

TOMORROW FOCUS AG
Munich, Germany

**Annual financial statements as at 31 December 2013 pursuant to the
German Financial Code
(Handelsgesetzbuch, HGB)**

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Management report of TOMORROW FOCUS AG for the financial year 2013

Unlike the consolidated financial statements of the TOMORROW FOCUS Group, which are based on International Financial Reporting Standards (IFRS), the single-entity financial statements of TOMORROW FOCUS AG are prepared in accordance with the rules of the German Commercial Code (Handelsgesetzbuch, HGB).

1. Group structure and business model

1.1 Organisational structure

TOMORROW FOCUS AG is a joint-stock company under German law. It is based in the German city of Munich and is the parent company of the TOMORROW FOCUS Group, an Internet group with operations in Central, Western and Eastern Europe. Its core activities are in the fields of travel, online advertising, online dating and physician searches and ratings. Some of our brands have established a market-leading position. We have been an exchange-listed Internet company for around fourteen years. In 2013, TOMORROW FOCUS AG's average workforce in Munich was 24, with a further 725 employees (full-time equivalents, FTEs) across the Group at eleven sites in Austria, France, Germany, the Netherlands, Poland and Switzerland. In financial 2013 TOMORROW FOCUS AG generated single-entity revenue of EUR 0.67 million, while consolidated revenue stood at EUR 188.6 million. We operate over fifty European and international Internet portals.

The registered office of the company and headquarters of the Group are located in the German city of Munich. TOMORROW FOCUS AG and the TOMORROW FOCUS Group are led by a Management Board comprising the Chief Executive Officer (CEO), the Chief Financial Officer (CFO) and one other Management Board member.

The Management Board of TOMORROW FOCUS AG manages the company's business in accordance with the law, the articles of association and its own rules of procedure. The latter includes a schedule of responsibilities, in which individual business areas are allocated to members of the Management Board.

The Management Board of TOMORROW FOCUS AG is the only body with overall responsibility for the governance of the company according to Germany's Stock Corporation Act (Aktengesetz, AktG). By contrast, at all other levels of the Group,

management responsibility is always assigned to individuals, who make independent decisions based on Group guidelines and rules of procedure and take personal responsibility for their own areas of the business.

Within their particular remit and to the extent permitted by law, senior managers at TOMORROW FOCUS AG (including the heads of Finance, Controlling and Human Resources) have unlimited authority to issue instructions to all parts of the Group beyond their specific roles set out in the guidelines and their individual control and coordination duties.

Chief Executive Officer Antonius Bouten's responsibilities include the management support functions:

- corporate development;
- human resources;
- Group internal audit;
- Group communications;

and the operating units:

- Zoover;
- Tjingo;
- Ecotour;
- HolidayCheck;
- Jameda.

In his position as Management Board Member, Christoph Schuh has responsibility for the management support functions:

- marketing and sales;
- trade association links;

and the operating units:

- Cellular;
- ElitePartner;
- TOMORROW FOCUS Media;
- Finanzen100;
- NetMoms;
- editorial portals;
- marketing activities including client marketing;
- subsidiaries and long-term equity investments together with the advertising business model (national and international).

The Management Board responsibilities of the Chief Financial Officer Dr Dirk Schmelzer include the support units:

- controlling;
- reporting;
- risk management;
- internal control systems;
- investor relations;
- financial management of long-term equity investments;
- financing and bank relations;
- legal, contract and tax management;
- general administration and purchasing.

1.2 Segments

This management report contains a number of key financial indicators for the three pre-2014 operating segments:

- Transactions;
- Advertising;
- Technologies;

and for the non-operating segment:

- Holding.

In January 2014, i.e. following the financial year 2013, we completely revised the Group's segment structure and created four new segments:

- Travel;
- Publishing;
- Subscription;
- Other.

In terms of geographic segmentation, as at 31 December 2013, TOMORROW FOCUS was subdivided into the two segments National and International.

1.3 Description of business operations

Transactions segment

The Transactions segment encompasses all the companies that mainly generate revenue from transaction-based online business models in the fields of travel, online dating and health.

HolidayCheck AG (Bottighofen, Switzerland), RPC Voyages SAS (Courbevoie, France), Tomorrow Travel B.V. (Woerden, Netherlands) and Webassets B.V. (Zeist, Netherlands) operate a range of hotel rating and holiday booking portals that generate revenue in the form of commission for package tours and hotel bookings and from website links that take visitors to other booking portals. In addition, RPC Voyages allows users to create their own package tour using a method known as virtual tour operating (VTO). The company records its gross travel sales as revenue. The core markets for these portals are Austria, Belgium, France, Germany, the Netherlands, Poland and Switzerland. Webassets B.V. also operates weather portals. Its main source of revenue is online advertising, with core markets in Belgium, Germany and the Netherlands.

EliteMedianet GmbH (Hamburg, Germany) operates the online dating agency ElitePartner. Revenue is mainly derived from the sale of subscriptions to premium members. The company's core markets are Austria, Germany and Switzerland.

jameda GmbH (Munich, Germany) operates a physician search and rating portal by the same name. Revenue is predominantly generated by the sale of subscriptions to physicians. The core market is Germany.

In financial 2013, the Transactions segment generated external revenue of EUR 146.2 million, equivalent to 77.5 percent of the TOMORROW FOCUS Group's total revenue.

Advertising segment

The Advertising segment is made up of all the companies whose revenue mostly comes from online advertising-based business models in the fields of news, finance and parenting and from the marketing of online advertising space.

TOMORROW FOCUS Media GmbH (Munich, Germany) markets online advertising space on various web portals, some of which belong to the Group. TOMORROW FOCUS Media generates most of its revenue in the form of commission. The company also operates the news and utility journalism portal FOCUS Online, whose main source of revenue is fixed and mobile online advertising.

TOMORROW FOCUS Content & Services GmbH (Munich, Germany) began operating the German online edition of the news and debate portal The Huffington Post under licence in October 2013. Its main source of revenue is online advertising.

Finanzen100 GmbH (Cologne, Germany) operates a finance and stock market information portal by the same name. Online advertising provides the bulk of its revenue.

NetMoms GmbH (Cologne, Germany) operates a parenting portal by the same name. The company derives most of its revenue from online advertising.

The core market for all the companies that make up the Advertising segment is Germany.

In financial 2013, the Advertising segment generated external revenue of EUR 29.7 million, equivalent to 15.7 percent of the TOMORROW FOCUS Group's total revenue.

Technologies segment

The Technologies segment comprises all the companies whose revenue is mainly derived from web-based or mobile IT services.

Cellular GmbH (Hamburg, Germany) is a full-service agency for mobile Internet use, apps and smart TV. Its main source of revenue is IT services, with core markets in Austria and Germany.

TOMORROW FOCUS Technologies GmbH (Munich, Germany) specialises in web-based IT services. It was sold to the Dutch firm TIE Kinetix B.V. with effect from 2 December 2013.

organize.me GmbH (Munich, Germany, formerly organice.me GmbH) has been fully consolidated since 1 July 2013. The company began operating an online document storage service by the same name in February 2014. Most of its revenue comes from the sale of subscriptions for premium services.

In financial 2013, the Technologies segment generated external revenue of EUR 12.7 million, equivalent to 6.7 percent of the TOMORROW FOCUS Group's total revenue.

1.4 Financial control system

TOMORROW FOCUS AG has developed a financial control system to control and develop each of its subsidiaries. The aim is for those companies to grow faster than the market average. The financial control system defines a series of indicators for growth in sales revenue, profitability and capital efficiency and for the optimisation of our capital structure. This involves analysing the company's revenue and operating result and comparing them to our original planning and twice-yearly forecasts.

Financial indicators

Indicator	Segment	2013	2012
EBIT margin	Transactions	1.6%	14.9%
	Advertising	9.7%	31.9%
	Technologies	7.8%	5.9%
EBITDA margin	Transactions	15.9%	20.3%
	Advertising	14.3%	36.8%
	Technologies	13.3%	12.3%

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

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.

Sector and employee know-how

One of the main factors contributing to the sustainable development of TOMORROW FOCUS as the holding company has been its extensive knowledge of the markets that are relevant to the company, 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 parent company and the Group and to provide regular opportunities for professional development. We have established specific training regimes to help our people develop new personal and professional skills.

To this end, a wide range of training seminars is offered for employees and managerial staff to support their professional development and strengthen their commitment to the company.

Target agreement and feedback interviews 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.

1.5 Research and development activities

TOMORROW FOCUS AG makes use of external service providers to help implement technical projects. Development activities in the Transactions, Advertising and Technologies segments are conducted on a decentralised basis within the Group companies. To a large extent, TOMORROW FOCUS AG's subsidiaries draw on their own development resources. Internally generated intangible assets are not capitalised. In general, there are no specific research expenses.

2. Economic report

2.1 Macro-economic and industry situation

To a large extent, TOMORROW FOCUS AG is affected by the same macro-economic factors as the TOMORROW FOCUS Group.

2.1.1 Macro-economic situation

Although Europe's financial markets were calmer in 2013, overall economic activity in the TOMORROW FOCUS Group's core sales markets was subdued.

According to Deutsche Bank's Global Market Research unit, inflation-adjusted gross domestic product (GDP) in the Netherlands fell by 0.8 percent (GDP 2012: down 1.3 percent). Deutsche Bank's analysts put inflation-adjusted growth in Belgian GDP at just 0.2 percent (GDP 2012: down 0.1 percent) and in France at just 0.3 percent (GDP 2012: 0.0 percent). The figures for both Germany and Austria were little better at 0.4 percent (GDP Germany 2012: 0.7 percent; GDP Austria 2012: 0.9 percent). The only relatively strong performance came from Switzerland, where inflation-adjusted GDP grew by 2 percent (GDP 2012: 1.0 percent).

The GDP figures quoted above are based on estimates published by Deutsche Bank's Global Market Research unit on 21 February 2014.

2.1.2 Industry situation

The overall picture for 2013 in the core markets targeted by the Transactions segment's **transaction-based travel portals** was uneven. While Germany, Austria and Switzerland all reported modest growth in tourism, France and especially the

Netherlands reported a decline owing to difficult economic and industry-specific conditions. By contrast, the tourism industry in both these markets had been growing in 2012.

Compared with the previous year, competitive pressures in the segment's core sales markets were higher, largely as a result of increased marketing expenditure and the entry of new competitors. Despite this, based on assessments by the companies concerned, TOMORROW FOCUS AG's travel portals were able to consolidate their respective market positions and thus maintain their predominant role within the TOMORROW FOCUS Group as a whole.

There was an equally varied performance in the core sales markets targeted by the **subscription-based portals** that make up the Transactions segment.

The markets on which the online dating agency, ElitePartner, is focused showed clear signs of saturation in 2013. The company's own figures suggest a complete absence of growth in the online dating sector in Austria, Germany and Switzerland. The picture in 2012 was roughly similar.

As in the previous year, competitive pressures in the segment's core sales markets were again strong, mainly due to consistently high marketing expenditure. Nevertheless, ElitePartner's market position among the premium online dating agencies remained fairly stable, with an estimated share of around 30 to 35 percent of the German market.

In 2013, the physician search and rating portal jameda again generated stable, moderate growth in its own sales markets.

Compared with the previous year, there was a slight easing in competitive pressures. Accordingly, jameda was able to extend its leading position among Germany's physician search and rating portals.

These assessments are based on the company's own estimates.

The overall picture for 2013 in the core sales markets targeted by the Advertising segment's **advertising-based online portals** and the Group's own digital marketing specialist was positive. Nielsen Media Research expects total gross expenditure on advertising in Germany to have been around EUR 30.1 billion in 2013, an increase of 2.3 percent compared with the previous year's figure of EUR 29.4 billion. The total figure spent on fixed and mobile online advertising was around EUR 3.1 billion compared with EUR 2.9 billion in 2012 (up 5.2 percent), roughly 10 percent of all gross advertising expenditure. TOMORROW FOCUS AG estimates that the gap between gross and net growth closed slightly in 2013. As a result, the net rate of growth in percentage terms is likely to be slightly above this figure.

As in the previous year, competitive pressures among advertising-based online portals and digital marketing firms in the segment's sales markets remained equally high. Overall, however, the sector continued to attract more users, especially to its mobile Internet portals, and benefited from the trend to direct a greater proportion of corporate advertising budgets at online media rather than traditional offline media.

Although the Advertising segment's in-house digital marketing specialist lost a number of important clients at the end of 2012, the segment was able to make up for this over the course of 2013 with some very pleasing results from its own advertising-based online portals.

These assessments are based on data from Nielsen Media Research and the company's own estimates.

The overall picture for the financial year 2013 in the sales markets targeted by the Technologies segment's **web- and mobile Internet-based IT service companies** was positive.

According to the forecast issued by the German Association for Information Technology, Telecommunications and New Media (BITKOM), the German IT services market grew by around 2.4 percent in 2013 to generate a market volume of EUR 35.7 billion.

Competitive pressures in the segment's sales markets remained high yet stable compared with the previous year. As in 2012, the market position of the companies making up the Technologies segment, which makes a relatively small contribution to the Group's total revenue and earnings, was largely stable.

2.2 Business developments and performance

Overall, the financial year 2013 was in line with the Management Board's expectations.

2.2.1 Business developments

Transactions segment

TOMORROW FOCUS AG acquires remaining minority shares in HolidayCheck AG

In June 2013, TOMORROW FOCUS AG acquired a further 6 percent of the shares in HolidayCheck AG, which is based in the Swiss town of Bottighofen and operates a number of hotel review and holiday booking portals under the same name. As a result, TOMORROW FOCUS AG increased its total stake from 94 to 100 percent. The price agreed for the shares was EUR 15.3 million and was settled in cash.

Earn-out payment for RPC Voyages SAS

On 19 July 2013, TF Digital GmbH made an earn-out payment of EUR 2.0 million linked to the purchase of RPC Voyages SAS.

Advertising segment

Takeover of NetMoms GmbH accompanied by non-cash capital increase

In December 2012, with effect from 1 January 2013, TOMORROW FOCUS AG acquired 100 percent of the shares in NetMoms GmbH, which operates the parenting portal Netmoms.de. The purchase price was settled partly in cash and partly

through an issue of 258,040 new shares in TOMORROW FOCUS AG as part of a non-cash capital increase out of the company's authorised capital. In this respect, the Management Board had taken the decision, with the approval of the Supervisory Board, to raise the company's share capital by EUR 258,040 from EUR 58,055,588 to EUR 58,313,628 through an issue of 258,040 new shares against non-cash contributions.

The capital increase was entered in the commercial register on 12 April 2013. On 16 May 2013 the new shares were admitted, without the issue of a prospectus, to the Regulated Market of the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse, FWB) and to Deutsche Börse's Prime Standard segment, which imposes additional reporting, disclosure and transparency standards.

German edition of The Huffington Post goes live

The German-language edition of The Huffington Post was launched at www.huffingtonpost.de on 10 October. The German edition of the news portal, which was founded in the United States in 2005, will be produced under licence by TOMORROW FOCUS Content & Services GmbH, a wholly-owned subsidiary of TOMORROW FOCUS AG. The aim is to break even within three years and to establish the site as one of Germany's top five news providers within five years at the most.

New company formation

The following company was formed by TOMORROW FOCUS Media GmbH in July 2013:

- TOMORROW FOCUS Content & Service GmbH

Technologies segment

TOMORROW FOCUS Technologies GmbH sold to TIE Kinetix N.V.

In October 2013, TOMORROW FOCUS AG announced the sale of its entire stake in the Munich-based digital and creative agency TOMORROW FOCUS Technologies GmbH (TFT GmbH) to the Dutch firm TIE Kinetix N.V. The deconsolidation date was set at 30 November 2013.

In line with its Strategy 2018, which was adopted at the beginning of 2013, TOMORROW FOCUS AG will now focus on its core areas of expertise in the field of B2C business models.

The sale price of EUR 3.0 million produced non-recurring income of around EUR 1.3 million for TOMORROW FOCUS AG in the fourth quarter of 2013. This amount was recognised in the statement of income.

Holding segment

Successful cash capital increase

On 6 February 2013, the Management Board of TOMORROW FOCUS AG took the decision to draw on its authorised capital in order to increase the company's total share capital by EUR 5,043,198 from EUR 53,012,390 to EUR 58,055,588 through the issue of 5,043,198 new notional no-par-value bearer shares against cash contributions at a placement price of EUR 3.80 per share. On this occasion, existing shareholders were not allowed to subscribe to the issue. The decision was approved by the Supervisory Board. The new shares, which qualify for a dividend from 1 January 2012, were placed with institutional investors as part of an accelerated bookbuilding process.

The capital increase was entered in the commercial register on 8 February 2013. On 12 February 2013 the new shares were admitted, without the issue of a prospectus, to the Regulated Market of the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse, FWB) and to Deutsche Börse's Prime Standard segment, which imposes high international reporting and transparency standards.

The capital increase was doubly oversubscribed, and the issue generated a net sum of approximately EUR 18.5 million.

New company formations

The following companies were formed by TOMORROW FOCUS AG in July 2013:

- Tomorrow Travel Solutions GmbH
- organice.me GmbH (now: organize.me GmbH)

Changes to the composition of the Supervisory Board

At the annual general meeting of shareholders of TOMORROW FOCUS AG on 12 June 2013, Stefan Winners and Dr Dirk Altenbeck were elected to the Supervisory Board by the shareholders attending the meeting in order to fill the positions left vacant following the announcements in April last year by Dr Paul-Bernard Kallen and Dr Stefan Leberfinger, respectively the former Chairperson and a former member of the Supervisory Board, that they intended to step down at the end of the annual general meeting of shareholders.

Stefan Winners is a member of the Management Board of Hubert Burda Media Holding, where he is responsible for digital operations. Following the annual general meeting, he was elected to the position of Chairperson at the constitutive meeting of the Supervisory Board of Tomorrow Focus AG.

Dr Dirk Altenbeck holds the position of Managing Partner at the accountancy and tax consulting firm PKF Issing Faulhaber Wozar Altenbeck GmbH & Co. KG.

New segment structure takes effect in financial 2014

As described above in section 1.2 of this management report, the new segment structure adopted by the TOMORROW FOCUS Group took effect at the beginning of financial 2014. The new structure comprises the Travel segment (all transaction-based travel portals), the Publishing segment (all advertising-based portals including the digital marketing specialist TOMORROW FOCUS Media), the Subscription segment (all subscription-based portals) and the Other segment, which includes the parent company TOMORROW FOCUS AG, TF Digital GmbH and the mobile services provider Cellular GmbH.

The Travel segment comprises the following subsidiaries:

- HolidayCheck AG (Bottighofen, Switzerland)
- Webassets B.V. (Zeist, Netherlands), excluding the subsidiary MeteoVista B.V. (Zeist, Netherlands)
- TOMORROW Travel B.V. (Woerden, Netherlands)
- RPC Voyages SAS (Courbevoie, France)

The Publishing segment includes the following subsidiaries:

- TOMORROW FOCUS Media GmbH (Munich, Germany)
- Finanzen100 GmbH (Cologne, Germany)
- NetMoms GmbH (Cologne, Germany)
- TOMORROW FOCUS Content & Services GmbH (Munich, Germany)
- MeteoVista B.V. (Zeist, Netherlands)

The Subscription segment comprises:

- EliteMedianet GmbH (Hamburg, Germany)
- jameda GmbH (Munich, Germany)
- organize.me GmbH (Munich, Germany)

The Other segment is made up of the following companies:

- TOMORROW FOCUS AG (Munich, Germany)
- Cellular GmbH (Hamburg, Germany)
- TF Digital GmbH (Munich, Germany)

The tables below provide an overview of the Group's previous and new segment structures and their most important brands.

**Previous segment structure of the TOMORROW FOCUS Group
up to 31 December 2013**

Segment	Transactions	Advertising	Technologies	Holding
Key brands	HolidayCheck	TOMORROW FOCUS Media	Cellular	TOMORROW FOCUS AG
	MietwagenCheck	Focus Online	organize.me	TF Digital
	Zoover	Amica Online	TFT (up to November 2013)	Tomorrow Focus Technologies (up to November 2013)
	MeteoVista	NetMoms		
	Tjingo	Finanzen100		
	Ecotour	The Huffington Post Germany		
	ElitePartner			
	jameda			

**New segment structure of the TOMORROW FOCUS Group
From 1 January 2014**

Segment	Travel	Publishing	Subscription	Other
Key brands	HolidayCheck	TOMORROW FOCUS Media	ElitePartner	TOMORROW FOCUS AG
	MietwagenCheck	Focus Online	jameda	Cellular
	Zoover	Amica Online	organize.me	TF Digital
	Ecotour	NetMoms		
	Tjingo	Finanzen100		
		The Huffington Post Germany		
		MeteoVista		

2.2.2 Performance

2.2.2.1 Income

Operating income (the total of revenue and other operating income) for the financial year 2013 was up by a considerable margin from EUR 2.59 million in the previous year to EUR 4.18 million. With regard to the specific items, **revenue** showed a year-on-year increase from EUR 0.57 million in 2012 to EUR 0.67 million. **Other operating income** rose from EUR 2.02 million in 2012 to EUR 3.51 million in the financial year 2013. This is largely due to a profit of EUR 1.3 million from the sale of Tomorrow Focus Technologies GmbH.

Operating costs (total of cost of materials, personnel costs, amortisation and depreciation, and other operating costs) rose from EUR 11.42 million in 2012 to EUR 12.06 million in financial 2013. The main reason for this was an increase of EUR 0.74 million in personnel expenses, primarily on account of new appointments and higher expenses linked to the LTI programme. More employees were included in the programme, and the degree to which the associated targets were met was also higher.

The **result from operating activities** (operating income less operating costs) stood at minus EUR 7.88 million compared to minus EUR 8.83 million in the previous year.

The **financial result** (total of income from long-term equity investments, income from profit transfer agreements and other interest and similar income less write-downs of long-term financial assets, expenses in connection with loss assumption, and interest and similar expenditure) showed a decline on the previous year from EUR 18.26 million to EUR 6.65 million. The main factors here were an increase of EUR 2.74 million in write-downs of long-term financial assets as a result of valuation adjustments totalling EUR 3.75 million to the carrying amount recognised for Tomorrow Travel B.V. and a decline of EUR 2.45 million in income from long-term equity investments. Income under profit transfer agreements was also down EUR 6.12 million, as the previous year's figure included income from the sale of digital rights of use at TOMORROW FOCUS Media.

The **result from ordinary activities**, which is the sum of the result from operating activities and the financial result, stood at minus EUR 1.24 million in 2013 compared with EUR 9.43 million in the financial year 2012.

The **net loss for the year** was EUR 1.27 million compared with net income of EUR 9.43million in 2012.

Net retained profit fell from EUR 12.46 million in 2012 to EUR 7.70 million in financial 2013.

2.2.2.2 Asset and financial position

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 2013 rose from EUR 181.13 million at the end of 2012 to EUR 192.91 million. This was due in large part to increases in the shares in affiliated entities item, which rose by EUR 10.9 million, and the other loans item, which rose by EUR 0.98 million to EUR 1.00 million. The rise in the figure of shares in affiliated entities is mainly due to the complete takeover of NetMoms GmbH and the acquisition of a further 6 percent stake in HolidayCheck AG, less a write-down on the carrying amount recognised for Tomorrow Travel B.V. The Other loans item ended the year higher following a loan of EUR 1.0 million to TFT TIE Kinetix GmbH.

The **current assets** of TOMORROW FOCUS AG were up from EUR 24.85 million as at 31 December 2012 to EUR 33.67 million as at 31 December 2013. This was mainly due to increases in various balance sheet items: receivables from affiliated entities (up EUR 6.56 million to EUR 21.50 million), other assets (up EUR 0.63 million to EUR 0.74 million) and cash at banks (up EUR 1.57 million to EUR 11.37 million). The rise in receivables from affiliated entities is mainly attributable to higher cash-pool receivables, especially from TF Digital GmbH. The rise in other assets was caused by a profit transfer receivable of EUR 0.55 million from TFT TIE Kinetix GmbH. Among other factors, cash at banks was pushed up by the cash capital increase in February 2013.

On the liabilities side of the balance sheet, the **equity** of TOMORROW FOCUS AG rose from EUR 128.82 million as at 31 December 2012 to the year-end figure of EUR 143.49 million for 2013. The two main factors were an increase in subscribed capital (up EUR 5.30 million to EUR 58.31 million) and an increase in the capital reserves (up EUR 14.12 million to EUR 77.48 million) following a successful cash capital increase. By contrast, the net retained profit item was down by EUR 4.76 million at EUR 7.70 million.

The **equity ratio** ended the year at 63.3 percent compared with the figure of 62.5 percent at the end of 2012. This was due to a greater increase in equity than in liabilities.

Provisions were up from EUR 6.65 million at year-end 2012 to EUR 8.78 million as at 31 December 2013, largely on account of the long-term incentive programme (LTIP) for 2013.

Year-end **liabilities** rose from EUR 70.56 million in 2012 to EUR 74.36 million, primarily due to an increase of EUR 3.94 million in liabilities to affiliated entities as a result of higher cash-pool liabilities.

The increases in equity, provisions and liabilities produced a rise in the year-end figure for **total assets** from EUR 206.03 million as at 31 December 2012 to EUR 226.62 million in 2013.

The balance sheet shows current assets of EUR 33.67 million and current liabilities of EUR 36.77 million. Based on current plans, TOMORROW FOCUS AG will receive a dividend of approximately EUR 11.5 million from HolidayCheck AG in 2014. As at 31 December 2013, the company's unused working capital credit lines totalled EUR 10.0 million. This is sufficient to cover the company's ongoing liquidity needs.

3. Events after the balance sheet date

No further events occurred after the balance sheet date that were of material significance to TOMORROW FOCUS AG.

4. Report on expected developments, opportunities and risks

4.1 Report on expected developments

TOMORROW FOCUS AG's earnings are dependent on several factors. Operating income and operating expenses affect the result from operating activities and therefore the result from ordinary activities. TOMORROW FOCUS AG aims to keep operating income at a constant level and to reduce its operating expenses by streamlining costs. Looking ahead at the financial year 2014, the company anticipates a stable overall result from operating activities before exceptional items.

The result from ordinary activities is also determined in part by the financial result, which in turn depends largely on the profits generated by long-term equity investments and on levels of borrowing.

Forecast for non-financial performance indicators

Non-financial performance indicator	Forecast for financial year 2014
Sector and employee know-how	Stable

TOMORROW FOCUS AG can look back on a successful year in 2013. Overall, the economic outlook for 2014 in the TOMORROW FOCUS Group's core markets is positive. As such, the prospects for the TOMORROW FOCUS Group as a whole are good.

On the assumption that economic growth will be moderate in the financial year 2014, the forecasts prepared by TOMORROW FOCUS AG's long-term equity investments for 2014 anticipate a stable set of results with the possibility of slight year-on-year

improvements in earnings both for individual operating segments and overall. Accordingly, the Management Board expects the result from ordinary activities before any exceptional items to either remain stable or show a small improvement on 2013.

4.2 Risk report

With regard to its business activities, TOMORROW FOCUS AG is largely faced with the same risks and opportunities as the TOMORROW FOCUS Group. In general, TOMORROW FOCUS AG's exposure to risk reflects the size of its holding in subsidiaries and long-term equity investments.

4.2.1 Risk management system

As the parent company of the TOMORROW FOCUS Group, TOMORROW FOCUS AG is integrated into the Group-wide risk management system. As the holding company, TOMORROW FOCUS AG 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.

4.2.1.1 Risk policy guidelines

The Management Board has formulated a series of policy guidelines for the risk management system.

- Risk awareness should be consistently heightened at all levels of the Group.
- Risk exposure should be limited by taking appropriate measures to prevent potential damage.
- A risk management system should be established in each company to identify risks at an early stage and to assess and control those risks.
- Specific critical risks or those with the potential to jeopardise the existence of the Group must be reported as and when they arise.
- Suitable risk assessment criteria (materiality limits) should be defined and regularly updated as part of controlling with regard to the classification of risks as critical or as a threat to the existence of the Group and to facilitate the process of escalation as far as the Management Board.
- Where there is suspicion of criminal activity, compliance issues must be reported as soon as they are identified.
- The risk management system should be documented in the form of a risk map in addition to this handbook.
- The risks to which individual companies are exposed are also documented using the R2C tool. If the companies do not have their own access to this tool, the information is maintained by the Group Risk Coordinator. Otherwise, responsibility for maintaining and updating the risk data lies with the companies themselves.
- The risk management system of TOMORROW FOCUS AG does not cover opportunities.

4.2.1.2 Risks subject to mandatory disclosure

Risks are identified in relation to individual areas of responsibility or on a more general basis in workshops. Risks are classified using the following model:

Risk classification model			
Strategic	Operational	Financial	Compliance
Corporate targets <ul style="list-style-type: none"> • Strategic targets • Compliance targets Business culture <ul style="list-style-type: none"> • Mission statement • Brand recognition • Image Corporate planning <ul style="list-style-type: none"> • Strategic planning • Budget planning • Forecasts Portfolio development <ul style="list-style-type: none"> • Portfolio strategy • Location strategy Mergers and Acquisitions (M&A) <ul style="list-style-type: none"> • Valuation and pricing • Due diligence • Implementation 	Purchasing <ul style="list-style-type: none"> • Favours to suppliers (kick-backs) • Valuation and pricing Sales and distribution <ul style="list-style-type: none"> • Commission payments • (Fictitious) consulting agreements Finance <ul style="list-style-type: none"> • Embezzlement (treasury) • Cash / slush funds • Insurance (kick-backs) IT and data protection <ul style="list-style-type: none"> • Data theft; espionage • Abuse of data access rights Personnel <ul style="list-style-type: none"> • Manipulation of master data • Expenses 	Accounting/reporting systems <ul style="list-style-type: none"> • Book-keeping • Reporting • Annual financial statements • Balance sheet fraud Treasury <ul style="list-style-type: none"> • Slush funds • Enrichment Accounting <ul style="list-style-type: none"> • Cancellation • Fictitious revenue • Payments • Double payments • Manipulation of master data Controlling <ul style="list-style-type: none"> • Manipulation of key figures 	Laws and guidelines <ul style="list-style-type: none"> • Data protection • Equality law • Cartel law • Abuse of contract • Violation of law • Occupational safety • Environment Code of conduct <ul style="list-style-type: none"> • Ethical principles • Bribery and corruption • Fraud Violation of internal rules <ul style="list-style-type: none"> • Mission statement and ethical principles • Code of conduct • Financial organisation

Risks are assessed in terms of the probability of their occurrence and their potential to cause damage. The table below shows how risks are classified in terms of the probability of occurrence within a planning horizon of two years.

Risk assessment – probability of occurrence		
Probability of occurrence within planning horizon (2 years)		
(Almost) certain	4	Probability \geq 80 percent of the risk event occurring within the planning horizon
Probable	3	Probability \geq 50 percent and $<$ 80 percent of the risk event occurring within the planning horizon
Possible	2	Probability \geq 20 percent and $<$ 50 percent of the risk event occurring within the planning horizon
Unlikely	1	Probability $<$ 20 percent of the risk event occurring within the planning horizon

Potential to cause damage is defined in terms of the potential impact on the company’s results over a two-year period. Risks are allocated to one of four categories depending on the potential scale of the impact.

Risk assessment – potential damage					
		Strategic	Operational	Financial	Compliance
High (critical/ threat to existence of Group)	4	Risk that most strategic targets may not be achieved	Disruption to all business activity (complete failure of IT systems, loss of data, fire, terrorist attack)	Threat to existence of the Group (e.g. large-scale manipulation of balance sheet).	Serious violations of the law leading to external investigations and legal proceedings (risk to reputation)
Substantial	3	Risk that one or several strategic targets may not be achieved	Serious disruption to business activity (temporary failure of IT systems, fluctuation of key personnel).	Substantial risks that lead to an annual deficit or a reduction in enterprise value.	Systematic and ongoing violations of the law with large financial penalties and damage to corporate image
Medium	2	Risk that one strategic target may not be achieved	Significant disruption to/ interruption of operating processes	Significant negative impact on annual results and enterprise value, manipulation of valuations.	Systematic violations of the law with significant financial penalties
Low	1	Risk has very little potential impact on achievement of targets	Little or no impact on operating processes	No significant impact on annual results or enterprise value, (minor reporting violations).	Less than full compliance with laws and internal rules (e.g. minor violations of the expenses code)

Unless provisions have already been established covering the entire potential damage, all risks must be included if they jeopardise the existence of the Group or exceed the thresholds defined as critical. Details of any existing provisions must be added.

In this context, it is important to take not only individual risks but also the potential cumulative impact of several risks into consideration. Risks are classed as a potential threat to the existence of the Group if they could have a substantial impact on its asset, financial and earnings position.

The following risk matrix is based on the above classifications.

Risk matrix

Potential damage	High				
	Substantial				
	Medium				
	Low				
		Unlikely	Possible	Probable	(Almost) certain
		<20 percent	>=20 percent and <50 percent	>=50 percent and <80 percent	>=80 percent
Probability of occurrence					

4.2.1.3 Risk management structures

The companies making up the Group organise their processes and information flows in such a way that corporate risks can be identified, evaluated and controlled at an early stage. The role of the Group Risk Coordinator is to monitor and control the risk management process.

4.2.1.3.1 Information flow/ Ad hoc reporting

All risks and the status of those risks are reported to Group Controlling together with the quarterly financial statements. Risks are updated solely through the Group’s own risk management tool. Following consultation, this may be done by the companies themselves or by Group Controlling. In addition, The Group Risk Coordinator must be advised immediately in writing of any critical risks, risks that jeopardise the existence of the Group and potentially criminal incidents relating to compliance rules. The Group Risk Coordinator will forward the details to the Management Board.

Senior management teams at the Group's individual companies are responsible for reporting any new risks or changes in the status of existing risks at the appropriate meetings (e.g. shareholder meetings).

4.2.1.3.2 Role of Group Management Board and Group Controlling

Group Controlling will prepare a report for the Management Board based on the reports received from individual companies and any Group-level risks identified.

4.2.1.4 Responsibility for risk management system

Responsibility for updating the risk management system lies with the Group's Management Board, Group Controlling and the senior management teams of the respective subsidiaries. This work may be delegated to a risk management officer who is not a member of a senior management team or the Group Management Board.

4.2.1.4.1 Establishing a risk management system

The subsidiaries of TOMORROW FOCUS AG have established their own risk management systems on this basis. These should be documented. Wherever possible, risk workshops should be held at least once a year.

4.2.1.4.2 Maintaining risk management systems at subsidiaries

Responsibility for updating the risk management systems of subsidiaries lies with their respective senior management teams. All subsidiaries have designated a risk management officer as the point of contact for Group Controlling. These risk management officers are also responsible for the ad hoc reporting of specific risks of a critical nature or with the potential to jeopardise the existence of their company and any breaches of compliance rules.

4.2.1.5 System monitoring and documentation

As evidence of the proper functioning of risk management systems, the corresponding documentation is continuously updated at both Group and subsidiary level.

The documentation kept by individual Group companies includes details of the organisational measures necessary to establish and operate an effective risk management system. Quarterly reports are also regarded as documentary evidence of the effectiveness of risk management systems.

Risk management officers at subsidiary level are responsible for documenting risks and measures and for implementing the latter on the basis of a uniform scheme.

This documentation provides evidence of the proper functioning of the system for internal and external audit purposes. Responsibility for correct documentation lies with risk officers at subsidiary level and with Group Controlling.

In order to facilitate a systematic response to the risks identified within the Group and reported, the risk map is updated every quarter and submitted to Group Controlling. Any changes and new risks are highlighted.

4.2.1.6 Other elements of the risk management system

In addition to the dedicated risk management system outlined above in sections 4.2.1.1 to 4.2.1.5, the following elements also serve to identify risk within the Group:

- operational planning, including updated intra-year forecasts;
- quarterly financial statements;
- liquidity planning; and
- monthly reporting by subsidiaries (comparing target and actual results) to the Group.

4.2.1.7 Monitoring of the risk management system

In 2009, Germany's Accounting Law Modernisation Act (Bilanzrechtsmodernisierungsgesetz, BilMoG) imposed a duty on Supervisory Boards to assess the effectiveness of corporate risk management. In making its assessment, the Supervisory Board draws on the results of internal audits and information from Group Controlling.

TOMORROW FOCUS AG is also subject by law to an inspection by the Group's auditor in accordance with section 317, paragraph 4 of the German Commercial Code (Handelsgesetzbuch, HGB). The task of the auditor is to evaluate whether the Management Board has implemented the measures imposed under section 91, paragraph 2 of the German Stock Corporation Act (Aktiengesetz, AktG) in an appropriate form and whether the corresponding monitoring system is fit for purpose.

4.2.2 Risks

4.2.2.1 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 regularly adapts existing ones.

The fact that the TOMORROW FOCUS Group now has four pillars reduces its dependence on developments in any one specific sales market. The first is the Travel segment, which generates B2C transaction-based revenue; the second is the Subscription segment, which generates B2C subscription-based revenue; the third is the Publishing segment with its B2B advertising-based revenue; and the fourth is B2B IT services revenue in the Other segment. The Travel segment plays a more dominant role, while the IT business within the Group's Other segment is of subordinate importance.

Google search engine dominance

Many Internet users turn above all to search engines such as the market leader Google when they are looking for news, products, hotels, etc. Search engines are based on complex and confidential algorithms and present users with hit lists containing links to relevant third-party websites such as those of Focus Online and HolidayCheck. They also present their own web services such as Google Hotel Finder. Experience has shown that links placed high up on the first page of search results are clicked much more frequently than those on subsequent pages. A higher ranking generally means more traffic, and in turn this can have a positive impact on advertising and business revenue.

As a result, search engine optimisation (SEO) is now a very important tool. Its aim is to ensure that an organisation's web content is placed as high up as possible in the hit lists generated by search engines.

Search engine providers regularly make wide-ranging changes to their search algorithms. As such, there is always a potential risk that the search engine rankings of websites operated by the Travel, Subscription and Publishing segments may fall temporarily or even permanently. This would mean a serious reduction in traffic that could significantly affect the revenue and earnings situation of those web portals and segments and of the TOMORROW FOCUS Group as a whole.

In response, the TOMORROW FOCUS Group has taken various steps to reduce its dependency on search engines, especially Google. One of these involves boosting the traffic generated through social media platforms. At the same time, we aim to attract visitors directly to our sites, i.e. bypassing search engines, by expanding our mobile presence (especially in the form of apps) and our brand advertising.

Competition from existing and new competitors

Increased competition (for example due to more intensive marketing campaigns by existing competitors, the entry of new competitors to the market or the introduction of innovative new technology) can undermine website reach and usage and/or the purchase of products and services through the websites operated by TOMORROW FOCUS Group companies in every segment. In turn, this can lead to a significant decline in revenue and earnings and may even jeopardise the existence of the Group as a whole.

Companies such as Google, Facebook and Apple are of particular concern in this context. As described above, the hit lists presented by Google include its own services such as Google Flight Search, Google Hotel Finder and Google Shopping. This puts Google in direct competition for traffic with other websites, including those operated by the TOMORROW FOCUS Group. If high-reach providers with a correspondingly powerful market presence such as Google, Facebook and Apple were to introduce new services in the same fields as those covered by the TOMORROW FOCUS Group's Travel, Subscription and Publishing segments, this could have a similar impact to that of changes in search algorithms, i.e. serious reduction in traffic that could significantly affect the revenue and earnings situation of those web portals and segments and of the TOMORROW FOCUS Group as a whole. The same applies to high-reach media companies (especially in the television industry) that advertise their own web content during broadcasts and may thus compete with the sites operated by the TOMORROW FOCUS Group; and to competing Internet groups (including multinationals) with the financial strength needed to invest

heavily in marketing and IT in order to introduce their own products and expand significantly in the same sale markets as those targeted by the TOMORROW FOCUS Group's websites.

In order to reduce these risks, the TOMORROW FOCUS Group concentrates on established, well-known brands and screens the market on a regular basis.

Specific market risks in the Travel segment

Any temporary or longer-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 downturn in spending during periods of recession) could have a highly negative impact on the revenue and profits of the portals operated by the Travel segment and, in light of that segment's dominant contribution, on the revenue and earnings of the entire TOMORROW FOCUS Group.

The portals operated by the Travel segment are also exposed to cost risks if considerably higher marketing expenditure becomes necessary, especially for television advertising and search engine marketing (SEM), particularly on Google. The portals in this segment make intensive use of these marketing instruments in their marketing, so a substantial price increase by television broadcasters or Google would have a negative impact on the segment's profit situation and that of the entire TOMORROW FOCUS Group.

Specific market risks in the Subscription segment

Within the Subscription segment, the online dating agency ElitePartner is exposed to cost risks in the case of any major rise in its marketing expenses, especially for television advertising and search engine marketing (SEM) - primarily via Google. ElitePartner makes intensive use of these instruments for marketing purposes, so a substantial price increase by television broadcasters or Google would have a negative impact on the portal's earnings and those of the segment and the TOMORROW FOCUS Group as a whole.

Specific market risks in the Publishing segment

It is thanks to the Publishing 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 have experienced a tangible recovery from the financial year 2010 onwards, we cannot exclude the possibility that another severe economic downturn, even greater competition (e.g. from Google or Facebook) or a decline in use of the in-house or external websites marketed by the

TOMORROW FOCUS Group will again affect the segment's and the entire Group's revenue and earnings. The highly volatile nature of the online market in recent years means that this scenario cannot be ruled out.

4.2.2.2 Technology and data protection risks faced by the TOMORROW FOCUS Group

Technology risks

The use of the Group's Internet portals and technical systems may be disrupted temporarily, at worst over a longer period or even permanently for numerous reasons, and this may be accompanied by the temporary or permanent loss of important content, data and information. The list of possible causes includes external or internal technical problems caused by fire, water damage, defective software and disruption to the Internet or electricity supplies, e.g. through electromagnetic surges and targeted attacks (e.g. computer viruses, hacking). 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 of companies.

Data protection risks

The websites operated by the TOMORROW FOCUS Group store and process personal user data, some of which may be highly sensitive. There is a risk that this data may be targeted and stolen, e.g. by hackers or Group employees or as a result of human error. The data may then end up in the public domain and in the worst scenario may be misused for criminal purposes. The resulting damage to our image can lead to a serious decline in revenue and earnings for individual portals and in the worst case scenario for the entire Group.

In order to reduce this risk, the TOMORROW FOCUS Group works with an external data protection specialist whose role includes checking compliance with data protection laws. In addition, the Group has implemented numerous security measures of a technical nature, e.g. state-of-the-art firewall and antivirus technologies. Web portals such as HolidayCheck, ElitePartner, jameda and organize.me are regularly certified by the German Technical Control Board (TÜV).

4.2.2.3 Strategic risks of the TOMORROW FOCUS Group

One major strategic objective is the further improvement of the Group's market position in the Travel, Subscription and Publishing segments. The target will be achieved by developing successful new products and business models, and implementing other measures to increase the 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, long-term equity investments and the organic expansion of new business models. 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 models can be successfully integrated and established in the market or that they will develop as planned. Corporate acquisitions, long-term equity investments and the organic expansion of new business models can also generate substantial acquisition, development, 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.

A better than anticipated performance of long-term equity investments can also lead to a substantial increase in any agreed earn-out or put/call payment obligations leading to pressure on liquidity.

In recent years, the TOMORROW FOCUS Group has proven that it is capable of successfully counteracting risks in connection with new business models, acquisitions and long-term equity investments, and that it makes effective use of opportunities. From today's perspective, however, it believes that the risk of a significant negative impact on the planned development of profits due to new business models and acquisitions cannot be excluded.

4.2.2.4 Economic risks of the TOMORROW FOCUS Group

Any decline in consumer spending in response to economic, political, legal or social crises could have a negative impact on the business activities and the asset, financial and earnings position of the TOMORROW FOCUS Group. 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 good 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. Since then, the European Union and its member states have initiated wide-ranging measures to tackle this debt issue, although it remains to be seen how successful these measures will be in the long term. If they fail, the result could be further political, legal and social unrest on a large scale in individual member states of the European Union, with a massive impact on those companies, including the TOMORROW FOCUS Group, which operate there.

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.

4.2.2.5 Impairment risks of the TOMORROW FOCUS Group

TOMORROW FOCUS AG annually performs impairment tests to assess whether there is any impairment in the value of goodwill. 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 well as possible by way of central long-term equity investment controlling and monthly reports from all equity investments. Deviations from targets are reported to the Management Board promptly so that suitable countermeasures can be initiated.

4.2.2.6 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 liabilities to banks. These arrangements provide refinancing on more favourable terms, for the most part up to the beginning of 2016. 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, financial and earnings 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.

At present, the TOMORROW FOCUS Group can take advantage of comparatively attractive refinancing options. This is clear, for example, from its available credit lines.

HolidayCheck AG uses the euro as its functional currency, and the Group's liabilities towards it are therefore charged in euros. The income generated by HolidayCheck AG is also calculated in euros. 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 long-term equity investments due to the sheer 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.

4.2.2.7 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-based 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 business 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.

4.2.2.8 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.

The overall risk situation of the TOMORROW FOCUS Group is unchanged compared with the preceding year. When all known facts and circumstances are taken into consideration, no risks currently exist, whether individually or in combination, that could jeopardise the company's continued existence in the foreseeable future.

4.3 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 processes.

4.3.1 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 the revenue development. If the wider economy develops more positively than forecast, this can provide a boost to revenue and profitability of the TOMORROW FOCUS Group. 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

4.3.2 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 estimates that the TOMORROW FOCUS 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 increase 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 Publishing 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 Travel and Subscription segments, 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, Group portals such as Ecotour, ElitePartner, HolidayCheck, jameda, organize.me, Tjingo and Zoover could benefit from the growing volume of Internet-based transactions that would be generated as a result of the Internet's progressive market penetration. At Ecotour, HolidayCheck, Tjingo and Zoover, this could lead to an increase in the number of holiday and hotel referrals. At EliteMedianet, jameda and organize.me, the number of paying members would rise.

The general expectation for the Other segment is also that progressive market penetration of mobile Internet applications will positively impact the future order situation and thus income and profits.

4.3.3 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 (SEO).

4.3.4 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 four 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 the TOMORROW FOCUS Group 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 market segment.

4.3.5 Personnel opportunities of the TOMORROW FOCUS Group

The TOMORROW FOCUS Group provides numerous opportunities for its staff to obtain further qualifications and participate in professional development training programmes.

It also offers additional benefits such as performance-based remuneration systems. As a result of these measures and its successful corporate record in past years, the company 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.

4.3.6 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.

4.3.7 Overall assessment of opportunities

It is our assessment that in the financial year 2013 the TOMORROW FOCUS Group was able to expand its overall market position. This is clear from the revenue figures for 2013, 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 the financial year of 2014 the situation of the Group will be similarly positive to that of 2013.

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.

5. Internal control system and risk management system as part of the Group accounting process

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 company 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 legal requirements 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.

6. Risk reporting with regard to the use of financial instruments

TOMORROW FOCUS AG hedged future interest rate risks associated with its variable-rate borrowings through the use of interest rate swaps for the same periods and currencies. Valuation units are formed by comparing the underlying transactions (liabilities to banks) and the hedging transactions in the form of interest rate swaps. The required hedging effect is obtained through the use of micro hedges to even out future fluctuations in payment flows caused by variable interest rates.

The interest rate swaps have a nominal value of EUR 11,000,000 and a negative fair value of EUR 466 thousand (2012: EUR 757 thousand). The nominal figure for the underlying transactions is EUR 22,000,000. The proportion covered by hedges is therefore 50 percent. The fair 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 contractually agreed loan period using forward rates calculated on the basis of the yield curve.

The effectiveness of this instrument in hedging the risk of changes in interest rates is measured on each reporting date, both prospectively using the critical terms match method (taking into account the hedge partner's creditworthiness) and retrospectively using the dollar-offset method. All the valuation parameters used are identical.

The table below shows the nominal values and durations of the interest rate swaps.

Nominal values in EUR '000	Euribor	Remaining term
5,000	3 months	30 Dec 2014
6,000	6 months	9 Mar 2016

7. Takeover-related disclosures and notes pursuant to section 289, paragraph 4 and section 315, paragraph 4 German Commercial Code (Handelsgesetzbuch, HGB)

Share capital structure

As at 31 December 2013, the company's subscribed share capital amounted to EUR 58,313,628. The share capital is divided into 58,313,628 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 rights restrictions

The company is not currently aware of any transfer or voting rights 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, exceeds or falls below 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 2013, the company received the following notifications in respect of voting rights:

On 13 February 2013, Joh. Berenberg Gossler & Co. KG, Hamburg, Germany, notified the company pursuant to section 21, paragraph 1 of the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG) that its share of the voting rights in TOMORROW FOCUS AG, Munich, Germany on 8 February 2013 had exceeded the 3 percent and 5 percent thresholds and on that date had stood at 8.69 percent (5,043,198 voting rights).

On 13 February 2013, Joh. Berenberg Gossler & Co. KG, Hamburg, Germany, notified the company pursuant to section 21, paragraph 1 of the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG) that its share of the voting rights in TOMORROW FOCUS AG, Munich, Germany on 11 February 2013 had fallen below the 5 percent and 3 percent thresholds and on that date had stood at 0.0 percent (0 voting rights).

On 28 February 2013, Helmut Markwort, Germany, notified the company pursuant to section 21, paragraph 1 of the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG) that its share of the voting rights in TOMORROW FOCUS AG, Munich, Germany on 8 February 2013 had fallen below the 3 percent threshold and on that date had stood at 2.8 percent (1,628,249 voting rights).

On 16 May 2013, Ethenea Independent Investors S.A., 5365 Munsbach, Luxembourg, notified the company pursuant to section 21, paragraph 1 of the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG) that its share of the voting rights in TOMORROW FOCUS AG, Munich, Germany on 15 May 2013 had exceeded the 3 percent threshold and on that date had stood at 3.02 percent (1,763,403 voting rights).

On 25 October 2013, Ethenea Independent Investors S.A., 5365 Munsbach, Luxembourg, notified the company pursuant to section 21, paragraph 1 of the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG) that its share of the voting rights in TOMORROW FOCUS AG, Munich, Germany on 24 October 2013 had fallen below the 3 percent threshold and on that date had stood at 2.85 percent (1,665,000 voting rights).

On 8 November 2013, Allianz Global Investors Europe GmbH, Frankfurt, Germany, notified the company pursuant to section 21, paragraph 1 of the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG) that its share of the voting rights in TOMORROW FOCUS AG, Munich, Germany, on 7 November 2013 had exceeded the 3 percent threshold and on that date had stood at 3.08 percent (1,794,324 voting rights).

Special rights

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

Voting right controls relating to shares held by employees

The Management Board is not aware of any voting right controls relating to 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 by the Supervisory Board 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/or to 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 11 June 2018 up to a maximum of EUR 14,578,407 by issuing 14,578,407 notional no-par-value shares in exchange for cash or non-cash contributions (authorised capital 2013). 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, 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, a long-term equity investment 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 Frankfurt Stock Exchange (FWB) preceding the purchase of the shares (on XETRA or a comparable successor trading system) for shares of the same securities class

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 Frankfurt Stock Exchange (FWB) 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 a long-term equity investment 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 capital reduction; 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 provided that 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 2013, 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 Christoph Schuh, the rules of procedure are changed resulting in changes to the business segments assigned to him or in a significant limitation of the scope of his powers as 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, Christoph Schuh has the special right to give notice of terminating his service contract.

If Christoph Schuh exercises this special right of termination, he is entitled to receive a severance payment or bridge money. These payments may not exceed two times his annual salary.

8. 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/investor-relations/fixe/investor-relations-corporate-governance_aid_160.html.

9. 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, 20 March 2014
The Management Board

10. 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-based element of between 20.0 percent and 35.0 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.

Since 2011, members of the Group's Management Board and other senior managers have been eligible for benefits under the Performance Share Plan. The plan generates cash payments in annual tranches over a five-year period. The vesting period in each case is the financial year. Senior employees are allocated a number of virtual shares in the company based on the degree to which EBTA targets have been met. These virtual shares are subject in each case to a minimum holding period of three years, after which the members of the company's Management Board may receive a cash payment (beginning in 2015 for 2011). The granting of a tranche does not automatically create an entitlement to further tranches. Equally, if the corresponding plan thresholds are not met in a given year, this does not automatically invalidate the plan for subsequent years.

The number of virtual shares awarded per tranche under the long-term incentive plan (LTIP) is equal to the quotient obtained from dividing the underlying sum (based on EBTA) by the average initial reference price of the company's shares (rounded up or down as per standard commercial practice to the nearest whole number). If the EBTA target is exceeded in a given financial year,

the underlying sum is increased in line with the percentage by which the target is exceeded up to a maximum of 120 percent of the target underlying sum (which represents a 100 percent achievement of the target). If the EBTA target is not met in a given year, the underlying sum is reduced in line with the percentage shortfall. The underlying sum is automatically disregarded if EBTA falls below 80 percent of the target figure in a given financial year. Equally, there is no allocation of virtual shares if the figure for net debt in the Group's adopted financial statements (according to IFRS) is more than double the figure for EBITDA. Net debt is the total of all the Group's interest-bearing liabilities (including liabilities to banks and affiliated entities and payables under finance leases) less cash and cash equivalents. The initial reference price of the virtual shares is the average closing price for shares in TOMORROW FOCUS AG on the XETRA trading platform over the last 100 stock exchange trading days prior to the annual general meeting of shareholders at which the consolidated financial statements for that year are presented following their approval by the Supervisory Board.

The cash sum payable under the LTIP on expiry of the minimum holding period is calculated by multiplying the number of virtual shares allocated to each entitled party for the respective tranche by the closing reference price of the company's shares plus the accumulated dividend per virtual share. The closing reference price is the average closing price for shares in TOMORROW FOCUS AG on the XETRA trading platform over the last 100 stock exchange trading days prior to the annual general meeting of shareholders at which the consolidated financial statements are presented for the financial year after expiry of the three-year holding period for the relevant tranche following their approval by the Supervisory Board. The maximum payment is limited to three times the underlying sum (based on EBTA) for the tranche in question.

The fair value of the virtual shares for which the right of the counterparty to receive a cash sum has become unforfeitable was estimated using an IFRS 2-compliant valuation model (binomial model).

The figures are shown in the table below:

Other liabilities	EUR '000	
	2013	2012
Liabilities from share-based payment transactions with cash settlement to Management Board members	1,602	1,013
Total	1,602	1,013

The table below details the personnel costs for consideration received during the financial year.

Personnel costs	EUR '000	
	2013	2012
Cost of share-based payment transactions with cash settlement to Management Board members	589	446
Total	589	446

A company car is also provided. There are no further elements of remuneration.

At their general meeting on 1 June 2011, the shareholders decided by qualified majority to apply an 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 2013, the remuneration of the three members of the Management Board totalled EUR 2.15 million (2012: EUR 1.71 million). This figure includes fixed remuneration of EUR 1.11 million and variable remuneration of EUR 1.04 million.

Shareholdings of Management Board members

Christoph Schuh held a total of 82,500 TOMORROW FOCUS shares as at 31 December 2013. This corresponds to approximately 0.14 percent of the company's shares.

Dr Dirk Schmelzer held a total of 40,000 TOMORROW FOCUS shares as at 31 December 2013. This corresponds to approximately 0.07 percent of the company's shares.

In 2013, 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 market	Quantity	Share price per unit
Christoph Schuh	12 August 2013	Sale	Xetra, Tradegate	18,128	EUR 3.93
	13 August 2013	Sale	Hamburg, Germany	27,500	EUR 3.979
	14 August 2013	Sale	Hamburg, Germany	10,000	EUR 4.010

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 stipulates 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 2013:

	Remuneration
Dr Paul-Bernhard Kallen (Chairperson up to 12 June 2013)	EUR 22,500
Stefan Winners (Chairperson from 12 June 2013)	EUR 27,500
Dr Andreas Rittstieg (Deputy Chairperson)	EUR 25,000
Dr Dirk Altenbeck (from 12 June 2013)	EUR 13,750
Annet Aris	EUR 25,000
Prof Stefan Leberfinger (up to 12 June 2013)	EUR 11,250
Martin Weiss	EUR 25,000
Philipp Welte	EUR 25,000

The company incurred EUR 6 thousand in costs (2012: EUR 8 thousand) in connection with a service contract with a firm of lawyers in which one Supervisory Board member is a partner.

Shareholdings of Supervisory Board members

At the end of the financial year 2013, the total number of shares in TOMORROW FOCUS AG held directly or indirectly by all members of the Supervisory Board stood at 275,551. No members of the Supervisory Board were 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 2013 pursuant to Section 15a of the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG):

Transactions involving TOMORROW FOCUS shares

Persons subject to disclosure requirements	Transaction date	Transaction	Stock market	Quantity	Share price per unit
Martin Weiss	23 April 2013	Sale	OTC	110,000	EUR 4.21

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 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.

11. Employees

Excluding members of the Management Board, the average headcount of TOMORROW FOCUS AG over the financial year 2013 was 24 employees and 2 temporary staff (2012: 23 employees).

Personnel costs at TOMORROW FOCUS AG for the financial year 2013 stood at EUR 4.41 million (2012: EUR 3.67 million).

12. Notes and forward-looking statements

Forward-looking statements

This management report contains statements relating to future business and financial performance and future events or developments concerning the TOMORROW FOCUS Group that may constitute forward-looking statements. These statements may be identified by words such as 'expects', 'looks forward to', 'anticipates', 'intends', 'plans', 'believes', 'seeks', 'estimates', 'will', 'project' or words of similar meaning. We may also make forward-looking statements in other reports, in presentations, in material delivered to shareholders and in media releases. In addition, our representatives may from time to time make oral

forward-looking statements. Such statements are based on current expectations and certain assumptions of the TOMORROW FOCUS Group's management team, and are, therefore, subject to various risks and uncertainties. Numerous factors, many of which are beyond the control of the TOMORROW FOCUS Group, nevertheless affect its operations, performance, business strategy and results and could cause the Group's actual results, performance or achievements to be materially different from those expressed or implied in such forward-looking statements or anticipated on the basis of historical trends.

These factors include in particular, but are not limited to, the matters described in section 4.2.2 of this report under the heading 'Risks'. Further information about risks and uncertainties affecting the TOMORROW FOCUS Group can be found in this annual report and in our most recent earnings release, both of which are available on our website at www.tomorrow-focus.de. Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, the actual results, performance or achievements of the TOMORROW FOCUS Group may vary materially from those described in the corresponding forward-looking statements as being expected, anticipated, intended, planned, believed, sought, estimated or projected. The TOMORROW FOCUS Group neither intends, nor assumes any obligation, to update or revise these forward-looking statements in light of developments which differ from those anticipated.

Due to rounding, numbers presented throughout this and other documents may not add up precisely to the totals shown, and percentages may not precisely reflect the absolute figures.

13. Responsibility statement by the legal representatives in accordance with Section 37y, number 1 of the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG) in conjunction with Section 297, paragraph 2, sentence 4 of the German Commercial Code (Handelsgesetzbuch, HGB)

To the best of our knowledge, and in accordance with the applicable reporting principles, the single-entity financial statements as at 31 December 2013 give a true and fair view of the assets and liabilities, financial position and profit or loss of TOMORROW FOCUS AG, and the group management report includes a fair review of the development and performance of the business and the position of TOMORROW FOCUS AG, together with a description of the principal opportunities and risks associated with the expected development of TOMORROW FOCUS AG.

Munich, Germany, 20 March 2014

Antonius Bouten
Chief Executive Officer

Dr Dirk Schmelzer
Chief Financial Officer

Christoph Schuh
Management Board Member

TOMORROW FOCUS AG, Munich, Germany

Balance sheet under German Commercial Code (HGB) as at 31 December 2013

ASSETS	31 DEC 2012		LIABILITIES	31 DEC 2012	
	€ '000	EUR		€ '000	EUR
A. Fixed assets	181.128	192.912.600,27	A. Equity	128.822	143.489.146,92
I. Intangible assets	178	126.184,08	I. Subscribed capital*	53.012	58.313.628,00
1. Software licences acquired for cash	178	126.184,08	II. Capital reserves	63.355	77.475.666,22
II. Property, plant and equipment	499	440.840,00	III. Net retained profit	12.455	7.699.852,70
1. Other plant, furnitures and fixtures	499	440.840,00	B. Provisions	6.647	8.776.293,94
III. Financial assets	180.451	192.345.576,19	1. Tax provisions	0	35.790,00
1. Shares in affiliated entities	180.218	191.113.685,04	2. Other provisions	6.647	8.740.503,94
2. Loans to affiliated entities	214	229.053,11	C. Liabilities	70.564	74.355.568,25
3. Other loans	19	1.002.838,04	1. Liabilities to banks	37.217	37.213.458,84
B. Current assets	24.854	33.668.087,46	2. Trade payables	396	492.034,93
I. Inventories	2	3.046,37	3. Liabilities to affiliated entities	31.014	34.951.075,84
1. Goods	2	3.046,37	4. Other liabilities	1.937	1.698.998,64
II. Receivables and other assets	15.056	22.297.563,99			
1. Trade receivables	0	58.988,88			
2. Receivables from affiliated entities	14.938	21.495.022,52			
3. Other assets	118	743.552,59			
III. Balances at banks	9.796	11.367.477,10			
C. Prepaid expenses	51	40.321,38			
Total assets	206.033	226.621.009,11	Total liabilities	206.033	226.621.009,11

* Contingent capital: EUR 4,842,070.00 (2012: EUR 4,842 thousand)

(All figures in German data format)

TOMORROW FOCUS AG, Munich, Germany

Statement of income under German Commercial Code (HGB)
for the financial year from 1 January to 31 December 2013

	2012	
	€ '000	EUR
1. Revenue	568	667.405,31
2. Other operating income	2.023	3.508.395,24
3. Cost of materials	-894	-826.226,44
<i>cost of purchased services</i>	-894	-826.226,44
4. Personnel costs	-3.673	-4.411.924,28
a) <i>wages and salaries</i>	-3.441	-4.149.366,29
b) <i>social security contributions and pension costs</i>	-232	-262.557,99
5. Depreciation and amortisation on tangible and intangible assets	-164	-188.351,31
6. Other operating costs	-6.692	-6.636.676,14
7. Income from long-term equity investments	13.231	10.783.013,82
8. Income under profit transfer agreements	7.945	1.822.632,33
9. Interest and similar income	155	88.321,64
10. Write-downs of long-term financial assets	-1.036	-3.772.485,76
11. Expenses in connection with loss assumption	0	-230.856,48
12. Other interest	-2.036	-2.039.368,82
13. Result from ordinary activities	9.427	-1.236.120,89
14. Income taxes	0	35.815,27
15. Other taxes	-3	0,00
16. Net loss (2012: Net profit)	9.424	-1.271.936,16
17. Profit brought forward	6.212	12.455.124,14
18. Dividend payment to shareholders	-3.181	-3.483.335,28
19. Net retained profit	12.455	7.699.852,70

(All figures in German data format)

Notes to the annual financial statements of TOMORROW FOCUS AG, Munich, Germany, for the financial year 2013

(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 2013 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, 58,313,628 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.

The general meeting of shareholders on 16 June 2010 adopted a resolution to create contingent capital of EUR 4,842,070 (contingent capital 2010/I). This contingent capital is intended to service conversion and option rights. This authorisation will remain in place up to 15 June 2015.

The general meeting of shareholders on 12 June 2013 approved a resolution to nullify conditional capital 2000/I, which stood at EUR 21,204,957.00, and at the same time authorised the Management Board, subject to Supervisory Board approval, to increase the company's share capital on one or more occasions up to 11 June 2018 by up to EUR 14,578,407.00 against cash or non-cash contributions (authorised capital 2013/I). The Management Board may choose to exclude the statutory subscription rights of shareholders.

The general meeting of shareholders on 16 June 2010 cancelled the company's authorisation to acquire its own shares worth up to a total of 10 percent of its share capital until 19 November 2010. At the same time, however, the Management Board was authorised to acquire shares in the company up to an accounting par value of 10 percent of its share capital until 15 June 2015.

On 6 February 2013, the Management Board of TFAG took the decision to draw on its authorised capital in order to increase the company's total share capital by up to EUR 5,043,198.00 from EUR 53,012,390.00 to EUR 58,055,588.00 through an issue of 5,043,198 new notional no-par-value bearer shares against cash contributions. On this occasion, existing shareholders were not allowed to subscribe to the issue. The decision was approved by the Supervisory Board.

The capital increase generated a total cash inflow of EUR 18,484,000.00. The excess of the amount generated by the issue over the nominal value of the shares was transferred to the capital reserves in accordance with section 272, paragraph 2, number 1 of the German Commercial Code (Handelsgesetzbuch, HGB).

With effect from 1 January 2013, TFAG acquired 100 percent of the shares in NetMoms GmbH, which operates the parenting portal NetMoms.de. The purchase price was partly settled by means of a cash payment and partly through an issue of 258,040 new TFAG shares by way of a capital increase out of authorised capital.

(3) Shareholdings

Company	Shareholding (percent) %	Equity as at 31 December 2013 (EUR)	Result 2013 (EUR)
<i>Cellular GmbH, Hamburg, Germany**</i>	<i>100.00</i>	<i>59,479.42</i>	<i>0.00*</i>
<i>EliteMedianet GmbH, Hamburg, Germany</i>	<i>100.00</i>	<i>3,227,118.79</i>	<i>0.00*</i>
<i>Finanzen100 GmbH, Cologne, Germany</i>	<i>100.00</i>	<i>-2,050,722.12</i>	<i>85,657.41</i>
<i>HolidayCheck AG, Bottighofen, Switzerland</i>	<i>100.00</i>	<i>27,912,095.64</i>	<i>14,313,488.63</i>
<i>HolidayCheck France SAS, Paris, France**</i>	<i>100.00</i>	<i>41,119.00</i>	<i>-8,642.00</i>

<i>HolidayCheck Polska Sp. z.o.o., Warsaw, Poland**</i>	<i>100.00</i>	<i>186,614.08</i>	<i>42,605.66</i>
<i>jameda GmbH, Munich, Germany</i>	<i>100.00</i>	<i>-1,884,603.67</i>	<i>43,066.13</i>
<i>NetMoms GmbH, Cologne, Germany</i>	<i>100.00</i>	<i>133,042.33</i>	<i>86,731.46</i>
<i>FamilyBook GmbH i.l., Cologne, Germany**</i>	<i>100.00</i>	<i>22,734.28</i>	<i>13,214.25</i>
<i>organize.me GmbH, Munich, Germany</i>	<i>100.00</i>	<i>-555,576.61</i>	<i>-580,576.61</i>
<i>TF Digital GmbH, Munich, Germany</i>	<i>100.00</i>	<i>-2,338,352.98</i>	<i>-2,095,086.53</i>
<i>TOMORROW FOCUS Content & Services GmbH, Munich, Germany**</i>	<i>100.00</i>	<i>-196,930.61</i>	<i>-221,930.61</i>
<i>TOMORROW FOCUS Media GmbH, Munich, Germany</i>	<i>100.00</i>	<i>43,048,870.77</i>	<i>0.00*</i>
<i>Tomorrow Travel B.V., Woerden, Netherlands</i>	<i>100.00</i>	<i>872,150.00</i>	<i>-575,863.00</i>
<i>TOMORROW Travel Solutions GmbH, Munich, Germany</i>	<i>100.00</i>	<i>36,508.48</i>	<i>11,508.48</i>
<i>RPC Voyages SAS, Courbevoie, France**</i>	<i>55.00</i>	<i>-3,919,950.63</i>	<i>-3,617,570.05</i>
<i>Webassets B.V., Zeist, Netherlands</i>	<i>50.99</i>	<i>10,395,741.00</i>	<i>1,960,146.00</i>

<i>MeteoVista B.V., Zeist, Netherlands**</i>	100.00 <i>(indirect: 50.99)</i>	928,451.00	738,229.00
<i>Zoover France SARL, Paris, France**</i>	100.00 <i>(indirect: 50.99)</i>	-516,627.00	-68,470.00
<i>Zoover GmbH, Cologne, Germany**</i>	100.00 <i>(indirect: 50.99)</i>	-386,817.00	116,805.00
<i>Zoover International B.V., Zeist, Netherlands**</i>	100.00 <i>(indirect: 50.99)</i>	1,742,126.00	120,908.00
<i>Zoover International Holland Filiaal, Zeist, Netherlands**</i>	100.00 <i>(indirect: 50.99)</i>	607.00	0.00
<i>Zoover Media B.V., Zeist, Netherlands**</i>	100.00 <i>(indirect: 50.99)</i>	9,630,176.00	1,304,521.00
<i>Zoover Travel B.V., Zeist, Netherlands**</i>	100.00 <i>(indirect: 50.99)</i>	103,569.00	-4,165.00
<i>Zoover Internet Teknolojileri Tuzim Ticaret Ltd., Kusadasi, Turkey**</i>	95.00 <i>(indirect: 48.44)</i>	0.00	0.00
<i>Zoover Italia SARL, Monza, Italy**</i>	95.00 <i>(indirect: 48.44)</i>	3,437.00	0.00

* 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

The accounting and valuation principles applied by the company in 2013 were unchanged on the previous year. Assets and liabilities are recognised with due regard for the principle of prudence.

Intangible assets acquired for a consideration are valued at acquisition cost and subjected to amortisation by the straight-line method on a pro rata temporis basis over their expected useful lives. Internally generated intangible assets are not capitalised.

Items under property, plant and equipment are valued at acquisition or production cost less regular depreciation and, if necessary, extraordinary write-downs. 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.

Financial assets are valued at the 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.

Goods are valued at the lower of cost of acquisition or market price at the end of the year. Costs of acquisition are calculated on the basis of amortised weighted average prices taking into account any ancillary costs of acquisition and price reductions.

Receivables, other assets and balances at banks are valued at nominal value. Receivables, other assets and balances at banks denominated in currencies other than the euro are translated into euros at the average spot exchange rate on the date of origin or the balance sheet date, whichever is the higher. Items with a residual term of up to one year are generally measured using the average spot exchange rate on the balance sheet date.

The item of prepaid expenses includes expenses recognised prior to the reporting date that 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 deferred 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 tax-group 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 tax group headed by TOMORROW FOCUS AG (currently 32.59 percent). The combined income tax rate includes corporation tax, trade tax and 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 exercise its capitalisation option in such a way that no deferred taxes would be capitalised.

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 settlement value. Items denominated in currencies other than the euro are translated into euros at the historical exchange rate on the date of origin or the middle spot rate on the balance sheet date, whichever is the lower. Liabilities with a residual term of up to one year are generally measured using the middle spot rate on the balance sheet date.

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

Deferred income contains amounts received before the balance sheet date that constitute income for a subsequent period.

Revenue is 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.

A non-cash contribution to NetMoms GmbH was measured at its nominal value.

Please refer to Note 3 Shareholdings with regard to share ownership.

TOMORROW FOCUS, MUNICH, GERMANY

STATEMENT OF CHANGES IN FIXED ASSETS AS AT 31 DECEMBER 2013

	Acquisition and production costs			Amortisation and depreciation	Carrying amount	Carrying amount	Amortisation and depreciation
	As at 1 JAN 2013	Additions	Disposals	(accumulated)	at 31 DEC 2013	31 DEC 2013	in the financial year
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Intangible assets	326.311,45	23.135,58	0,00	223.262,95	126.184,08	177.693,00	74.644,50
Software licences acquired for cash	326.311,45	23.135,58	0,00	223.262,95	126.184,08	177.693,00	74.644,50
Property, plant and equipment	910.485,92	58.890,50	33.642,82	494.893,60	440.840,00	499.357,00	113.706,81
Other plant, furnitures and fixtures	910.485,92	58.890,50	33.642,82	494.893,60	440.840,00	499.357,00	113.706,81
Long-term financial assets	180.646.081,37	19.052.292,25	3.384.904,29	3.967.893,14	192.345.576,19	180.450.672,99	3.772.485,76
Shares in affiliated entities	180.413.655,04	18.033.877,00	3.384.904,29	3.948.942,71	191.113.685,04	180.218.246,66	3.753.535,33
Loans to affiliated entities	213.474,90	15.578,21	0,00	0,00	229.053,11	213.474,90	0,00
Other loans	18.951,43	1.002.837,04	0,00	18.950,43	1.002.838,04	18.951,43	18.950,43
Total assets	181.882.878,74	19.134.318,33	3.418.547,11	4.686.049,69	192.912.600,27	181.127.722,99	3.960.837,07

(All figures in German data format)

(4.2) Receivables and other assets

Other assets totalling EUR 301.93 (2012: EUR 396.00) have a remaining term of over one year. All other receivables and other assets for 2013 and 2012 have a remaining term to maturity of up to one year.

Receivables from affiliated entities contain trade receivables of EUR 229,981.07 (2012: EUR 127,335.28) and other receivables of EUR 21,386,858.12 (2012: EUR 14,909,233.64).

The item includes a receivable of EUR 15,124,536.42 (2012: EUR 8,906,617.71) with a term of more than five years.

(4.3) Other provisions

The other provisions item relates to provisions for other personnel costs of EUR 3,883,952.61 (2012: EUR 2,397,891.27); audit and consulting fees of EUR 380,359.32 (2012: EUR 395,359.32); outstanding invoices of EUR 515,786.01 (2012: EUR 95,000.00); and other expenses of EUR 3,960,406.00 (2012: EUR 3,758,669.00)

(4.4) Liabilities

Schedule of liabilities

	Remaining terms			Total
	less than 1 year	1 to 5 years	more than 5 years	
	EUR	EUR	EUR	EUR
Liabilities to banks	713,458.84 (2012: 716,845.63)	36,500,000.00	0,00	37.213.458,84
Trade payables	492,034.93 (2012: 396,038.39)	0,00	0,00	492.034,93
Liabilities to affiliated entities	34,951,075.84 (2012: 31,014,469.73)	0,00	0,00	34.951.075,84
Other liabilities	616.206,64	1.082.792,00	0,00	1.698.998,64
of which taxes	123,200.44 (2012: 813,821.21)	0,00	0,00	123.200,44
of which social security	644.11 (2012: 1,815.72)	0,00	0,00	644,11
of which other obligations	492,362.09 (2012: 93,140.87)	1.082.792,00	0,00	1.575.154,09
	36.772.776,25	37.582.792,00	0,00	74.355.568,25

(All figures in German data format)

Liabilities to affiliated entities relate to trade payables of EUR 149,219.66 (2012: EUR 128,573.17) and other liabilities of EUR 34,923,672.85 (2012: EUR 29,518,063.53).

(4.5) Valuation units

TOMORROW FOCUS AG hedged future interest rate risks associated with its variable-rate borrowings through the use of interest rate swaps for the same periods and currencies. Valuation units are formed by combining the underlying transactions (liabilities to banks) and

the hedging transactions in the form of interest rate swaps. The required hedging effect is obtained through the use of micro hedges to balance future fluctuations in payment flows caused by variable interest rates.

The interest rate swaps have a nominal value of EUR 11,000,000.00 and a negative fair value of EUR 465,585.17 thousand. The nominal figure for the underlying transactions is EUR 22,000,000. The proportion covered by hedges is therefore 50 percent. The fair 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 contractually agreed loan period using forward rates calculated on the basis of the interest yield curve.

The effectiveness of this instrument in hedging the risk of changes in interest rates is measured on each reporting date, both prospectively using the critical terms match method (taking into account the hedge partner's creditworthiness) and retrospectively using the dollar-offset method. All the valuation parameters used are identical.

The table below shows the nominal values and duration of the interest rate swaps:

Nominal values in EUR	Euribor	Remaining term
5,000,000	3 months	30 December 2014
6,000,000	6 months	9 March 2016

(4.6) Contingent liabilities and other financial obligations

The company has also issued liquidity guarantees on behalf of 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:

Rent and lease contracts	EUR
Payable in 2014	782,873.57
Payable 2015 to 2018	877,133.22
Payable after 2018	0
Other contracts	EUR
Payable in 2014	3,997,808.21
Payable 2015 to 2018	24,806,441.12
Payable after 2018	0,00

Other financial obligations from other contracts include an amount of EUR 770,294.16 in respect of entities belonging to the subgroup of Burda GmbH, Offenburg, Germany. These are payable within one year.

Other financial obligations from other contracts also include obligations totalling EUR 21,718,536.00 in respect of options to buy further shares in subsidiaries. The exercise price is partly defined as a multiple of the pro rata goodwill value of the company. The figures have been estimated on the basis of the subsidiaries' adopted forecasts.

(4.7) Revenue

This item comprises revenue from management services generated in Germany, offsetting transactions and other revenue.

(4.8) Other operating income

Other operating income includes income of EUR 1,263,159.54 (2012: EUR 222,121.53) from the disposal of fixed assets; income of EUR 92,373.25 (2012: EUR 77,769.67) not attributable to the reporting period and mainly relating to cost refunds for previous years; income from the reversal of provisions; and expenses charged on to subsidiaries

(4.9) Personnel costs

Social security and pension costs include pension costs of EUR 2,709.39 (2012: EUR 2,232.68).

(4.10) Other operating costs

Other operating costs comprises expenses of EUR 222,145.36 (2012: EUR 99,193.25) not attributable to the reporting period, expenses of EUR 25,422.45 (2012: EUR 15,237.75) incurred as a result of stock exchange price and exchange rate differences, and losses of EUR 0.00 from the disposal of fixed assets (2012: EUR 1,788,519.96).

(4.11) Income from long-term equity investments

This item contains income from affiliated entities of EUR 10,783,013.82 (2012: EUR 13,230,532.96).

(4.12) Interest and similar income

This item includes interest from affiliated entities of EUR 70,293.03 (2012: EUR 48,885.54).

(4.13) Write-downs of long-term financial assets

This item includes valuation adjustments of EUR 3,753,535.23 (2012: EUR 0.00) in respect of shares in affiliated entities; EUR 18,950.40 (2012: EUR 0.00) in respect of other loans; and EUR 0.00 (2012: EUR 1,036,000.00) in respect of loans to affiliated entities. These adjustments were made in response to the likely permanence of their loss in value.

(4.14) Interest and similar expenses

This item includes interest paid to affiliated entities of EUR 156,010.99 (2012: EUR 96,185.29) and interest from compounding of EUR 344,915.00 (2012: EUR 225,753.00).

(5) Employees

The company had an average of 24 employees and 2 temporary employees over the year.

(6) Shareholders, consolidated financial statements, affiliated entities

Pursuant to section 315a of the German Commercial Code (Handelsgesetzbuch, HGB), TOMORROW FOCUS AG as the holding company prepares exempting consolidated financial statements (in accordance with international accounting standards) and an exempting Group management report.

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

	Position	Occupation/other supervisory board mandates
Dr Paul-Bernhard Kallen	Chairperson of the Supervisory Board (up to 12 June 2013)	Chairperson of the Management Board, Hubert Burda Media Group Munich, Germany; Member of the Supervisory Board, Verlagsgruppe Weltbild GmbH, Augsburg, Germany; Chairperson of the Board, Doğan Burda Dergi Yayıncılık ve Pazarlama A.Ş., Istanbul, Turkey Member of the Supervisory Board, Franz Haniel & Cie. GmbH, Duisburg, Germany; Member of the Board of Directors, Glam Media Inc., Brisbane (California), USA.

Stefan Winners	Chairperson of the Supervisory Board (from 12 June 2013)	Management Board Member, Hubert Burda Media Group, Munich, Germany; Chairperson of the Supervisory Board, XING AG, Hamburg, Germany (from May 2013); Member of the Supervisory Board, zooplus AG, Munich, Germany; Member of the Advisory Board, Cyberport GmbH, Dresden, Germany (from December 2013)
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, Huesker Holding GmbH, Gescher, Germany; Member of the Advisory Board, Berenberg Bank, Hamburg, Germany; Member of the Supervisory Board, Hapag Lloyd Holding AG and Hapag Lloyd AG, Hamburg, Germany; Member of the Board of Directors, Kühne Holding AG, Schindellegi, Switzerland
Annet Aris	Member of the Supervisory Board	Graduate Engineer (Diplom-Ingenieurin), MBA Adjunct Professor of Strategy, Institut Européen d'Administration des Affaires (INSEAD), Fontainebleau, France; Member of the Supervisory Board, ASR Nederland N.V., Utrecht, Netherlands; Deputy Chairperson of the Supervisory Board, Hansa-Heemann AG, Rellingen, Germany; Member of the Board of Directors, The Sanoma Group Oy, Helsinki, Finland; Member of the Supervisory Board, Jungheinrich AG, Hamburg, Germany; Member of the Supervisory Board, Kabel Deutschland AG, Munich, Germany.
Dr Dirk Altenbeck	Member of the Supervisory Board (from 12 June 2013)	Tax advisor, Managing Partner of accountancy and tax consulting firm PKF Issing Faulhaber Wozar Altenbeck GmbH & Co.KG
Martin Weiss	Member of the Supervisory Board	Management consultant; Non-Executive Director, Comcel Guatemala S.A., Guatemala City, Guatemala
Prof Dr Stefan Leberfinger	Member of the Supervisory Board (up to 12 June 2013)	Certified public accountant (Wirtschaftsprüfer), tax consultant; Chairperson of the Supervisory Board, DOMAG Wohnbau AG, Munich, Germany; Member of the Advisory Board, Thurn und Taxis'sche Gesamtverwaltung, Regensburg, Germany; Chairperson of the Supervisory Board, Bankhaus Herzogpark AG, Munich, Germany
Philipp Welte	Member of the Supervisory Board	Management Board Member Publishing Hubert Burda Media Group, Munich, Germany

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

(8) Management Board

In the financial year 2012, 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).

	Position	Supervisory board mandates
Antonius Bouten	Chief Executive Officer (Chairperson of the Management Board)	Chairperson of the Board of Directors, HolidayCheck AG, Bottighofen, Switzerland (from 18 February 2013)
Dr Dirk Schmelzer	Chief Financial Officer	Member of the Board of Directors, HolidayCheck AG, Bottighofen, Switzerland; Member of the Advisory Board, Munich Business School, Munich, Germany (from 27 June 2013)
Christoph Schuh	Management Board Member	

In 2013, Toon Bouten was responsible for the following areas: communication and consultation with the Supervisory Board; overall strategy and corporate development; the companies HolidayCheck, Zoover, Tjingo, Ecotour, jameda and TFT (up to 30 November 2013); personnel development; and Group communications.

In 2013, Dr Dirk Schmelzer held the following areas of responsibility: financial, investment and personnel planning; controlling, reporting systems, risk management and internal control systems; management of long-term equity investments; financing and bank relations; external financial reporting; investor relations; legal, contractual and tax management; general administration including purchasing; human resources administration and services; compensation and benefits; and Group internal audit.

In 2013, Christoph Schuh was responsible for the companies EliteMedianet, TOMORROW FOCUS Media, Finanzen100, NetMoms, Cellular und organize.me. He is also responsible for marketing activities (including client marketing); subsidiaries and long-term equity investments with advertising business models (AdAudience GmbH); marketing and sales; and links with trade associations as the representative of TFAG.

According to its articles of association, the company is represented by two members of the Management Board or by one member of the Management Board jointly with one holder of general commercial power of attorney ('Prokurist' under German law). If only one Management Board member has been appointed, this member represents the company alone.

In the year under review, the total remuneration paid to the members of the Management Board was EUR 2,145,157.98. A resolution was passed at the shareholders' meeting on 12 June 2013 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) Notifications pursuant to section 20 paragraphs 1 and 4 of the German Stock Corporation Act (Aktiengesetz, AktG) and section 21 paragraph 1 of the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG) in conjunction with section 160 paragraph 1 number 8 of the German Stock Corporation Act (Aktiengesetz, AktG)

Shareholder	Last reported share of voting rights	Date of notification
Burda Digital GmbH, Munich, Germany (subsidiary of Burda GmbH)	63.61%*	20 Oct 2010**
Burda GmbH, Offenburg, Germany***	63.61%*	20 Oct 2010**
Deutsche Bank AG, Frankfurt/Main, Germany ***	5.04%	13 Dec 2006
DWS Investments GmbH, Frankfurt/Main, Germany, (subsidiary of Deutsche Bank AG)	5.04%	13 Dec 2006
Allianz Global Investors Europe GmbH, Frankfurt/Main, Germany	3.08%	8 Nov 2013
Ethenea Independent Investors S.A., 5365 Munsbach, Luxembourg	2.85%	28 Oct 2013
Helmut Markwort	2.80%	28 Feb 2013

- * Share of voting rights as at balance sheet date: 58.84 percent
- ** Three notifications contained the same share of voting rights.
- *** Voting rights are allocated to the corresponding parent company pursuant to section 22 paragraph 1 sentence 1 number 1 of the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG) and section 20 paragraph 1 sentence 2 in conjunction with section 16 paragraph 4 of the German Stock Corporation Act (Aktiengesetz, AktG).

(11) 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.

(12) Transfer from net profit/loss to net retained profit

The net loss reported in financial 2013 was EUR 1,271,936.16. Together with the retained profit brought forward from 2012 of EUR 8,971,788.86 after payment of the dividend (i.e. net retained profit for 2012 of EUR 12,455,124.14 less the total dividend of EUR 3,483,335.28), the net retained profit for 2013 comes to EUR 7,699,852.70.

Munich, Germany, 20 March 2014

Antonius Bouten
Chief Executive Officer

Dr. Dirk Schmelzer
Chief Financial Officer

Christoph Schuh
Member of the Executive Board

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 2013. 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, 20 March 2014

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Andreas Fell
Wirtschaftsprüfer

(German Public Auditor)

ppa. Hermann Plankensteiner
Wirtschaftsprüfer

(German Public Auditor)

Report of the Supervisory Board for the Financial Year 2013

Dear Shareholders,

The financial year 2013 was shaped to a large extent by our new 2018 Corporate Strategy with its focus on B2C business models, i.e. on Internet portals for end customers in the fields of travel and online advertising. As part of this strategy, a German-language edition of the news and debate portal Huffington Post was launched in October 2013 amid considerable media interest. The sale of Tomorrow Focus Technologies GmbH, a web services provider for business customers, is another element in the implementation of this strategy.

Overall, the TOMORROW FOCUS Group's results in the financial year 2013 can be regarded as satisfactory. Consolidated revenue was up by a significant margin, although the operating result could not quite keep pace. This was largely due to disappointing figures on the operating side from our Dutch and French long-term equity investments in the travel sector, mainly as a result of the difficult macro-economic situation in those countries. By contrast, the Group's results were boosted by yet another robust performance from HolidayCheck AG, whose activities are mainly focused on Germany. Equally pleasing were the contributions made by TOMORROW FOCUS AG's Advertising segment, led first and foremost by the news and utility journalism site FOCUS Online.

The Supervisory Board would like to express its gratitude for the high level of commitment shown by the employees, managerial staff and Management Board of the TOMORROW FOCUS Group.

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 2013. 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.

Outside the regular Supervisory Board meetings, the Chairperson of the Supervisory Board was in personal or telephone contact with the CEO of the Management Board several times a month in order to remain up to date with developments in the business situation and with significant 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.

A total of four regular Supervisory Board meetings were held on 21 March, 12 June, 27 September and 16 December 2013. A further unscheduled meeting was held on 17 April 2013. During the course of the year, the Supervisory Board adopted a total of six resolutions by way of written circulation.

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 6 February 2013, a Supervisory Board committee approved a proposal by the Management Board to cancel a previous decision on 21 December 2012 to increase the company's capital against non-cash contributions during the takeover of NetMoms GmbH. Then it approved a Management Board resolution to draw on authorised capital in order to increase the company's total share capital by up to EUR 5,043,198 through the issue of up to 5,043,198 new notional no-par-value bearer shares against cash contributions. At the same time, it approved a placement price of EUR 3.80 per share for the new shares.

On 12 March 2013, the Supervisory Board gave its approval by way of written circulation to the signing of a hosting agreement between HolidayCheck AG and Telefónica Online.

At its meeting on 21 March 2013, the Supervisory Board examined TOMORROW FOCUS AG's performance over the financial year 2012 along with the single entity and Group financial statements and management reports of TOMORROW FOCUS AG as at 31 December 2012. It approved the results of the statutory audit and formally adopted the single-entity financial statements, the Group financial statements and the dependency report. The Supervisory Board also adopted a resolution to propose a dividend of EUR 0.06 per share to the ordinary general meeting of shareholders in June 2013.

This was followed by a Management Board presentation on the Group's current performance and on the state of negotiations with the Huffington Post Group concerning TOMORROW FOCUS AG's proposal to operate and market the Huffington Post's news and debate platform under licence in Germany. The Supervisory Board welcomed the project and gave the Management Board authority to negotiate the required agreements up to the point where they were ready to be signed.

The Supervisory Board also approved a resolution by the Management Board dated 15 March 2013 to increase the company's share capital by EUR 258,040 from EUR 58,055,588 to EUR 58,313,628 through the issue of 258,040 new shares against non-cash contributions to coincide with the takeover of NetMoms GmbH.

It also voted to extend the Management Board appointment and service contract of Christoph Schuh to 31 December 2017. Both were due to expire on 31 December 2013.

At an unscheduled meeting held on 17 April 2013, the Management Board reported first of all on the current state of business and then gave the Supervisory Board a detailed presentation on the planned 2018 Corporate Strategy for TOMORROW FOCUS AG. This covered the proposed focus on B2C business models, the creation or acquisition of further thematic portal (verticals) within the

Advertising segment and the potential sale of Tomorrow Focus Technologies GmbH. The Supervisory Board approved the plans as presented.

The Management Board also outlined plans for a document storage system called organize.me that would be designed in-house. The Supervisory Board approved the implementation of this project and the associated business plan.

On 26 April 2013 the Supervisory Board approved the agenda items for the 2013 ordinary general meeting of shareholders by means of written circulation. It also approved an update to the Declaration of Conformity with the German Corporate Governance Code dated December 2012.

At the beginning of its meeting on 12 June 2013, directly after the ordinary general meeting of shareholders, the Supervisory Board elected Stefan Winners as its new Chairperson. This was followed by a report from the Management Board on the current state of business and on Forecast I for the TOMORROW FOCUS Group. The Management Board also explained its plan to acquire the remaining 6 percent minority shares in HolidayCheck AG earlier than previously intended. The Supervisory Board gave its approval to the proposed acquisition.

The Management Board then requested and was given Supervisory Board approval for the planned restructuring of the Advertising segment under German company law as part of the vertical strategy adopted in April.

The Supervisory Board adopted a proposal to set up an audit committee with three members to monitor the company's accounting procedures and the effectiveness of its internal control and internal audit systems; to oversee the statutory audit, decisions on the main emphases of the audit and the auditor's fee; and to deal with compliance issues. In financial 2013, the members of the audit committee were Annet Aris, Dr Dirk Altenbeck and Stefan Winners. The decision by the Supervisory Board and Management Board to set up an audit committee was taken in response to a recommendation in the German Corporate Governance Code. As such, in consultation with the Management Board, the Supervisory Board subsequently approved an update to the Declaration of Conformity with the German Corporate Governance Code dated April 2013.

There followed a report from Gilles Despas, CEO at HolidayCheck AG, on the current performance of the TOMORROW FOCUS Group's long-term equity investments in the travel sector and on the progress made in the planned migration of HolidayCheck's IT platform.

On 18 June 2013 the Supervisory Board approved the formation of Tomorrow Travel Solutions GmbH by written circulation. On 26 June 2013, also by written circulation, it approved the formation of Tomorrow Focus Content & Services GmbH as the operating company for the German-language edition of the Huffington Post.

The audit committee set up in June met for the first time on 27 September 2013 before the main Supervisory Board meeting. The entire Supervisory Board subsequently approved newly updated rules of procedure for its own activities.

The Management Board reported on the latest market and business developments and on Forecast II 2013 for the TOMORROW FOCUS Group. During the course of this report, it outlined the progress of the German edition of the Huffington Post and gave details of concrete negotiations for the sale of Tomorrow Focus Technologies GmbH to the Dutch firm TIE Kinetix N.V. The Supervisory Board approved the planned sale subject to the conditions laid out in the report and subject to further approval by the Supervisory Board once the contractual negotiations were finalised.

HolidayCheck AG CEO Gilles Despas explained the strategy of the TOMORROW FOCUS Group's long-term equity investments in the travel sector and gave a further progress report on the planned migration of HolidayCheck's IT platform.

On 4 October 2013, by means of written circulation, the Supervisory Board approved a contingent earn-out payment of EUR 2.0 million linked to the acquisition of RPC Voyages SAS.

On 7 October 2013, again by written circulation, it approved the sale of Tomorrow Focus Technologies GmbH to TIE Kinetix N.V.

The Supervisory Board meeting held on 16 December 2013 began with an update from the audit committee. The Management Board then gave an assessment of the latest market situation and business performance of TOMORROW FOCUS AG, and presented TOMORROW FOCUS AG's business plan for the financial year 2014, including details of the anticipated cash position. 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 13 May 2013. 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.

This was followed by reports from Gilles Despas, CEO at HolidayCheck AG, and Guillaume Victor-Thomas, Managing Director at RPC Voyages SAS, on the current business situation at each of their companies.

The next item was a report by TOMORROW FOCUS AG's Chief Financial Officer, Dr Dirk Schmelzer, on the offer received from a German bank to lend the company EUR 10 million up to 31 December 2018. This would allow the company to redeem and replace an existing loan for the same amount that was due to expire on 31 December 2014. The Supervisory Board approved the signing of the loan agreement subject to the conditions laid out in the report.

To conclude, the Supervisory Board heard a report from Christoph Schuh, Member of the Management Board, and Martin Lütgenau, Managing Director of TOMORROW FOCUS Media GmbH, on the current performance of the companies making up the Advertising segment.

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 with significant 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 Management Board

Following his appointment by the Supervisory Board on 5 September 2012 (by written circulation), Antonius 'Toon' Bouten took up his new post as CEO and Chairperson of the Management Board at TOMORROW FOCUS AG on 1 January 2013. As the company's new Chief Executive Officer, Toon Bouten can offer a wealth of international management experience with leading European companies.

Composition of the Supervisory Board

At the ordinary general meeting of shareholders of TOMORROW FOCUS AG on 12 June 2013, Stefan Winners and Dr Dirk Altenbeck were elected to the Supervisory Board in order to fill the positions left vacant following the announcements in April of the previous year by Dr Paul-Bernard Kallen and Dr Stefan Leberfinger, respectively the former Chairperson and a former member of the Supervisory Board, that they intended to step down at the end of the ordinary general meeting of shareholders.

Stefan Winners is a member of the Management Board of Hubert Burda Media Holding, where he is responsible for digital operations. Following the general meeting of shareholders, he was elected to the position of Chairperson at the constitutive meeting of the Supervisory Board of Tomorrow Focus AG.

Dr Dirk Altenbeck holds the position of Managing Partner at the accountancy and tax consulting firm PKF Issing Faulhaber Wozar Altenbeck GmbH & Co. KG.

Committees

An audit committee was established for the first time in financial 2013. Its members were Dr Dirk Altenbeck (Chairperson of the audit committee), Annet Aris and Stefan Winners. No other committees were formed in financial 2013.

Corporate Governance

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

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

At its meeting on 16 December 2013, 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 16 December 2013. The declaration was made permanently available to the public on the company's website. Reference is also made to the Corporate Governance Report information on the company's website.

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 Munich-based branch office of PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft (PwC), Frankfurt am Main, Germany, audited the annual financial statements and the management report of TOMORROW FOCUS AG for the financial year from 1 January to 31 December 2013 and the consolidated financial statements and the Group management report for the same financial year. The auditor was requested at the time of the appointment to place the main emphases of the audit on the recognition and correct accrual of revenue; the impairment value of goodwill in the consolidated financial statements and of the long-term equity investment valuations recognised in the single-entity financial statements; the recognition and valuation of intangible assets in the consolidated financial statements; the calculation and impairment values of deferred tax assets and liabilities; additions to financial assets following the takeover of NetMoms GmbH and the acquisition of the remaining shares in HolidayCheck AG and their respective valuations; the business models of the Group's online travel portal operators Webassets B.V., Tomorrow Travel B.V. and RPC Voyages SAS, and the recognition of revenue at these companies; the group management report, in particular with regard to the new requirements imposed by German Accounting Standard (DRS) 20; and the completeness of the disclosures in the notes to the consolidated 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 International Financial Reporting Standards (IFRSs). 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 20 March 2014 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 the long-term equity investment valuations in the single-entity financial statements before going on to discuss the final consolidation of Tomorrow Focus Technologies GmbH.

The financial statements and management reports for both the single entity and the Group were examined by the Supervisory Board. This scrutiny focused on the first-time consolidation of NetMoms GmbH, the acquisition of the remaining shares in HolidayCheck AG and the sale of Tomorrow Focus Technologies GmbH. The Supervisory Board also examined in detail the calculation and impairment of deferred tax assets and liabilities.

No objections were raised after conclusion of this examination. The Supervisory Board therefore approved the result of the examination at its meeting on 20 March 2014. 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 single-entity management report and the Group management report and agreed with the assessment of the company's future development. The Supervisory Board agreed with the proposal of the Management Board for the appropriation of net income.

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 20 March 2014, 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 2013 (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 20 March 2014 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. 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 members of the Management Board and all employees of the TOMORROW FOCUS Group for their work in 2013 and wishes the company's management and workforce renewed success in 2014.

Munich, Germany, March 2014

On behalf of the Supervisory Board

Stefan Winners
Chairperson

Imprint

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