

Travel24.com AG

HGB single-entity financial statements



Semi-annual financial report

2. Quarter of 2012



Selected key performance indicators

1st half of the year	01.01. - 30.06.		Growth %
	2012 EUR thousand	2011 EUR thousand	
Sales Revenues	14.040	9.351	+ 50%
EBIT	2.991	1.417	+ 111%
Semi-annual surplus	2.055	956	+ 115%
Result per share in EUR			
Undiluted	1,01	0,47	+ 115%
Diluted	0,68	0,32	+ 113%

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Introduction

Dear shareholders, customers, business friends,

dear ladies and gentlemen,

the company's operating business increased further in the first half of 2012. The positive development of the financial year 2011 is continued in 2012. Marketing and distribution measures were successfully expanded. An increase in turnover and returns could be achieved compared to the same period of the previous year. Strong demand contributed to the growth, even in the seasonally weaker Q2/2012.

Leipzig, in August 2012

Yours sincerely

Armin Schauer

Company Spokesman Travel24.com AG

Business development

Market & economic environment

The online travel market had an average growth in the first half of 2012. The tendency regarding the shift of bookings away from travel bureaus to online sales continues. Further improvement of the overall economic demand is recorded, with at the same time increasing European mood of crisis.

Company strategy

Travel24.com AG had stronger growth in the first half of 2012 than the online travel market. Especially the measures aimed to brand development increasingly contribute to the improvement of the operating result in this respect.

Based on its extensive know-how, Travel24.com AG further promotes the business expansion in international markets as well (Switzerland, Netherlands, Great Britain). The appearance in the various markets is identical where possible. The websites are adjusted to the market requirements if necessary. To some extent, e.g. in fulfilment, contracts are concluded with external service providers and in this way the corresponding market know-how in the agency field is secured as well. In Great Britain, a re-launch of the portal with adjusted product structure is planned for the 3rd quarter. The expansion into further markets is in the pipeline, with cost-minimizing approaches being applied. As the next step to internationalization, the French market is tackled. Moreover, further flight portals were launched in several foreign markets.

Travel agency

In the first half of 2012, the company succeeded in further expanding the sales of holiday travels and flights. The number of tourist bookings was considerably increased compared to the reference period of 2011. The increased activities in the German-speaking markets (travel24.com, lastminute24.com) as well as the foreign operations contributed to this.

The service portfolio of the tourist portals now includes all major German, Austrian, Swiss and Dutch tour operators with up to 100 millions of all-inclusive and last minute offers as well as more than 200,000 hotels per day. The flight portfolio includes more than 750 scheduled, charter and budget flight providers.

Marketing & key performance indicators

Marketing was kept at a very high level in the first half of 2012 and strongly contributes to the increase of the long-term brand development. TV advertising and increasing online measures contributed to a growth in sales. Online marketing includes numerous measures such as search engine marketing, newsletter advertising, the targeted use of online and classic banner ads as well as the so-called affiliate marketing. All marketing tools were continuously optimized and adjusted to the corresponding markets. At the same time, the websites were further improved so that the conversion and thus the profitability could be increased as well. Furthermore, Travel24.com AG has started a co-operation with the GOLF aktuell magazine in order to support this special offer on the marketing part.

Prospects

Travel24.com AG plans to further expand the business in the further course of the year 2012 with the improvement in turnover and results. The focus is on the internationalization of the business as well as on the further expansion of the successful marketing activities in the German-speaking markets. Further re-launches and market entries are on their way, most importantly in Great Britain, followed by France. In the second half of the year, the first contracts for the other business area will probably be concluded as well: the operation of Travel24 hotels in the budget design segment.

According to the current developments and plans, further improvements of turnover and results compared to the previous year can be expected in the financial year 2012.

Balance sheet

as at 30 June 2012

ASSETS	30.06. 2012 EUR	31.12. 2011 EUR
A. FIXED ASSETS		
I. 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	3.947,11	7.594,08
2 Receivables from affiliated companies	4.071.125,90	4.833.983,81
3 Other assets	2.954.123,10	22.449,70
II. Bank balances	977.795,22	35.254,31
	8.006.991,33	4.899.281,90
C. PREPAID EXPENSES	35.036,26	47.153,21
BALANCE SHEET TOTAL	8.049.662,19	4.954.069,71

LIABILITIES	30.06. 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	-101.700,87	-2.156.928,83
	4.845.858,13	2.790.630,17
B. PROVISIONS		
1 Provisions for Taxes	2.613.736,82	1.727.247,62
2 Other Provisions	343.755,01	220.227,73
	2.957.491,83	1.947.475,35
C. LIABILITIES		
1 Advance payments on orders	32.352,00	55.633,00
2 Trade accounts payable	30.631,96	62.023,06
3 Other liabilities	183.328,27	98.308,13
- of which from taxes: EUR 88,748.51 (previous year: EUR 34,903.64)		
- of which from social security: EUR 2,110.63 (previous year: EUR 0.00)		
	246.312,23	215.964
BALANCE SHEET TOTAL	8.049.662,19	4.954.069,71

Profit and loss account

1 January 2012 to 30 June 2012

	Q2 - Figures		1st half of the year	
	2012	2011	2012	2011
	EUR	EUR	EUR	EUR
1 Sales Revenues	6.634.593,68	4.659.294,62	14.039.574,99	9.350.499,25
2 Other operating income	58,76	569,23	4.066,20	3.983,87
3 Cost of materials				
Cost of purchased services	-5.001.127,89	-3.992.883,08	-10.325.823,10	-7.511.028,42
4 Personnel expenses				
a) Wages and salaries	-130.086,66	-118.155,63	-214.808,79	-152.101,24
b) Social security, post-employment and other employee benefit costs	-24.681,27	-23.611,73	-41.600,01	-30.889,91
5 Amortisation and write-downs of intangible fixed assets and depreciation and write-downs of				
fixed assets	0,00	0,00	0,00	0,00
6 Other operating expenses	-222.705,88	-160.297,54	-470.651,73	-270.375,25
7 Income from other securities	0,00	0,00	0,00	0,00
8 Other interest and similar income	34.645,98	16,32	73.976,34	21,33
9 Write-downs of long-term financial assets	0,00	0,00	0,00	0,00
10 Interest and similar expenses	-16.321,77	-6.422,76	-22.149,54	-6.422,81
11 Result from ordinary activities	1.274.374,95	358.509,43	3.042.584,36	1.383.686,82
12 Extraordinary Income	0,00	26.624,00	0,00	26.624,00
13 Extraordinary expenses	0,00	0,00	0,00	0,00
14 Extraordinary result	0,00	26.624,00	0,00	26.624,00
15 Taxes on income	-420.637,08	-119.003,84	-987.356,40	-454.007,59
16 Other taxes	0,00	0,00	0,00	0,00
17 Quarterly and/or semi-annual surplus	853.737,87	266.129,59	2.055.227,96	956.303,23
18 Loss carry forward	-955.438,74	-3.345.085,83	-2.156.928,83	-4.035.259,47
19 Income from capital decrease	0,00	0,00	0,00	0,00
20 Net accumulated losses	-101.700,87	-3.078.956,24	-101.700,87	-3.078.956,24
EBIT	1.256.050,74	391.539,87	2.990.757,56	1.416.712,30

Cash Flow Statement

1 January 2012 to 30 June 2012

	01.01. - 30.06.	
	2012	2011
	EUR	EUR
Net income / loss	2.055.227,96	956.303,00
(+) Depreciation of fixed assets	0,00	0,00
(+/-) Increase / decrease in provisions	1.010.016,48	451.286,00
(+/-) Gain (-) / loss (+) on disposal of fixed assets	0,00	0,00
(-/+) Changes in net current assets	-2.153.051,57	-1.461.457,00
(+/-) Increase / decrease in trade accounts payable and other liabilities which cannot be classified as investment or financing activities	30.348,04	61.988,00
Cash flow from operating activities	942.540,91	8.120,00
(-) Lendings made	0,00	0,00
(-) Acquisition of intangible assets	0,00	-100,00
Cash flow from investment activities	0,00	-100,00
(+) 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	942.540,91	8.020,00
Cash funds at the start of the period	35.254,31	9.925,00
Cash funds at the end of the period	977.795,22	17.945,00

Statement of Changes in Equity

1 January 2012 to 30 June 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	2.055.227,96	2.055.227,96
As at 30.Jun 2012	2.033.585	2.033.585,00	2.913.974,00	-101.700,87	4.845.858,13

Notes

Information about the essential accounting policies

Travel24.com AG prepared its semi-annual financial reports as of 30 June 2012 in consideration of the same accounting policies that were applied in the last annual financial statements as of 31 December 2011.

The interim statements have not been audited by an auditor and have not been verified according to section 317 of the German Commercial Code.

Information about the individual annual financial statement items

A presentation of the development of the fixed assets items based on the entire acquisition and production costs is provided below:

Changes in fixed assets, 1 January 2012 - 30 June 2012

	<u>Acquisition / production costs</u>				<u>Depreciation and amortisation</u>				<u>Residual book value</u>	
	01.01.2012 EUR	Additions EUR	Disposals EUR	30.06.2012 EUR	01.01.2012 EUR	Additions EUR	Disposals EUR	30.06.2012 EUR	31.12.2011 EUR	30.06.2012 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
Total	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 1 January 2012 to 30 June 2012]

Accounts receivable and accounts payable were included at nominal value. The term to maturity is less than one year in all cases. The accounts payable are not secured.

The taxes from income and profit for the period under report (k€ 987) only burden the result from ordinary activities.

The other provisions can be broken down as follows:

	31.12. 2011	Use	Reversal	Transfer	30.06. 2012
	EUR	EUR	EUR	EUR	EUR
Cancellation risks	107.000,00	0,00	0,00	0,00	107.000,00
Legal advice	55.915,50	2.430,00	0,00	43.030,00	96.515,50
Annual financial statements	23.964,83	20.738,80	226,03	13.000,00	16.000,00
Interest on provisions for taxes	17.415,00	0,00	0,00	22.126,37	39.541,37
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	71.765,74	75.885,74
Total	220.227,73	23.168,80	3.226,03	149.922,11	343.755,01

[Other provisions from 1 January 2012 to 30 June 2012]

Other financial obligations for the following 5 years after the half-year balance sheet date are as follows. They are allocated only to service agreements with affiliated companies (here: Unister GmbH):

	01.07. - 31.12.					01.01. - 30.06.
	2012	2013	2014	2015	2016	2017
	EUR	EUR	EUR	EUR	EUR	EUR
Service / consulting agreements	360.000	720.000	720.000	720.000	720.000	360.000

[Other financial obligations from 1 July 2012 to 30 June 2017]

Investor Relations

Share capital

The total number of voting rights of Travel24.com AG remained unchanged by the end of the half-year: 2,033,585.

Authorized capital

By resolution of the shareholders' meeting from 31 August 2009, the management board is authorized to increase the share capital upon approval of the supervisory board until 31 August 2014 against contribution in cash or in kind once or several times by a total of up to

EUR893,730,00; the shareholder's subscription right can be excluded (Authorized Capital 2009).

Furthermore, the management board was authorized by resolution of the shareholders' meeting from 30 July 2010 to increase the company's share capital in the period until 30 July 2015 with the supervisory board's consent once or several times by a total of up to EUR90,170 by issuing up to 90,170 new no-par shares against contributions in cash or in kind (Authorized Capital 2010). Ordinary shares each made out to the bearer may be issued; the interest in profits can be determined in deviation from section 60 (2) of the German Company Law. The minimum issue amount per no-par share is EUR 3.00. Moreover, the management board is authorized to exclude the shareholders' subscription right under certain circumstances upon the supervisory board's approval.

This resolution of the shareholders' meeting was recorded in the commercial register on 6 December 2010.

Conditional capital

The conditional capital 2004/II amounts to EUR8,213 at the end of the period under review after the issue of new shares.

Purchase of own shares

In the shareholders' meeting from 6 June 2012 in Leipzig, the company was authorized to purchase own shares until 6 June 2017. The purchase of own shares is limited to EUR203,358.50 of the share capital.

Corporate Governance Code

The compliance statement for 2012 according to section 161 of the German Company Law was made accessible on the Travel24.com AG homepage at www.travel24.com and is reviewed annually.

Employees

At the balance sheet date 30 June 2012, Travel24.com AG employed fifteen (15) employees (data do not include management board members).

Material transactions after the balance sheet date

The purpose of the company was extended in the shareholders' meeting from 30 July 2010 and since then includes, amongst others, participations in hotel companies. The conception stage for hotels in the budget design segment has been completed in the meantime. There already are several properties and/or companies in Germany which have been shortlisted by Travel24.com AG. We expect the conclusion of suitable lease and/or sales contracts in the near future. The company is progressing according to plan in terms of the new strategic approach.

The showrooms which are part of the new conception will soon be completed.

Interim management report

Report on the financial position and results of operations

Sales Revenues

The revenues from the travel and flight agency as well as from advertising in the first half-year amounted to k€14,040.

Result

The company has achieved an EBIT of k€2,991 only from operational activities, which has led to a semi-annual surplus of k€2,055 with full income tax burden (k€987).

The income tax inspection of the years 2006 -2008 by the Leipzig tax office has not yet been concluded. However, a negative effect on earnings of k€57 was already processed in the 2nd quarter of 2012 for potential interest on payments of arrears and value-added taxes.

Liquidity

Liquidity has considerably increased in the period under review from k€35 to k€978.

Explanations regarding the balance sheet

As of 30 June 2012, the company's share capital remained unchanged with €2,033,585.

The equity shown on the balance sheet has increased to k€4,846 due to the semi-annual surplus only (at the balance sheet date 31 December 2011: k€2.791). The loss carried forward shown on the balance sheet could be reduced further to k€-102 (per 31 December 2011: k€-2.157).

The provisions in the amount of k€2,958 include those for taxes in the amount of k€2,614. The calculation of the provisions for income tax was made without consideration of the existent tax losses carried forward in this period under review as well. The losses carried forward amount to approx. €93.5 million per 31 December 2009. The company is of the opinion that these were preserved according to section 8c (1a) of the German corporation tax law despite purchase by the Unister Group, since a restructuring measure is undisputedly the case. The restructuring exception clause of section 8c (1a) of the German corporation tax law was, however, declared incompatible with the EU law on state aid by the European Commission by resolution from 26 January 2011. The federal government brings an action against this resolution (according to the Federal Ministry of Finance press release from 9 March 2011). The tax provisions are insofar - until clarification - calculated merely for reasons of commercial prudence without consideration of these losses carried forward.

Explanations regarding the cash flow statement

The cash flow statement of the period under review starts with the surplus of the period under review. The surplus is first adjusted by the non-cash income and expenses. Furthermore, the changes of the working capital are considered in the cash flow. The cash flow was generated in the first half of the 2012 financial year only from operating activities (k€943).

The cash and cash equivalents include the liquids funds shown on the balance sheet.

Opportunities and risks report

Travel24 AG is still on a solid growth path. With the increasing familiarisation with the internet as booking medium, the online sale of travels achieves a strong growth. The pressure on retail prices remains. Our customers search the internet for the most inexpensive offer. Decisions are increasingly made at short notice, so we expect a strong last minute business again for 2012.

The entry into new European markets is in part accompanied by market-specific risks. These include faulty or insufficient technical and thus product side market penetration, necessary adjustment in the marketing mix, insufficient 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 urge to travel remain immanent.

However, the macroeconomic and industry-specific market environment is still sufficiently favourable for a positive development: The internet business as a whole had a further slightly positive development across Europe despite the economic and financial crisis and we expect this trend to continue in the forthcoming years. Against this backdrop, the company assumes a strong and profitable growth of the sales volumes in the internet travel sales business area in existing markets and a successful start and/or expansion of the business in new markets on the basis of the assumptions made in the core areas of the business (technology, products, sales, marketing, fulfilment). Travel24 focuses on minimizing the fixed costs (amongst others, central management from the Leipzig site) and the related risks.

For the financial year 2012 as a whole, an increase of the annual profit is expected again, whilst at the same time the business in new markets should be run profitably for the full year. The management board assumes a continuous positive profit development for the 2013 financial year as well.

Important transactions with affiliates

The business model intends the placement of the "Travel24" brand as well as a continuation concept of the web-based business area by using the "Travel24.com" und "Travel24.de" domains by means of which the company activities can be performed effectively and profitably. Unister Holding GmbH acquired the domains "travel24.de" and "travel24.com" as well as the "Travel24" brand for a total purchase price of EUR1.5 million. The domains and the brand of Travel24.com AG will be provided at least 30 months in line with license agreement. As from 1 January 2012, a monthly compensation fee in the amount of k€10 is to be paid.

Travel24.com AG could obtain attractive conditions for travel agency due to the contractual agreement concluded with Unister GmbH, a subsidiary of Unister Holding GmbH. With that and with the service agreement also concluded with Unister GmbH, Travel24.com AG benefits from the conditions of Unister GmbH and uses the synergies and experiences of the Unister Group as good as possible. These transactions have a positive influence on the company's financial position and results of operations.

Investment portfolios of the management board and supervisory board

As at the balance sheet date 30 June 2012, the shares held by the management board and supervisory board members were allocated as follows:

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

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim management reporting, the interim management report gives a true and fair view of the company's financial situation and results of operations, and the interim management report of the company includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal opportunities and risks associated with the expected development of the company for the remaining months of the financial year."

Leipzig, in August 2012

The Travel24.com AG Management Board

Armin Schauer

Thomas Gudel

Company calendar

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

Legal notice

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