

**TOMORROW FOCUS AG**  
**Munich, Germany**

**Annual financial statements as at 31 December 2011 pursuant to the  
German Financial Code  
(Handelsgesetzbuch, HGB)**

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Disclaimer:

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## Management report of TOMORROW FOCUS AG for the financial year 2011

### 1. Corporate structure and core business

TOMORROW FOCUS AG is based in Munich, Germany, and is an independent Internet group.

The Group's business activities are divided into three operating segments: Transactions (formerly E-Commerce), Advertising (formerly Portal) and Technologies; and a non-operating segment: Holding.

The Transactions segment includes HolidayCheck AG, EliteMedianet GmbH and jameda GmbH.

The Advertising segment comprises Finanzen100 GmbH and TOMORROW FOCUS Media GmbH (formerly TOMORROW FOCUS Portal GmbH). Up to 31 July 2011, the AdJug Group was also consolidated in this segment. From 1 August 2011 onwards, it has been consolidated at equity and its contribution to earnings recognised in the financial result.

Since the financial year 2011, jameda GmbH has been consolidated in the Transactions segment. It was previously allocated to the Advertising segment on account of its advertising-based business model.

The Technologies segment is made up of TOMORROW FOCUS Technologies GmbH and Cellular GmbH.

### 2. General information about the management report

#### Definitions

All mentions of 'TOMORROW FOCUS AG', 'TOMORROW FOCUS Group', 'the group of companies' or 'the Group' in this management report relate to the TOMORROW FOCUS Group.

#### Forward-looking statements

This management report contains statements and information about the future which are based on the assumptions and estimates of the Management Board of TOMORROW FOCUS AG. All statements contained in the management report which are not based on past facts are forward-looking statements. These statements reflect our current expectations and assumptions after consideration, among other things, of the general economic framework and sector-specific developments, opportunities to recruit and promote the loyalty of employees, online competition and competition in the Internet and media sector, business strategy implementation, the development and launch of new products and services, opportunities to exploit intellectual property, the regulatory and political environment, adaptation to technological progress, market acceptance of our products and services, risks relating to terrorist attacks and war, specific environmental risks and their potential consequences for parts of the company, the integration of

acquired companies or assets, the satisfaction of customer expectations and other risks and uncertainties. When used with reference to the TOMORROW FOCUS Group, typical phrases and words such as 'intend', 'estimate', 'expect', 'believe', 'plan', 'reckon', 'estimate', 'will', 'should', 'would', 'want', 'are confident that', etc., indicate that a statement is forward-looking and based on present expectations, assumptions and estimates. Although we feel that these expectations are realistic, we cannot guarantee their correctness. Assumptions can be affected by a vast number of internal and external risks and uncertainties, which may cause the actual results to be considerably more positive or negative than the forward-looking statements or forecasted results. We recommend that readers do not rely on these statements to an inappropriate extent. The TOMORROW FOCUS Group does not intend nor is it under any obligation to update or correct forward-looking statements.

### **Internal control system**

Revenue and profits are some of the parameters which TOMORROW FOCUS AG analyses monthly and compares with the original business plan and the twice-yearly extrapolation forecast to control and monitor the development of individual subsidiaries.

In addition, further key performance indicators are calculated each month for control purposes and are used within all the operating companies of the TOMORROW FOCUS Group. External indicators such as inflation rates, interest rates, general economic trends and market-specific business developments are also regularly analysed for company management purposes. In addition, there are regular scheduled meetings and shareholder meetings with the individual subsidiaries.

## **3. Macro-economic situation**

### **German economy shows further signs of recovery**

According to Deutsche Bank's Global Market Research unit, Germany's real gross domestic product rose by 3.0 percent in 2011 compared to the previous year.

A report on the economic situation in the TOMORROW FOCUS Group's key market segments in 2011 is provided below.

### **Transaction-based services play increasingly important role**

The German market for transaction-based online services aimed at private consumers (B2C) is benefiting from the trend towards increasing use of the Internet. According to the 2011 Allensbach Computer and Technology Analysis (ACTA), the number of online buyers has been growing remarkably steadily for years. In 2004, 45 percent of the population between the ages of 14 and 64 had used the Internet to buy products or services; in 2011 the figure reached 69 percent.

According to the online travel market facts and figures 2011 published by the German Association of Internet Travel Marketing (Verband Internet Reisevertrieb e.V. - VIR), use of the Internet to book holidays has grown at an even faster rate than its use to search for information about holidays. The survey forecasts that 29 percent of all Germans over the age of 14 will have made an online booking in 2011. The corresponding figure for 2009

was 24 percent and for 2007 19 percent. Total market revenue (online and offline) for 2011 is estimated at EUR 49.71 billion. Almost half of this figure (EUR 24.6 billion) is attributed to the online sector. The figures include all travel services, e.g. flights, hotels and package tours.

In the view of the company, the market for dating platforms on the German-language Internet is also likely to have shown moderate growth in 2011.

### **Clear growth in online advertising**

Nielsen Media Research expects total gross expenditure on advertising in Germany to be EUR 29.6 billion in 2011, which constitutes a EUR 1.2 billion increase (around 4.4 percent) over the previous year's figure. TV was once again the most important advertising medium, generating gross advertising income of EUR 11.1 billion in Germany during 2011 (2010: EUR 10.9 billion). The German newspapers take second place with advertising income of EUR 5.2 billion (2010: EUR 5.4 billion), followed by consumer publications, which generated advertising income of EUR 3.6 billion (2010: EUR 3.6 billion). Gross advertising expenditure for the classic online advertising covered by the Nielsen surveys (not including affiliate network and keyword advertising) was EUR 3.2 billion in 2011. The gross figure for year-on-year growth is around EUR 0.8 billion or approximately 35 percent. The corresponding figure for 2010 was also around 35 percent.

Tomorrow Focus estimates that the gap between gross and net growth did not widen any further in 2011. As a result, the net rate of growth in percentage terms is at roughly the same level.

### **Continued growth in IT services market**

According to the forecast issued by the German Association for Information Technology, Telecommunications and New Media (Bundesverband für Informationswirtschaft, Telekommunikation und neue Medien - BITKOM), the German IT services market achieved a market volume of EUR 35.5 billion in 2011, around 3.8 percent up on the previous year. The Management Board regards this assessment as realistic.

## **4. Significant measures and events**

### **Transactions segment**

#### **TOMORROW FOCUS AG completes takeover of jameda GmbH**

Under a notarised agreement dated 28 January 2011, TOMORROW FOCUS AG acquired the remaining shares in jameda GmbH. At the same time, Dr Philipp Goos was appointed to the position of Managing Director of the company. jameda GmbH operates the physician ratings portal [jameda.de](http://jameda.de).

The remaining 49.01 percent of the company's shares were acquired by Focus Magazin Verlag GmbH in a deal worth EUR 826 thousand including the settlement of shareholder loans. As a result, TOMORROW FOCUS AG now holds 100 percent of the shares in jameda GmbH.

## **Advertising segment**

### **TOMORROW FOCUS AG sells 35.86 percent of stake in AdJug Ltd**

In August 2011, TOMORROW FOCUS AG sold 35.86 percent of its stake in AdJug Ltd. to the media and advertising group Dentsu Inc., which acquired a total holding of 80 percent in AdJug. The share held by TOMORROW FOCUS AG fell accordingly to 20 percent. A put/call agreement was reached covering the remaining shares in AdJug Ltd. Providing AdJug Ltd. meets specific revenue and earnings targets, this will generate further contributions to earnings.

TOMORROW FOCUS AG continues to be represented on AdJug's five-strong international board with one seat. This position is occupied by Christoph Schuh, Member of the Management Board at TOMORROW FOCUS AG. AdJug founders Michael Stephanblome and Satish Jayakumar remain in charge of operational management at AdJug Ltd.

## **Administration**

### **TOMORROW FOCUS AG agrees refinancing deal worth EUR 36.5 million**

In April 2011, TOMORROW FOCUS AG successfully restructured its borrowings by means of a EUR 36.5 million financing package that included the issue of a 5-year bonded loan for EUR 26.5 million. Placement of the bonded loan was arranged by Landesbank Baden-Württemberg (LBBW) as the sole bookrunner.

As part of the early refinancing package, higher-interest loans were repaid on attractive terms or prematurely extended. A four-year loan totalling EUR 10 million was agreed with a major German bank.

The loans are unsecured and are not subject to financial covenants that could allow a lender to cancel a loan if stipulated financial indicators are not met.

### **2011 annual general meeting accepts proposal for first-ever dividend and elects new Supervisory Board**

The 2011 annual general meeting of TOMORROW FOCUS AG was held in Munich, Germany, on 1 June. All the items on the agenda requiring approval were adopted by large majorities.

The shareholders who attended the meeting voted on a number of resolutions and were unanimous in approving a proposal to distribute the company's first-ever dividend of EUR 2.7 million, equivalent to EUR 0.05 per qualifying notional no-par-value share.

Elections to the Supervisory Board were also held at the annual general meeting. While existing Members Dr Paul-Bernhard Kallen, Dr Andreas Rittstieg, Prof Dr Leberfinger and Martin Weiss were confirmed in office, Helmut Markwort and Jean-Paul Schmetz stepped down as planned at the end of the general meeting. In their place, the shareholders elected two new members at the annual general meeting: Annet Aris, Professor at the Institut Européen d'Administration des Affaires (INSEAD) in Fontainebleau, France, and Philipp Welte, Management Board Member Publishing at Hubert Burda Media Holding Geschäftsführungs-GmbH, Munich, Germany. Following the general meeting, the Supervisory Board re-elected Dr Paul-Bernhard Kallen to the position of Chairperson.

### **Stefan Winners to resign as CEO on 31 December 2012 and to join Management Board of Hubert Burda Media**

TOMORROW FOCUS AG's Chief Executive Officer, Stefan Winners, informed the Supervisory Board on 19 December 2011 that he does not intend to renew his contract with the company when it expires on 31 December 2012.

At that point, Stefan Winners, who took up the position of CEO at TOMORROW FOCUS AG in June 2005, will join the Management Board of Hubert Burda Media Holding, with specific responsibility for the Burda Digital division.

The Supervisory Board of TOMORROW FOCUS AG will make every effort to find a suitable replacement as CEO over the course of 2012.

## **5. Earnings, financial position and assets of TOMORROW FOCUS AG**

### **Earnings position of TOMORROW FOCUS AG**

**Operating income** (the total of revenue and other operating income) for the financial year 2011 was down by a substantial margin from EUR 7.78 million in the previous year to EUR 2.33 million. With regard to the specific items, **revenue** showed a year-on-year decrease from EUR 0.67 million in 2010 to EUR 0.52 million on account of lower cost share allocation payments. **Other operating income** fell from EUR 7.10 million in 2010 to EUR 1.81 million in the financial year 2011. This decrease is largely due to non-recurring income of EUR 5.63 million in 2010 from the sale of the company's shareholding in Playboy Deutschland Publishing GmbH.

**Operating costs** (total of materials cost, personnel costs, amortisation and depreciation, and other operating costs) rose from EUR 7.95 million in 2010 to EUR 9.37 million in financial 2011. The main factor was an increase of EUR 1.64 million in personnel costs, primarily on account of the first-time inclusion of a long-term incentive programme in the form of a share-based Performance Share Plan for members of the Management Board and senior employees of TOMORROW FOCUS AG. In addition, the Management Board was expanded from two to three members.

The **result from operating activities** (operating income less operating costs) stood at minus EUR 7.05 million compared to minus EUR 0.18 million in the previous year.

The **financial result** (total of income from investments, income from profit transfer agreements and other interest, and similar income less expenses in connection with loss assumption and interest and similar expenditure) showed an increase on the previous year from EUR 4.08 million to EUR 12.00 million. This was mainly due to a rise of EUR 2.60 million in income from investments and a decline of EUR 5.72 million in expenses from loss assumption.

The **result from ordinary activities**, which is the sum of the result from operating activities and the financial result, was up from EUR 3.91 million in 2010 to EUR 4.95 million in the financial year 2011.

**Net income for the year** was EUR 4.96 million compared to net income of EUR 3.91 million in 2010.

Accumulated profit rose from EUR 3.91 million in 2010 to EUR 6.21 million in financial 2011.

## **Asset and financial position of TOMORROW FOCUS AG**

### **Notes on capital structure**

On the assets side of the balance sheet, the value of the **fixed assets** of TOMORROW FOCUS AG as at 31 December 2011 showed a slight decrease from EUR 157.44 million at the end of 2010 to EUR 156.74 million as at 31 December 2011. This was due in large part to a decline of EUR 1.21 million in financial investments that outweighed an overall increase of EUR 0.50 million in intangible assets and in property, plant and equipment. The decline in financial investments is due to the sale of a 35.86 percent interest in the AdJug Group. This led to a reduction of EUR 4.16 million in shares in affiliated entities under the balance sheet heading 'Financial investments'. At the same time, the remaining 20 percent minority interest of EUR 2.94 million was shown under the new item of equity interests.

The **current assets** of TOMORROW FOCUS AG rose from EUR 6.83 million as at 31 December 2010 to EUR 32.35 million as at 31 December 2011. The main factors here were increases of EUR 2.70 million in receivables and other assets and of EUR 22.83 in cash at banks. The increase in receivables and other assets is mainly attributable to a sum of EUR 0.64 million receivable from the sale of shares in AdJug Ltd. and an increase of EUR 1.96 million in cash pool receivables from affiliated entities (predominantly jameda and Finanzen100).

On the liabilities side of the balance sheet, the **equity** of TOMORROW FOCUS AG rose from EUR 120.27 million as at 31 December 2010 to the year-end figure of EUR 122.58 million for 2011. This was due to an increase of EUR 2.31 million to EUR 6.21 million in accumulated profit. The **equity ratio** declined from its 2010 year-end level of 73.2 percent to 64.8 percent as at 31 December 2011 on account of a larger than usual increase in liabilities.

**Provisions** were up from EUR 1.10 million at year-end 2010 to EUR 2.01 million as at 31 December 2011, largely on account of provisions totalling EUR 1.04 million linked to the above-mentioned long-term incentive programme for members of the Management Board and senior employees of TOMORROW FOCUS AG.

Year-end **liabilities** rose from EUR 42.97 million in 2010 to EUR 64.56 million, primarily due to an increase of EUR 18.34 million in liabilities to banks (as a result of new borrowings obtained as part of an early refinancing package) and an increase of EUR 3.48 million in other liabilities (from the recognition of a variable purchase price component following the purchase of the remaining shares in jameda GmbH on 28 January 2011).

The increases in equity and liabilities produced a rise in the year-end figure for **total assets** from EUR 164.35 million as at 31 December 2010 to EUR 189.15 million in 2011.

The balance sheet shows a surplus of current assets (EUR 32.35 million) over current liabilities (EUR 24.20 million) of EUR 8.15 million. Based on current plans, TOMORROW FOCUS AG will receive a dividend of approximately EUR 14 million from HolidayCheck AG in 2012. As at 31 December 2011, the company's unused working capital credit lines totalled EUR 9.78 million. This is sufficient to cover the company's ongoing liquidity needs.

### Financial performance indicators

Revenue, gross income, operating costs and operating result are some of the parameters which TOMORROW FOCUS AG analyses and compares with the original business plan and the twice-yearly forecasts so that it can control and monitor the development of individual subsidiaries. External indicators such as inflation rates, interest rates, general economic trends, business development within each market and forecasts are also regularly analysed for company management purposes.

Ratio	Segment	2011	2010
EBIT margin	Transactions	22.5%	26.1%
	Advertising	3.8%	-20.9%
	Technologies	5.3%	3.9%
EBITDA margin	Transactions	24.3%	27.8%
	Advertising	9.5%	-3.3%
	Technologies	12.7%	12.5%

### Non-financial performance indicators

In addition to an efficiently managed organisation, the following non-financial performance indicators make an important contribution to the long-term success of TOMORROW FOCUS AG.

#### *Employee skills*

The success of TOMORROW FOCUS AG as a holding company depends crucially on the know-how of its employees. That is why we not only set performance targets but also provide employees with specific development opportunities. All employees are encouraged to improve their personal and professional skills on a regular basis so that they can learn to utilise their potential to the full.

A wide range of training seminars is offered for employees and managerial staff to support their professional development and encourage a sense of commitment to the company. Target agreement and feedback interviews (TAF) are held between employees and superiors on an annual basis.

These measures form part of a corporate culture that is characterised by scope for creativity, flat hierarchies, and open and constructive communication.

### ***Knowledge of markets***

One of the main factors contributing to the sustainable development of TOMORROW FOCUS AG has been its extensive knowledge of the relevant markets, and this will come to be even more important in the future. Consequently, TOMORROW FOCUS AG strives to recruit people with a good level of technical and industry knowledge for positions within the holding company and to provide regular opportunities for professional development. Consulting firms specialising in the multimedia sector are also engaged to analyse the relevant markets.

## **6. Research and development activities**

TOMORROW FOCUS Technologies GmbH, a subsidiary of TOMORROW FOCUS AG, is responsible for either implementing many of the Holding and Advertising segments' development activities itself or for commissioning and monitoring them. Research and development activities in the Transactions and Technologies segments are conducted on a decentralised basis within the Group companies, and the relevant development costs are capitalised as self-created software. All other development costs are recognised as an expense under cost of materials.

## **7. Remuneration report**

### **Remuneration report for the Management Board**

The overall structure of the remuneration system for the Management Board is determined by the entire Supervisory Board. There is therefore no committee within the Supervisory Board that deals specifically with the issue of remuneration for Members of the Management Board. The remuneration paid to the Members of the Management Board depends on the company's size and orientation, as well as its economic and financial position. It is also fixed at a competitive rate as an incentive for committed and effective work in a dynamic environment.

The remuneration of Management Board Members includes a fixed element and a variable performance-related element of between 20 percent and 35 percent. Around one third of this variable element is dependent on meeting individual performance targets, while the other around two thirds are profit-related. The level and scope of each component are specified by the Supervisory Board for each new financial year.

From the financial year 2011 onwards, Members of the company's Management Board are now given long-term incentives in the form of a share price-based performance share plan awarded in annual tranches. Members of the Management Board are allocated a number of virtual shares in the company based on the degree to which EBTA (earnings before taxes and amortisation) targets have been met. These virtual shares are subject to a minimum holding period of three years, after which the Members of the company's Management Board receive a cash payment (vested after the first year). A company car is also provided to Management Board Members. There are no further elements of remuneration.

The annual general meeting held on 1 June 2011 decided by qualified majority to apply the 'opt out' clause, thus exempting TOMORROW FOCUS AG from the statutory obligation to provide individual disclosures up to and including the financial year 2015.

In the financial year 2011, payments to the three-strong Management Board totalled EUR 1.992 million (2010: EUR 1.105 million). This figure includes fixed remuneration of EUR 1.012 million and variable remuneration of EUR 0.980 million. There were only two Members of the Management Board in 2010.

### Shareholdings of Management Board Members

Stefan Winners held a total of 113,816 TOMORROW FOCUS shares as at 31 December 2011. This corresponds to approximately 0.21 percent of TOMORROW FOCUS AG's shares.

Christoph Schuh held a total of 138,128 TOMORROW FOCUS shares as at 31 December 2011. This corresponds to approximately 0.26 percent of TOMORROW FOCUS AG's shares.

Dr Dirk Schmelzer held a total of 46,000 TOMORROW FOCUS shares as at 31 December 2011. This corresponds to approximately 0.09 percent of TOMORROW FOCUS AG's shares.

In 2011, TOMORROW FOCUS AG received the following disclosures of securities transactions involving Members of the Management Board pursuant to Section 15a of the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG).

Transactions in TOMORROW FOCUS shares					
Person subject to disclosure requirements	Transaction date	Transaction	Stock exchange	Quantity	Share price in EUR
Dr Dirk Schmelzer	26 Apr 2011	Purchase of shares	Xetra	5,000	4.40
	11 Aug 2011	Purchase of shares	Stuttgart	5,000	3.80
	14 Nov 2011	Purchase of shares	OTC	30,000	3.69
Christoph Schuh	31 May 2011	Sale of shares	Xetra	13,038	4.9099
	1 Jun 2011	Sale of shares	Xetra	19,439	4.9662
	8 Jun 2011	Sale of shares	Xetra	1,695	5.23
	9 Aug 2011	Purchase of shares	Xetra	10,000	3.35
Stefan Winners	30 May 2011	Sale of shares	Xetra	689	4.95
	30 May 2011	Sale of shares	OTC	13,816	4.8929
	31 May 2011	Sale of shares	Xetra	5,000	4.90
	1 Jun 2011	Sale of shares	Xetra	20,495	5.0024
	3 Jun 2011	Sale of shares	OTC	10,000	5.0397

### Other Management Board-related disclosures

The members of TOMORROW FOCUS AG's executive bodies and the executive bodies of all affiliated entities are exempted by TOMORROW FOCUS AG from third-party claims if such exemption is legally admissible. The company has third-party liability cover (D&O insurance) in respect of the members of its executive bodies and its executive officers. It covers personal liability for claims in respect of financial loss arising from the managerial activities of directors and officers. There is a deductible of EUR 0.55 million on the above D&O insurance for Members of the Management Board.

There are no other pension commitments in respect of Management Board Members.

### Remuneration report for the Supervisory Board

The remuneration of the TOMORROW FOCUS AG Supervisory Board is regulated in article 11 of TOMORROW FOCUS AG's articles of association, which stipulate a fixed amount of EUR 25,000 for every Member of the Supervisory Board for each complete financial year and double this amount for the Chairperson. A pro rata sum is paid to Members of the Supervisory Board who do not serve for a full financial year.

The Members of the Supervisory Board received the following remuneration in the financial year 2011:

	Compensation in EUR
Dr Paul-Bernhard Kallen (Chairperson)	50,000.00
Dr Andreas Rittstieg (Deputy Chairperson)	25,000.00
Prof Dr Stefan Leberfinger	25,000.00
Martin Weiß	25,000.00
Annet Aris	14,583.33
Philipp Welte	14,583.33
Helmut Markwort	10,416.67
Jean-Paul Schmetz	10,416.67

The company also incurred EUR 75 thousand in costs in connection with a service contract with a firm of lawyers in which one Supervisory Board Member is a partner (2010: EUR 7 thousand).

### Shareholdings of Supervisory Board Members

At the end of the financial year 2011, the total number of shares in TOMORROW FOCUS AG held directly or indirectly by all Members of the Supervisory Board stood at 1,356,514. With a total of 1,004,779 shares (including 531,250 held indirectly), Dr Paul-Bernhard Kallen, Chairperson of the Supervisory Board, was above the established limit for individual disclosure of 1 percent of the total shares issued.

Members of the TOMORROW FOCUS AG Supervisory Board disclosed the following securities transactions in the financial year 2011 pursuant to Section 15a of the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG):

#### Transactions involving TOMORROW FOCUS shares

Persons subject to disclosure requirements	Date of the transaction	Transaction		Stock exchange	Quantity	Share price in EUR
Dr Paul-Bernhard Kallen	27 Dec 2011	Donation made	OTC	50,000		n/a
Philipp Welte	19 Aug 2011	Purchase of shares	Xetra	10,000		3.50
Christopherus Kinderstiftung* (Children's Foundation)	27 Dec 2011	Donation received	OTC	50,000		n/a

\* TOMORROW FOCUS AG shares held by the Christopherus Children's Foundation are attributable to Dr Paul-Bernhard Kallen pursuant to section 15a paragraph 3 of the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG). All transactions undertaken by the Christopherus Kinderstiftung (Children's Foundation) involving these shares must be disclosed pursuant to Section 15a paragraph 1 of this Act.

#### **Other disclosures relating to the Supervisory Board**

TOMORROW FOCUS AG has third-party liability cover (D&O insurance) without a deductible in respect of the Members of its Supervisory Board. Further information about this insurance is provided under Other Management Board-related disclosures which forms part of this remuneration report.

#### **Other disclosures**

In line with the incentive programme devised for Members of the Management Board, senior employees of TOMORROW FOCUS AG and the managing directors of its subsidiaries also qualify for long-term incentives in the form of a share price-based performance share plan awarded in annual tranches. Qualifying staff are allocated a number of virtual shares in the company based on the degree to which EBTA (earnings before taxes and amortisation) targets have been met. These virtual shares are subject to a minimum holding period of three years, after which the holders receive a cash payment (vested after the first year).

There are no stock option plans or similar securities-based incentive schemes for the Supervisory Board or other employees at TOMORROW FOCUS AG.

### **8. Employees**

The average headcount of TOMORROW FOCUS over the financial year 2011 was 19 (2010: 15).

Personnel expenses at TOMORROW FOCUS AG for the financial year 2011 stood at EUR 3.77 million (2010: EUR 2.13 million).

### **9. Events of particular significance after the reporting date**

No further events occurred after the year-end reporting date for 2011 that might be of particular significance for TOMORROW FOCUS AG.

### **10. Risk report**

#### **The TOMORROW FOCUS Group's risk management system**

As holding company, the TOMORROW FOCUS Group is exposed to many different types of risk arising from the wide range of business activities of the individual companies making up the Group. These risks can result in the entire Group being unable to meet financial, operational or strategic business objectives. The TOMORROW FOCUS Group therefore has to identify and analyse the risks and implement suitable measures to eliminate or mitigate these risks in order to safeguard its long-term business success.

**Report and notes pursuant to section 315, paragraph 2, number 5 and section 289, paragraph 5 of the German Commercial Code (Handelsgesetzbuch, HGB)**

The TOMORROW FOCUS Group has established a comprehensive risk management system that forms an integral part of the Group's value-based control and planning system. Furthermore, it is fully incorporated into the overall planning, control and reporting process covering all the relevant legal entities and central functions, and aims to systematically identify, evaluate, check and document all significant risks including any risks that may jeopardise the company's existence. Potential risks are usually assessed over a two-year planning period, although in discussions aimed at establishing its medium-term and strategic targets TOMORROW FOCUS AG also identifies and monitors long-term risks. With regard to defined risk categories, the risk management process involves identifying risks to the Group's business areas, operating units, associated companies and central areas, assessing the probability of those risks and evaluating the possible extent of damage, generally in terms of their potential impact on EBIT. The communication and reporting of relevant risks are controlled using parameters established by management. Those in positions of responsibility are also expected to devise and, where applicable, initiate measures to avoid, reduce and safeguard against risks. During the course of the year, control processes are in place to monitor the principal risks and the corresponding measures taken to counter them. In addition to scheduled reporting, there is an internal Group requirement covering the reporting of unanticipated risks that may emerge. The department responsible for central risk management prepares regular reports for the Management Board and Supervisory Board on the risks it has identified. The risk management system allows the Management Board to identify significant risks at an early stage and adopt appropriate countermeasures. The internal audit team assesses the efficacy of the risk management system as defined in the risk management handbook by means of targeted inspections. It conducts sample tests to examine compliance with statutory requirements and internal Group directives, and initiates appropriate measures where required.

With regard to the accounting process, the aim of the internal control and risk management system is to ensure the correctness and effectiveness of accounting and financial reporting. It is an integral component of the accounting and financial reporting processes within the TOMORROW FOCUS Group. Wherever accounting processes are outsourced to service providers, their control and risk management systems are adapted to the particular requirements of our organisation and monitored by us on an ongoing basis.

The systems are supported by a finely woven network of internal controls. The internal control system was implemented under the supervision and responsibility of the Management Board and is designed to provide adequate assurance that:

- financial reporting is reliable and that the preparation of the consolidated financial statements complies with the law and with established standards including the International Financial Reporting Standards (IFRS);
- financial statements and reports are complete;
- authorisation processes are observed and implemented in good time;
- the cross-checking principle is fully implemented in relation to the allocation of IT accounting systems and only authorised persons have access to critical functions;
- the principles of the segregation of functions and of cross-checking are maintained with regard to the preparation of financial statements;

- all transactions are recognised promptly and in due time so that the financial statements can be drawn up by the scheduled date;
- intra-group transactions are fully recognised, reconciled and eliminated; and
- matters of accounting significance or those subject to disclosure requirements in relation to contractual agreements are identified and correctly shown in the financial statements.

In evaluating the internal control system, processes at the level of the single legal entities were included where they were deemed to be of significance for Group reporting purposes. The control targets were checked against the implemented controls and evaluated. The effectiveness of these systems is continuously reviewed, further developed and improved. Systematic checks are performed to monitor compliance with the internal control system and to ensure that it remains up to date. The results of all accounting-related internal controls are summarised in a report which is made directly available to the Management Board and Supervisory Board.

With regard to the accounting process, it should be noted that the internal control and risk management system can only offer a relative degree of assurance. Regardless of the care taken in designing the system, it does not provide an absolute safeguard that financial reporting objectives will be met or that significant accounting inaccuracies will be detected or avoided.

#### **Economic risks of the TOMORROW FOCUS Group**

Uncertainties as a result of changes to the political, legal or social framework can have a negative impact on the TOMORROW FOCUS Group's business operations, assets, financial and earnings positions. Germany, Central and Western Europe are the TOMORROW FOCUS Group's core markets. While in the past they have proven to be relatively stable economic areas offering excellent development opportunities to the companies operating there, in 2009 Central and Western Europe experienced the worst economic crisis since the end of the Second World War, one that produced swiftly increasing levels of debt among the states making up the European Union. It remains to be seen what measures are adopted by the individual states and the European Union in response to these debt problems. As a result of such measures, there is a significant risk of serious political, legal and social upheaval. In turn, this could have major implications for companies operating in the region, including the TOMORROW FOCUS Group.

Natural disasters, epidemics or terrorist attacks can also result in economic, political and social instability. This, in turn, can have a negative impact on the local, regional and even the world economy and place constraints on the investment decisions of the TOMORROW FOCUS Group's customers and their readiness to invest. However, the negative impacts of events of this nature on the economy in recent years have been relatively short-lived, and therefore have no long-term significance for our business development. At the same time, we would like to emphasise that an event such as the outbreak of a global flu epidemic, resulting in a high number of deaths, could have an extremely serious effect on the world economy and on the companies operating in the world's markets. Terrorist attacks such as those targeted at the Internet's infrastructure could also have a significant impact on the TOMORROW FOCUS Group's results and possibly even jeopardise its going concern status. It is not possible to make any realistic assessment of the probability of such an attack.

### **Market risks of the TOMORROW FOCUS Group**

Innovative technologies are constantly being introduced in the markets where the TOMORROW FOCUS Group operates, and they are subject to rapid and significant change. To satisfy the needs and requirements of customers in these markets, the TOMORROW FOCUS Group continually develops new products and services, and adapts existing ones.

The fact that the TOMORROW FOCUS Group now has three pillars reduces its dependence on developments in any one specific sales market. The first is the Transactions segment, which generates B2C transaction-based revenue; the second is the Advertising segment, which generates B2B advertising revenue; and the third is the Technologies segment with its B2B IT services revenue. The Transactions and Advertising segments play a more dominant role.

#### ***Transactions segment***

A general stagnation of spending by mostly private consumers in this segment could have a negative impact on its further business development and possibly also threaten the entire company's existence. Possible causes include increasingly strong competition, the entry of new competitors to the market, e.g. Google or Facebook, or new technical innovations which compete with the segment's own products and services. In order to reduce these risks, the TOMORROW FOCUS Group focuses on established, well-known brands and screens the market on a regular basis.

At HolidayCheck, a temporary or long-term stagnation in holiday travel, e.g. as a result of natural disasters, political unrest in popular holiday areas, terrorist attacks, a sharp increase in energy prices or a recession, could have a very negative impact on revenue and profits at HolidayCheck AG and the entire TOMORROW FOCUS Group.

The Transactions segment is also exposed to cost risks, especially in connection with HolidayCheck and EliteMedianet, if considerably higher marketing expenditure is necessary for television advertising and search engine marketing (SEM), particularly on Google. Both companies make intensive use of television advertising and SEM, as marketing instruments, in their marketing activities, so a substantial price increase by television broadcasters or Google would have a negative impact on the profit situation of the Transactions segment and the entire TOMORROW FOCUS Group.

Many Internet users no longer search directly for news and other information on established web portals such as FOCUS Online. Instead, they use search engines, and in particular the market leader, Google. As a result, search engine optimisation (SEO) has gained in significance. It ensures that websites appear high up on the search engine hit lists when specific search terms are entered. Higher rankings generally mean more traffic, which can also have a positive effect on advertising and business income. Search engine optimisation is therefore extremely significant from a commercial viewpoint for the websites of the Transactions and Advertising segments. Changes to the algorithms used by search engine operators, such as Google, can cause the Transactions and Advertising segments' websites to slip down the hit lists at any time, either temporarily or for a lengthy period of time, resulting in a decline in search engine-generated traffic. This can have a substantial negative impact on the revenue and profits generated by both of these segments and by the entire TOMORROW FOCUS Group.

#### ***Advertising segment***

It is thanks to the Advertising segment that the TOMORROW FOCUS Group is one of the biggest online marketing providers in Germany. Following a particularly constant upswing in the online advertising market over a period of some years, 2008 and 2009 were marked by a more subdued level of

bookings for graphical online advertising (display advertising). This temporary development was partly a result of the economic downturn but also due to the dominant position of market players such as Google. The result has been a fall in prices. Although bookings for display advertising experienced a tangible recovery in the financial years 2010 and 2011, we cannot exclude the possibility that another severe economic downturn, even greater competition (e.g. from Google or Facebook) or, despite high market entry barriers, a reduction in use of the websites marketed by TOMORROW FOCUS will again depress income and thus lead to further losses. Recent high volatility in the online market means that this scenario cannot be totally ruled out at the present time despite recent success in attracting new customers and, as mentioned above, an improvement in the order situation.

### ***Technologies segment***

The Technologies segment develops, implements and operates complex stationary and mobile Internet solutions. If the competitive situation becomes more acute or new competitors enter the scene, this could have a negative impact on the segment's business and margins. In cases where the economic crisis leads to new invitations to tender being issued for projects that had in fact already been decided on, this can have a very adverse impact on revenue and profits. In many cases, projects are associated with substantial advance outlay and a correspondingly high level of up-front financing requirements. Effective project controlling allows for the timely identification and minimisation of these risks and, if necessary, the implementation of countermeasures.

### **Strategic risks of the TOMORROW FOCUS Group**

One major strategic objective is the further improvement of the Group's market position in the Advertising and Transactions segments. The target will be achieved by developing successful new products and business models, and implementing other measures to increase market share and achieve further corporate growth. However this also exposes the company to risks which may have a negative impact on its financial position and earnings.

The company is particularly exposed to strategic risks in connection with corporate acquisitions and equity investments. These harbour intrinsic risks such as the risk of integrating employees, processes, technologies and products. As a result, it is impossible to guarantee that all bought-in or internally developed business activities can be successfully integrated or that the integrated measures will proceed as planned. Such transactions can also be associated with considerable acquisition, administration and other costs, including the cost of integrating acquired business activities. Portfolio measures can also result in additional financing requirements, which in turn can increase debt and have a negative impact on the financing structure. Acquisitions and equity investments can substantially appreciate the value of non-current assets, including goodwill. Impairment of these assets due to unforeseen business developments, e.g. a downturn in the wider economy, can strongly depress results. Over-performance of investments can also lead to a substantial increase in any agreed earn-out payment obligations leading to pressure on liquidity.

In recent years, the TOMORROW FOCUS Group has proven that it is capable of counteracting risks in connection with new products, acquisitions and equity investments, and that it makes effective use of opportunities. It therefore believes from today's perspective that the risk of a significant negative impact on the planned development of profits due to product innovations and acquisitions remains controllable.

### **Personnel risks of the TOMORROW FOCUS Group**

Highly-qualified employees and managers are essential to the long-term success of any business undertaking. The TOMORROW FOCUS Group is strongly committed to fostering its employees' long-term loyalty to the company and to recruiting new, highly qualified employees. Business

development could be impaired if a large number of these employees leave the company within a short time span and no adequate replacements can be found. In the event of increased competition in the labour market to recruit highly-qualified employees, particularly people with IT and Internet expertise, there is no guarantee that the Group will be able to retain key personnel over the long term.

The TOMORROW FOCUS Group is determined to exploit all business opportunities that present themselves and at the same time counteract general personnel risks through a series of measures, in particular the provision of advanced training for further qualifications and the professional development for employees, rigorous succession planning and additional benefits such as performance-related remuneration systems. As a result of these measures and the Group's establishment of a solid reputation as an attractive employer over the past years, the company believes that it can draw on its employees' skills to make effective use of the available opportunities. It therefore currently classifies the risk of significant impairment to business development as a result of the loss of employees and managers as low.

#### **Financial risks of the TOMORROW FOCUS Group**

In respect of financial risks, the TOMORROW FOCUS Group is primarily exposed to liquidity, currency and interest rate risks.

Negative developments on the capital markets can substantially increase the Group's financing costs or even restrict its ability to obtain financing, thus seriously reducing its flexibility with regard to borrowing. As a consequence, the cash and cash equivalents available to the Group may not be sufficient to meet its financial obligations within the stipulated periods.

In Germany, the past economic and financial crisis led to certain restrictions on the availability of corporate finance and created a scenario such as that outlined above. Against this background, the TOMORROW FOCUS Group was able to secure long-term refinancing for all its existing borrowings. These arrangements provide refinancing in part up to the beginning of 2016. The terms of the new loans are more favourable and are not subject to financial covenants. Thanks also to a gratifying development in earnings, TOMORROW FOCUS AG's medium-term liquidity situation can be described as largely secure.

However, looking ahead at the longer term, it is not possible to completely exclude future restrictions on the TOMORROW FOCUS Group's liquidity situation, especially in the case of a return to the scenario described above. The Group conducts regular simulations and analyses different scenarios to reduce the risk of an unexpected shortage of cash or financing.

The TOMORROW FOCUS Group's asset, liabilities and financial position is largely dependent on the performance of its operating segments, but also on portfolio measures. A decline in operating results and cash flows or an increase in net debt could reduce its credit rating; in turn, this could drive up the cost of funds and have a negative impact on the earnings situation.

The TOMORROW FOCUS Group currently has an 'investment grade' credit rating.

As a result, it can take advantage of comparatively attractive refinancing options. This is clear, for example, from its available credit lines.

With effect from 1 January 2008, the Group's liabilities towards HolidayCheck AG were translated from Swiss francs to euros. This means that HolidayCheck now uses the euro as its functional currency, and its income is calculated in euros accordingly. This has reduced the currency risk, although certain risks remain. There is a risk that the company's salary, rent, marketing and other costs could rise substantially in the event of an

increase in the relative value of the Swiss franc against the euro, and this could have a negative impact on HolidayCheck AG's profits. This currency risk is partially hedged by means of forward transactions and options.

The TOMORROW FOCUS Group is also exposed to a receivables default risk in connection with its operating activities. Accounts receivable are managed on a decentralised basis by the subsidiaries and equity investments due to the diversity of business areas in which the Group operates and the resulting diverse debtor structure. The Group counteracts default risks in connection with financial investments and accounts receivable by way of regular controls within a narrow time frame, continuous liquidity monitoring and liquidity control, and consistent debt management.

#### **Asset impairment risks of the TOMORROW FOCUS Group**

TOMORROW FOCUS AG regularly assesses the value of the entire Group's assets. It performs impairment tests to assess whether there is any impairment in the value of goodwill, intangible assets or property, plant and equipment. This might result in major asset write-downs which would not lead to payouts, but could considerably depress the results of the entire TOMORROW FOCUS Group.

TOMORROW FOCUS AG counteracts this as best as possible by way of central investment controls and monthly reports from all Group companies. Deviations from targets are reported to the Management Board promptly so that suitable countermeasures can be initiated.

#### **Other operational risks of the TOMORROW FOCUS Group**

The TOMORROW FOCUS Group's Advertising segment uses and profits from established offline brands. The success of the online versions of these brands depends, inter alia, on their promotion outside the Internet, even though this dependency has successively lessened in past years. Any discontinuation of the printed magazine FOCUS is likely to have tangible consequences in terms of the popularity of the online version, and thus could lead to a decline in reach figures. Given the close link between advertising revenue and the site's reach, any fall in user numbers is likely to depress advertising revenue.

Although FOCUS Online content is created by the company's own in-house editing team, it is geared towards the content and design of the FOCUS and FOCUS MONEY magazines. In March 2000, the licence rights to these brands were limited to a period of 30 years.

In March 2009, TOMORROW FOCUS Media GmbH and the Milchstrasse Publishing Group, which forms part of the Burda Group, reached a five-year agreement covering the online portals TV SPIELFILM, CINEMA and FIT FOR FUN. Under the terms of this agreement, the Milchstrasse Publishing Group is now responsible for the editorial production of these three online portals in Hamburg, Germany. TOMORROW FOCUS Media GmbH will continue to market the portals and will retain the worldwide trademark rights to the popular lifestyle brands in all languages and with no expiry date.

In this context, TOMORROW FOCUS AG's success is also linked to the offline success of the above brands.

TOMORROW FOCUS AG holds all rights to reproduce and market the above brands via the Internet and other online media. The company holds the rights to services such as an electronic programming guide, use with mobile terminals or other online media, irrespective of the mode of transmission. However, it cannot be ruled out that future technical and legal convergence of television and the Internet will cause ambiguities relating to exploitation rights on Internet TV.

Finally, the use of the Group's Internet portals and technical systems may be disrupted temporarily, over a longer period or even permanently for numerous reasons, and this may be accompanied by the loss of important data and information. The list of possible causes includes technical problems (e.g. in the form of defective software), disruption to the Internet or electricity supplies (e.g. through electromagnetic surges) and targeted attacks (e.g. computer viruses). Depending on the nature and duration of the disruption, the consequences would range from a more or less severe loss of revenue and earnings as well as high damage repair and restore-to-service costs through to a potential threat to the continued existence of the entire Group. Despite the wide range of defensive measures which are in place, such as state-of-the-art firewall technology and virus detection software, we cannot completely exclude the possibility of such risks materialising.

#### **Overall assessment of risks**

The risks described in the above risk report could potentially have a substantial impact on the earnings, assets and financial position of the TOMORROW FOCUS Group.

Given gratifying developments in revenue and earnings and an improved liquidity position, the overall risk situation of the TOMORROW FOCUS Group shows an improvement on the preceding year. As a result, when all known facts and circumstances are taken into consideration, no risks currently exist that could jeopardise the company's continued existence in the foreseeable future.

## **11. Opportunities report**

Business opportunities are not reported as part of the risk management system. They are identified in the Group's annual operational planning and followed up during the year in its periodic consolidated reporting. Direct responsibility for the early identification and exploitation of opportunities lies with the individual business areas. The strategy process involves identifying opportunities for further profitable growth in the long term. These are then considered as part of the decision-making process.

#### **Economic opportunities of the TOMORROW FOCUS Group**

As a business in the Internet sector, consumer confidence and spending can have a direct or at least indirect impact on revenue development. If the wider economy develops more positively than forecast, this can provide a boost to revenue and profitability. The same applies to higher demand driven by tax policy amendments. Legislative alterations, such as changes to the rate of taxation on corporate profits, can also have a positive impact on the Group's profitability.

#### **Market opportunities of the TOMORROW FOCUS Group**

As an established group of companies with a strong position in some areas of the Internet industry, the Management Board of TOMORROW FOCUS estimates that the Group is well placed to benefit in the medium and long term from an anticipated period of market consolidation. This should enable it to take a greater share of the market and, in doing so, to boost revenue and profits, as expected.

Equally, as the stationary and especially the mobile Internet continue to penetrate the markets in Germany and in other European countries, there are opportunities for the TOMORROW FOCUS Group to achieve a sustained increase in revenue and profits.

In the Advertising segment, the continuous increase in Internet reach could further boost the number of visitors to the Group's own portals and those it markets on behalf of its partners. This would have a positive impact on the future revenue and profit situation.

In the Transactions segment, the Internet's progressive market penetration could help to intensify the use of the Group's own transaction-based Internet portals, and thereby contribute to an improvement in the future income and profit situation.

In particular, HolidayCheck and EliteMedianet could benefit from the growing volume of Internet-based transactions that would be associated with the Internet's progressive market penetration. At HolidayCheck, this could lead to an increase in the number of holidays booked. At EliteMedianet, the number of paying participants would rise.

The general expectation for the Technologies segment is also that the Internet's progressive market penetration will positively impact the future order situation and thus income and profits.

Specifically, this would boost order levels at TOMORROW FOCUS Technologies with a corresponding increase in Cellular's orders for Internet IT services.

#### **Other opportunities arising from operating activities**

The continuous optimisation of key business processes and strict controls on costs are crucial in assuring high levels of profitability and return on capital.

At both a centralised and decentralised level, the Group consistently pursues new approaches with a view to achieving continuous improvements in profitability. In this context, one of our aims is to further simplify processes across the entire Group and individual segments as a means of reducing operating inefficiencies.

With individual companies and segments placing their expertise at the disposal of the Group as a whole, the TOMORROW FOCUS Group is able to generate synergies that help to boost profits. One concrete example of this lies in Group-wide collaboration in the area of search engine optimisation.

#### **Strategic opportunities of the TOMORROW FOCUS Group**

The Group's corporate strategy is coordinated by TOMORROW FOCUS AG and monitored and agreed on a regular basis in consultation with the business segments. An experienced management team and streamlined corporate structures also provide an excellent basis for the three business segments to make the most effective use of potential opportunities and achieve sustained corporate growth. A close-knit structure and the ensuing interaction between the companies making up TOMORROW FOCUS also present opportunities such as could only be created within a diversified group of companies. This gives us an edge over those of our competitors who independently cover just a single area of the market.

#### **Personnel opportunities of the TOMORROW FOCUS Group**

The TOMORROW FOCUS Group provides numerous opportunities for its staff to obtain additional qualifications and participate in professional development training programmes. It also offers additional benefits such as performance-related remuneration systems. As a result of these measures and its successful record in past years, the organisation sees itself as an attractive employer and one that is in a position to make effective use of its employees' skills to exploit potential business opportunities.

#### **Financial opportunities of the TOMORROW FOCUS Group**

Favourable exchange rate and interest rate developments can have a positive impact on the Group's financial result. The TOMORROW FOCUS Group's centralised finance department monitors developments in the financial markets closely in order to identify opportunities and exploit them in the interest of the Group as a whole.

### **Overall assessment of opportunities**

It is our assessment that in the financial year 2011 the TOMORROW FOCUS Group was able to expand its market position in all the relevant areas. This is clear from the revenue and earnings figures for 2011, which show an improvement over the preceding year.

The Management Board is confident that the strategic position adopted by the TOMORROW FOCUS Group as a broadly based Internet media group will continue to provide a solid foundation for positive development of the business.

Looking ahead, in terms of opportunities, we believe that in 2012 the situation of the Group will be similar to that of 2011.

There is a distinct possibility that some of our key indicators will exceed the levels anticipated in the Group's forward planning with an additional positive impact on its earnings, asset and financial position.

## **12. Takeover-related disclosures and notes pursuant to section 289, paragraph 4 of the German Commercial Code (Handelsgesetzbuch, HGB)**

### **Share capital structure**

As at 31 December 2011, the company's subscribed share capital amounted to EUR 53,012,390. The share capital is divided into 53,012,390 notional no-par-value bearer shares, each with a nominal value of EUR 1. The share capital is paid up in full. The shareholders have no entitlement to the issue of physical individual shares in accordance with article 4, paragraph 3 of the articles of association, except when the issue of physical individual shares is required under the rules and regulations of the stock exchange where the shares are listed. Global certificates can be issued. All shares carry the same rights and obligations. Each share entitles the holder to one vote at the shareholders' meeting and evidences the right to a portion of the company's distributable profit. This does not apply to treasury shares held by the company, in respect of which the company does not have any rights. The shareholders' rights and obligations are specified in particular in sections 12, 53a et seq, 118 et seq and 186 of the German Stock Corporation Act (Aktiengesetz, AktG).

### **Transfer and voting right restrictions**

The company is not currently aware of any transfer or voting right restrictions.

### **Disclosures relating to direct and indirect shareholdings**

According to the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG), any investor whose share of voting capital reaches certain thresholds as the result of purchases, disposals or otherwise must notify the company in question and the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin) of this fact. In the financial year 2011, the company did not receive any notifications in respect of voting rights.

### **Special rights**

Shares vested with special rights, such as controlling powers or delegation rights, do not exist.

### **Voting right controls on shares held by employees**

The Management Board is not aware of any voting right controls on shares held by employees of TOMORROW FOCUS AG.

### **Appointment and dismissal of Management Board Members and amendments to the articles of association**

The appointment and dismissal of Management Board Members is governed by sections 84 and 85 of the German Stock Corporation Act (Aktengesetz, AktG). Management Board Members are appointed by the Supervisory Board for a maximum term of 5 years. They may be re-appointed or have their term extended for one or more terms of up to a maximum of five years each.

Pursuant to article 5, paragraph 1 of the articles of association, the Management Board is made up of one or more persons. The Supervisory Board appoints the Members of the Management Board and specifies their number. It can also appoint deputy Management Board Members. The Supervisory Board may appoint a Chairperson of the Management Board.

Pursuant to article 5, paragraph 2, the company is represented by two Members of the Management Board or by one Member of the Management Board in conjunction with another employee holding general commercial power of attorney ('Prokurist' under German law). In this respect, deputy Management Board Members have the same status as ordinary Management Board Members. If only one Member of the Management Board is appointed, he or she represents the company alone. The Supervisory Board may grant one or all Members of the Management Board the authority to represent the company alone and/or exempt them from the ban on multiple representation under section 181 of the German Civil Code (Bürgerliches Gesetzbuch, BGB). The authority of sole representation and/or exemption from the ban on multiple representation under section 181 of the German Civil Code (Bürgerliches Gesetzbuch, BGB) may be revoked at any time.

Pursuant to section 84, paragraph 3 of the German Stock Corporation Act (Aktengesetz, AktG), the appointment of Management Board Members and the appointment of the Chairperson of the Management Board may be revoked if there is good cause.

Amendments to the articles of association are subject to a resolution of the general meeting of shareholders pursuant to section 179 of the German Stock Corporation Act (Aktengesetz, AktG). The authority to make amendments to the wording only is accorded to the Supervisory Board in article 8, paragraph 5 of the articles of association. The Supervisory Board is also authorised by resolution of the shareholders' meeting to amend article 4 of the articles of association in accordance with the use of contingent capital. Resolutions by the general meeting of shareholders are taken by simple majority pursuant to article 18 of the articles of association unless a larger majority is mandatory by law. Resolutions on amendments to the articles of association require at least a three-quarter majority of share capital represented according to section 179, paragraph 2 of the German Stock Corporation Act (Aktengesetz, AktG), unless otherwise stipulated in the company's articles of association.

### **Authority of the Management Board to buy back the company's own shares and issue new shares**

1. The Management Board is authorised, subject to Supervisory Board approval, to undertake one or more increases in the company's share capital until 15 May 2015 up to a maximum of EUR 26,506,195 by issuing 26,506,195 notional no-par-value shares in exchange for cash or non-cash contributions (authorised capital 2010). The Management Board is authorised, subject to Supervisory Board approval, to exclude shareholders' statutory subscription rights in the following circumstances:

- where required, to settle fractional amounts;
- where a capital increase in exchange for cash contributions does not exceed 10 percent of the share capital, and the issue price for the new shares is not significantly lower than the stock market price (section 186, paragraph 3, sentence 4 of the German Stock Corporation Act - Aktengesetz, AktG); if this authority to exclude subscription rights under section 186, paragraph 3, sentence 4 of the German Stock

Corporation Act is exercised, due regard should be given to other authorities to exclude subscription rights granted by section 186, paragraph 3, sentence 4 of the German Stock Corporation Act;

- where a capital increase in exchange for non-cash contributions is carried out for the purpose of acquiring another company, an equity stake in another company or parts of another company or in order to purchase claims against the company.

Subject to the approval of the Supervisory Board, the Management Board is authorised to specify the remaining details pertaining to the capital increase and its implementation. The Supervisory Board is authorised to amend the wording of the articles of association in line with the use made of authorised capital.

2. A conditional increase in share capital up to EUR 4,842,070 by way of issuing up to 4,842,070 notional no-par-value bearer shares has been carried out (conditional capital 2010). This conditional capital increase is only implemented to the extent that the holders of the convertible bonds and/or bonds with warrants issued by the company up to 15 June 2015, on the basis of the authorisation of the general meeting of shareholders of 16 June 2010, actually exercise their conversion or option rights or where the conversion obligations linked to such bonds are met and to the extent that no other methods of servicing such commitments are used. The new shares carry dividend rights from the beginning of the financial year in which they are created by the exercise of conversion or option rights or through the fulfilment of conversion obligations. Subject to the approval of the Supervisory Board, the Management Board is authorised to establish the further details pertaining to the execution of the conditional capital increase. The Supervisory Board is authorised to amend the wording of the articles of association in line with the use made of conditional capital.

3. By resolution of the annual shareholders' meeting of 16 June 2010, the Management Board has been authorised to purchase the company's own shares subject to the following conditions. This authorisation is limited to the purchase of the company's own shares worth up to 10 percent of its share capital, based on the accounting par value. It may be exercised in full or in partial amounts, on one or more occasions, by the company or by third parties acting on its behalf. The authorisation expires on 15 June 2015.

The purchase should be concluded on the stock exchange or by means of a public offering directed at all the company's shareholders.

aa) If the shares are purchased on the stock exchange, the consideration per share paid by the company (excluding ancillary purchase costs) may not be more than 10 percent higher or 20 percent lower than the average closing price over the ten trading days on the FWB Frankfurt Stock Exchange preceding the purchase of the shares (XETRA or a comparable successor trading system) for shares of the same type.

bb) If the shares are acquired by means of a public offering to all the company's shareholders, the price per share offered (excluding ancillary purchase costs) may not be more than 10 percent higher or 20 percent lower than the average closing price over the ten trading days on the FWB Frankfurt Stock Exchange preceding the publication of the offer. The purchase offer may stipulate further conditions.

With respect to shares in the company that are acquired on the basis of this authorisation or that have been acquired on the basis of previous authorisations, the Management Board has been authorised, with the approval of the Supervisory Board, to dispose of the shares by means of an offering to all shareholders or selling on the stock exchange, or in addition:

aa) to offer them as consideration to third parties under a business combination agreement, for the acquisition of another company or of an equity stake in another company or parts of another company or for the purchase of claims against the company;

bb) to dispose of them to third parties; the price at which the shares are sold to third parties may not be significantly lower than the stock exchange price at the time of their disposal; if the company decides to make use of this authorisation, the exclusion of subscription rights on account of other authorisations pursuant to section 186, paragraph 3, sentence 4 of the German Stock Corporation Act (Aktiengesetz, AktG) should be observed;

cc) to grant shares to Members of the Management Board or other employees of the company or to members of the senior management or employees of affiliated entities as defined by sections 15 et seq of the German Stock Corporation Act (Aktiengesetz, AktG), providing such persons are entitled to subscribe to the shares under employee stock option plans; the company's Supervisory Board shall decide on any proposals to transfer treasury shares to Members of the company's Management Board;

dd) to withdraw the shares without a requirement for the withdrawal or its execution to be approved by means of a further resolution by the shareholders' meeting; any such withdrawal would lead to a decrease in capital; the shares may also be withdrawn by means of a simplified procedure without a capital decrease by adjusting the proportional accounting nominal value of the remaining notional no-par-value shares to the company's share capital; withdrawal may be limited to part of the shares acquired by this means.

The above authorisations concerning the use of treasury shares acquired by the company may be exercised on one or more occasions, wholly or partially and singly or together. Shareholders' subscription rights to treasury shares acquired by the company are excluded providing the shares in question are used under the authorisations detailed above in aa), bb) and cc). The Management Board will in each case report to the shareholders' meeting on the reasons for and the purpose of the acquisition of treasury shares, the number of shares purchased, the amount of share capital they represent and the consideration paid for the shares.

The Supervisory Board is authorised to amend the wording of the articles of association depending on the use made in individual cases of the authorisation to call in shares.

As at 31 December 2011 the company did not hold any treasury shares.

**Significant agreements to which the company is party that take effect upon a change of control following a takeover bid**

TOMORROW FOCUS AG is not aware of any agreements which take effect upon a change of control following a takeover bid.

**Compensation agreements between the company and Members of the Management Board or employees providing for the event that a takeover bid takes place**

If, by Supervisory Board resolution against the will of Stefan Winners and/or Christoph Schuh, the rules of procedure are changed resulting in changes to the business segments assigned to each Member of the Management Board or in a significant limitation of the scope of their powers set forth in the rules of procedure, or the current or future Chairperson of the Supervisory Board is replaced by someone who is not a Member of the current Supervisory Board, each of the two Management Board Members has the special right to give notice of terminating the service contract.

If they exercise this special right of termination, the Management Board Members Stefan Winners and Christoph Schuh are entitled to receive a compensation or bridge money. These payments may not exceed two times their annual salary. Stefan Winners will no longer be entitled to exercise this right when he moves to Hubert Burda Media Holding.

### **13. Combined declaration of the Management Board on related-party disclosures pursuant to section 312 of the German Stock Corporation Act (*Aktiengesetz, AktG*)**

According to the circumstances known to us at the time of each transaction between entities in the TOMORROW FOCUS Group, all entities received adequate consideration and no entity was disadvantaged as a result of measures taken or not taken.

Munich, Germany, 22 March 2012  
The Management Board

### **14. Declaration on Corporate Governance**

The actions taken by the management and controlling bodies of TOMORROW FOCUS AG are determined by the principles of responsible and proper corporate governance. For further details, please see the Declaration on Corporate Governance in accordance with section 3.10 of the German Corporate Governance Code and section 289a, paragraph 1 of the German Commercial Code (Handelsgesetzbuch, HGB). This declaration was released by the Management Board, also on behalf of the Supervisory Board, and can be found on the website of TOMORROW FOCUS AG at [http://www.tomorrow-focus.com/en/investor-relations/fixet/investor-relations-corporate-governance\\_aid\\_160.html](http://www.tomorrow-focus.com/en/investor-relations/fixet/investor-relations-corporate-governance_aid_160.html).

### **15. Outlook**

Future results at TOMORROW FOCUS AG are dependent on a number of factors. By way of example, the result from operating activities and consequently the result from ordinary activities are determined by operating income and operating costs. TOMORROW FOCUS AG strives to maintain a constant level of operating income and to reduce its operating costs through cost-saving measures. On balance, the company's planning forecast therefore anticipates a modest year-on-year improvement in the operating result for 2012 before any extraordinary items.

Another key factor in determining the result from ordinary activities is the financial result, which in turn is largely influenced by the development of profit at the investments held by TOMORROW FOCUS AG and by the level of external borrowings.

Overall, although the macro-economic outlook remains subdued, the prospects for TOMORROW FOCUS AG in financial 2012 are good.

However, a deterioration of the economy in Germany and elsewhere in Europe as the year progresses cannot be ruled out entirely, possibly as a result of serious geopolitical events or financial policy decisions. In the worst scenario, this could lead to a downturn in revenue and earnings. Depending on the nature of any such deterioration, there would probably be a decline in consumer demand in the Transactions segment, although more convenient marketing terms and expected gains in market share would be likely to mitigate the negative impact on revenue and profits. In the Advertising segment, revenue and earnings may well be affected by a downturn in the volume of orders accompanied by a fall in advertising prices. In the Technologies segment, the worst case scenario again involves a decline in orders with a corresponding impact on revenue and profits. In this event, the Management Board will take appropriate and adequate countermeasures, especially on the cost side, in order to safeguard the sound financial structure of the company.

It is more probable that the financial year 2012 will deliver moderate economic growth, and under these circumstances the forecasts of TOMORROW FOCUS AG's investments for 2012 point to an improvement in the earnings generated by individual operating segments and as a whole compared to the previous year. The Management Board therefore anticipates a year-on-year increase in the result from ordinary activities excluding any extraordinary items. This trend should continue in the financial year 2013.

***Targeting profitable growth in revenue and earnings***

TOMORROW FOCUS AG can look back on a successful financial year in 2011. Despite prevailing caution about the macro-economic outlook for 2012, on balance the prospects for the TOMORROW FOCUS Group are good.

However, a deterioration of the economy in Germany and elsewhere in Europe as the year progresses cannot be ruled out entirely, possibly as a result of serious geopolitical events or financial policy decisions. In the worst scenario, this could lead to a downturn in revenue and earnings. Depending on the nature of any such economic deterioration, there would probably be a decline in consumer demand in the Transactions segment, although more convenient marketing terms and expected gains in market share would be likely to mitigate the negative impact on revenue and profits. In the Advertising segment, revenue and profits may well be affected by a downturn in the volume of orders accompanied by a fall in advertising prices. In the Technologies segment, the worst case scenario again involves a decline in orders with a corresponding impact on revenue and profits. In this event, the Management Board will take appropriate and adequate countermeasures, especially on the cost side, in order to safeguard the sound financial structure of the company.

Although the most probable scenario for the wider economy in 2012 is one of zero growth, the Management Board's forecast nevertheless anticipates continued growth for the TOMORROW FOCUS Group, albeit at a slightly slower pace. The aim for all three of the Group's operating segments is to increase market share and achieve a further improvement in EBITDA from operating activities. With the financial result and tax result expected to show little change and amortisation on operating assets (i.e. excluding impairment and amortisation based on purchase price allocations) increasing at a lower than average rate, it should also be possible to generate a slight increase in earnings per share.

Looking ahead at the financial year 2013, based on the information currently available and given the boost to earnings achieved so far through the international business of HolidayCheck AG and smaller subsidiaries, the Management Board's forward plan envisages further increases in revenue and EBITDA.

Munich, Germany, 22 March 2012

Stefan Winners  
Chief Executive Officer

Dr Dirk Schmelzer  
Chief Financial Officer

Christoph Schuh  
Management Board Member

Balance sheet under German Commercial Code (HGB) as at 31 December 2011					
Assets			Liabilities		
	31 Dec 2010	31 Dec 2011		31 Dec 2010	31 Dec 2011
	€'000	€'000		€'000	€'000
<b>A. Fixed assets</b>	<b>157.444</b>	<b>156.737.678,87</b>	<b>A. Equity</b>	<b>120.273</b>	<b>122.578.962,38</b>
<b>I. Intangible assets</b>	<b>149</b>	<b>484.240,00</b>	I. Subscribed capital*	53.012	53.012.390,00
Software licences acquired for cash	149	484.240,00	II. Capital reserve	63.355	63.354.711,82
<b>II. Property, plant and equipment</b>	<b>369</b>	<b>534.387,00</b>	III. Accumulated profit	3.906	6.211.860,56
1. Other plant, furnitures and fixtures	361	534.387,00	<b>B. Provisions</b>	<b>1.102</b>	<b>2.005.766,80</b>
2. Advance payments	8	0,00	1. Tax provisions	3	0,00
<b>III. Financial investments</b>	<b>156.926</b>	<b>155.719.051,87</b>	2. Other provisions	1.099	2.005.766,80
1. Shares in affiliated entities	155.663	151.504.474,00	<b>C. Liabilities</b>	<b>42.966</b>	<b>64.561.371,13</b>
2. Loans to affiliated entities	1.226	1.255.869,52	1. Liabilities to banks	22.020	40.360.202,13
3. Investments	0	2.938.519,96	2. Trade payables	580	303.369,08
4. Other loans	37	20.188,39	3. Liabilities to affiliated entities	19.466	19.519.699,06
<b>B. Current assets</b>	<b>6.829</b>	<b>32.352.285,02</b>	4. Other liabilities	900	4.378.100,86
<b>I. Receivables and other assets</b>	<b>2.054</b>	<b>4.745.495,09</b>	<b>D. Deferred income</b>	<b>6</b>	<b>0,00</b>
1. Receivables from affiliated entities	1.966	3.930.623,99			
2. Other assets	88	814.871,10			
<b>II. Cash at banks</b>	<b>4.775</b>	<b>27.606.789,93</b>			
<b>C. Prepaid expenses</b>	<b>74</b>	<b>56.136,42</b>			
<b>Total assets</b>	<b>164.347</b>	<b>189.146.100,31</b>	<b>Total equity and liabilities</b>	<b>164.347</b>	<b>189.146.100,31</b>
			* Conditional capital: EUR 4,842,070.00 (2010: EUR 8,506 thousand)		

<b>Consolidated statement of income under German Commercial Code (HGB)</b>			
<b>for the financial year from 1 January to 31 December 2011</b>			
		<b>2010</b>	<b>2011</b>
		€'000	€
1. Revenue		672	519.189,96
2. Other operating income		7.103	1.806.179,15
3. Cost of materials		-759	-714.435,65
<i>Cost of purchased services</i>		-759	-714.435,65
4. Personnel costs		-2.129	-3.765.977,40
a) <i>Wages and salaries</i>		-1.971	-3.562.057,40
b) <i>Social security contributions and other pension costs</i>		-158	-203.920,00
5. Depreciation and amortisation on tangible and intangible assets		-100	-136.648,34
6. Other operating costs		-4.965	-4.757.821,04
7. Income from investments		11.071	13.672.788,96
8. Income from profit transfer agreement		1.810	1.918.611,65
9. Other interest and similar income		83	334.223,81
10. Expenses for loss absorption		-7.411	-1.687.895,64
11. Interest and similar expenses		-1.468	-2.234.368,64
<b>12. Profit/ (loss) from ordinary activities</b>		<b>3.907</b>	<b>4.953.846,82</b>
13. Income taxes		2	-0,13
14. Other taxes		-3	2.970,17
<b>15. Net profit/ (loss) for the year</b>		<b>3.906</b>	<b>4.956.816,86</b>
16. Profit carried forward		0	3.905.663,20
17. Dividend payment to shareholders		0	-2.650.619,50
<b>18. Accumulated profit</b>		<b>3.906</b>	<b>6.211.860,56</b>

## Notes to the annual financial statements of TOMORROW FOCUS AG, Munich, Germany, for the financial year 2011

### (1) General information

TOMORROW FOCUS AG is a large joint-stock company as defined in section 267, paragraph 3 sentence 2 of the German Commercial Code (Handelsgesetzbuch, HGB).

The annual financial statements for the financial year 2011 were prepared in accordance with the accounting regulations of the German Commercial Code (Handelsgesetzbuch, HGB) and the relevant stipulations of the German Stock Corporation Act (Aktiengesetz, AktG). The statement of income was prepared according to the total cost accounting principle.

### (2) Equity, conditional and authorised capital and treasury shares

TOMORROW FOCUS AG's shares are admitted to the Prime Standard of Deutsche Börse AG. On the reporting date, 53,012,390 shares of the company were admitted to trading (ISIN: DE0005495329/ German securities code (WKN): 549532, stock exchange symbol: TFA). The shares are notional no-par-value bearer shares, each representing EUR 1 of the company's share capital.

At the general meeting of shareholders on 1 June 2011, it was decided to nullify conditional capital 2000/I, which stood at EUR 321,600; also conditional capital 2001/II, which stood at EUR 42,500 and conditional capital 2002/I, which stood at EUR 3,300,025.

The general meeting of shareholders on 16 June 2010 adopted a resolution to create contingent capital 2010 of EUR 4,842,070 (contingent capital 2010/I). This contingent capital is intended to service conversion and option rights.

The general meeting of shareholders on 16 June 2010 authorised the Management Board, subject to the approval of the Supervisory Board, to increase the company's share capital up to 15 May 2015 on one or more occasions by up to EUR 26,506,195 against cash or non-cash contributions (authorised capital 2010/I). The Management Board may exclude shareholders' statutory subscription rights.

The general meeting of shareholders on 16 June 2010 authorised the Management Board to acquire shares in the company worth up to 10 percent of its share capital up to 15 June 2015. The shareholders have no subscription rights to these treasury shares.

**(3) Shareholdings**

<b>Company</b>	<b>Shareholding (percent)</b>	<b>Equity as at 31 Dec 2011 (EUR)</b>	<b>Result 2011 (EUR)</b>
<i>Cellular GmbH, Hamburg, Germany**</i>	100.00	59,479.42	0.00*
<i>EliteMedianet GmbH, Hamburg, Germany</i>	100.00	3,227,118.79	0.00*
<i>jameda GmbH, Munich, Germany</i>	100.00	-1,475,829.41	-1,065,691.55
<i>Finanzen100 GmbH, Cologne, Germany</i>	100.00	-2,009,496.58	-744,774.41
<i>TF Digital GmbH, Munich, Germany</i>	100.00	66,075.47	-61.82
<i>TOMORROW FOCUS Media GmbH, Munich, Germany</i>	100.00	43,048,870.77	0.00*
<i>TOMORROW FOCUS Technologies GmbH, Munich, Germany</i>	100.00	2,046,564.62	0.00*
<i>HolidayCheck AG, Bottighofen, Switzerland</i>	93.75	25,454,280.45	17,008,452.92
<i>HolidayCheck France SAS, Paris, France**</i>	93.75	50,565.11	23,565.11
<i>HolidayCheck Polska Sp. z. o. o., Warsaw, Poland**</i>	93.75	73,966.74	13,686.87

<i>AdAudience GmbH, Dusseldorf, Germany**</i>	<i>25.00</i>	<i>1,020,875.16</i>	<i>-206,003.60</i>
<i>AdJug Ltd., London, UK</i>	<i>20.00</i>	<i>270,031.75</i>	<i>-1,616,989.80</i>
<i>AdJug GmbH, Munich, Germany**</i>	<i>20.00</i>	<i>-82,186.38</i>	<i>181,853.00</i>
<i>AdJug Media Ltd., Bangalore, India**</i>	<i>20.00</i>	<i>-82,132.66</i>	<i>24,037.63</i>

\* A profit transfer agreement has been concluded with these companies.

\*\* TOMORROW FOCUS AG is only an indirect shareholder in this company.

#### **(4) Accounting and valuation policy**

Intangible assets are valued at acquisition cost and subjected to scheduled depreciation by the straight-line method on a pro rata temporis basis over their expected useful lives. Self-created intangible assets are not capitalised.

Items under property, plant and equipment are valued at acquisition or production cost less scheduled depreciation. Low-value assets valued at up to EUR 410 are written off entirely in the year of acquisition. Their disposal is assumed in the same year as that in which they are added.

Investments are valued at lower of cost of acquisition or fair value on the reporting date if a permanent impairment in value is expected. Write-ups pursuant to section 253, paragraph 5 of the German Commercial Code (Handelsgesetzbuch, HGB) are made.

Receivables, other assets and balances at banks are valued at nominal value.

The item of prepaid expenses and accrued income includes expenses prior to the reporting date which represent expenses for a specific period after the reporting date.

Deferred taxes reflect timing differences between the accounting value of assets, liabilities, prepaid expenses and accrued income and their value for tax purposes. At TOMORROW FOCUS AG, deferred taxes are based on differences from the company's own balance sheet items and from those of

its fiscal-unit subsidiaries. Tax loss carryforwards are taken into account as well as accounting differences based on timing. Tax loss carryforwards are only recognised to the extent that their use is anticipated to offset losses in the next five years.

Deferred taxes are calculated on the basis of the combined income tax rate of the fiscal unit headed by TOMORROW FOCUS AG (currently 32.58 percent). The combined income tax rate includes corporation tax, trade tax and the solidarity surcharge. Any resulting tax charge would be recognised in the balance sheet as a deferred tax liability. If the result is a reduction in tax, the company would not exercise its option to capitalise the difference as a deferred tax asset.

Overall, the assessments for the financial year under review resulted in a deferred tax asset which was not recognised in the balance sheet. The differences arise from variations between the values recognised in the financial accounts and the tax accounts in the area of financial investments, provisions for death grants, provisions for pensions and similar obligations, and from tax loss carryforwards.

Equity items are shown in the balance sheet at their nominal value.

In accordance with the prudence principle, the other provisions cover all obligations and risks of which the company was aware at the time when the annual financial statements were prepared. These include future price and cost increases where there are sufficient objective indications that they will occur. Provisions with a remaining term of more than one year are discounted using the corresponding average market interest rate for the last seven financial years.

Liabilities are stated at their fulfilment value.

In cases where it is possible to apply hedge accounting, the net hedge presentation method is used.

The item of deferred income contains amounts received before the balance sheet date that constitute income for a subsequent period.

Revenues are considered to have been realised when performance has been rendered.

#### **(4.1) Fixed assets**

The development of individual fixed assets is shown in the enclosed statement of fixed assets. Please refer to (3) shareholdings with regard to financial assets.

#### **(4.2) Receivables and other assets**

Other assets totalling EUR 488 (2010: EUR 576) have a remaining term of over one year. All other receivables and other assets have a remaining term to maturity of up to one year.

All receivables from affiliated entities are trade receivables and other receivables.

#### **(4.3) Other provisions**

The majority of other provisions reported are provisions for other personnel costs of EUR 1,604,907.48 (2010: EUR 556,745.40); audit and consulting fees of EUR 345,359.32 (2010: EUR 307,359.32) and outstanding invoices of EUR 55,000.00 (2010: EUR 203,000.00).

**(4.4) Liabilities**

	Remaining terms			Total
	Less than 1 year	1 to 5 years	More than 5 years	
	EUR '000	EUR '000	EUR '000	
Liabilities to banks	3.860	36.500	0	40.360
Trade payables	303	0	0	303
Liabilities to affiliated entities	19.520	0	0	19.520
Other liabilities	726	3.652	0	4.378
taxes	609	0	0	609
in respect of social security	2	0	0	2
other	115	3.652	0	3.767
	<b>24.409</b>	<b>40.152</b>	<b>0</b>	<b>64.561</b>

(All figures in German data format)

In 2010 there were other tax liabilities of EUR 838 thousand and liabilities in respect of social security contributions of EUR 2 thousand. All liabilities to affiliated entities are trade payables and other liabilities.

**(4.5) Derivative financial instruments**

TOMORROW FOCUS AG meets part of its refinancing needs in the form of variable rate bank loans. It then hedges the corresponding interest rate risk by means of interest rate swaps. The effectiveness of this instrument in hedging the risk of changes in interest rates is measured as at the reporting date, both prospectively using the critical terms match method (taking into account the hedge partner's creditworthiness) and retrospectively using the cumulative dollar-offset method.

The market value of the interest rate swaps is determined using the discounted cash flow method. This method is used to establish the present values of future payments up to the end of the contract using the forward rates calculated on the basis of the yield curve as at the reporting date.

At the balance sheet date, derivative financial instruments covered a total of EUR 11,000,000 and had a negative market value of EUR 630,351.79. Underlying and hedge transactions are treated as a valuation unit. As the net hedge presentation method is used, the interest rate swaps are not shown on the balance sheet.

#### **(4.6) Valuation units**

In part, the use of interest rate swaps transforms variable-interest rate liabilities to banks into fixed-rate liabilities, thus eliminating the risk of a change in the interest rate up to the level of the hedge. This is achieved by means of micro-hedges against future interest payments.

It is not possible to exactly quantify the risk hedged per valuation unit. The risk is equivalent to the rising 3-month or 6-month European Interbank Offered Rate (Euribor) on liabilities to banks with (i) a nominal value of EUR 5,000,000 and maturity date 30 December 2014 or (ii) a nominal value of EUR 6,000,000 and maturity date 9 March 2016.

#### **(4.7) Contingent liabilities and other financial obligations**

The company has issued a guarantee declaration to a subsidiary's leasing company. In the guarantee declaration, the company undertakes to pay an assured purchase price of a maximum of EUR 426,967.71 upon the expiry of the lease. The company anticipates that the guaranteed purchase price can be achieved and does not therefore expect the leasing company to enforce the guarantee.

The company has also issued a liquidity guarantee on behalf of two subsidiaries. This involves an obligation to provide enough financing to ensure their continued operation. According to the latest information available, the parties to the guarantee are in a position to meet the underlying obligations in all cases; it is not expected that the guarantee will need to be exercised.

The other financial obligations which are significant for the assessment of the company's financial position pursuant to section 285, number 3a of the German Commercial Code (Handelsgesetzbuch, HGB) are listed below:

<b>Rent and lease contracts</b>	<b>EUR '000</b>
Payable in 2012	719
Payable 2013 to 2016	1,970
Payable after 2016	0
<b>Other contracts</b>	<b>EUR '000</b>
Payable in 2012	1,179
Payable 2013 to 2016	16,009
Payable after 2016	2,347

Other financial obligations pertaining to other contracts amounting to EUR 1,313 thousand exist in respect of entities belonging to the subgroup of Burda GmbH, Offenburg, Germany. EUR 656 thousand of this amount is payable in 2012.

The item of other financial obligations in connection with other contracts payable in the financial year of 2014 includes an obligation under an offer to buy additional shares in HolidayCheck AG, Bottighofen, Switzerland. The exercise price was set as a multiple of the pro rata value of the entity and the retained profits. The company anticipates that this could give rise to financial liabilities of around EUR 15,352 thousand. This is an estimated valuation based on the forward planning figures released by the subsidiary.

#### **(4.8) Breakdown of revenue**

This item exclusively comprises revenue from management services generated in Germany.

#### **(4.9) Other operating income**

The item of other operating income includes income of EUR 295,873.13 not attributable to the reporting period and mainly relating to cost refunds for previous years, income from the disposal of fixed assets and income from the reversal of provisions.

#### **(4.10) Personnel costs**

The item of social security and other pension costs includes pension costs of EUR 1,996.68 (2010: EUR 1,329.38).

#### **(4.11) Other operating costs**

The item of other operating costs includes expenses of EUR 129,775.91 not attributable to the reporting period and mainly relating to costs for previous years.

#### **(4.12) Income from investments**

The item of income from investments relates to dividends received from a subsidiary.

#### **(4.13) Interest and similar income**

This item includes interest from affiliated entities of EUR 60,060.70 (2010: EUR 73,134.55).

#### **(4.14) Interest and similar expenses**

This item includes interest paid to affiliated entities of EUR 172,937.77 (2010: EUR 214,518.35) and interest from the compounding of liabilities totalling EUR 134,354.00 (2010: EUR 0.00).

**(5) Employees**

The company had an average of 17 employees and 1 temporary employee over the year.

**(6) Shareholders, consolidated financial statements, affiliated entities**

As the holding company, the company applies the exemption rules pursuant to section 315a of the German Commercial Code (Handelsgesetzbuch, HGB) and prepares exempting consolidated financial statements and an exempting Group management report in accordance with international accounting standards.

The company is included in the consolidated subgroup financial statements of Burda GmbH, Offenburg, Germany, and in the consolidated financial statements of Hubert Burda Media Holding Kommanditgesellschaft, Offenburg, Germany. The consolidated financial statements are submitted to the electronic federal gazette (Bundesanzeiger) for publication.

**(7) Supervisory Board**

	<b>Position</b>	<b>Occupation/Other supervisory board mandates</b>
Dr Paul-Bernhard Kallen	Chairperson of the Supervisory Board	Chairperson of the Management Board, Hubert Burda Media Group  Member of the Supervisory Board, Verlagsgruppe Weltbild GmbH, Augsburg, Germany
Dr Andreas Rittstieg	Deputy Chairperson of the Supervisory Board	Lawyer  Member of the Supervisory Board, Brenntag AG, Mühlheim a.d.R., Germany  Member of the Advisory Board, Turina Holding GmbH & Co. KG,

		<p>Hamburg, Germany</p> <p>Member of the Advisory Board, Huesker Holding GmbH, Gescher, Germany</p> <p>Member of the Advisory Board, Berenberg Bank, Hamburg, Germany</p> <p>Member of the Supervisory Board, Hapag Lloyd Holding AG and Hapag Lloyd AG, Hamburg, Germany</p>
Annet Aris	Member of the Supervisory Board (from 1 June 2011)	<p>Graduate Engineer (Diplom-Ingenieurin), MBA</p> <p>Adjunct Professor of Strategy, Institut Européen d'Administration des Affaires (INSEAD), Fontainebleau, France</p> <p>Member of the Supervisory Board, ASR Nederland N.V., Utrecht, Netherlands</p> <p>Deputy Chairperson of the Supervisory Board, Hansa-Heemann AG, Rellingen, Germany</p> <p>Member of the Board, The Sanoma Group Oy, Helsinki, Finland</p> <p>Deputy Chairperson of the Supervisory Board, V-Ventures B.V., Hilversum, Netherlands</p>

		<p>Member of the Supervisory Board, Jungheinrich AG, Hamburg, Germany</p> <p>Member of the Supervisory Board, Kabel Deutschland AG, Munich, Germany</p>
Prof Dr Stefan Leberfinger	Member of the Supervisory Board	<p>Certified public accountant (Wirtschaftsprüfer), tax consultant</p> <p>Chairperson of the Supervisory Board, DOMAG Wohnbau AG, Munich, Germany</p> <p>Member of the Advisory Board, Thurn und Taxis'schen Gesamtverwaltung, Regensburg, Germany</p> <p>Chairperson of the Supervisory Board, Bankhaus Herzogpark AG, Munich, Germany</p>
Helmut Markwort	Member of the Supervisory Board (up to 1 June 2011)	<p>Publisher of Focus Magazin Verlag GmbH, Munich, Germany</p> <p>Member of the Supervisory Board, FC Bayern München AG, Munich, Germany</p> <p>Member of the Supervisory Board, Bayern Tele GmbH, Munich, Germany</p> <p>Deputy Chairperson of the Advisory Board, Studio Gong GmbH &amp; Co. Studiobetriebs KG, Munich, Germany</p>

Jean-Paul Schmetz	Member of the Supervisory Board (up to 1 June 2011)	<p>Merchant</p> <p>Member of the Board, OPMS Co. Ltd., Seoul, South Korea</p> <p>Member of the Board, Dogan Burda Dergi Yayincilik Ve Pazarlama A.S, Istanbul, Turkey</p> <p>Member of the Board, Dergi Pazarlama Planlama, Istanbul, Turkey</p> <p>Member of the Supervisory Board, Xing AG, Hamburg, Germany</p>
Martin Weiss	Member of the Supervisory Board	<p>Management consultant</p> <p>Member of the Supervisory Board, smartblue AG, Munich, Germany</p>
Philipp Welte	Member of the Supervisory Board (from 1 June 2011)	Member of the Management Board, Hubert Burda Media Group

Remuneration of EUR 175,000 was paid to Supervisory Board members in the year under review.

## (8) Management Board

In the financial year 2011, the following persons held positions as Management Board Members of the company with rights of representation, either jointly or together with a holder of general commercial power of attorney ('Prokurist' under German law).

	<b>Position</b>	<b>Supervisory board mandates</b>
Stefan Winners	Chief Executive Officer (Chairperson of the Management Board)	Chairperson of the Board of Directors, HolidayCheck AG, Bottighofen, Switzerland Member of the Board, AdJug Ltd., London, UK, (up to 12 August 2011)
Christoph Schuh	Member of the Management Board	Chairperson of the Board, AdJug Ltd., London, UK (up to 12 August 2011) thereafter Member of the Board, AdJug Ltd., London, UK (from 12 August 2011)
Dr Dirk Schmelzer	Chief Financial Officer (Member of the Management Board) (from 1 March 2011)	Member of the Board of Directors, HolidayCheck AG, Bottighofen, Switzerland (from 11 February 2011)

In 2011, Stefan Winners was responsible for the following areas of responsibility: information and consultation with the Supervisory Board; overall strategy and corporate development; portal content and editorial management; Finanzen100, HolidayCheck, jameda and TFT; HR: senior management, high-potential employees, personnel development; Group communications; Group internal audit.

In 2011, Christoph Schuh was responsible for the equity interests AdJug, Cellular and ElitePartner; portal (marketing activities including client marketing); subsidiaries and equity interests with Advertising business model (national and international); marketing and sales; and links with trade associations as the representative of TOMORROW FOCUS AG.

In 2011, Dr Dirk Schmelzer held the following areas of responsibility: financial, investment and personnel planning; controlling, reporting systems, risk management and internal control systems; financial management of equity interests; financing and bank relations; external financial reporting; investor relations; legal, contractual and fiscal management; general administration including purchasing; personnel administration and relations; compensation and benefits.

In the year under review, total remuneration of EUR 1,992,093.37 was paid to the Management Board Members. A resolution was passed at the shareholders' meeting of 1 June 2011 with a qualified majority of votes cast not to disclose the remuneration paid to each Member of the Management Board separately.

**(9) Total auditor's fees**

As permitted under section 285, number 17 of the German Commercial Code (Handelsgesetzbuch, HGB), the aggregate fees paid to auditors have not been disclosed.

**(10) Declaration of conformity pursuant to section 161 of the German Stock Corporation Act (Aktiengesetz, AktG)**

The company has provided the declaration prescribed in section 161 of the German Stock Corporation Act (Aktiengesetz, AktG) and published it for shareholders on its website at [http://www.tomorrow-focus.com/investor-relations/fixed/investor-relations-corporate-governance\\_aid\\_160.html](http://www.tomorrow-focus.com/investor-relations/fixed/investor-relations-corporate-governance_aid_160.html).

**(11) Proposal for the appropriation of profit**

The balance sheet profit of TOMORROW FOCUS AG as at 31 December 2011 stood at EUR 6,211,860.56. The proposal to be submitted to the annual general meeting of shareholders regarding its appropriation is as follows:

	EUR
Distribution of a dividend of EUR 0.06 per qualifying share	3,180,743.40
Profit carried forward	3,031,117.16
	6,211,860.56

Munich, Germany, 22 March 2012

Stefan Winners  
Chief Executive Officer

Dr. Dirk Schmelzer  
Chief Financial Officer

Christoph Schuh  
Member of the Executive Board

## Responsibility statement by the legal representatives

in accordance with Section 37y (1) of the WpHG (German Securities Trading Act) in conjunction with Section 297 (2), 4 and Section 315 (1), 6 of the HGB (German Commercial Law)

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements as at 31 December 2011 give a true and fair view of the assets and liabilities, financial position and profit or loss of the TOMORROW FOCUS Group and the group management report includes a fair review of the development and performance of the business and the position of the TOMORROW FOCUS Group, together with a description of the principal opportunities and risks associated with the expected development of TOMORROW FOCUS Group.

Munich, Germany, 22 March 2012

Stefan Winners  
Chief Executive Officer

Dr Dirk Schmelzer  
Chief Financial Officer

Christoph Schuh  
Management Board Member

## Auditor's Report

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report of the TOMORROW FOCUS AG, Munich, for the business year from 1 January to 31 December 2011. The maintenance of the books and records and the preparation of the annual financial statements and the management report in accordance with German commercial law are the responsibility of the Company's Board of Managing Directors. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with § (Article) 317 HGB ("Handelsgesetzbuch": "German Commercial Code") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with (German) principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the Company's Board of Managing Directors, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with (German) principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Munich, 22 March 2012

**PricewaterhouseCoopers**  
**Aktiengesellschaft**  
**Wirtschaftsprüfungsgesellschaft**

Andreas Fell  
Wirtschaftsprüfer

(German Public Auditor)

ppa. Alexander Fiedler  
Wirtschaftsprüfer

(German Public Auditor)

## Report of the Supervisory Board for the Financial Year 2011

Dear Shareholders

Germany's robust economic growth in 2011 provided the ideal foundation for a very satisfactory rise in both revenue and earnings at TOMORROW FOCUS AG. There were particularly strong performances in the Advertising segment from our digital marketing specialist TOMORROW FOCUS Media and the news portal Focus Online. Thanks to a significant improvement in earnings, the segment was able to report a successful turnaround. Within the Transactions segment, there was a major increase in capital expenditure on the internationalisation of HolidayCheck. Nevertheless, the segment maintained a high level of earnings, driven by positive operating results. The Technology segment, made up of Cellular and TFT, also contributed a healthy set of revenue and earnings figures.

Overall, the TOMORROW FOCUS Group achieved another substantial rise in revenue and operating profit. This is due to its sustainable business strategy and above all to the high level of commitment shown by its employees and managerial staff and by the Management Board.

Main issues discussed by the Supervisory Board

The Supervisory Board of TOMORROW FOCUS AG performed the activities incumbent upon it under German law and the company's articles of association during the financial year 2011. It conferred regularly with the Management Board and diligently supervised its activities. Both verbally and in writing, the Management Board kept the Supervisory Board informed about the business plan, the latest business situation, future strategy, risk management and all major events affecting the company. The Supervisory Board was directly involved in all decisions of fundamental relevance to the Group.

All resolutions proposed by the Management Board were approved by the Supervisory Board after detailed examination.

A total of four regular Supervisory Board meetings were held on 24 March, 31 May, 11 October and 12 December 2011. Three decisions were taken by written circulation on 11 January, 14 February and 28 July 2011.

The main issues discussed at the regular Supervisory Board meetings were the development of revenue, earnings, employment levels and the financial and cash position of TOMORROW FOCUS AG and the Group.

On 11 January 2011, by means of written circulation, the Supervisory Board approved a proposal to restructure the company's borrowings.

On 14 February 2011, again by means of written circulation, the Supervisory Board approved a proposal to bring forward the appointment of Dr Dirk Schmelzer to the position of Chief Financial Officer of TOMORROW FOCUS AG by one month to 1 March 2011.

At its meeting on 24 March 2011, the Supervisory Board discussed the development of the company's business in the financial year 2010 and examined the financial statements and management report of TOMORROW FOCUS AG and the Group for the year ending 31 December 2010. It also looked at the anticipated strategic and organisational development of the TOMORROW FOCUS Group for the year 2011. The Management Board

then reported on the AdJug Group and the current status of the sale process. Jörg Trouvain and Friedrich von Scanzoni, respectively CEO and Managing Director International at HolidayCheck AG, reported on the latest business situation and the progress made in the company's internationalisation. The Supervisory Board also discussed a proposal for the renting of new business premises by Cellular GmbH in Hamburg, Germany. To conclude, the Supervisory Board adopted the agenda for the 2011 annual general meeting.

At the Supervisory Board meeting on 31 May 2011, one day before the annual general meeting of shareholders, the Management Board reported, inter alia, on current market developments and on the situation of the TOMORROW FOCUS Group including its prevailing cash situation. It also presented a detailed report on the results of a strategy review. The Management Board went on to inform the Supervisory Board in detail about the progress of the AdJug sale, especially with regard to the offers received. The Supervisory Board gave its approval for a number of resolutions, including a proposal to enter into exclusive sale negotiations with Dentsu Inc. This was followed by a report from Matthias Papet, Managing Director at HolidayCheck France, on the company's debut in the French market.

On 28 July 2011, the Supervisory Board approved a proposal to sell a 35.86 percent stake in AdJug to Dentsu Inc. This decision was taken by written circulation.

The meeting held on 11 October 2011 included an assessment by the Management Board of the latest market and business conditions. The Management Board also gave a detailed explanation of TOMORROW FOCUS AG's current M&A activities. The Supervisory Board adopted a resolution in principle to devise a long-term incentive programme covering the years 2011 to 2015, both for the Management Board and selected senior employees at TOMORROW FOCUS AG, as well as for Managing Directors of the Group's subsidiaries.

The Supervisory Board meeting held on 12 December 2011 again included an assessment of the latest market and business conditions and the status of the company's M&A activities. The Management Board presented its business plan for TOMORROW FOCUS AG covering the financial year 2012, including details of the anticipated cash situation. The plan was discussed at length and then approved by the Supervisory Board. The Supervisory Board subsequently examined the issue of compliance with the latest version of the German Corporate Governance Code dated 26 May 2010. It approved the Declaration of Conformity with the German Corporate Governance Code drawn up together with the Management Board and, as recommended by the Code, conducted a detailed review of its own efficacy.

Outside the regular Supervisory Board meetings, the Chairperson of the Supervisory Board was in personal or telephone contact with the Management Board several times a month in order to remain up to date with developments in the business situation and significant business transactions. The Chairperson of the Supervisory Board also held separate strategy meetings with the Management Board to discuss the outlook and future strategy of individual business areas.

#### Composition of the Supervisory Board

Helmut Markwort and Jean-Paul Schmetz stepped down from the Supervisory Board following elections held at the annual general meeting on 1 June 2011. Annet Aris and Philipp Welte were elected to succeed them on the Supervisory Board.

#### Composition of the Management Board

Dr Dirk Schmelzer became Chief Financial Officer of TOMORROW FOCUS AG on 1 March 2011. In this newly created role he will be responsible for Finance, Controlling, Investor Relations and Human Resources. The appointment was formally made by the Supervisory Board at its meeting on 28 September 2010.

On 19 December 2011, TOMORROW FOCUS AG's Chief Executive Officer, Stefan Winners, informed the Supervisory Board that he does not intend to extend his contract beyond 31 December 2012, when it is due to expire. The Supervisory Board wishes to thank Stefan Winners for his outstanding work.

The Supervisory Board will appoint a new CEO over the course of 2012.

#### Committees

The long-term incentive programme was approved in principle at the Supervisory Board meeting on 11 October. At the same meeting, a decision was taken to form a committee made up of the Chairperson Dr Kallen and members of the Supervisory Board Dr Rittstieg and Professor Dr Leberfinger. The committee was set up to negotiate the specific contractual details with the Management Board.

On 14 December, a committee was formed made up of the Chairperson Dr Kallen and members of the Supervisory Board Philipp Welte and Martin Weiß. This committee was tasked with the selection of a recruitment consultant to manage the search for a new CEO.

#### Corporate Governance

No member of the Supervisory Board attended fewer than half of the Supervisory Board meetings.

No conflicts of interest of the members of the Supervisory Board arose in connection with their membership of the TOMORROW FOCUS AG Supervisory Board.

At its meeting on 12 December 2011, the Supervisory Board examined the efficacy of its activities as required by the German Corporate Governance Code.

The Management Board and Supervisory Board made a joint declaration of conformity pursuant to Section 161 of the German Stock Corporation Act (Aktiengesetz, AktG) on 12 December 2011. The declaration was made permanently available to the public on the company's website. Reference is also made to the Corporate Governance Report information included in the 2011 Annual Report.

#### Annual financial statements and consolidated financial statements

TOMORROW FOCUS AG prepared its annual financial statements and management report in accordance with the statutory requirements of the German Commercial Code (Handelsgesetzbuch, HGB). The consolidated financial statements and the Group management report were prepared in accordance with International Financial Reporting Standards (IFRS).

The statutory auditor, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungs-gesellschaft (PwC), Frankfurt am Main, Germany (Munich office) audited the annual financial statements and the management report of TOMORROW FOCUS AG for the financial year from 1 January to 31

December 2011 and the consolidated financial statements and the Group management report for the same financial year. The auditor was requested at the time of its appointment to place the main emphases of the audit on the realisation and correct accrual of revenue; the impairment value of goodwill in the consolidated financial statements and of equity investments in the single-entity financial statements; the recognition and valuation of intangible assets in the consolidated financial statements, the calculation and impairment value of deferred tax assets and liabilities; the final consolidation of the AdJug Group; and the completeness of the information provided in the notes to the financial statements.

Pursuant to section 317, paragraph 4 of the German Commercial Code (Handelsgesetzbuch, HGB), the auditor carried out an inspection and found that the Management Board has put in place a monitoring system, that the company fulfils the statutory requirements for early detection of risks that might jeopardise the existence of the company and that the Management Board has taken suitable steps to identify new developments and counteract risks at an early stage.

The auditor submitted the declaration of independence required under the German Corporate Governance Code to the Supervisory Board and disclosed the audit and consultancy fees charged for the corresponding financial year.

The auditor detailed the audit principles in the audit report. It ascertained that TOMORROW FOCUS AG complied with the statutory requirements of the German Commercial Code (Handelsgesetzbuch, HGB) and/or IFRS. The auditor did not raise any objections in connection with the audit.

The annual financial statements and the consolidated financial statements received the auditor's unqualified approval. The single-entity financial statements, consolidated financial statements, single-entity management report, Group management report and the auditor's report were made available to all members of the Supervisory Board. The financial statements were discussed in detail at the Supervisory Board's balance sheet meeting on 23 March 2012 in the presence of the auditor, who also provided a report. The Supervisory Board went on to consider the findings of the audit on the impairment value of goodwill in the consolidated financial statements and of equity investments in the single-entity financial statements before going on to discuss the final consolidation of the AdJug Group.

The single-entity financial statements, the management report, the consolidated financial statements and Group management report were presented to the Supervisory Board for examination. The Supervisory Board scrutinised in particular the final consolidation of the AdJug Group as well as the method of calculating the recognition and impairment value of deferred taxes.

No objections were raised after conclusion of this examination. The Supervisory Board therefore approved the result of the examination at its meeting on 23 March 2012. The single-entity and consolidated financial statements prepared by the Management Board were endorsed and adopted by the Supervisory Board. The Supervisory Board approved the management report and the Group management report and agreed with the assessment of the company's future development.

Scrutiny of the dependency report pursuant to section 314, paragraphs 2 and 3 of the German Stock Corporation Act (Aktiengesetz, AktG)  
At its meeting on 23 March 2012, the Supervisory Board examined the report drawn up by the Management Board of TOMORROW FOCUS AG pursuant to section 312 of the German Stock Corporation Act (Aktiengesetz, AktG) on the disclosure of related-party transactions in the financial year 2011 (dependency report).

No objections were raised following this examination. The Management Board explained the advantages and possible risks associated with the transactions specified in the dependency report to the members of the Supervisory Board, who then examined and weighed them against each other. The Supervisory Board also requested an explanation of the principles according to which the services provided by the company and the consideration received are determined.

The auditor also examined the dependency report and issued the following audit opinion:

“Following our statutory audit, it is our considered judgment that:

1. the factual information contained in the report is accurate;
2. in terms of the legal transactions shown in the report that were conducted under the circumstances known at the time, the consideration paid by the company was not inappropriately high.”

The auditor submitted the audit report to the Supervisory Board. The dependency report and audit report were made available to the Supervisory Board in good time. The statutory auditor attended the meeting of the Supervisory Board on 23 March 2012 and outlined the most important results of its audit of the dependency report.

The Supervisory Board, for its part, examined the Management Board’s dependency report and the audit report produced by the statutory auditor.

The Supervisory Board agreed with the audit findings and approved the report based on the concluding results of its own examination on 27 March 2012. Following the concluding result of the audit, there are no objections from the Supervisory Board to the declaration of the Management Board at the end of the dependency report.

Thanks

The Supervisory Board would like to thank the Management Board and all employees of the TOMORROW FOCUS Group for their excellent work in 2011 and wishes the company’s management and workforce renewed success in 2012.

Munich, Germany, March 2012

On behalf of the Supervisory Board

Dr Paul-Bernhard Kallen  
Chairperson

## Imprint

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