as cash inflow from the issue of a bond.

The component elements of other non-financial assets are largely the same as at the comparative balance sheet date; more than 50 % of the carrying value represents value added tax receivables due from the tax office.

Provisions included in **current liabilities** fell by EUR 117 thousand. This is primarily a result of the release to income of provisions totalling EUR 144 thousand for cancellation risks following changes in contractual arrangements with Unister GmbH. The provision for contingent losses first recorded at 31 December 2012 remains unchanged at EUR 1,600 thousand. The provision for legal costs of approximately EUR 421 thousand is largely unchanged.

As in prior periods current financial liabilities include exclusively the successively increasing interest payment obligations from the bond, which are payable in September 2013. The reduction of other liabilities is primarily a result of lower value added tax liabilities.

V. Notes to the consolidated profit and loss account

Revenues are exclusively revenues from commissions, of which EUR 6,943 thousand (HY1 2012: EUR 7,906 thousand) are in respect of retail travel commissions, EUR 6,366 thousand (HY1 2012: EUR 3,774 thousand) relate to flight retail commissions and EUR 2,150 thousand (HY1 2012: EUR 2,360 thousand) relate to commissions for additional travel services.

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

Other operating expenses have increased more than fivefold. The change results primarily from charges for property taxes of EUR 196 thousand, for which there is no corresponding expense in the previous year. In addition increases of legal, audit and professional consulting fees from EUR 61 thousand to EUR 274 thousand were recorded.

The significant increase in interest expenses (increase of EUR 702 thousand) results from interest expenses accounted for under the effective interest method arising on the bond issued in September 2012.

VI. Segment reporting

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

Segment revenues

The revenues totalling EUR 15,459 thousand are wholly attributable to the segment **Internet**. No inter-segment revenues between the two segments arose in the period.

In the comparative period there was only one segment, the segment Internet.

Segment result (result before interest and income taxes)

Of the Group's total operating result (result before interest and income taxes) of EUR +163 thousand for the first half-year 2013 a total of EUR +394 thousand is attributable to the segment Internet and EUR -231 thousand is attributable to the segment Hotel

Business. In the comparative period there was only one segment, the segment Internet. The significant loss reported by the Hotel Business segment is almost exclusively a result of charges for property taxes.

The reconciliation of the sum of the segment results for the period (EUR +163 thousand) to the consolidated result before taxes can be directly obtained from the consolidated statement of comprehensive income.

VII. Significant transactions with related parties

We refer to the presentation in the 2012 annual report for a description of the nature of the respective transactions. Almost all revenues and material expenses represent transactions with Unister GmbH. There were no transactions with LOET Trading AG in the period.

VIII. Events subsequent to the reporting date

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

Investor Relations

Share capital of Travel24.com AG

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

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

As at the balance sheet date of 30 June 2013, the shares held by members of the management board and supervisory boards were as follows:

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

Responsibility statement of the legal representatives

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

Leipzig, in October 2013

The Travel24.com AG Management Board

Armin Schauer

Reporting calendar

29. November 2013

Publication of quarterly report Q3 2013

Legal notice

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