

TOMORROW FOCUS AG
Munich, Germany

**Annual financial statements as at 31 December 2012 pursuant to the
German Financial Code
(Handelsgesetzbuch, HGB)**

Content

Management report	Page 3ff
Balance sheet	Page 37
Statement of income	Page 38
Notes to the annual financial statements	Page 39ff
Responsibility statement by the legal representatives	Page 56
Auditor's report	Page 57
Report of the Supervisory Board	Page 59
Imprint	Page 66

Disclaimer:

This is a translation of the annual financial statements of TOMORROW FOCUS AG. Only the German version of this document is legally binding. Every effort was made to ensure the accuracy of this translation. No warranty is made as to the accuracy of this translation and the company assumes no liability with respect thereto.

Management report of TOMORROW FOCUS AG for the financial year 2012

1. Corporate structure and core business

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

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

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

In addition, the following companies are now fully consolidated in the Transactions segment:

- since 1 April 2012: Tomorrow Travel B.V. (formerly Vakantiekart B.V.);
- since 1 July 2012: Webassets B.V.; and
- since 30 September 2012: RPC Voyages SAS.

The Advertising segment comprises Finanzen100 GmbH and TOMORROW FOCUS Media GmbH. Up to 31 July 2011, the AdJug Group was also consolidated in this segment. From 1 August 2011 up to the sale of the Group's remaining holding on 31 August 2012, the AdJug Group was recognised in the balance sheet at equity and its contribution to earnings in the financial result.

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

2. General information about the management report

Forward-looking statements

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

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

Internal control system

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

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. External indicators such as inflation rates, interest rates, general economic trends and market-specific business developments are also regularly analysed for company management purposes. In addition, there are regular scheduled meetings and shareholder meetings with the individual subsidiaries.

3. Macro-economic situation

German economy shows further signs of recovery

According to Germany's Federal Statistics Office, the German economy proved resilient in 2012. Price-adjusted gross domestic product (GDP) was up 0.7 percent despite the European economic crisis.

A report on the economic situation in the TOMORROW FOCUS Group's key market segments in 2012 is provided below.

Further expansion of transaction-based services

The German market for transaction-based online services aimed at private consumers (B2C) continues to benefit from the trend towards increasing use of the Internet. According to the 2012 Allensbach Computer and Technology Analysis (ACTA), the number of online buyers has been growing remarkably steadily for years. In 2004, 45 percent of the population between the ages of 14 and 64 had previously used the Internet to buy products or services; in 2012 the figure reached 74 percent.

According to the 2012 report on online travel market facts and figures (Daten und Fakten 2012 zum Online-Reisemarkt) published by the German Association of Online Travel Agents (VIR), the use of the Internet to book holidays also grew rapidly during the year under review. The survey estimates that 33 percent of all Germans over the age of 14 made an online booking in 2012. The corresponding figure for 2010 was 29 percent and for 2008 24 percent. Total market revenue (online and offline) for 2012 is estimated at EUR 50.73 billion. Almost half of this figure (EUR 24.03 billion) is attributable to the online sector. The figures include all travel services, e.g. flights, hotels and package tours.

In the view of the company, the revenue generated by dating platforms on the German-language Internet is likely to have been on a par with the previous year.

Clear growth in online advertising

Nielsen Media Research expects total gross expenditure on advertising in Germany to have been EUR 29.4 billion in 2012, a decrease of EUR 0.2 billion (around 0.3 percent) compared to the previous year's figure. TV was once again the most important advertising medium, generating gross advertising income of EUR 11.3 billion in Germany during 2012 (2011: EUR 11.1 billion). German newspapers take second place with advertising income of EUR 5.0 billion (2011: EUR 5.2 billion), followed by consumer publications, which generated advertising income of EUR 3.6 billion (2011: EUR 3.6 billion). Gross advertising expenditure for the classic online advertising covered by the Nielsen surveys (not including affiliate network and keyword advertising) was EUR 2.9 billion in 2012. The gross figure for year-on-year growth is around EUR 0.8 billion (approximately 17 percent).

TOMORROW FOCUS AG estimates that the gap between gross and net growth did not widen any further in 2012. As a result, the net rate of growth in percentage terms is at roughly the same level.

Continued growth in IT services market

According to the forecast issued by the German Association for Information Technology, Telecommunications and New Media (BITKOM), the German IT services market fell by around 2.1 percent in 2012 to generate a market volume of EUR 34.9 billion. TOMORROW FOCUS regards this forecast as realistic.

4. Significant measures and events

Transactions segment

Gilles Despas appointed CEO at HolidayCheck AG

In April 2012, the Board of Directors of HolidayCheck AG based in Bottighofen, Switzerland, appointed Gilles Despas to the post of CEO and Chairperson of the Management Board with effect from 14 May 2012.

Gilles Despas succeeds Jörg Trouvain, who chose to step down for personal reasons.

He has previously held a number of posts including ten years as Managing Director Continental Europe at ebookers Ltd. Before joining HolidayCheck AG, he was Senior Strategic Advisor at STA Travel.

TOMORROW FOCUS AG acquires Dutch online travel agent Tjingo

At the end of March, TOMORROW FOCUS AG acquired a 55.0 percent stake in the Tjingo Group (subsequently renamed Tomorrow Travel B.V.), which operates the Dutch online travel agent Tjingo.nl. The sale took effect on 1 April 2012. The price paid for the takeover was in the single-digit millions and was settled partly in cash. Under the terms of the deal, TOMORROW FOCUS AG also contributed a cash capital increase of EUR 0.5 million and a non-cash capital increase of EUR 1.2 million in the form of a licence for the Dutch hotel ratings platform HolidayCheck.nl.

Tomorrow Travel B.V.'s existing shareholders exercised their contractually agreed option entitlement, thus allowing TOMORROW FOCUS AG to acquire the remaining 45 percent of the Dutch company's shares as early as on 31 August 2012 for EUR 4.0 million.

Tjingo.nl is based in Woerden, Netherlands, and is one of the most successful online package tour brokers in the Netherlands. In an Internet survey conducted in 2011, it was voted the country's best online travel agent.

TOMORROW FOCUS AG acquires majority holding in Webassets B.V., operating company of the hotel reviews portal Zoover and a weather portal

In July 2012, TOMORROW FOCUS AG acquired a 51.0 percent stake in Webassets B.V.

The company operates Zoover, the Netherlands' biggest hotel and holiday ratings portal, and the MeteoVista weather platforms. The agreed purchase price was EUR 19.9 million (after a EUR 1.1 million adjustment for the company's cash holdings and net debt). As part of the deal, one of the company's co-founders gave up his entire stake. The remaining 49.0 percent will be held by co-founder Bas Rasker and other existing shareholders. Further agreements have been signed that could allow TOMORROW FOCUS AG to take over all the remaining shares by 2017. The exact amounts payable for each tranche of the total purchase price will depend on the company's future performance. The company will be headed as before by CEO Stephan Bosman and co-founder Bas Rasker.

Zoover's core markets are Belgium, France, Germany, the Netherlands and Poland. In 2012, Germany's consumer organisation Stiftung Warentest rated Zoover.de the second-best hotel reviews portal in the country after HolidayCheck.

MeteoVista is a B2B and B2C provider of meteorological data and services in the Netherlands and other European countries.

There are also plans for Zoover to collaborate intensively with TOMORROW FOCUS AG's Dutch brand Tjingo. Following the complete integration of Tjingo's technology in December 2012, it is now possible for users to book their package holidays directly on the Zoover platform. International content will be exchanged between Zoover and TOMORROW FOCUS AG's subsidiary HolidayCheck, both of which also plan to share a single technology platform allowing them to develop customer-friendly IT solutions such as mobile apps. It is anticipated that the MeteoVista weather platforms will join forces and collaborate with other companies in the TOMORROW FOCUS Group.

TOMORROW FOCUS AG indirectly acquires majority stake in French online travel agent Ecotour.com (RPC Voyages SAS) via subsidiary

In August 2012, TOMORROW FOCUS AG announced that its subsidiary TF Digital GmbH would be acquiring a 55 percent stake in the French online travel agent Ecotour.com (RPC Voyages SAS) with effect from 17 September 2012. Guillaume Victor-Thomas, founder of Ecotour, and other existing investors retain 45 percent of the company's shares. He continues to act as Chairperson. Matthias Papet, Country Manager at HolidayCheck France, was appointed Managing Director. The aim of the takeover is to link Ecotour.com's advanced booking platform with HolidayCheck France's ratings content and SEO (search engine optimisation) expertise.

The purchase price, which was partly settled in cash, includes a non-cash capital contribution of EUR 4.0 million in the form of a licence for the French hotel reviews platform HolidayCheck.fr operated by TOMORROW FOCUS subsidiary HolidayCheck AG and a cash capital contribution of EUR 1.5 million.

The deal also includes an earn-out clause that could trigger a payment of EUR 3.5 million according to schedule. This provision expires in March 2014.

A further agreement was signed with the founders and existing shareholders covering the acquisition of the remaining shares. Under the terms of this agreement, TOMORROW FOCUS AG's subsidiary TF Digital GmbH could take over the company completely by 2016.

Ecotour.com is based in the French town of Courbevoie near Paris. It is a licensed online travel agent that covers the entire bookings value chain. For this purpose the company has developed its own booking technology with links to over fifty tour operators. Other travel industry providers also use the technology as a white label solution and SaaS (software as a service) in order to boost their productivity. Ecotour's booking technology makes it possible to combine individual flights and hotels using a system of dynamic packaging. This extends the range of services that can be booked on the site.

The integration of Ecotour's booking technology into the French HolidayCheck platform will transform HolidayCheck.fr into an integrated reviews and bookings portal along the lines of HolidayCheck AG in the German-speaking countries (Austria, Germany and Switzerland). The main contribution of HolidayCheck.fr to Ecotour.com will take the form of hotel reviews content. The combined expertise of the two companies will primarily be used to achieve a significant increase in traffic on both platforms using a variety of strategies including targeted measures to optimise search engine processes (SEO).

According to travel industry surveys, France is the biggest package tour market in Europe after Germany, the UK and the Netherlands. Given its relatively low proportion of online bookings compared to other European countries, there is considerable potential for growth. TOMORROW FOCUS AG's acquisition of Ecotour.com will speed up its expansion in the French market.

Advertising segment

TOMORROW FOCUS AG sells minority holding in AdJug Ltd. to Dentsu Inc.

In September 2012, TOMORROW FOCUS subsidiary TOMORROW FOCUS Media GmbH sold its 20 percent minority holding in AdJug Ltd., which operates two Internet advertising marketplaces in the United Kingdom and in Germany, to AdJug's majority shareholder, the international media and advertising group Dentsu Inc., for EUR 1.2 million. The sale took effect on 31 August 2012 and produced a loss of EUR 1.8 million.

TOMORROW FOCUS AG sells Internet operations of *TV Spielfilm*, *Fit for Fun* and *Cinema*

In October 2012, TOMORROW FOCUS AG sold the digital rights of use to the brands of *TV Spielfilm*, *Fit for Fun* and *Cinema*, together with all their tangible and intangible assets and rights (e.g. domains, intellectual property rights, and trademark, title and name rights) to

the Burda News Group, which had previously taken over editorial operation and product management of the three portals in 2009. The sale took effect on 1 October 2012 and produced income of EUR 5.6 million. The Group's digital ad network TOMORROW FOCUS Media will continue to market the portals' online and mobile content.

TOMORROW FOCUS AG scales back holding in AdAudience GmbH

In October 2012, following an increase in the number of AdAudience GmbH shareholders from four to seven, the equity interest held by TOMORROW FOCUS subsidiary TOMORROW FOCUS Media GmbH in the company fell from 25.0 percent to 14.286 percent.

TOMORROW FOCUS AG acquires parent portal NetMoms GmbH and funds takeover by a capital increase in kind

In December 2012, TOMORROW FOCUS AG acquired all shares in NetMoms GmbH, which operates the parent portal Netmoms.de. The sale took effect on 1 January 2013.

Vendors are the existing shareholders of NetMoms GmbH's, including its founders and Managing Directors, Dr Tanja Princess of Waldeck and Pymont and Jens Echterling, who continue to lead the company. Payment was settled partly by means of a cash sum and partly from the issue of 258,040 new shares in TOMORROW FOCUS AG in the form of a non-cash capital increase out of authorised capital.

To this end, with the approval of the Supervisory Board, the Management Board had taken the decision to increase the share capital of the company by EUR 258,040 from EUR 53,012,390 to EUR 53,270,430 through the issue of 258,040 new shares against contributions in kind.

With a monthly reach of 1.52 million unique users - according to a study of the German Working Group for Online Media Research (AGOF) in September 2012 - and 4.18 million visits - according to the figures recorded by the German Audit Bureau of Circulations (IVW) in November 2012 - Netmoms.de is one of Germany's widest-reaching parent portals. Besides its German-language portal, the company operates two more parent portals in Spain and Poland, as well as a photo album portal by the name of Fambooks.net.

The Netmoms.de website offers high-quality content and has established a very active community on a platform that is specially designed for mobile devices.

The aim of the takeover is to strengthen TOMORROW FOCUS AG's Advertising segment by integrating vertically structured, high-reach thematic portals with considerable potential for synergies in the areas of search engine optimisation (SEO), content and marketing. The

Group's own digital marketing specialist, TOMORROW FOCUS Media, took over the premium marketing activities of Netmoms.de on 15 January 2013.

NetMoms GmbH was formed in 2007 with 15 employees and has been profitable since 2009.

Note: In order to simplify the implementation of a cash capital increase, the decision taken on 21 December 2012 to increase capital against non-cash contributions in order to fund the takeover of NetMoms GmbH was cancelled on 6 February 2013. It was then re-adopted on 15 March 2013 after completion of the cash capital increase (see also section 9 of this Management Report).

Administration

2012 annual general meeting approves dividend increase

TOMORROW FOCUS AG held its ordinary general meeting of shareholders at the Haus der Bayerischen Wirtschaft in Munich, Germany, on 23 May 2012.

The event was attended by around 100 shareholders and proxy holders representing approximately 81.3 percent of the share capital with voting rights.

All items on the agenda requiring approval were adopted with large majorities.

There was almost unanimous approval (99.99 percent in favour) for a resolution to pay a dividend of EUR 0.06 per qualifying notional no-par-value share. This was equivalent to a dividend increase of EUR 0.01 per share compared to the previous year, which saw the first-ever dividend payout.

Toon Bouten appointed new CEO at TOMORROW FOCUS

In September 2012, the Supervisory Board of TOMORROW FOCUS AG appointed Antonius 'Toon' Bouten (53) from the Netherlands as the new CEO and Chairperson of the Management Board. He took up his new post on 1 January 2013.

The company's new Chief Executive Officer has acquired considerable international experience over many years with leading European companies. Before joining TOMORROW FOCUS AG, he held the position of CEO with European Directories, a local search and lead generation specialist based in Amsterdam and London with operations throughout Europe.

Prior to this, from 2006 to 2009, he was President and CEO of the Danish headset maker GN Netcom. Between 2004 and 2006, as Executive Vice President and General Manager, Toon Bouten led the European operations of Philips Electronics NV's consumer electronics division with a billion-euro budget and responsibility for the group's sales and marketing activities in 48 countries.

Going further back, he spent around ten years with a number of well-known international information and communications technology (ICT) firms as well as web-based companies. During this period, as Vice President and General Manager at Compaq Computers, he built up the consumer segment in the Europe, Middle East and Africa (EMEA) region. As CEO at Jobline International, he was responsible for the online job portal's initial public offering. After graduating in engineering, Toon Bouten began his career in 1984 with Philips in the Netherlands.

He takes over from Stefan Winners, who as previously reported left the company to join the Management Board of Hubert Burda Media Holding. In his new role Stefan Winners is responsible for the Burda Digital division, which holds a majority share in TOMORROW FOCUS AG.

TOMORROW FOCUS AG's new Management Board will therefore be made up of Toon Bouten alongside existing members Christoph Schuh (responsible for the company's advertising, dating and mobile subsidiaries) and Dr Dirk Schmelzer (CFO).

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

Earnings position of TOMORROW FOCUS AG

Operating income (the total of revenue and other operating income) for the financial year 2012 was up by a small margin from EUR 2.33 million in the previous year to EUR 2.59 million. With regard to the specific items, **revenue** showed a year-on-year increase from EUR 0.52 million in 2011 to EUR 0.57 million. **Other operating income** rose from EUR 1.81 million in 2011 to EUR 2.02 million in the financial year 2012. This is largely due to an increase in the level of costs charged on to subsidiaries.

Operating costs (total of cost of materials, personnel costs, amortisation and depreciation, and other operating costs) rose from EUR 9.37 million in 2011 to EUR 11.42 million in financial 2012. The main factor was an increase of EUR 1.93 million in other operating costs, primarily due to a loss of EUR 1.8 million from the disposal of AdJug Ltd.

The **result from operating activities** (operating income less operating costs) stood at minus EUR 8.83 million compared to minus EUR 7.05 million in the previous year.

The **financial result** (total of income from investments, income from profit transfer agreements and other interest and similar income less expenses in connection with loss assumption, and interest and similar expenditure) showed an increase on the previous year from EUR 12.00 million to EUR 18.26 million. This was mainly due to a rise of EUR 6.03 million in income under profit transfer agreements. Unlike the previous year, there were no expenses in connection with loss assumption (2011: EUR 1.69 million), and this outweighed the 2012 figure of EUR 1.04 million (2011: EUR 0) in respect of the write-downs of financial investments.

The **result from ordinary activities**, which is the sum of the result from operating activities and the financial result, was up from EUR 4.95 million in 2011 to EUR 9.43 million in the financial year 2012.

Net income for the year was EUR 9.42 million compared to net income of EUR 4.96 million in 2011.

Balance sheet profit rose from EUR 6.21 million in 2011 to EUR 12.46 million in financial 2012.

Asset and financial position of TOMORROW FOCUS AG

Notes on capital structure

On the assets side of the balance sheet, the value of the **fixed assets** of TOMORROW FOCUS AG as at 31 December 2012 rose from EUR 156.74 million at the end of 2011 to EUR 181.13 million. This was due in large part to an increase of EUR 28.71 million in shares in affiliated entities that outweighed the decrease of EUR 3.98 million due to a reduction in loans to affiliated entities and the absence in 2012 of the investments item. The increase in shares in affiliated entities is mainly a result of the acquisition of Webassets B.V. and Tomorrow Travel B.V., while the absence of the investments item is due to the disposal of the company's remaining 20-percent interest in the AdJug Group.

The **current assets** of TOMORROW FOCUS AG were down from EUR 32.35 million as at 31 December 2011 to EUR 24.85 million as at 31 December 2012. The main factor here was a fall of EUR 17.81 million in cash at banks that outweighed the increase of

EUR 10.31 million in receivables and other assets. The lower figure for cash at banks was largely due to investment in acquisitions, while the increase in receivables and other assets is mainly attributable to higher cash-pool receivables.

On the liabilities side of the balance sheet, the **equity** of TOMORROW FOCUS AG rose from EUR 122.58 million as at 31 December 2011 to the year-end figure of EUR 128.82 million for 2012. This was due to an increase of EUR 6.24 million to EUR 12.46 million in the balance sheet profit.

The **equity ratio** declined from its 2011 year-end level of 64.8 percent to 62.5 percent as at 31 December 2012 on account of a larger than usual increase in liabilities and provisions.

Provisions were up from EUR 2.01 million at year-end 2011 to EUR 6.65 million as at 31 December 2012, largely on account of a change in the presentation of the purchase price liability (debtor warrant) for jameda GmbH, which was moved from other liabilities totalling EUR 3.61 million in 2011 to other provisions totalling EUR 3.76 million in 2012. This was due to a degree of uncertainty over the extent of the liabilities.

Year-end **liabilities** rose from EUR 64.56 million in 2011 to EUR 70.56 million, primarily due to an increase of EUR 11.49 million in liabilities to affiliated entities (as a result of higher cash-pool liabilities) that outweighed a decline of EUR 3.14 million in liabilities to banks (following the repayment of loans) and a reduction of EUR 2.44 million in other liabilities.

The increases in equity, provisions and liabilities produced a rise in the year-end figure for **total assets** from EUR 189.15 million as at 31 December 2011 to EUR 206.03 million in 2012.

The balance sheet shows current assets of EUR 24.85 million and current liabilities of EUR 33.04 million. Based on current plans, TOMORROW FOCUS AG will receive a dividend of approximately EUR 10 million from HolidayCheck AG in 2013. As at 31 December 2012, the company's unused working capital credit lines totalled EUR 14.6 million. This is sufficient to cover the company's ongoing liquidity needs.

Financial performance indicators

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

Ratio	Segment	2012	2011
EBIT margin	Transactions	14.9%	22.5%
	Advertising	31.9%	3.8%
	Technologies	5.9%	5.3%
EBITDA margin	Transactions	20.3%	24.3%
	Advertising	36.8%	9.5%
	Technologies	12.3%	12.7%

Non-financial performance indicators

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

Employee skills

The success of TOMORROW FOCUS AG as a holding company depends crucially on the know-how of its employees. That is why we provide employees with targeted development opportunities. They are encouraged to improve their personal and professional skills on a regular basis and to utilise their potential to the full.

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 (TAF) are held between employees and superiors on an annual basis.

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

Knowledge of markets

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

Derivative 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 757 thousand (2011: EUR 630 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 duration 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

6. Research and development activities

TOMORROW FOCUS Technologies GmbH, a subsidiary of TOMORROW FOCUS AG, is responsible for either implementing many of the Holding and Advertising segments' development activities itself or for commissioning and monitoring them. Research and development activities in the Transactions and Technologies segments are conducted on a decentralised basis within the Group

companies, and the relevant development costs are capitalised as self-created software. In general, there are no specific research expenses.

7. Remuneration report

Remuneration report for the Management Board

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

The remuneration of Management Board members includes a fixed element and a variable performance-related element of between 20.0 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 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 IFRSs) 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 following tables show the fair value of the virtual shares for which the right of the counterparty to receive a cash sum has become unforfeitable.

	EUR '000 2012	EUR '000 2011
Other provisions		
Liabilities from share-based payments with cash settlement to Management Board members	1,013	543
Total	1,013	543

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

	EUR '000 2012	EUR '000 2011
Expenses		
Personnel expenses from share-based payments with cash settlement to Management Board members	599	543
Interest expenses from share-based payments with cash settlement to Management Board members	11	0
Total	610	543

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 2012, the remuneration of the Management Board (three members up to 30 September and two members from 1 October to 31 December inclusive) totalled EUR 1.6 million (2011: EUR 2.0 million). This figure includes fixed remuneration of EUR 1.0 million and variable remuneration of EUR 0.6 million.

Shareholdings of Management Board members

Christoph Schuh held a total of 138,128 TOMORROW FOCUS shares as at 31 December 2012. This corresponds to approximately 0.26 percent of the company's shares.

Dr Dirk Schmelzer held a total of 51,000 TOMORROW FOCUS shares as at 31 December 2012. This corresponds to approximately 0.10 percent of the company's shares.

In 2012, TOMORROW FOCUS AG received the following disclosure of a securities transaction involving a member 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
Dr Dirk Schmelzer	30 Oct 2012	Purchase	Xetra	5,000	EUR 3.45

Other Management Board-related disclosures

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

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

Remuneration report for the Supervisory Board

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

The members of the Supervisory Board received the following remuneration in the financial year 2012:

	Compensation
Dr Paul-Bernhard Kallen (Chairperson)	EUR 50,000
Dr Andreas Rittstieg (Deputy Chairperson)	EUR 25,000
Annet Aris	EUR 25,000
Prof. Dr Stefan Leberfinger	EUR 25,000
Martin Weiss	EUR 25,000
Philipp Welte	EUR 25,000

The company incurred no costs associated with any service contracts with Supervisory Board members in the financial year 2012 compared to EUR 75 thousand in 2011 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 2012, the total number of shares in TOMORROW FOCUS AG held directly or indirectly by all members of the Supervisory Board stood at 854,854. 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 2012 pursuant to Section 15a of the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG):

Transactions involving TOMORROW FOCUS shares

Persons subject to disclosure requirements	Date of the transaction	Transaction	Stock market	Quantity	Share price per unit
Dr Paul-Bernhard Kallen	23 May 2012	Sale	Munich stock exchange	1,000	EUR 3.70
	23 May 2012	Sale	Xetra	14,145	EUR 3.6559
	23 May 2012	Sale	OTC market	4,177	EUR 3.6579
	25 May 2012	Sale	OTC market	1,088	EUR 3.55
FamCare GmbH*	18 July 2012	Sale	OTC market	200,000	EUR 3.70
Barcare GmbH*	18 July 2012	Sale	OTC market	281,250	EUR 3.70

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

Other disclosures relating to the Supervisory Board

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

Other disclosures

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

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

8. Employees

Excluding members of the Management Board, The average headcount of TOMORROW FOCUS AG over the financial year 2012 was 24 (2011: 18).

Personnel expenses at TOMORROW FOCUS AG for the financial year 2012 stood at EUR 3.67 million (2011: EUR 3.77 million).

9. Events of particular significance after the reporting date

TOMORROW FOCUS AG decides on 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 Frankfurter Wertpapierbörse (Frankfurt Stock Exchange, 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 gross sum of approximately EUR 19.2 million. The income generated by the issue will be used to finance further acquisitions and to increase the company's stake in those of its subsidiaries where it has a majority holding.

Note: In order to simplify the implementation of a cash capital increase, the decision taken on 21 December 2012 to increase capital against non-cash contributions in order to fund the takeover of NetMoms GmbH was cancelled on 6 February 2013. It was then re-adopted on 15 March 2013 after completion of the cash capital increase.

10. Risk report

The TOMORROW FOCUS Group's risk management system

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

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

The TOMORROW FOCUS Group has established a comprehensive risk management system that forms an integral part of the Group's value-based control and planning system. Furthermore, it is fully incorporated into the overall planning, control and reporting process covering all the relevant legal entities and central functions, and aims to systematically identify, evaluate, check and document all significant risks including any risks that may jeopardise the company's existence. Potential risks are usually assessed over a two-year planning period, although in discussions aimed at establishing its medium-term and strategic targets TOMORROW FOCUS AG also identifies and monitors long-term risks. With regard to defined risk categories, the risk management process involves identifying risks to the Group's business areas, operating units, associated companies and central areas, assessing the probability of those risks and evaluating the possible extent of damage, generally in terms of their potential impact on EBIT. The communication and reporting of relevant risks are controlled using parameters established by management.

Those in positions of responsibility are also expected to devise and, where applicable, initiate measures to avoid, reduce and safeguard against risks. During the course of the year, control processes are in place to monitor the principal risks and the corresponding measures taken to counter them. In addition to scheduled reporting, there is an internal Group requirement covering the reporting of unanticipated risks that may emerge. The department responsible for central risk management prepares regular reports for the Management Board and Supervisory Board on the risks it has identified. The risk management system allows the Management Board to identify significant risks at an early stage and adopt appropriate countermeasures. The in-house audit team assesses the efficacy of the risk management system as defined in the risk management handbook by means of targeted inspections. It conducts sample tests to examine compliance with statutory requirements and internal Group directives, and initiates appropriate measures where required.

With regard to the accounting process, the aim of the internal control and risk management system is to ensure the correctness and effectiveness of accounting and financial reporting. It is an integral component of the accounting and financial reporting processes within the TOMORROW FOCUS Group. Wherever accounting processes are outsourced to service providers, their control and risk management systems are adapted to the particular requirements of our 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 (IFRSs);
- financial statements and reports are complete;
- authorisation processes are observed and implemented in good time;
- the cross-checking principle is fully implemented in relation to the allocation of IT accounting systems and only authorised persons have access to critical functions;
- the principles of the segregation of functions and of cross-checking are maintained with regard to the preparation of financial statements;
- all transactions are recognised promptly and in due time so that the financial statements can be drawn up by the scheduled date;

- intra-group transactions are fully recognised, reconciled and eliminated; and
- matters of accounting significance or those subject to disclosure requirements in relation to contractual agreements are identified and correctly shown in the financial statements.

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

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

Economic risks of the TOMORROW FOCUS Group

Uncertainties as a result of changes to the political, legal or social framework can have a negative impact on the TOMORROW FOCUS Group's business operations, assets, financial and earnings positions. Germany, Central and Western Europe are the TOMORROW FOCUS Group's core markets. While in the past they have proven to be relatively stable economic areas offering excellent development opportunities to the companies operating there, in 2009 Central and Western Europe experienced the worst economic crisis since the end of the Second World War, one that produced swiftly increasing levels of debt among the states making up the European Union. 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, 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. It is not possible to make any realistic assessment of the probability of such an attack.

Market risks of the TOMORROW FOCUS Group

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

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

Transactions segment

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

At the Group's own travel portals Ecotour, HolidayCheck, Tjingo and Zoover, 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 recession, could have a very negative impact on the revenue and profits of those portals and the entire TOMORROW FOCUS Group.

The companies making up the Transactions 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 companies in this segment make intensive use of television advertising and SEM, as marketing instruments, in their marketing activities, so a substantial price increase by television broadcasters or Google would have a negative impact on the profit situation of the Transactions segment and the entire TOMORROW FOCUS Group.

Many Internet users no longer search directly for news and other information on established web portals such as FOCUS Online. Instead, they use search engines, and in particular the market leader, Google. As a result, search engine optimisation (SEO) has gained in significance. It ensures that websites appear high up on the search engine hit lists when specific search terms are entered. Higher rankings generally mean more traffic, which can also have a positive effect on advertising and business income. Search engine optimisation is therefore extremely significant from a commercial viewpoint for the websites of the Transactions and Advertising

segments. Changes to the algorithms used by search engine operators, such as Google, can cause the Transactions and Advertising segments' websites to slip down the hit lists at any time, either temporarily or for a lengthy period of time, resulting in a decline in search engine-generated traffic. This can have a substantial negative impact on the revenue and profits generated by both of these segments and by the entire TOMORROW FOCUS Group.

Advertising segment

It is thanks to the Advertising segment that the TOMORROW FOCUS Group is one of the biggest online marketing providers in Germany. Following a particularly constant upswing in the online advertising market over a period of some years, 2008 and 2009 were marked by a more subdued level of bookings for graphical online advertising (display advertising). This temporary development was partly a result of the economic downturn but also due to the dominant position of market players such as Google. The result has been a fall in prices. Although bookings for display advertising experienced a tangible recovery 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, despite high market entry barriers, a reduction in use of the websites marketed by TOMORROW FOCUS will again depress income and thus lead to further losses. The highly volatile nature of the online market in recent years means that this scenario cannot be totally ruled out at the present time despite recent success in attracting new customers and, as mentioned above, an improvement in the order situation.

Technologies segment

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

Strategic risks of the TOMORROW FOCUS Group

One major strategic objective is the further improvement of the Group's market position in the Advertising and Transactions segments. The target will be achieved by developing successful new products and business models, and implementing other measures to increase 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 and equity investments. These harbour intrinsic risks such as the risk of integrating employees, processes, technologies and products. As a result, it is impossible to guarantee that all bought-in or internally developed business activities can be successfully integrated or that the integrated measures will proceed as planned. Such transactions can also be associated with considerable acquisition, administration and other costs, including the cost of

integrating acquired business activities. Portfolio measures can also result in additional financing requirements, which in turn can increase debt and have a negative impact on the financing structure. Acquisitions and equity investments can substantially appreciate the value of non-current assets, including goodwill. Impairment of these assets due to unforeseen business developments, e.g. a downturn in the wider economy, can strongly depress results. Over-performance of investments can also lead to a substantial increase in any agreed earn-out payment obligations leading to pressure on liquidity.

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

Personnel risks of the TOMORROW FOCUS Group

Highly-qualified employees and managers are essential to the long-term success of any business undertaking. The TOMORROW FOCUS Group is strongly committed to fostering its employees' long-term loyalty to the company and to recruiting new, highly-qualified employees. Business development could be impaired if a large number of these employees leave the company within a short time span and no adequate replacements can be found. In the event of increased competition in the labour market to recruit highly-qualified employees, particularly people with IT and Internet expertise, there is no guarantee that the Group will be able to retain key personnel over the long term.

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

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

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 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.

Asset impairment risks of the TOMORROW FOCUS Group

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

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

Other operational risks of the TOMORROW FOCUS Group

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

Although FOCUS Online content is created by the company's own in-house editing team, it is geared towards the content and design of the FOCUS and FOCUS MONEY magazines. In March 2000, the licence rights to these brands were limited to a period of 30 years. TOMORROW FOCUS AG holds all rights to reproduce and market both the above brands via the Internet and other online media.

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

Overall assessment of risks

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

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

11. Opportunities report

Business opportunities are not reported as part of the risk management system. They are identified in the Group's annual operational planning and followed up during the year in its periodic consolidated reporting. Direct responsibility for the early identification and

exploitation of opportunities lies with the individual business areas. The strategy process involves identifying opportunities for further profitable growth in the long term. These are then considered as part of the decision-making process.

Economic opportunities of the TOMORROW FOCUS Group

As a business in the Internet sector, consumer confidence and spending can have a direct or at least indirect impact on 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.

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

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

In particular, Group portals such as Ecotour, ElitePartner, HolidayCheck, Jameda, 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 holidays arranged. At EliteMedianet and Jameda, the number of paying members would rise.

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

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

Other opportunities arising from operating activities

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

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

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

Strategic opportunities of the TOMORROW FOCUS Group

The Group's corporate strategy is coordinated by TOMORROW FOCUS AG, and monitored and agreed on a regular basis in consultation with the business segments. An experienced management team and streamlined corporate structures also provide an excellent basis for the three business segments to make the most effective use of potential opportunities and achieve sustained corporate growth. A close-knit structure and the ensuing interaction between the companies making up 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.

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-related 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.

Financial opportunities of the TOMORROW FOCUS Group

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

Overall assessment of opportunities

It is our assessment that in the financial year 2012 the TOMORROW FOCUS Group was able to expand its overall market position. This is clear from the revenue and earnings figures for 2012, 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 2013 the situation of the Group will be similar to that of 2012.

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

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

Share capital structure

As at 31 December 2012, the company's subscribed share capital amounted to EUR 53,012,390. The share capital is divided into 53,012,390 notional no-par-value bearer shares, each with a nominal value of EUR 1. The share capital is paid up in full. The shareholders have no entitlement to the issue of physical individual shares in accordance with article 4, paragraph 3 of the articles of association, except when the issue of physical individual shares is required under the rules and regulations of the stock exchange where the shares are listed. Global certificates can be issued. All shares carry the same rights and obligations. Each share entitles the holder to one vote at the shareholders' meeting and evidences the right to a portion of the company's distributable profit. This does not apply to treasury shares held by the company, in respect of which the company does not have any rights. The shareholders' rights and obligations are specified in particular in sections 12, 53a et seq, 118 et seq and 186 of the German Stock Corporation Act (Aktiengesetz, AktG).

Transfer and voting 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 2012, the company did not receive any notifications in respect of voting rights.

Special rights

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

Voting right controls 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 (Aktiengesetz, AktG). Management Board members are appointed by the Supervisory Board for a maximum term of 5 years. They may be re-appointed or have their term extended for one or more terms of up to a maximum of five years each.

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

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

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

Amendments to the articles of association are subject to a resolution of the general meeting of shareholders pursuant to section 179 of the German Stock Corporation Act (Aktengesetz, AktG). The authority to make amendments to the wording only is accorded to the Supervisory Board in article 8, paragraph 5 of the articles of association. The Supervisory Board is also authorised by resolution of the shareholders' meeting to amend article 4 of the articles of association in accordance with the use of contingent capital.

Resolutions by the general meeting of shareholders are taken by simple majority pursuant to article 18 of the articles of association unless a larger majority is mandatory by law. Resolutions on amendments to the articles of association require at least a three-quarter majority of share capital represented according to section 179, paragraph 2 of the German Stock Corporation Act (Aktengesetz, AktG), unless otherwise stipulated in the company's articles of association.

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

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

- German Stock Corporation Act is exercised, due regard should be given to other authorities to exclude subscription rights granted by section 186, paragraph 3, sentence 4 of the German Stock Corporation Act;
- where a capital increase in exchange for non-cash contributions is carried out for the purpose of acquiring another company, an equity stake in another company or parts of another company or in order to purchase claims against the company.

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

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

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

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

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

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

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

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

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

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

dd) to withdraw the shares without a requirement for the withdrawal or its execution to be approved by means of a further resolution by the shareholders' meeting; any such withdrawal would lead to a 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 providing the shares in question are used under the authorisations detailed above in aa), bb) and cc). The Management Board will in each case report to the shareholders' meeting on the reasons for and the purpose of the acquisition of treasury shares, the number of shares purchased, the amount of share capital they represent and the consideration paid for the shares.

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

As at 31 December 2012, 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.

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

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

Munich, Germany, 21 March 2013
The Management Board

14. Declaration on Corporate Governance

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

15. Outlook

Future results at TOMORROW FOCUS AG are dependent on a number of factors. By way of example, the result from operating activities and consequently the result from ordinary activities are determined by operating income and operating costs. TOMORROW

FOCUS AG strives to maintain a constant level of operating income and to reduce its operating costs through cost-saving measures. On balance, the company's planning forecast therefore anticipates a stable operating result for 2013 before any extraordinary items. Another key factor in determining the result from ordinary activities is the financial result, which in turn is largely influenced by the development of profit at the investments held by TOMORROW FOCUS AG and by the level of external borrowings.

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

TOMORROW FOCUS AG can look back on a successful financial year 2012. Despite prevailing caution about the macro-economic outlook for 2013, the overall prospects for the TOMORROW FOCUS Group are good.

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

The more probable scenario for the wider economy in 2013 is one of moderate economic growth, and on this basis the forecasts for 2013 produced by the companies of the TOMORROW FOCUS Group point to a year-on-year improvement in earnings, both in terms of the Group's operating segments and overall. For the financial year 2013, the Management Board therefore anticipates an increase in the company's result from ordinary activities before any extraordinary items. This trend should be maintained in 2014.

Munich, Germany, 21 March 2013

Antonius Bouten	Dr Dirk Schmelzer	Christoph Schuh
Chief Executive Officer	Chief Financial Officer	Member of the Management Board

Balance sheet under German Commercial Code (HGB) as at 31 December 2012					
Assets	31 Dec 2011	31 Dec 2012	Liabilities	31 Dec 2011	31 Dec 2012
	€ '000	€		€ '000	€
A. Fixed assets	156.737	181.127.722,99	A. Equity	122.579	128.822.225,96
I. Intangible assets	484	177.693,00	I. Subscribed capital *	53.012	53.012.390,00
1. Software licences acquired for cash	484	177.693,00	II. Capital reserve	63.355	63.354.711,82
II. Property, plant and equipment	534	499.357,00	III. Balance sheet profit	6.212	12.455.124,14
1. Other plant, furnitures and fixtures	534	499.357,00	B. Provisions	2.006	6.646.919,59
III. Financial investments	155.719	180.450.672,99	1. Other provisions	2.006	6.646.919,59
1. Shares in affiliated entities	151.504	180.218.246,66	C. Liabilities	64.561	70.563.880,55
2. Loans to affiliated entities	1.256	213.474,90	1. Liabilities to banks	40.360	37.216.845,63
3. Investments	2.939	0,00	2. Trade payables	303	396.038,39
4. Other loans	20	18.951,43	3. Liabilities to affiliated entities	19.520	31.014.469,73
B. Current assets	32.353	24.853.968,35	4. Other liabilities	4.378	1.936.526,80
I. Inventories	0	1.724,37			
Goods	0	1.724,37			
II. Receivables and other assets	4.746	15.056.407,00			
1. Receivables from affiliated entities	3.931	14.937.843,22			
2. Other assets	815	118.563,78			
III. Cash at banks	27.607	9.795.836,98			
C. Prepaid expenses and accrued income	56	51.334,76			
Total assets	189.146	206.033.026,10	Total liabilities	189.146	206.033.026,10
			* Conditional capital: EUR 4,842,070.00 (2011: EUR 4,842 thousand)		

Statement of income under German Commercial Code (HGB)			
for the financial year from 1 January to 31 December 2012			
		2011	2012
		€ '000	€
1. Revenue		519	567.741,40
2. Other operating income		1.806	2.023.256,15
3. Cost of materials		-714	-894.056,40
<i>Cost of purchased services</i>		<i>-714</i>	<i>-894.056,40</i>
4. Personnel costs		-3.766	-3.672.816,14
a) <i>Wages and salaries</i>		<i>-3.562</i>	<i>-3.440.918,92</i>
b) <i>Social security and other pension costs</i>		<i>-204</i>	<i>-231.897,22</i>
5. Depreciation and amortisation on tangible and intangible assets		-137	-163.823,85
6. Other operating costs		-4.758	-6.692.159,59
7. Income from investments		13.673	13.230.532,96
8. Income from profit transfer agreement		1.919	7.945.327,15
9. Other interest and similar income		334	155.051,54
10. Write-downs of financial assets		0	-1.036.000,00
11. Expenses in relation to loss absorption		-1.688	0,00
12. Interest and similar expenses		-2.234	-2.035.902,41
13. Profit/ (loss) from ordinary activities		4.954	9.427.150,81
14. Other taxes		3	-3.143,83
15. Net profit/ (loss) for the year		4.957	9.424.006,98
16. Profit carried forward		3.906	6.211.860,56
17. Dividend payment to shareholders		-2.651	-3.180.743,40
18. Balance sheet profit		6.212	12.455.124,14

Notes to the annual financial statements of TOMORROW FOCUS AG, Munich, Germany, for the financial year 2012

(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 2012 were prepared in accordance with the accounting regulations of the German Commercial Code (Handelsgesetzbuch, HGB) and the relevant stipulations of the German Stock Corporation Act (Aktiengesetz, AktG). The statement of income was prepared according to the total cost accounting principle.

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

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

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

By resolution of the general meeting of shareholders on 16 June 2010, the Management Board is authorised, subject to Supervisory Board approval, to undertake one or more increases in the company's share capital until 15 May 2015 of up to EUR 26,506,195 by issuing 26,506,195 new, notional no-par-value shares in exchange for cash or non-cash contributions (authorised capital 2010).

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 21 December, with the approval of the Supervisory Board, the Management Board took the decision to increase the company's share capital (authorised capital) by EUR 258,040 through the issue of 258,040 new shares against non-cash contributions. In order to

simplify the implementation of a cash capital increase, the decision taken on 21 December 2012 to increase capital against non-cash contributions in order to fund the takeover of NetMoms GmbH was cancelled on 6 February 2013. It was then re-adopted on 15 March 2013 after completion of the cash capital increase. The capital increase had not yet been entered in the commercial register when these financial statements were drawn up.

On 6 February 2013, with the approval of the Supervisory Board, the Management Board took the decision to increase the company's share capital (authorised capital) by EUR 5,043,198 through the issue of 5,043,198 shares. The capital increase was entered in the commercial register on 8 February 2013. These shares qualify for a dividend from 1 January 2012 and were therefore included in the appropriation of profit for 2012.

(3) Shareholdings

Company	Shareholding (percent)	Equity as at 31 December 2012 (EUR)	Result 2012 (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>-2,136,379.53</i>	<i>-126,882.95</i>
<i>jameda GmbH, Munich, Germany</i>	<i>100.00</i>	<i>-1,927,669.80</i>	<i>-451,840.39</i>
<i>TF Digital GmbH, Munich, Germany</i>	<i>100.00</i>	<i>-243,266.45</i>	<i>-309,341.92</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 FOCUS Technologies GmbH, Munich, Germany</i>	<i>100.00</i>	<i>2,046,564.62</i>	<i>0.00*</i>
<i>Tomorrow Travel B.V., Woerden, Netherlands</i>	<i>100.00</i>	<i>1,448,013.00</i>	<i>-36,992.00</i>
<i>HolidayCheck AG, Bottighofen, Switzerland</i>	<i>94.00</i>	<i>24,256,091.84</i>	<i>12,914,379.88</i>
<i>HolidayCheck France SAS, Paris, France**</i>	<i>100.00 (indirect: 94.00)</i>	<i>79,761.40</i>	<i>29,196.29</i>
<i>HolidayCheck Polska Sp. z.o.o., Warsaw, Poland**</i>	<i>100.00 (indirect: 94.00)</i>	<i>145,483.31</i>	<i>63,397.54</i>
<i>RPC Voyages SAS, Courbevoie, France** / ***</i>	<i>55.00</i>	<i>-302,380.27</i>	<i>-1,629,462.00</i>
<i>Webassets B.V., Zeist, Netherlands</i>	<i>51.00</i>	<i>9,935,595.00</i>	<i>-40,059.00</i>
<i>MeteoVista B.V., Zeist, Netherlands**</i>	<i>100.00 (indirect: 51.00)</i>	<i>190,222.00</i>	<i>569,913.00</i>
<i>Zoover France SARL, Paris, France**</i>	<i>100.00 (indirect: 51.00)</i>	<i>-448,157.00</i>	<i>-92,763.00</i>
<i>Zoover GmbH, Cologne, Germany**</i>	<i>100.00 (indirect: 51.00)</i>	<i>-503,622.00</i>	<i>72,640.00</i>
<i>Zoover International B.V., Zeist, Netherlands**</i>	<i>100.00 (indirect: 51.00)</i>	<i>1,621,218.00</i>	<i>-539,626.00</i>
<i>Zoover International Holland Filiaal, Zeist, Netherlands**</i>	<i>100.00 (indirect: 51.00)</i>	<i>606.00</i>	<i>239,848.00</i>

<i>Zoover Media B.V., Zeist, Netherlands **</i>	<i>100.00 (indirect: 51.00)</i>	<i>8,325,655.00</i>	<i>2,716,710.00</i>
<i>Zoover Travel B.V., Zeist, Netherlands**</i>	<i>100.00 (indirect: 51.00)</i>	<i>107,734.00</i>	<i>-42,266.00</i>
<i>Zoover Internet Teknolojileri Tuzim Ticaret Ltd., Kusadasi, Turkey**</i>	<i>95.00 (indirect: 48.45)</i>	<i>0.00</i>	<i>0.00</i>
<i>Zoover Italia SARL, Monza, Italy**</i>	<i>95.00 (indirect: 48.45)</i>	<i>3,437.00</i>	<i>317,055.00</i>

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

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

*** The annual result figure covers the period from 1 November 2011 to 31 December 2012

(4) Accounting and valuation policy

Intangible assets 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 depreciation. Low-value assets valued at up to EUR 410 are written off entirely in the year of acquisition. Their disposal is assumed in the same year as that in which they are added.

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

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 and accrued income 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, accrued income 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 32.57 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 fulfilment value.

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.

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

(4.1) Fixed assets

The development of individual fixed assets is shown in the enclosed statement of fixed assets.

Please refer to (3) shareholdings with regard to financial assets.

(4.2) Receivables and other assets

Other assets totalling EUR 396 (2011: EUR 488) have a remaining term of over one year. All other receivables and other assets for 2012 and 2011 have a remaining term to maturity of up to one year.

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

(4.3) Other provisions

The other provisions reported are provisions for other personnel costs of EUR 2,397,891.27 (2011: EUR 1,604,907.48); audit and consulting fees of EUR 395,359.32 (2011: EUR 345,359.32), outstanding invoices of EUR 95,000.00 (2011: EUR 55,000.00) and other expenses of EUR 3,758,669.00 (2011: EUR 500.00)

(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	716,845.63 (2011: 3,860,202.13)	36,500,000.00	0,00	37.216.845,63
Trade payables	396,038.39 (2011: 303,369.08)	0,00	0,00	396.038,39
Liabilities to affiliated entities	31,014,469.73 (2011: 19,519,699.06)	0,00	0,00	31.014.469,73
Other liabilities	908.777,80	1.027.749,00	0,00	1.936.526,80
of which taxes	813,821.21 (2011: 609,116.42)	0,00	0,00	813.821,21
of which social security	1,815.72 (2011: 2,146.87)	0,00	0,00	1.815,72
of which other obligations	93,140.87 (2011: 114,514.77)	1,027,749.00	0,00	1.120.889,87
	33.036.131,55	37.527.749,00	0,00	70.563.880,55

All liabilities to affiliated entities are trade payables and other liabilities.

(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 756,834.01 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 2013	669,468.14
Payable 2014 to 2017	1,330,682.43
Payable after 2017	0

Other contracts	EUR
Payable in 2013	878,140.00
Payable 2014 to 2017	42,839,353.00
Payable after 2017	2,630,861.00

Other financial obligations from other contracts include an amount of EUR 672,756 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 42,769,753 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) Breakdown of 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 299,891.20 not attributable to the reporting period and mainly relating to cost refunds for previous years, income from the disposal of fixed assets, income from the reversal of provisions and expenses charged on to subsidiaries.

(4.9) Personnel costs

Social security and other pension costs include pension costs of EUR 2,232.68 (2011: EUR 1,996.68).

(4.10) Other operating costs

Other operating costs comprise losses of EUR 1,788,519.96 from the disposal of fixed assets, expenses of EUR 99,193.25 not attributable to the reporting period and expenses of EUR 14,937.73 (2011: EUR 0) incurred as a result of stock exchange price and exchange rate differences.

(4.11) Income from investments

This item contains income from affiliated entities of EUR 13,230,532.96 (2011: EUR 13,672,788.96).

(4.12) Interest and similar income

This item includes interest from affiliated entities of EUR 48,885.54 (2011: EUR 60,060.70).

(4.13) Write-downs of financial assets

This item includes a valuation adjustment of EUR 1,036,000.00 (2011: EUR 0) in respect of loans to affiliated entities.

(4.14) Interest and similar expenses

This item includes interest paid to affiliated entities of EUR 96,185.29 (2011: EUR 172,937.77) and interest from compounding of EUR 225,753.00 (2011: EUR 134,354.00).

(5) Employees

The company had an average of 19 employees and 5 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	Chairperson of the Management Board, Hubert Burda Media Group; Member of the Supervisory Board, Verlagsgruppe Weltbild GmbH, Augsburg, Germany; Chairperson of the Supervisory Board, Doğan Burda Dergi Yayıncılık ve Pazarlama A.Ş., Istanbul, Turkey
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, 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
Prof Dr Stefan Leberfinger	Member of the Supervisory Board	Certified public accountant (Wirtschaftsprüfer), tax consultant Chairperson of the Supervisory Board, DOMAG Wohnbau AG, Munich, Germany;

		Member of the Advisory Board, Thurn und Taxis'schen Gesamtverwaltung, Regensburg, Germany; Chairperson of the Supervisory Board, Bankhaus Herzogpark AG, Munich, Germany
Martin Weiss	Member of the Supervisory Board	Management consultant Member of the Supervisory Board, smartblue AG, Munich, Germany
Philipp Welte	Member of the Supervisory Board	Member of the Management Board with responsibility for publishing houses, 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) from 1 January 2013	Chairperson of the Advisory Board of Teufel Holdco Sàrl, Luxembourg; Chairperson of the Board of Directors, HolidayCheck AG, Bottighofen, Switzerland (from 18 February 2013)

Stefan Winners	Chief Executive Officer (Chairperson of the Management Board) up to 30 September 2012	Chairperson of the Board of Directors, HolidayCheck AG, Bottighofen, Switzerland (up to 18 February 2013); Member of the Supervisory Board of zooplus AG, Munich, Germany (from 5 July 2012)
Dr Dirk Schmelzer	Member of the Management Board (Chief Financial Officer)	Member of the Board of Directors, HolidayCheck AG, Bottighofen, Switzerland
Christoph Schuh	Member of the Management Board	Board member of AdJug Ltd., London, UK (up to 31 August 2012)

Up to 30 September 2012, Stefan Winners was responsible for the following areas: communication and consultation with the Supervisory Board; overall strategy and corporate development; portal content and editorial management; human resources: senior management, high-potential employees and personnel development; Group communications; Group auditing.

In 2012, 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 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 ad interim from 1 October to 31 December 2012 the HolidayCheck Group, the WebAssets Group, Tomorrow Travel B.V., RPC Voyages SAS and TOMORROW FOCUS Technologies GmbH.

In 2012, Christoph Schuh was responsible for the equity interests AdJug (up to 31 August 2012), Cellular GmbH, EliteMedianet GmbH and TOMORROW FOCUS Media GmbH. He is also responsible for marketing activities (including client marketing); subsidiaries and equity investments with advertising business models (national and international); marketing and sales; links with trade associations as the representative of TFAG; and ad interim from 1 October to 31 December 2012 for portal (content and editorial), Group communications and the subsidiaries Finanzen100 GmbH and jameda GmbH.

In the year under review, the total remuneration paid to the members of the Management Board was EUR 1,734,718.96. A resolution was passed at the shareholders' meeting on 23 May 2012 with a qualified majority of votes cast not to disclose the remuneration paid to each member of the Management Board separately.

On 5 September 2012, the Supervisory Board adopted a resolution to appoint Antonius Bouten to the position of Chief Executive Officer and Chairperson of the Management Board of TOMORROW FOCUS AG with effect from 1 January 2013. The appointment was entered in the commercial register on 8 February 2013. Antonius Bouten has taken over the Management Board responsibilities of Stefan Winners.

(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 October 2010**
Burda GmbH, Offenburg, Germany***	63.61%*	20 October 2010**
Deutsche Bank AG, Frankfurt/Main, Germany***	5.04%	13 December 2006
DWS Investments GmbH, Frankfurt/Main, Germany (subsidiary of Deutsche Bank AG)	5.04%	13 December 2006

- * Share of voting rights as at balance sheet date: 64.52 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) Proposal for the appropriation of profit

The balance sheet profit of TOMORROW FOCUS AG as at 31 December 2012 stood at EUR 12,455,124.14. The proposal to be submitted to the annual general meeting of shareholders regarding its appropriation is as follows:

	EUR
Distribution of a dividend of EUR 0.06 per qualifying share	3,483,335.28
Profit carried forward	8,971,788.86
	12,455,124.14

Munich, Germany, 21 March 2013

Antonius Bouten
Chief Executive Officer

Dr. Dirk Schmelzer
Chief Financial Officer

Christoph Schuh
Member of the Executive Board

Responsibility statement by the legal representatives

To the best of our knowledge, and in accordance with the applicable reporting principles, the financial statements as at 31 December 2012 give a true and fair view of the assets and liabilities, financial position and profit or loss of TOMORROW FOCUS AG and the 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, 21 March 2013

Toon 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 2012. 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, 21 March 2013

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 2012

Dear Shareholders

TOMORROW FOCUS AG completed four strategically important corporate acquisitions in 2012, thus preparing the ground for further sustainable growth of the company. While the takeover of Ecotour, Tjingo and Zoover helped to speed up the internationalisation of its travel market operations within the Transactions segment, the acquisition of NetMoms further expanded the Group's portfolio of thematic, marketing-based portals centred around FOCUS Online.

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

Main issues discussed by the Supervisory Board

The Supervisory Board of TOMORROW FOCUS AG performed the activities incumbent upon it under German law and the company's articles of association during the financial year 2012. It conferred regularly with the Management Board and diligently supervised its activities. Both verbally and in writing, the Management Board kept the Supervisory Board informed about the business plan, the latest business situation, future strategy, risk management and all major events affecting the company. The Supervisory Board was directly involved in all decisions of fundamental relevance to the Group.

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

A total of four regular Supervisory Board meetings were held on 23 March, 22 May, 16 October and 7 December 2012. A further unscheduled meeting was held on 2 March 2012. During the course of the year, the Supervisory Board adopted a total of nine resolutions by way of 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 14 February 2012, the Supervisory Board approved a resolution by circulation to continue negotiations through to the signing of an agreement with the owners of the Dutch company Tjingo B.V., which operates an online travel agency by the same name, and with the Tjingo Group's affiliates and subsidiaries. The agreement was subsequently concluded at the end of March 2012 after performing due diligence.

At its unscheduled meeting on 2 March 2012, the Supervisory Board discussed TOMORROW FOCUS AG's future business strategy and HolidayCheck AG's ongoing internationalisation strategy. At this meeting, the Supervisory Board also approved further negotiations with the shareholders of the Dutch company Webassets B.V., which operates the Zoover hotel ratings portals, on the acquisition of a stake in the company. On 9 July 2012, after performing due diligence, the Supervisory Board adopted a resolution by means of written circulation to approve the purchase of a 51 percent stake in Webassets B.V.

At its meeting on 23 March 2012, the Supervisory Board examined TOMORROW FOCUS AG's performance over the financial year 2011 along with the single-entity and Group financial statements and management reports of TOMORROW FOCUS AG as at 31 December 2011. On 27 March 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. At the meeting on 23 March 2012, the Supervisory Board also addressed the TOMORROW FOCUS Group's strategic and organisational development in 2012. This was followed by a Management Board presentation on the Group's current performance and a report from the Managing Directors of TOMORROW FOCUS Media GmbH on the state of its current marketing operations and on the news portal FOCUS Online.

At its meeting on 22 May 2012, the day preceding the company's annual general meeting of shareholders, the Management Board reported on the TOMORROW FOCUS Group's current liquidity situation and plans for 2012 and on potential corporate acquisitions. Among other items, it informed the Supervisory Board of the initial contractual negotiations being conducted with the shareholders of the French company RPC Voyages SAS, which operates the online travel agency Ecotour.com, with the aim of acquiring a majority share in the company. The Supervisory Board gave its approval to further negotiations and on 3 August 2012, after completing due diligence, adopted a resolution by means of circulation to approve the acquisition of a 55 percent stake in RPC Voyages SAS.

At the meeting on 22 May 2012, the Management Board gave a detailed report to the Supervisory Board on the current state of negotiations for the sale of the company's minority holding in AdJug Ltd., and the Supervisory Board approved further negotiations on this matter with Dentsu Inc. On 3 August 2012, the Supervisory Board adopted a resolution by means of circulation to sell the company's remaining 20 percent minority holding in AdJug Ltd. to Dentsu Inc. This was followed by reports from the management board of jameda GmbH and the Managing Director of TOMORROW FOCUS Technologies GmbH on the current state of business and ongoing strategy of their companies.

On 23 May 2012, the Supervisory Board adopted a resolution by means of circulation to amend the wording of article 3 paragraph 1 of the articles of association with immediate effect in such a way that company announcements were to be published thereafter in the Federal Gazette (Bundesanzeiger) and no longer in the Electronic Federal Gazette (elektronischer Bundesanzeiger). The amendment was made necessary by the statutory change of name from 'Electronic Federal Gazette' to 'Federal Gazette'.

On 5 September 2012, the Supervisory Board of TOMORROW FOCUS AG appointed Antonius 'Toon' Bouten to the position of CEO and Chairperson of the Management Board with effect from 1 January 2013. This followed the announcement by the incumbent Chairperson Stefan Winners to move to the Management Board of Burda Media Holding on 1 January 2013.

On 26 September 2012, the Supervisory Board adopted a resolution by means of circulation to approve the decision by Stefan Winners to step down early from the office of Chairperson of the Management Board of TOMORROW FOCUS AG on 1 October 2012 and to terminate his existing service contract on 30 September 2012 by means of a cancellation agreement.

At the Supervisory Board meeting on 16 October 2012, the Management Board reported to the Supervisory Board on a number of matters including the second forecast of the TOMORROW FOCUS Group for the financial year 2012 and the progress made in integrating the companies acquired during the financial year.

The Management Board subsequently reported on its plans to sell the digital rights of use to the brands *Cinema*, *Fit for Fun* and *TV Spielfilm* to the Milchstrasse GmbH publishing group for a sum of EUR 5.8 million (based on an independent valuation) less any licence fees already paid. The sale was approved by the Supervisory Board.

The Supervisory Board meeting held on 7 December 2012 again included an assessment of the latest market and business conditions of TOMORROW FOCUS AG. The Management Board presented its business plan for TOMORROW FOCUS AG covering the financial year 2013, including details of the anticipated cash situation. The plan was discussed at length and then approved by the Supervisory Board.

The Supervisory Board subsequently examined the issue of compliance with the latest version of the German Corporate Governance Code dated 15 May 2012. 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.

The Management Board then reported to the Supervisory Board on the initial contractual negotiations being conducted with the shareholders of NetMoms GmbH, which operates the parent portal by the same name, aimed at the complete takeover of the company. The Supervisory Board gave its approval to further negotiations up to the signing of an agreement. After completing due diligence, the sale agreement was finally concluded on 21 December 2012.

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

Composition of the Management Board

Stefan Winners left the company as planned on 30 September 2012 after holding the position of Chairperson of the Management Board of TOMORROW FOCUS AG since June 2005. The Supervisory Board would like to thank Stefan Winners for his outstanding work.

On 5 September 2012, the Supervisory Board of TOMORROW FOCUS AG adopted a resolution by means of circulation to appoint Antonius 'Toon' Bouten (53) to the position of CEO and Chairperson of the Management Board. He subsequently joined the company 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.

Committees

No committees were formed in the financial year 2012.

Corporate Governance

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

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

At its meeting on 7 December 2012, 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 7 December 2012. 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 (IFRSs).

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 2012 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 realisation and correct accrual of revenue; the impairment value of goodwill in the consolidated financial statements and of the recognition of equity investments and shareholdings in the single-entity financial statements; the recognition and valuation of intangible assets in the consolidated financial statements; the calculation and impairment value of deferred tax assets and liabilities; the first-time consolidation of RPC Voyages SAS, Tomorrow Travel B.V. and Webassets B.V.; the disposal of the minority holding in AdJug Ltd.; the sale of the digital rights of use to the brands *Cinema*, *Fit for Fun* and *TV Spielfilm*; and the completeness of 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 21 March 2013 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 recognition of equity investments and shareholdings in the single-entity financial statements before going on to discuss the final consolidation of the AdJug Group.

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 RPC Voyages SAS, Tomorrow Travel B.V. and Webassets B.V.; the disposal of TOMORROW FOCUS AG's minority holding in AdJug Ltd.; the sale of the digital rights of use to the brands *Cinema*, *Fit for Fun* and *TV Spielfilm*. 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 21 March 2013. The single-entity and consolidated financial statements prepared by the Management Board were endorsed and adopted by the Supervisory Board. The Supervisory Board approved the management report and the Group management report and agreed with the assessment of the company's future development.

Scrutiny of the dependency report pursuant to section 314, paragraphs 2 and 3 of the German Stock Corporation Act (Aktengesetz, AktG)

At its meeting on 21 March 2013, 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 (Aktengesetz, AktG) on the disclosure of related-party transactions in the financial year 2012 (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 21 March 2013 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 excellent work in 2012 and wishes the company's management and workforce renewed success in 2013.

Munich, Germany, March 2013

On behalf of the Supervisory Board

Dr Paul-Bernhard Kallen
Chairperson

Imprint

Address:

TOMORROW FOCUS AG
Neumarkter Str. 61
81677 Munich, Germany

Phone: +49 (0) 89 9250-1515

Fax: +49 (0) 89 9250-2403

<http://www.tomorrow-focus.de>

Investor & Public Relations:

Armin Blohmann

Tel.: +49 (0) 89 9250-1256

Fax: +49 (0) 89 9250-2403

E-Mail: a.blohmann@tomorrow-focus.de