

# **Jubii Europe N.V.**

**Annual report**  
for the year ended December 31, 2012

## Key Figures

		Year ended December 31, 2012	Year ended December 31, 2011	Change
Revenues	In kEUR	0	0	0%
EBITDA <sup>1</sup>	In kEUR	456	571	(20%)
EBIT <sup>1</sup>	In kEUR	456	570	(20%)
Net profit/(loss)	In kEUR	693	959	(28%)
Shares (total outstanding) <sup>2</sup>	number	312,300,000	312,300,000	0%
Earnings/loss per share (diluted and undiluted)	in EUR	0.00	0.00	0%
Cash, cash equivalents and other investments	in mln EUR	24.8	24.7	1%
Cash ratio (Cash, cash equivalents and other investments/total liabilities)	number	6.9	5.1	36%
Shareholders' equity	in mln EUR	24.5	23.8	3%
Equity ratio (Shareholders' equity/total assets)	in percent	87.2	83.0	5%
Employees <sup>3</sup>	number	1,5	2	(25%)

		Three months ended December 31, 2012 (unaudited)	Three months ended December 31, 2011 (unaudited)	Change
Revenues	In kEUR	0	0	0%
EBITDA <sup>1</sup>	In kEUR	802	896	(10%)
EBIT <sup>1</sup>	In kEUR	802	895	(10%)
Net profit / (loss)	In kEUR	827	1,020	(19%)
Shares (total outstanding) <sup>2</sup>	number	312,300,000	312,300,000	0%
Earnings / (loss) per share (diluted and undiluted)	in EUR	0.00	0.00	0%

<sup>1</sup> EBITDA is Earnings Before Interest, Taxes, Depreciation, Amortization and Impairment, EBIT is Earnings Before Interest and Taxes.

<sup>2</sup> Including treasury shares.

<sup>3</sup> Employee figures are presented on full time equivalent basis.

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*This report to the shareholders should be read in conjunction with the (consolidated) financial statements and notes thereto. This report contains certain forward-looking statements and information relating to Jubii Europe based on the beliefs of Jubii Europe as well as assumptions made by and information currently available to Jubii Europe. These statements include, but are not limited to, statements about Jubii Europe's strategies, plans, objectives, expectations, intentions, revenues, expenditures and assumptions as well as other statements contained in this report that are not historical facts. When used in this document, words such as "anticipate", "believe", "estimate", "expect", "intend", "plan" and "project" and similar expressions, as they relate to Jubii Europe or its management, are intended to identify forward-looking statements. These statements, which reflect Jubii Europe's current views with respect to future events, are not guarantees of future performance and involve risks and uncertainties that are difficult to predict. Further, certain forward-looking statements are based upon assumptions as to future events that may not prove to be accurate. Investors are cautioned that forward-looking statements contained in this section involve both risk and uncertainty. Several important factors cause actual results to differ materially from those anticipated by these statements.*

# Report to the shareholders

## Message from the CEO

Dear shareholders,

In the past business year Jubii Europe continued with the execution of the liquidation plan as decided and communicated in December 2008. In 2012 good progress was made in the winding up process.

In May 2012 Jubii Eastern GmbH, one of the four remaining subsidiaries, was liquidated. Progress was also made in regard to the liquidation of the still existing three entities as some of the existing long-term contractual obligations were resolved. The liquidation of the Swedish subsidiary Yarps Network Services AB, however, cannot be finalized until the legal dispute with TeliaSonera is concluded.

Jubii Europe will proceed to further advance the winding up of the remaining three entities. Yet, a detailed time schedule cannot be published at this time.

Thank you for your trust and support.

Dr. Fred Wilsdorf

Chief Executive Officer

## **Business Development**

As the entire Jubii Europe Group is being liquidated, the business activities in the financial year 2012 were focused on a proper winding up.

### **Liquidation process**

Jubii Eastern Europe GmbH (Germany) has been liquidated in 2012.

## Economic Development

Jubii Europe's business was unaffected by general market trends in the business year 2012 as the Company no longer offered any products and services. As a result, the Company was not in direct competition with other internet or media companies.

### Result analysis

#### *EBITDA*

During 2012 the EBITDA of KEUR 456 decreased by KEUR 115 compared to the same period in 2011.

The total operating expenses amounted to KEUR (215) compared to operating expenses of KEUR (726) in the previous year.

Other operating income amounted to KEUR 671 (2011: KEUR 1,296) resulting from the settlement of the loan granted in 2008 as part of the sale of the Danish portal business Jubii Denmark.

#### *Financial result*

The net finance income was KEUR 237 compared to KEUR 390 for the year ended December 31, 2011. The decrease was mainly caused by the lowered interest income as a result of lower interest rates which reflects the market development.

#### *Net result*

The above resulted in a net profit of KEUR 693 for the year ended December 31, 2012 compared to a net profit of KEUR 959 in the prior year.

In line with the development of the net results, the earnings per share amounted to EUR 0.00 for the financial year 2012 compared to EUR 0.00 for the reference period in 2011.

### Balance sheet analysis

Total assets decreased from EUR 28.7 million as at December 31, 2011 to EUR 28.1 million as at December 31, 2012. This is mainly due to the decrease in other non-current assets which decreased to EUR 3.0 million as at December 31, 2012 compared to EUR 3.7 million as at December 31, 2011. Total liabilities as at December 31, 2012 decreased to EUR 3.6 million compared to EUR 4.9 million as at December 31, 2011.

### Cash flow analysis

The consolidated cash flow statements comprise of movements in cash and cash equivalents with an original maturity below three months. Other investments are classified as short term (original maturity 3-12 months) and long term other investments (original maturity above 12 months) in the balance sheet.

Total cash, cash equivalents and other investments was EUR 24.8 million for the year ended December 31, 2012 compared to EUR 24.7 million for the year ended December 31, 2011. Cash and cash equivalents decreased by EUR 12.2 million to EUR 10.8 million during the year ended December 31, 2012. Therefore other short deposits increased by EUR 12.3 million to EUR 14.0 million during the year ended December 31, 2012.

The above leads to a cash ratio of 6.9 (cash, cash equivalents and other investments divided by total liabilities) compared to a cash ratio of 5.1 at December 31, 2011.

## Employees

By the end of the business year 2012, the number of full time equivalents employees was reduced to 1,5 (2 as of December 31, 2011).

The remaining employees are ensuring the proper liquidation process of Jubii Europe.

## Corporate Governance Statement

Jubii Europe N.V. ("Jubii Europe" or the "Company") endorses the importance of good corporate governance, which is understood to include honest and transparent acting on the part of the management, correct supervision of the Company's corporate governance and accepting responsibility for the supervision carried out. This section of the Company's annual report provides an outline of its corporate governance structure. Jubii Europe applies the Dutch Corporate Governance Code to most points. Deviations are specifically discussed and explained in the subsection entitled "Deviations from the Dutch Corporate Governance Code" below.

The corporate governance principles Jubii Europe employs are anchored in the Company's Articles of Association, the By-Laws of its Management Board, the By-Laws of its Supervisory Board and other documents. Jubii Europe has a written code of business principles and a written whistle-blowing policy. All of these documents and other information that Jubii Europe is required to publish or deposit pursuant to provisions of company law and securities law, are posted in a separate corporate governance section on the Company's website.

During the Company's 2005 Annual General Meeting of Shareholders its corporate governance policy was discussed and its Management and Supervisory Board gave account accordingly. Substantial changes to Jubii Europe's corporate governance structure in the future, if any, will be submitted to the General Meeting of Shareholders for discussion.

### **Management Board**

#### **Role and procedure**

##### *Management responsibilities*

The management responsibility is vested in the Company's Management Board. This includes among other things responsibility for determining and achieving the Company's objectives, strategy and policies and the development of results. Jubii Europe's Management Board reports on these matters to its Supervisory Board and to the General Meeting of Shareholders. In discharging its role, Jubii Europe's Management Board focuses on the Company's interests, taking into consideration the interests of its shareholders. Jubii Europe's Management Board provides the Supervisory Board with all the information necessary to exercise its duties in a timely fashion.

Jubii Europe's Management Board is responsible for complying with all relevant legislation and regulations, managing the risks associated with the Company's activities and its financing. The Management Board reports on these matters to and discusses the internal risk management with the Supervisory Board. The same applied to the Audit Committee until its dissolution on May 28, 2009.

##### *Decision making process with regard to the removal of the Management Board*

Members of the Management Board can be removed by the general meeting of shareholders only by a resolution adopted with a majority of at least two-thirds of the votes cast representing at least fifty percent of the issued capital, unless such proposal has been made by the Supervisory Board or, as the case may be, the meeting of shareholders of the class entitled to draw up the binding nomination upon the appointment of the Management Board member concerned.

##### *Authorisation of the Management Board to repurchase shares*

The Management Board, subject to the prior approval of the Supervisory Board, has been authorised by the General Meeting of Shareholders to repurchase up to 50% of the Company's issued share capital on behalf of the Company for a period of 18 months as of May 24, 2012 at a repurchase price between the nominal value of the shares concerned and an amount of 110% of the highest price of the class B shares officially quoted on any of the official stock markets the Company is listed on any of 30 banking days preceding the date the repurchase was effected or proposed.

##### *Composition and appointment*

Mr Fred Wilsdorf, the Company's Chief Executive Officer ("CEO"), is currently the sole member of the Management Board. He has been appointed for an indefinite period of time and Jubii Europe NV is of the opinion that this cannot be changed unilaterally by the Company into a fixed-term position.

Pursuant to the Company's Articles of Association Jubii Europe's Management Board must consist of one, two or three members who are appointed by the Company's General Meeting of Shareholders. The meeting of holders of Jubii Europe's class AB shares has the right to make a binding nomination for filling one seat on the Company's Management Board. The person appointed in this seat is referred to as a managing director AB. Fred Wilsdorf is a managing director AB. The meeting of holders of Jubii Europe's class AA shares may determine that a second Management Board member must be appointed and if so determined, it will have the right to make a binding nomination with respect to the second seat. The person appointed in that seat would be referred to as a managing director AA. If the meeting of holders of class AA shares has determined that there



must be a managing director AA, the meeting of holders of class AB shares may determine that the Management Board shall consist of three managing directors. In that case, the third managing director will neither be a managing director AA nor a managing director AB and in respect of this seat no binding nomination rights exist. A nomination for appointment of a managing director AA or AB prepared by the shareholders of the relevant class will be binding. This binding nomination must contain at least two nominees. The General Meeting of Shareholders can override the binding nature of such nomination only by a two-thirds majority representing more than one-half of the Company's issued share capital.

Jubii Europe's Management Board has not appointed a Chief Financial Officer ("CFO"). However, Fred Wilsdorf, the current CEO, is the former CFO of Jubii Europe. In the light of the liquidation of the Company and the expertise and experience of Mr Wilsdorf the Company decided against increasing the size of the Management Board.

## **Remuneration**

### *Amount and composition of the remuneration*

Jubii Europe always placed a high importance on attracting and retaining qualified directors and personnel, whilst safeguarding and promoting the Company's medium and long-term interests. The Remuneration Policy for members of the Company's Management Board has always been reflective thereof. Before the strategic decision, which was taken in 2008, the Remuneration Policy was designed to support Jubii Europe's strategy for value creation and shareholder alignment. Now this Policy is to be interpreted in the light of the winding-up process. For the benefit of the shareholders the main goals are to optimize the utilization of the assets of the company as well as the cost efficiency of the winding-up process. The cornerstones of this interpretation have been summarized in the Annex Remuneration Policy which is also available on the corporate website of the Company.

The Remuneration Policy for the members of Jubii Europe's Management Board includes fixed and variable components.

An overview of the remuneration of Mr Fred Wilsdorf, who is currently Jubii Europe's sole Management Board member, can be found on page 48 - 49.

### *Determination and disclosure of remuneration*

Jubii Europe's current Remuneration Policy has been discussed and adopted by its Annual General Meeting of Shareholders in 2005. It can be found on the Company's corporate website where the Annex Remuneration Policy is published as well. Every material amendment to the Remuneration Policy will also be submitted to the General Meeting of Shareholders.

## **Conflicts of interest**

Any member of Jubii Europe's Management Board is required to immediately report to the Chairman of the Supervisory Board any conflict of interest or potential conflict of interest that is or could be of material significance to the Company or to the member of the Management Board. Where the Supervisory Board decides that a particular transaction must be treated as a transaction in which a Management Board member has a conflict of interest, the Supervisory Board shall also decide on the internal decision-making process to be followed in respect thereof, provided that the relevant board member will be excluded from taking part in deliberations and/or decision-making on subjects in which he has a conflict of interest within the (narrow) meaning of Section 2:129(6) of the Dutch Civil Code (as enacted as per 1 January 2013). All transactions in which there are conflicts of interest with a Management Board member are agreed on arm's length conditions. Decisions to engage in transactions in which conflicting interests of a Management Board member are involved, but which are of material significance to Jubii Europe and/or to the Management Board member, require the approval of the Supervisory Board. In the event of a conflict of interest between Jubii Europe and a Management Board member, the Company shall be represented by the person or persons designated for such purpose by the Supervisory Board (which may but need not be the Management Board member concerned).

## **Supervisory Board**

### *Tasks and procedure*

Jubii Europe's Supervisory Board's responsibility is to supervise the policy of the Company's Management Board and the general affairs of Jubii Europe and its business as well as to assist the Company's Management Board by providing advice. In doing so, the Supervisory Board is guided by the Company's interests and takes into account the relevant interests of its shareholders. The Supervisory Board is responsible for the quality of its own functioning.

### *Decision making process with regard to the removal of Supervisory Board*

Members of the Supervisory Board can be removed by the general meeting of shareholders by a resolution adopted with a majority of at least two-thirds of the votes cast representing at least fifty percent of the issued capital, unless the proposal concerned has been made by the meeting of shareholders of the class entitled to

draw up the binding nomination upon the appointment of the Supervisory Board member concerned.

## **Independence**

### *Composition and appointment*

The members of the Supervisory Board are appointed by the General Meeting of Shareholders for a period of four years. As a general rule, Jubii Europe's Supervisory Board members may serve a maximum of three terms on the Supervisory Board.

Jubii Europe's Supervisory Board consists of four members, two are supervisory directors AA and two are supervisory directors AB.

The meeting of holders of the Company's class AA shares has the right to make binding nominations for the appointment of supervisory directors AA and the meeting of holders of the Company's class AB shares has the right to make binding nominations for the appointment of supervisory directors AB. A nomination for the appointment of a supervisory director AA or AB made up by the shareholders of the relevant class will be binding. This binding nomination must contain at least two nominees. The General Meeting of Shareholders can override the binding nature of such nomination only by a two-thirds majority representing more than one-half of the issued share capital.

The expertise and composition requirements of Jubii Europe's Supervisory Board are being set out in the Supervisory Board Director Profile which is annexed to the By-Laws of the Company's Supervisory Board. The Supervisory Board is responsible for promoting, within the limits of its powers, that the size of Jubii Europe's Supervisory Board is at all times such that the Board as a whole can perform its duties effectively and responsibly and that each individual member of the Company's Supervisory Board is able to make a contribution by his or her specific qualities.

The composition of Jubii Europe's Supervisory Board is such that its members can act critically and independently of one another, and of the management and any particular interest. It is acknowledged however that under the Company's Articles of Association the meeting of holders of its class AA shares and the meeting of holders of its class AB shares have special nomination rights with respect to the appointment of Supervisory Board members and provided that Jubii Europe does bear certain characteristics of a joint venture between the holders of its class AA and AB shares justifying that the Company's Supervisory Board members are selected from persons occupying functions (as a director, officer or otherwise) with a holder of class AA or AB shares or parties related thereto.

Under the criteria of the Dutch Corporate Governance Code, as of May 28, 2009 none of the current Jubii Europe's Supervisory Board members qualify as independent. Mr Manuel Crespo de la Mata, who is a supervisory director AA, and Mr Luis Ros Arnal, who is a supervisory director AA as well, are employed by Telefónica SA. Mr. Dannhoff, the chairman of the Supervisory Board, and Mr. Caumanns are both supervisory directors AB, and are employed by Bertelsmann SE & Co. KGaA.

### **Role of the Chairman of the Supervisory Board and the Company Secretary**

The Chairman and Vice Chairman (if any) of Jubii Europe's Supervisory Board are appointed by the meeting of holders of the Company's class AB shares. The Chairman is not a former member of the Management Board.

The duties of the Chairman of Jubii Europe's Supervisory Board include preparing the agenda and chairing Supervisory Board meetings, monitoring the satisfactory functioning of the Supervisory Board and its Committees, arranging the adequate provision of information to the Supervisory Board members, ensuring that there is sufficient time for making decisions, being the main contact point on behalf of the Supervisory Board for the Management Board, initiating the evaluation of the functioning of the Supervisory Board and the Management Board and as Chairman ensuring the orderly and efficient conduct of General Meetings of Shareholders. The Chairman of the Supervisory Board is assisted by the Company Secretary who is as such also the Secretary of the Supervisory Board itself.

### **Composition and role of the Committees of the Supervisory Board**

Due to its reduced size as of May 28, 2009 Jubii Europe's Supervisory Board has decided against establishing any Committees for the time being.

### **Conflicts of interests**

Any member of Jubii Europe's Supervisory Board is required to immediately report to the Chairman of the Supervisory Board any conflict of interest or potential conflict of interest that is of material significance to the Company or to the member of the Supervisory Board concerned. Where the Supervisory Board decides that a particular transaction must be treated as a transaction in which a Supervisory Board member has a conflict of

interest, it will also decide on the internal decision-making process to be followed in respect thereof, provided that the relevant board member will be excluded from taking part in deliberations and/or decision-making on subjects in which he has a conflict of interest within the (narrow) meaning of Section 2:140(5) of the Dutch Civil Code (as enacted as per 1 January 2013). All transactions in which there are conflicts of interest with a Supervisory Board member are agreed on arm's length conditions. Decisions to engage in transactions in which conflicting interests of a Supervisory Board member are involved, which are of material significance to Jubii Europe and/or to the Supervisory Board member concerned require the approval of the Company's Supervisory Board.

Jubii Europe's Supervisory Board is also responsible for decision-making concerning the handling of conflicts of interest of members of the Management Board, large shareholders and the external auditor in relation to the Company.

Acknowledging that none of the current Supervisory Board Directors are independent at the current time under the criteria of the Dutch Corporate Governance Code Jubii Europe's Supervisory Board closely monitors the Company's dealings with Telefónica SA, Bertelsmann SE & Co. KGaA and their respective affiliates.

### **Remuneration**

The remuneration of the members of the Supervisory Board, if any, is determined by the General Meeting of Shareholders. No shares and/or rights to shares in Jubii Europe's capital are granted to Supervisory Board members by way of remuneration.

### **The shareholders and the general meeting of shareholders powers**

Good corporate governance assumes full participation of shareholders in the decision-making process in the General Meeting of Shareholders. It is in the Company's interest that as many shareholders as possible participate in the decision-making process in the General Meeting of Shareholders and that the General Meeting of Shareholders plays a full role in the system of Jubii Europe's "checks and balances".

The most important powers of Jubii Europe's General Meeting of Shareholders are:

- adoption of the Company's Dutch statutory annual accounts;
- granting release from liability to the Company's Management Board and Supervisory Board members;
- appointment, suspension and removal of the Company's Management Board and Supervisory Board members;
- adoption of a policy on remuneration of the Company's Management Board members and determination of the remuneration of its Supervisory Board members;
- appointment and removal of the external auditor;
- approval of decisions of the Company's Management Board on significant changes to Jubii Europe's identity or character (within the meaning of those terms under Section 2:107a of the Dutch Civil Code) or the identity or character of Jubii Europe's business, in any case concerning the transfer of (nearly) the Company's entire business, the entering into or terminating of joint ventures which are of fundamental importance to Jubii Europe and the acquiring or disposing of participations the value of which equals or exceeds one third of the sum of the Company's assets according to its latest adopted consolidated balance sheet;
- delegation to the Company's Management Board of the power to issue shares in the Company's capital, it being understood that the exercise of such delegated power by the Management Board is subject to approval by the Supervisory Board;
- authorization of the Company's Management Board to make Jubii Europe repurchase shares in its own capital, it being understood that upon authorization the exercise of such power by the Management Board is subject to approval by the Supervisory Board; and
- approval of any amendments to the Company's Articles of Association.

Furthermore, any substantial modification to Jubii Europe's corporate governance structure will be presented to the General Meeting of Shareholders for discussion.

### **The right to place an item on the agenda**

Shareholders who pursuant to the law are entitled thereto, shall have the right to request to the Management Board or the Supervisory Board that items be placed on the agenda of the General Meeting of Shareholders. These requests will generally be honored by the Management Board or the Supervisory Board if the request is received by the CEO or the Chairman of the Supervisory Board in writing at least 60 days before the date of the General Meeting of Shareholders.

### **Provision of information**

Jubii Europe informs all shareholders and other parties within the financial market equally and simultaneously about affairs that could influence the share price. The contacts between the Management Board on the one hand and the press, financial analysts and individual investors on the other hand are carefully handled and structured and Jubii Europe does not carry out any dealings that affect the independence of the analysts with regard to the Company and vice versa.

Jubii Europe's Management Board and Supervisory Board must provide the General Meeting of Shareholders with all relevant information that it needs for the exercise of its powers. If, during a General Meeting of Shareholders, information that could affect the share price is provided or answering shareholders' questions leads to such sensitive information being provided, this information shall be made public immediately.

### **Decision making process with regard to an amendment of the Articles of Association**

The general meeting may only resolve to amend the articles of association by at least two-thirds of the votes cast, unless the proposal concerned has been made by the combined meeting of the holders of AA shares and AB shares, in which case a simple majority will be sufficient.

### **Risk Management**

Jubii Europe has adapted its formerly comprehensive and effective risk management to the new company situation (liquidation process). The risk management as it was applied until February 2009 has been described in the annual report 2008. Please refer to this report to get more detailed information.

After the step by step termination of all products and services the risk situation remarkably changed. Therefore Jubii Europe's risk management was adjusted accordingly. The fact that the company ceased its operations and is no longer in competition to other service providers but being shut down made certain risk precautions dispensable.

Still the aim of the risk management applied is to identify, monitor and control potential risks early on. The system is also designed to actively counteract any risks that manifest themselves.

Risk management and internal control are core business responsibilities and an integral part of company management. The management board ensures the company's compliance with all relevant legislation and regulations. It reports to the supervisory board on the internal risk management and control systems as well as significant changes or planned improvements to these systems and is responsible for these systems. The system of risk management and internal control covers not only the financial controls that are essential for proper and timely reporting on the financial condition of the group but also all other operations of importance in achieving the winding-up of Jubii Europe.

With this program, Jubii Europe systematically compiles significant risks that could affect the company. The following is a list of key risks or areas of risk among the identified basic risks to which the company is exposed from a current perspective.

### **Legal Regulations/Litigation**

Jubii Europe is exposed to several risks related to legal regulations and litigation. Beyond that Jubii Europe has to be prepared for several risks related to the liquidation process. These risks mainly contain lawsuits and compensation claims from business partners.

For this reason, even during the shutdown process the Company maintains a legal department to identify, minimize and ideally avoid these and similar risks early on.

### **Financial Risks**

Since the Company no longer creates revenues, risks in the performance of financial instruments could potentially harm the Company. Financial instruments consist primarily of cash, cash equivalents, investments and accounts receivable. The Company's main objective is to ensure the safety of these investments until their maturity date. These risks are counteracted by selecting business partners with a good credit rating and holding the cash equivalents and deposits mainly with German banks, which are regularly monitored for full coverage by the depositor's guarantee fund ("Einlagensicherung"). In light of the ongoing financial crisis, the monitoring cycles have been shortened to allow an even quicker response to changes in the risk structure.

### **Finance**

The finance department is in charge of reviewing the authorization processes for each bank account of the group and its still existing subsidiaries. Each payment requires verification by a second employee. Monthly cash planning and reporting by the finance department provides management with the necessary information to control the cash position of the group. A cash pooling system regularly transfers incoming cash from the subsidiaries to centrally managed accounts.

### **Employees**

There is a certain risk that the remaining staff does not have the specific knowledge to meet legal requirements in the different countries. Besides the fluctuation and termination of employment contracts may result in the loss of required know how during the liquidation process.

These procedures are regularly evaluated and expanded to accommodate new requirements.

## **The audit of the financial reporting and the position of the external auditor**

### **Financial reporting**

Jubii Europe's Management Board is responsible for the quality and completeness of the financial information that is made public. The Company's Supervisory Board has to ensure that the Management Board fulfils this responsibility.

### **Role, appointment, remuneration and assessment of the functioning of the external auditor**

Jubii Europe's external auditor is appointed by the Company's General Meeting of Shareholders each year to audit the annual accounts for the then current financial year. A nomination for appointment is made by Jubii Europe's Supervisory Board. The remuneration for the external auditor will forthwith be approved by Jubii Europe's Supervisory Board after consultation with the Management Board. Besides the annual assessment, the Management Board and the Supervisory Board have thoroughly assessed the external auditor in 2012. Their conclusions were satisfactory and discussed in the Supervisory Board.

### **Relationship and communication of the external auditor with Jubii Europe's corporate bodies**

The external auditor shall in any event, attend the meeting of the Supervisory Board once a year. The external auditor reports his findings concerning the audit of the financial statements to the Management Board and the Supervisory Board.

### **Deviations from the Dutch Corporate Governance Code**

As indicated above, Jubii Europe endorses the importance of good corporate governance and applies the Dutch Corporate Governance Code to most points. Deviation from certain code provisions follows from or is justified by specific aspects of Jubii Europe's legal structure, shareholder structure and other circumstances, including but not limited to the following aspects in which Jubii Europe differs from most other Dutch listed companies: (i) Jubii Europe was founded and in certain respects still operates as a joint venture company between two (groups of) large shareholders; and (ii) Jubii Europe is a company whose registered office is in the Netherlands, but whose shares are solely listed in the German General Standard, and not on any Dutch stock exchange. As a consequence of the latter Jubii Europe believes there are instances where non-compliance with code provisions specific to the Dutch environment is justified.

Below is an overview of the matters where Jubii Europe deviates from the best practice provisions of the Dutch Corporate Governance Code (numbers in brackets below refer to the numbers of the relevant code provisions):

- Jubii Europe's current CEO, Mr Fred Wilsdorf, has been appointed for an indefinite period of time. The Company believes this cannot be unilaterally changed and that given the liquidation process of Jubii Europe such change would not be beneficial to the Company. Due to the strategic decision which has been taken in 2008 the variable part of Mr Fred Wilsdorf's remuneration for 2012 has not contained a long-term incentive. Further details can be taken from the Annex Remuneration Policy which is also available on the corporate website of the Company. Any termination payments will be subject to German law, regulation and practice on termination of employment contracts. (II.1.1; II.2; II.2.9)
- In the event of (potential) conflicts of interest between Jubii Europe and members of its Management Board or Supervisory Board, the Company's Supervisory Board will decide on the internal decision-making process to be followed in respect thereof, provided that the relevant board member will be excluded from taking part in deliberations and/or decision-making on subjects in which he has a conflict of interest within the (narrow) meaning of Section 2:129(6) or Section 2:140(5) of the Dutch Civil Code (as enacted as per 1 January 2013). Jubii Europe does not acknowledge that transactions with Bertelsmann or Telefónica or their respective affiliates that are of minor importance to Jubii Europe must per se be treated as transactions involving conflicts of interests. (II.3.2; II.3.3; III.6.1; III.6.2)
- All of Jubii Europe's Supervisory Board members occupy or occupied functions (as a director, officer or otherwise) or are otherwise engaged with a holder of class AA or AB shares or parties related thereto. Accordingly the Supervisory Board members do not qualify as "independent" within the meaning of the relevant code provisions; however, otherwise the Supervisory Board members meet all criteria for independence set forth in the relevant code provisions (III.2.1; III.2.2; III.3.2; III.5.1; III.5.7)
- Nominations for appointments to Jubii Europe's Management Board and Supervisory Board are made by the holders of the Company's class AA shares or the holders of its class AB shares. Under the Company's Articles of Association, said classes of shareholders hold the power to make up binding nominations with respect to managing and supervisory directors AA and AB respectively, as discussed in the above subsections of this report in more detail. Jubii Europe's Supervisory Board is not charged with making such nominations and has not established a nominations committee. (III.5; III.5.13; IV.1.1)

- Jubii Europe does not have an internal auditor function of its own which the Company believes is justified given the size and complexity of its past business, the ongoing liquidation process and the duties and involvement of its external auditors. (V.3.1)

None of the Supervisory Board members is designated as such as a “financial expert” within the meaning of that term under the Dutch Corporate Governance Code. The Supervisory Board does believe however that the expertise of its members is sufficient for the Supervisory Board to discharge its supervisory duties in financial and audit-related matters. (III.5.7)

In addition, some of Jubii Europe’s policies deviate from the formal text of specific provisions of the Dutch Corporate Governance Code where the Company does believe, however, that its policies are in conformity with the spirit of such code provisions. Those differences are apparent from textual differences between certain provisions in the By-Laws of Jubii Europe’s Management Board and Supervisory Board on the one hand and best practice provisions in the Dutch Corporate Governance Code on the other. In the case of such differences, the text of said By-Laws prevails. Jubii Europe believes such differences do not require any further explanation in this annual report and such differences are not further discussed herein.

### Further information on Capital stock and Shareholder Structure

In the first half of 2012 the Jubii Europe share price remained stable. The top share price of EUR 0.062 was reached on February 3, 2012. The lowest notation of 0,052 EUR was reached on several days during 2012. At the end of 2012, the share price was EUR 0.057.

		1/2-12/28/2012
Highest rate (February 3, 2012)	EUR	0.062
Lowest rate (April and May, 2012)	EUR	0.052
Closing rate (Dec. 28, 2012)	EUR	0.057
Market capitalization (Dec. 28, 2012)	EUR	17.759.851

Based on Xetra closing dates

### Capital Stock

The company's capital stock consists of AA, AB and B shares, each with a par value of EUR 0.01. The average and absolute number of issued and outstanding shares, including 723,656 treasury shares with a nominal value of EUR 7,236.56, totals 312,300,000. The number of voting shares outstanding amounts to 311,576,344 as of December 31, 2012. The treasury shares were the result of both issuance and acquisition in the context of an indemnification from Spray Ventures in 2002.

### Shareholder Structure

	Number of shares as of December 31, 2012	% of voting rights	% of shares	Number of shares as of December 31, 2011	% of voting rights	% of shares
Telefónica SA	100,000,000	32.1%	32.0%	100,000,000	32.1%	32.0%
Reinhard Mohn GmbH / G+J Electronic Media Service GmbH/ Jahr VVG mbH& Co. KG	62,270,000	20.0%	19.9%	62,270,000	20.0%	19.9%
Christoph Mohn Internet Holding GmbH	37,730,000	12.1%	12.1%	37,730,000	12.1%	12.1%
JUBII Europe N.V. (treasury shares)	723,656	0.0%	0.2%	723,656	0.0%	0.2%
Free float*	111,576,344	35.8%	35.8%	111,576,344	35.8%	35.8%
<b>Total</b>	<b>312,300,000</b>	<b>100.0%</b>	<b>100.0%</b>	<b>312,300,000</b>	<b>100.0%</b>	<b>100.0%</b>

\* the AFM (Netherlands Authority for the Financial Markets) informed Jubii Europe on December 20, 2012 that the stake of Ennismore Fund Management, London, UK, in the voting rights exceeded the threshold of 10% as of December 17, 2012 and amounted to 10.01% on that date

## In Control Statements

### Internal risk management and control systems

Jubii Europe N.V.'s internal processes are structured to ensure that the design and operation of the Group's internal risk management and control systems are both appropriate and effective.

At year-end, the Management Board and the Supervisory Board of Jubii Europe N.V. review and evaluate the effectiveness of the internal risk management and control systems during the last financial year. In this respect, Jubii Europe N.V. applies criteria established under the "Internal Control - Integrated Framework" of the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The objective of these systems is to manage, rather than eliminate, the risk of failure to achieve business objectives. Accordingly, they can only provide reasonable, but not absolute, assurance against material misstatement or loss.

As required by best practice provision II.1.5 of the Dutch Corporate Governance Code and on the basis of the foregoing and the explanations contained in the Risk Management section in this annual report, the Management Board has confirmed that to its knowledge:

- Jubii Europe N.V.'s internal risk management and control systems provide a reasonable assurance that the Group's financial reporting does not contain any material inaccuracies; and
- Jubii Europe N.V.'s risk management and control systems functioned properly in 2012.

### Responsibilities in respect of the financial statements and annual report

The Management Board is responsible for preparing the financial statements and the annual report in accordance with applicable Dutch law and the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

The Management Board is required to prepare financial statements for each financial year, which give a true and fair view of the state of affairs, and of the profit or loss, of the respective companies included in the consolidation. They are responsible for maintaining proper accounting records, for safeguarding assets, and for taking reasonable steps to prevent and detect fraud and other irregularities. The Management Board is also responsible for selecting suitable accounting policies and applying them on a consistent basis, making judgments and estimates that are prudent and reasonable. Applicable accounting standards have been followed and Jubii Europe N.V.'s financial statements, which are the responsibility of the Management Board, are prepared using accounting policies which comply with IFRS.

As required by section 5:25c (2)(c) of the Dutch Financial Supervision Act (Wet op het Financieel Toezicht) and on the basis of the foregoing the Management Board has confirmed that to its knowledge:

- the financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of Jubii Europe N.V. and the undertakings included in the consolidation taken as a whole.
- the annual report includes a fair review of the position at the balance sheet date, the development and performance of the business during the financial year of Jubii Europe N.V. and undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that Jubii Europe N.V. faces.

Management Board  
Dr. Fred Wilsdorf, CEO, Jubii Europe N.V.



## Outlook

Jubii Europe will continue to execute its liquidation plan. However, a detailed time schedule cannot be published at this time.

Haarlem, the Netherlands  
March 07, 2013

The Management Board  
Jubii Europe N.V.

## **Consolidated Financial Statements**

**for the year ended December 31, 2012**

## Jubii Europe N.V. Consolidated Statements of Financial Position

In thousand Euro	Notes	December 31, 2012	December 31, 2011
<b>ASSETS</b>			
Other non-current assets	6	2,996	3,734
<b>Total non-current assets</b>		<b>2,996</b>	<b>3,734</b>
Cash and cash equivalents	5	10,814	23,004
Other investments	5	14,017	1,696
Accounts receivable and other receivables	7	124	125
Current tax assets		100	79
Prepaid expenses and other current assets	7	60	54
<b>Total current assets</b>		<b>25,115</b>	<b>24,958</b>
<b>Total assets</b>		<b>28,111</b>	<b>28,692</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Share capital		3,123	3,123
Share premium		1,489,570	1,489,570
Treasury shares		(2,052)	(2,052)
Translation reserve		24	12
Accumulated deficit		(1,466,850)	(1,467,809)
Unappropriated result		693	959
<b>Total shareholders' equity attributable to owners of the Company</b>	11	<b>24,508</b>	<b>23,803</b>
Accounts payable		281	98
Provisions	12	3,014	3,999
Current tax liabilities		0	3
Other short-term liabilities	13	308	789
<b>Total current liabilities</b>		<b>3,603</b>	<b>4,889</b>
<b>Total liabilities</b>		<b>3,603</b>	<b>4,889</b>
<b>Total shareholders' equity and liabilities</b>		<b>28,111</b>	<b>28,692</b>

The accompanying notes are an integral part of these consolidated financial statements

## Jubii Europe N.V. Consolidated Statements of Comprehensive Income

In thousand Euro (except share data)	Notes	Year ended December 31, 2012	Year ended December 31, 2011
<b>Gross profit/(loss)</b>		<b>0</b>	<b>0</b>
General and administration	15	(215)	(726)
Other operating income	17	671	1,296
<b>Total operating income</b>		<b>456</b>	<b>570</b>
Finance income	18	262	538
Other finance income/(expense)	18	(25)	(148)
<b>Net finance income</b>		<b>237</b>	<b>390</b>
<b>Profit before tax</b>		<b>693</b>	<b>960</b>
Income tax/(income tax benefit)		0	(1)
<b>Net profit for the period attributable to owners of the Company</b>		<b>693</b>	<b>959</b>
Foreign currency translation differences from foreign operations		12	55
<b>Other comprehensive income for the period, net of income tax</b>		<b>12</b>	<b>55</b>
<b>Total comprehensive income for the period attributable to owners of the company</b>		<b>705</b>	<b>1,014</b>
Basic /diluted profit/(loss) per share (Euro) - continued operations		0.00	0.00
Basic /diluted profit/(loss) per share (Euro) - discontinued operations		0.00	0.00
Basic / diluted profit per share (Euro)		0.00	0.00
Weighted average number of shares outstanding		311,756,344	311,756,344

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The accompanying notes are an integral part of these consolidated financial statements

## Jubii Europe N.V. Consolidated Statements of Cash Flows

In thousand Euro	Notes	Year ended December 31, 2012	Year ended December 31, 2011
<b>Cash flows from operating activities</b>			
Profit before tax		693	960
Adjustments for:			
Financing income	18	(262)	(390)
Other		12	(90)
Change in accounts receivable and other receivables		1	258
Change in prepaid expenses and other current assets		(27)	69
Change in other investments		(12,321)	1,104
Change in other non-current assets		738	622
Change in accounts payable		183	(1,025)
Change in provisions and other short-term liabilities		(1,469)	(1,762)
Interest received		262	538
Income tax paid		0	(1)
<b>Net cash used in operating activities</b>		<b>(12,190)</b>	<b>283</b>
<b>Net cash from investing activities</b>		<b>0</b>	<b>0</b>
<b>Cash flows from financing activities</b>			
Repayment of Share premium		0	(9,971)
<b>Net cash (used) / provided in financing activities</b>		<b>0</b>	<b>(9,971)</b>
Decrease in cash and cash equivalents		(12,190)	(9,688)
<b>Cash and cash equivalents, beginning of the period</b>	5	<b>23,004</b>	<b>32,692</b>
Thereof from continued operations		23,004	32,692
<b>Cash and cash equivalents, end of the period*</b>	5	<b>10,814</b>	<b>23,004</b>
Thereof from continued operations		10,814	23,004

The accompanying notes are an integral part of these consolidated financial statements

\*other short deposits increased by EUR 12.3 million

## Jubii Europe N.V. Consolidated Statements of Shareholders' Equity

In thousand Euro (except share data)	Notes	Class AA shares		Class AB shares		Class B shares		Share premium	Treasury shares		Translation reserve	Accumulated deficit
		No. of shares	EUR	No. of shares	EUR	No. of shares	EUR	EUR	No. of shares	EUR	EUR	EUR
Balance as at January 1, 2011		62,000,000	620	62,000,000	620	188,300,000	1,883	1,499,541	(723,656)	(2,052)	(43)	(1,469,884)
Appropriation of the net result of previous year												2,075
Net profit for the year												
Translation loss											55	
Total comprehensive income											55	
<b>Distribution to shareholders</b>								(9,971)				
Balance as at December 31, 2011		62,000,000	620	62,000,000	620	188,300,000	1,883	1,489,570	(723,656)	(2,052)	12	(1,467,809)
Appropriation of the net result of previous year												959
Net profit for the year												
Translation loss											12	
Total comprehensive income											12	
Balance as at December 31, 2012		62,000,000	620	62,000,000	620	188,300,000	1,883	1,489,570	(723,656)	(2,052)	24	(1,466,850)

In thousand Euro (except share data)	Notes	Unappropriated result	Total
		EUR	EUR
Balance as at January 1, 2011		2,075	32,760
Appropriation of the net result of previous year		(2,075)	0
Net profit for the year		959	959
Translation loss			55
Total comprehensive income		959	1,014
<b>Distribution to shareholders</b>			(9,971)
Balance as at December 31, 2011		959	23,803
Appropriation of the net result of previous year		(959)	0
Net profit for the year		693	693
Translation loss			12
Total comprehensive income		693	705
Balance as at December 31, 2012	11	693	24,508

The accompanying notes are an integral part of these consolidated financial statements

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## 1. Significant accounting policies

Jubii Europe N.V. (“Jubii Europe” or the “Company” / ISIN NL0000233195) is a former operator of an international network of websites being wound down. The Company commenced operations in the year 1997 and the companies existing before 2000 were reorganized as subsidiaries of Jubii Europe N.V. in January 2000. The registered office of the Company is in Haarlem, The Netherlands (Jubii Europe N.V., Fonteinaan 7, 2012 JG Haarlem, The Netherlands).

In December 2008 the extraordinary shareholders’ meeting decided to wind up the Jubii Europe group and immediately management commenced the shutdown process.

The consolidated financial statements of the Company are comprised of the Company and its subsidiaries (together referred to as the “Group”).

### a) Statement of compliance

Jubii Europe has prepared consolidated financial statements in accordance with International Financial Reporting Standards and its interpretations as adopted by Article 4 of Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of July 19, 2002 on the application of international accounting standards (Official Journal EC L 243 p.1) (“IFRS”).

### b) Basis of preparation

As a consequence of ongoing declining revenues management started to evaluate different options for the business in 2008. At the end of this strategic review process the Management Board and Supervisory Board finally made the proposal to wind up the group. The extraordinary shareholders’ meeting approved this proposal with an according resolution in December 2008. This process is still ongoing and is not expected to be completed within 12 months after the date of this report.

As the Company has sufficient cash and cash equivalents available to ensure that it will not default in settling its liabilities related to the winding-up process of the group, the financial statements have in principal been accounted for on a going concern basis.

The financial statements are presented in Euro, rounded to the nearest thousand. The accounting policies set out below have been applied consistently by the Group to all periods presented in these consolidated financial statements.

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Judgments and estimates are principally made in the following decisions:

- Provisions and other short term liabilities

The estimates and underlying assumptions are reviewed on an ongoing basis.

The consolidated financial statements have been prepared on the historical cost basis.

### c) Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the end of reporting period are translated to Euro at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognized in the income statement.

The assets and liabilities of foreign operations, including fair value adjustments arising on consolidation, are translated to Euro at foreign exchange rates ruling at the end of reporting period. The revenues and expenses of foreign operations are translated to Euro at rates approximating to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on revaluation at period end are recognized directly in a separate component of equity, the translation reserve. In the case of a disposal or liquidation of a subsidiary, the associated translation reserve is released and recognized in the income statement.

### d) Taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the income statement.



Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted by the reporting period and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit nor differences relating to investments in subsidiaries to the extent that they will likely not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

#### **e) Share capital**

##### Share premium

The share premium concerns the income from the issuing of shares insofar as this exceeds the nominal value of the shares (income above par).

##### Treasury shares

When share capital recognized as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognized as a change in equity. Repurchased shares are classified as treasury shares and presented as a deduction from total equity.

##### Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations with a functional currency other than the functional currency of the Company.

#### **f) Financial instruments**

##### **Financial assets**

##### **Initial recognition**

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, as appropriate. The Group determines the classification of its financial assets at initial recognition.

Financial assets are recognised initially at fair value plus (in the case of investments not at fair value through profit or loss) directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group's financial assets include cash, short-term and long-term deposits, trade and other receivables, prepaids and other current assets, loans and other receivables and all balances approximate their fair values.

##### **Subsequent measurement**

The subsequent measurement of financial assets is as follows:

##### **Derecognition**

##### **Financial assets**

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of

the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset.

In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

#### **Impairment of financial assets**

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

#### **Financial assets carried at amortised cost**

For financial assets carried at amortised cost the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial assets original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the income statement. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the income statement.

#### **Financial liabilities**

##### **Initial recognition**

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value, and in the case of loans and borrowings, plus directly attributable transaction costs.

The Group's financial liabilities include trade accounts payable and other short-term liabilities and all balances approximate their fair values.

##### **Subsequent measurement**

The measurement of financial liabilities is as follows:

##### **Loans and borrowings**

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs

that are an integral part of the EIR. The EIR amortisation is included in finance costs in the income statement.

#### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

#### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

#### Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

Derivatives are valued on the basis of current interest rates and currency rates. As of December 31, 2012 and 2011 no forward exchange contracts were open.

According to IFRS 7 the financial assets shown in the consolidated statements of financial position (Accounts receivable and other receivables (2012-EUR 0.1 million; 2011-EUR 0.1 million), cash and cash equivalents (2012-EUR 10.8 million; 2011-EUR 23.0 million), other non-current assets (2012-EUR 3.0 million; 2011-EUR 3.7 million), other investments (2012-EUR 14.0 million; 2011-EUR 1.7 million) and other current financial assets (2012-EUR 0.2 million; 2011-EUR 0.1million) are allocated to the category "Loans and Receivables". The book value of these financial assets equals their historical costs and their fair values. The financial liabilities entirely contain accounts payables of EUR 0.3 million (2011-EUR 0.1 million). The book value of these financial liabilities equals their historical costs and their fair values.

#### **g) Provisions**

A provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

A provision for restructuring is recognized when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. Future operating costs are not provided for.

#### **h) Expenses**

Costs are recognized as General and Administrative expenses.

#### **i) Non-current assets and discontinued operations**

Non-current assets and discontinued operations are measured at the lower of their carrying amount and fair value less costs to sell.

In the consolidated statements of comprehensive income of the reporting period, and of the comparable period of the previous year, income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit after taxes, even when the Group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately in the statement of comprehensive income.

#### **j) Leases**

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not

explicitly specified in an arrangement.

Operating lease payments are recognized as an expense in the income statement on a straight line basis over the lease term.

As of December 31, 2012 and December 31, 2011 the Group has only entered into operating lease agreements.

**k) Cash, cash equivalents and other investments**

Cash in the statement of financial position comprises bank balances and call deposits, cash equivalents consist of short-term deposits with an original and remaining maturity of less than three months. Other investments consist of other deposits with a maturity between 3 months and 1 year.

For the purpose of the consolidated statement cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

**2. Changes in accounting policy and disclosures**

The accounting policies adopted are consistent with those of the previous financial year except as follows: The Group has adopted the following new and amended IFRS and IFRIC interpretations as of 1 January 2012:

- Amendments to IFRS 7 Financial Instruments disclosures

We do not deem the abovementioned amended IFRS standard to have any material impact on the financial statements or performance of the Group.

**New Accounting pronouncements**

Standards issued but not yet effective up to the date of issuance of the Group’s financial statements are listed below. The Group intends to adopt those standards when they become endorsed and/or effective.

**Standards and interpretations not yet endorsed by the EU**

**IFRS 9 Financial Instruments: Classification and Measurement**

IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2013. In subsequent phases, the IASB will address classification and measurement of financial liabilities, hedge accounting and derecognition. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Group’s financial assets. The Group will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

The following standards issued by the IASB and endorsed by the European Union were not applicable yet:

IAS 1 Financial Statement Presentation - Presentation of Items in Other Comprehensive Income	Changes the grouping of items presented in OCI; a distinction is made between items that will be reclassified to profit or loss and items that will never be reclassified	July 1, 2012
IAS 19 Employee Benefits (Amendment)	Numerous amendments to IAS 19 such as removing the corridor mechanism and the concept of expected returns	January 1, 2013

In addition, the IASB and the IFRIC has issued the following IFRS and IFRIC interpretations that have not yet been endorsed. We do not expect any of these IFRS or IFRIC interpretations to have a material impact on the financial statements or the financial performance of the Group:

Name of IFRS or IFRIC interpretation	Summary of changes	Applicable for reporting periods beginning on or after
IFRS 7 Offsetting Financial Assets	These amendments require an	January 1, 2013

and Financial Liabilities	entity to disclose information about rights to set-off and related arrangements.	
IFRS 10 Consolidated financial statements	Establishment of a single control model replacing IAS 27 Consolidated and Separate Financial Statements	January 1, 2013
IFRS 11 Joint Arrangements	Removes the option to accounting for joint arrangements using the proportionate consolidation	January 1, 2013
IFRS 12 Disclosure of Involvement with other entities	Includes all disclosures previously in IAS 27, IAS 28 and IAS 31 and adds new disclosure requirements	January 1, 2013
IFRS 13 Fair Value Measurement	Establishes a single guidance for all IFRS fair value measurements	January 1, 2013
IAS 12 Income Taxes - Recovery of Underlying Assets	Clarifies the determination of deferred taxes on investment property measured at fair value	January 1, 2012
IAS 27 Separate Financial Statements	IAS 27 is now limited to separate financial statements not issued by the group	January 1, 2013
IAS 28 Investments in Associates and Joint Ventures	As a consequence of IFRS 11 and IFRS 12, IAS 28 describes the application of the equity method to investments in joint ventures	January 1, 2013
IAS 32 Offsetting Financial Assets and Financial Liabilities	The amendments clarify the meaning of "currently has a legally enforceable right to set-off".	January 1, 2014
Annual Improvements May 2012	Various minor changes to standards	January 1, 2013

### 3. Group entities

Subsidiaries of Jubii Europe N.V. included in the consolidated financial statements are as follows (direct and indirect holdings as at December 31, 2012):

<b>Company</b>	<b>Ownership</b>	<b>Country of incorporation</b>	<b>Statutory seat</b>
Jubii Europe GmbH	100 %	Germany	Gütersloh
Yarps Network Services AB	100 %	Sweden	Stockholm

The following entity was liquidated in 2012:

<b>Company</b>	<b>Ownership</b>	<b>Country of incorporation</b>	<b>Statutory seat</b>
Jubii Eastern Europe GmbH	100 %	Germany	Gütersloh

#### 4. Financial risk management

By using its financial instruments, the Company is exposed to credit, liquidity and market risk. This note presents information about the exposure to each of the aforementioned risk categories.

The Group's management oversees the management of these risks. It is the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The Management Board reviews and agrees policies for managing each of the above mentioned risks which are summarized below.

##### Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise two types of risk: interest rate risk and currency risk.

##### Currency Risk

The currency risk of Jubii Europe is mainly related to the revaluation on the foreign bank accounts in Swedish Kronor (SEK), on the accounts receivable and accounts payable that are denominated in Great Britain Pounds (GBP), Swedish Kronor (SEK) and U.S. Dollars (USD). The respective functional currency of the Company and its subsidiaries is primarily the Euro (EUR). As of December 31, 2012 and December 31, 2011 no significant amounts of financial assets or financial liabilities were denominated in a currency other than the respective group companies functional currencies. The group has not entered into any forward agreements as of December 31, 2012 and 2011.

##### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term deposits and investments with floating interest rates (see note 5 and 6).

Financial instruments affected by market risk include loans, deposits and investments. The sensitivity analysis below relates to the positions as at 31 December 2012 and 2011, and shows the effect of the assumed changes in the interest rates on the net interest income for one year.

The sensitivity on the income statement is the effect of the assumed changes in interest rates on the net interest income for one year, based on the floating rate non-trading financial assets held at December 31, 2012 respective December 31, 2011.

##### Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings). There is only an immaterial impact on the Group's equity.

	Increase/decrease in basis points	Effect on profit before tax
<b>2012</b>		
EUR	+100	+0.3 Mio EUR
	-100	- 0.3 Mio EUR
<b>2011</b>		
EUR	+100	+0.3 Mio EUR
	-100	-0.3 Mio EUR

##### Credit risk

Credit risk is the risk of a financial loss if a customer or party to another financial instrument fails to meet its obligations. Accounts receivable are typically unsecured. The Company maintains reserves for potential credit losses. An overview of these reserves is given in note 7 The Company's objective is furthermore to ensure the safety of its investments at maturity date. This is achieved by selection of counterparties with a good credit rating and holding a majority of the cash equivalents and deposits mainly with German banks, which are regularly monitored for full coverage by the depositor's guarantee fund.

As of December 31, 2012 and as of December 31, 2011, the items' maximum credit risk was equal to their respective carrying amounts.

All credit risks were appropriately accounted for by recognizing impairment losses. As a consequence, the assets for which no impairment losses were recognized are of good credit quality, and there are no indications for any losses.

### Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its financial obligations if they fall due. An overview of the maturity of cash, cash equivalents and each class of the Company's investment is presented in note 7.

Financial liabilities (December 31, 2012 and December 31, 2011) are all due within 1 year.

### Capital management

Capital includes equity attributable to the owners of the parent plus share premium less accumulated deficit, unappropriated result, treasury shares and translation reserves.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to maximize shareholder value. Since 2010 the focus of capital management changed to ensure a maximum of capital return to shareholders under the ongoing liquidation process.

## 5. Cash, cash equivalents and other investments

Cash, cash equivalents and other investments are made up of the following:

In thousand Euro	December 31, 2012	December 31, 2011
Cash	2,014	1,804
Cash equivalents	8,800	21,200
<b>Subtotal Cash and Cash Equivalents</b>	<b>10,814</b>	<b>23,004</b>
Other investments due within one year	14,017	1,696
<b>Subtotal other investments</b>	<b>14,017</b>	<b>1,696</b>
<b>Total</b>	<b>24,831</b>	<b>24,700</b>

An amount of EUR 0.9 million and EUR 0.8 million is restricted in use as at December 31, 2012, and December 31, 2011, respectively. The restricted cash serves mainly as collateral for financial liabilities.

Interest on short-term and long-term deposits is calculated based on fixed interest rates.

## 6. Other non-current assets

Other non-current assets are made up as follows:

In thousand Euro	December 31, 2012	December 31, 2011
Rent deposits	2	2
Other	2,994	3,732
<b>Total</b>	<b>2,996</b>	<b>3,734</b>

As of December 31, 2012 and as of December 31, 2011, the fair values of financial instruments were equal to the carrying amounts.

### Loans receivable

On December 31, 2008, the Danish portal business Jubii Denmark was sold for a consideration of EUR 3.5 million. The sale and purchase agreement provided that 25 percent of the consideration could be settled as a loan. The loan should be repaid in full, including interest, within five years from the completion date at the latest. The interest rate is 10 percent per annum. 37.5 percent of the shares in Jubii Denmark have been put in escrow as collateral. In 2009 the loan receivable of EUR 0.9 million was fully impaired. In October 2012 the loan was settled for EUR 0.7 million. This amount was received in full in 2012 and recorded as a gain (reversal of impairment) in other operating income.

Other non-current assets in the amount of EUR 3.0 million relates to the long-term portion of the escrow account, set up in connection with the sale of united-domains AG including interest for the period ending December 2012. The escrow account will be released in five instalments starting 2010 and ending 2014. The short-term portion is being recorded under other investments (EUR 0.7 million).



**7. Accounts receivable, other receivables, prepaid expenses and other current assets**

Accounts receivable are made up as follows:

In thousand Euro	December 31, 2012	December 31, 2011
Accounts receivable, gross	852	981
Accounts receivable from related parties	45	45
Less allowance for doubtful debt	(773)	(901)
<b>Total</b>	<b>124</b>	<b>125</b>

The aging of accounts receivable is as follows:

In thousand Euro	December 31, 2012	December 31, 2011
Accounts receivable not due	0	0
Accounts receivable 0 - 30 days overdue	0	0
Accounts receivable 30 - 90 days overdue	0	0
Accounts receivable more than 90 days overdue	852	981
<b>Total</b>	<b>852</b>	<b>981</b>

The development of the allowance account is as follows:

In thousand Euro	2012	2011
<b>Balance as at January 1, 2012</b>	<b>901</b>	<b>2,126</b>
Additions in 2012	0	193
Use in 2012	0	(1,381)
Release in 2012	(128)	(37)
<b>Balance as at December 31, 2012</b>	<b>773</b>	<b>901</b>

Prepaid expenses and other current assets are made up of the following:

In thousand Euro	December 31, 2012	December 31, 2011
<b>Other financial assets</b>		
Current prepaid expenses	7	45
<b>Subtotal other financial assets</b>	<b>7</b>	<b>45</b>
Other short-term receivables	53	9
<b>Total</b>	<b>60</b>	<b>54</b>

## 8. Related party transactions

The Company engages in various related party transactions with Bertelsmann SE & Co. KGaA and their subsidiaries, which include expense transactions. These transactions are booked on separate accounts and are generally settled within thirty days of the relevant transaction. The billing rates are set at rates which are at arms-length. The outstanding accounts receivables against Telefónica S.A. were fully paid in January 2013.

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year for information regarding outstanding balances at 31 December 2012 and 2011:

In thousand Euro		Services to	Services	Amounts	Amounts
		related	from related		
		parties	parties	related	related
				parties	parties
Entities with significant influence over the Group:					
Bertelsmann SE & Co. KGaA and subsidiaries	2012	0	(185)	0	11
	2011	0	(318)	0	19
Telefónica S.A. and subsidiaries	2012	0	0	45	0
	2011	0	0	45	2

### Services from related parties

The services from related parties mainly consisted of accounting and IT services that the company was provided with by Bertelsmann SE & Co. KGaA.

The services from related parties are made at market prices which approximate fair value. Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash.

There have been no guarantees provided or received for any related party receivables or payables.

## 9. Compensation of key management personnel

The fixed annual salaries and bonuses for 2012 and 2011 of key management personnel were as follows:

In thousand Euro	Fixed annual salary		Bonus		Vacation	
	2012	2011	2012	2011	2012	2011
short-term employee benefits	139	185	50	50	19	20

## 10. Compensation of the Supervisory Board

### Remuneration package

No member of the Supervisory Board received remuneration in respect of their function as member of the Supervisory Board of the Company in 2012 and 2011. Former members of the Supervisory Board did not receive any remuneration in 2012 and 2011.

### Options / shares

No share options rights in the Company are granted to or acquired by members of the Supervisory Board. No member of the Supervisory Board of Jubii Europe reported to hold shares in the Company.

## 11. Shareholders' equity

### Issued capital

The Company's Class AA and AB shares have been issued as registered shares. These registered shares carry special voting and binding nomination rights. Of the shareholders, only holders of Class AA and AB registered shares also have the right to make binding nominations of the Management Board and the Supervisory Board as well as for the positions of Chairman and Deputy Chairman of the Supervisory Board.

The Class AA shares have a par value of EUR 0.01. Of the 250,000,000 shares authorized, 62,000,000 are issued and outstanding on December 31, 2012, and December 31, 2011. These shares are owned by Telefónica S.A., the successor of its subsidiary LE Holding Corp., which was liquidated in 2011.

The Class AB shares have a par value of EUR 0.01. Of the 250,000,000 shares authorized, 62,000,000 are issued and outstanding on December 31, 2012, and December 31, 2011. These shares are owned by Reinhard Mohn GmbH (24,347,400), G+J Electronic Media Service GmbH (former Fireball Internet GmbH) (14,260,000) and Christoph Mohn Internet Holding GmbH (23,392,600), also initial shareholders and founders of the Company.

The Class B shares have a par value of EUR 0.01. Of the 500,000,000 shares authorized, 188,300,000 are issued on December 31, 2012, and December 31, 2011, respectively, and 187,576,344 are outstanding on December 31, 2012, and December 31, 2011, respectively.

#### Unappropriated result

The General Meeting of Shareholders will be informed about the appropriation of the 2012 profit after tax in the amount of KEUR 693 to be added to the other reserves/accumulated deficit.

## 12. Provisions

Provisions recognized are presented below:

In thousand Euro	Provisions
<b>Balance as at January 1, 2012</b>	<b>3,999</b>
Provisions made during the year 2012	231
Provisions used during the year 2012	(30)
Provision released during the year 2012	(1,186)
<b>Balance as at December 31, 2012</b>	<b>3,014</b>
Non-current	3,014

#### Provisions

The provision mainly consists of liabilities and exposures related to the wind up process. An amount of EUR 1.2 million of prior year's provision was released as it was no longer required.

### 13. Other short-term liabilities and current tax liabilities

Other short-term liabilities comprise:

In thousand Euro	December 31, 2012	December 31, 2011
Accrual for salary and salary related cost	16	23
Accrual for professional services	94	360
Other accrued expenses	198	359
Other current liabilities (non-financial liabilities)	0	47
<b>Accrued expenses and other current liabilities</b>	<b>308</b>	<b>789</b>
<b>Current tax liabilities</b>	<b>0</b>	<b>3</b>

Under current tax liabilities the Company reflects income tax for employees due to tax authorities.

### 14. Contingencies and commitments

#### Commitments

The Company has entered into operating lease agreements in Germany and the Netherlands.

In the course of the liquidation process the Group terminated formerly existing lease agreements and entered into new lease agreements with more suitable conditions. The lease contract for the headquarter office in Haarlem, The Netherlands was terminated by the end of July 2010. The headquarter offices were moved within Haarlem to a smaller premise. On 1 April 2011, the company entered into a new lease agreement for an office in a different building in Gutersloh with a third party. This lease agreement was terminated at the end of September 2012. Jubii Europe GmbH entered into a new lease agreement with a related party and moved the office to a smaller premise.

#### Guarantees

The Company has issued a guarantee in connection with the D&O insurance for the management board. The guarantee outstanding as at December 31, 2012 amounts to EUR 0.6 million.

#### Litigation

From time to time, the Company is subject to legal proceedings and claims in the ordinary course of business. Therefore in 2012 an amount of EUR 0.1 million for legal costs was accrued.

The Swedish subsidiary of Jubii Europe, Yarps Network Services AB, is conducting a lawsuit for substantial damages against the Swedish telecommunication services company, Telia Sonera, for abuse of dominant position in relation to the internet access business previously offered in Sweden. In a lawsuit by the Swedish Competition Authority against TeliaSonera based on similar facts a fine was issued against TeliaSonera in December 2011. TeliaSonera has appealed against the judgment of the Stockholm District Court, therefore the judgment is not yet legally binding; a decision on the appeal is expected during the course of 2013.

Although the fact pattern of the Swedish court decision is similar to Jubii's Swedish subsidiaries case, there can be no assurance that it would prevail in the court proceedings and obtain a money verdict in its favour.

#### Indemnity and Insurance

The Company shall indemnify and hold harmless each member of the Management Board and of the Supervisory Board in accordance with Article 26.A of the Articles of Association of the Company. For this purpose the Company has contracted Directors & Officers insurance.

## 15. Other operating expenses

Other operating expenses comprise of:

In thousand Euro	Year ended December 31, 2012		
	Ordinary expenses	Restructuring	Total
General and administration	(1,393)	1,178	(215)
<b>Total</b>	<b>(1,393)</b>	<b>1,178</b>	<b>(215)</b>

In thousand Euro	Year ended December 31, 2011		
	Ordinary expenses	Restructuring	Total
General and administration	(1,227)	501	(726)
<b>Total</b>	<b>(1,227)</b>	<b>501</b>	<b>(726)</b>

## 16. Personnel expenses

Personnel expenses comprise of:

In thousand Euro	Year ending December 31, 2012	Year ending December 31, 2011
	Wages and salaries	268
Social security payments	16	19
<b>Total</b>	<b>284</b>	<b>387</b>

The Company employed the following employees on a full-time equivalent basis as at December 31, 2012 and as at December 31, 2011, respectively.

	Year ending December 31, 2012	Year ending December 31, 2011
Germany	1	1
The Netherlands	0,5	1
<b>Total</b>	<b>1,5</b>	<b>2</b>

## 17. Other operating income

The position contains KEUR 671 (2011: KEUR 1,296) resulting from the negotiated repayment of the loan granted in the sale of the Danish portal business Jubii Denmark.

## 18. Net finance income

The finance income comprises of:

In thousand Euro	Year ending December 31, 2012	Year ending December 31, 2011
Interest income	262	538
Other finance income/(expense)	(25)	(148)
<b>Net finance income</b>	<b>237</b>	<b>390</b>

Interest income is earned on the Company's cash and cash equivalents and other investments.

## 19. Income tax

Income tax expenses / benefits recognized include the following:

In thousand Euro	Year ending December 31, 2012	Year ending December 31, 2011
Current income tax (expenses) / income	0	(1)
<b>Income tax</b>	<b>0</b>	<b>(1)</b>

The income tax expenses differ from the amount computed by using the statutory rate of the Company of 25 percent (2011: 25 percent) as follows:

	%	December 31, 2012 In thousand Euro	%	December 31, 2011 In thousand Euro
<b>Profit/(loss) before tax</b>		693		960
Income tax using the Company's domestic tax rate		177	25	240
Effect of tax rates in foreign jurisdictions		9	1	7
Changes in loss carry forwards without recognition of deferred tax assets		(186)	25	(248)
Other		0	0	0
<b>Taxation on income in statement of comprehensive income</b>		<b>0</b>	<b>0</b>	<b>(1)</b>

The following tables show the tax losses and their maturity:

In thousand Euro	December 31, 2012
Tax losses expiring 2013	1,172
Tax losses expiring 2014	0
Tax losses expiring 2015 or later	339,826
No expiration date	345,657
<b>Total</b>	<b>686,655</b>

In thousand Euro	December 31, 2011
Tax losses expiring 2012	5,525
Tax losses expiring 2013	1,172
Tax losses expiring 2014 or later	339,831
No expiration date	345,452
<b>Total</b>	<b>691,980</b>

Deferred tax assets have not been recognized in respect of the tax losses shown in the table above as they may not be used to offset taxable profits elsewhere in the Group and they have arisen in subsidiaries that have been loss-making for some time.

## 20. Earnings per share

Basic earnings per share are calculated using the weighted average number of common shares outstanding during the year. Diluted earnings per share are similar to basic earnings per share except that the weighted average of common shares outstanding are increased to include the number of additional common shares that would have been outstanding if the dilutive potential common shares resulting from options and other potentially dilutive instruments had been issued. There are no such dilutive options or instruments at 31 December 2012 and 2011.

Haarlem, the Netherlands  
March 07, 2013

**The Management Board  
Jubii Europe N.V.**

**Approved by the Supervisory Board of Jubii Europe N.V.**  
Haarlem, the Netherlands  
March 07, 2013

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Dr. Martin Dannhoff (Chairman)

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Jörn Caumanns

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Manuel Crespo de la Mata

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Luis Ros Arnal



**Company Financial Statements**  
**(Part 9 BW2 of the Netherlands Civil Code)**  
**Jubii Europe N.V.**

**for the year ended December 31, 2012**

**Jubii Europe N.V. Company Balance Sheets**  
**(Before proposed appropriation of result)**

In thousand Euro	Notes	December 31, 2012	December 31, 2011
<b>Assets</b>			
<b>Financial fixed assets</b>			
Participating interest in group companies	2	134	124
Other non-current assets		2,999	3,734
<b>Total financial fixed assets</b>		<b>3,133</b>	<b>3,858</b>
<b>Total fixed assets</b>		<b>3,133</b>	<b>3,858</b>
<b>Current assets</b>			
Due from related parties	4	1,582	1,581
Accounts receivable and other receivables		75	120
Prepaid expenses and other assets		56	90
Other investments	3	14,017	1,696
Cash and cash equivalents	3	10,711	22,793
<b>Total current assets</b>		<b>26,441</b>	<b>26,280</b>
<b>Total assets</b>		<b>29,574</b>	<b>30,138</b>
<b>Liabilities and shareholders' equity</b>			
<b>Shareholders' equity</b>			
Issued capital		3,123	3,123
Share premium		1,489,570	1,489,570
Treasury shares		(2,052)	(2,052)
Translation reserve		24	12
Accumulated deficit		(1,466,850)	(1,467,809)
Unappropriated result		693	959
<b>Total shareholders' equity</b>		<b>24,508</b>	<b>23,803</b>
<b>Provisions</b>			
Restructuring	5	3,014	3,999
<b>Total provisions</b>		<b>3,014</b>	<b>3,999</b>
<b>Current liabilities</b>			
Due to related parties	4	1,758	1,729
Accounts payable		106	60
Accrued expenses and other current liabilities		188	547
<b>Total current liabilities</b>		<b>2,052</b>	<b>2,336</b>
<b>Total liabilities and shareholders' equity</b>		<b>29,574</b>	<b>30,138</b>

The accompanying notes are an integral part of these company financial statements

## Jubii Europe N.V. Company Income Statements

In thousand Euro	Notes	Year ended December 31, 2012	Year ended December 31, 2011
Result from subsidiaries	8	(431)	15,057
Other income and expenses after taxes		1,124	(14,098)
<b>Net profit</b>		<b>693</b>	<b>959</b>

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The accompanying notes are an integral part of these company financial statements

## Jubii Europe N.V. Statement of Shareholders' Equity

In thousand Euro (except share data)	Notes	Issued capital		Share premium	Treasury shares		Legal reserve		Accumulated deficit	Unappropriated result	Total
		No. of shares	€	€	No. of shares	€	Other	Translation reserve			
							€	€	€	€	€
<b>Balance as at January 1, 2011</b>		<b>312,300,000</b>	<b>3,123</b>	<b>1,499,541</b>	<b>(723,656)</b>	<b>(2,052)</b>	<b>0</b>	<b>(43)</b>	<b>(1,469,884)</b>	<b>2,075</b>	<b>32,760</b>
Appropriation of the net result of previous year									2,075	(2,075)	0
Net profit for the year										959	959
Translation loss								55			55
<i>Total comprehensive income</i>								55		959	1,014
Distribution to shareholders				(9,971)							(9,971)
<b>Balance as at December 31, 2011</b>		<b>312,300,000</b>	<b>3,123</b>	<b>1,489,570</b>	<b>(723,656)</b>	<b>(2,052)</b>	<b>0</b>	<b>12</b>	<b>(1,467,809)</b>	<b>959</b>	<b>23,803</b>
Appropriation of the net result of previous year									959	(959)	0
Net profit for the year										693	693
Translation loss								12			12
<i>Total comprehensive income</i>								12		693	705
<b>Balance as at December 31, 2012</b>	<b>6</b>	<b>312,300,000</b>	<b>3,123</b>	<b>1,489,570</b>	<b>(723,656)</b>	<b>(2,052)</b>	<b>0</b>	<b>24</b>	<b>(1,466,850)</b>	<b>693</b>	<b>24,508</b>

The accompanying notes are an integral part of these company financial statements

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## 1. Significant accounting policies

The registered office of Jubii Europe N.V. (“Jubii Europe” or the “Company”) is in Haarlem, the Netherlands (Jubii Europe N.V., Fonteinlaan 7, 2010 HG Haarlem, the Netherlands).

### a. General

The company financial statements are part of the 2012 financial statements of Jubii Europe N.V. With reference to the company’s statements of comprehensive income of Jubii Europe N.V. use has been made of the exemption pursuant to Section 402 of Book 2 of the Netherlands Civil Code.

### b. Principles for the measurement of assets and liabilities and the determination of the result

For setting the principles for the recognition and measurement of assets and liabilities and determination of the result for its company financial statements, Jubii Europe makes use of the option provided in section 2:362 (8) of the Netherlands Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the company financial statements of Jubii Europe are the same as those applied for the consolidated EU-IFRS financial statements. These consolidated EU-IFRS financial statements are prepared according to the standards laid down by the International Accounting Standards Board and adopted by the European Union (hereinafter referred to as EU-IFRS). Please see note 1 in the consolidated financial statements for a description of these principles.

The share in the result of participating interests consists of the share of Jubii Europe in the result of these participating interests. Results on transactions, where the transfer of assets and liabilities between Europe and its participating interests and mutually between participating interests themselves, are not incorporated insofar as they can be deemed to be unrealized.

## 2. Financial fixed assets

In thousand Euro	Participating interest in group companies	Other long term receivables	Total
<b>Balance as at December 31, 2011</b>	<b>124</b>	<b>3,734</b>	<b>3,858</b>
Movements:			
Result from subsidiaries	(431)		(431)
Translation gain	24		24
Repayment escrow united-domains		(735)	(735)
Capital contribution	5,600		5,600
Negative net asset value of subsidiaries	(5,183)		(5,183)
<b>Balance as at December 31, 2012</b>	<b>134</b>	<b>2,999</b>	<b>3,133</b>

Subsidiaries included in participating interest in group companies are disclosed in the consolidated financial statements in note 3.

### 3. Cash, cash equivalents and other investments

Cash, cash equivalents and other investments comprise the following:

In thousand Euro	December 31, 2012	December 31, 2011
Cash	1,911	1,593
Cash equivalents	8,800	21,200
Other investments due within one year	14,017	1,696
<b>Total</b>	<b>24,728</b>	<b>24,489</b>

An amount of EUR 0.9 million and EUR 0.8 million is restricted in use as at December 31, 2012, and December 31, 2011, respectively. The restricted cash serves as collateral for financial liabilities.

Cash consists of bank balances and call deposits, cash equivalents consist of short-term deposits with an original and remaining maturity of less than three months and other investments consist of bonds and deposits.

### 4. Due to / from related parties

In thousand Euro	December 31, 2012	December 31, 2011
Due from related parties	26,071	31,253
Due to related parties	(1,758)	(1,729)
Negative net asset value of subsidiaries	(24,489)	(29,672)
<b>Total, net</b>	<b>(176)</b>	<b>(148)</b>

### 5. Provisions

In thousand Euro	Provisions
<b>Balance at January 1, 2012</b>	<b>3,999</b>
Provisions made during the year 2012	231
Provisions used during the year 2012	(30)
Provisions released during the year 2012	(1,186)
<b>Balance at December 31, 2012</b>	<b>3,014</b>

### 6. Shareholders' equity

#### Issued capital

The Company's Class AA and AB shares have been issued as registered shares. These registered shares carry special voting and binding nomination rights. Of the shareholders, only holders of Class AA and AB registered shares also have the right to make binding nominations of the Management Board and the Supervisory Board as well as for the positions of Chairman and Deputy Chairman of the Supervisory Board.

The Class AA shares have a par value of EUR 0.01. Of the 250,000,000 shares authorized, 62,000,000 are issued and outstanding on December 31, 2012, and December 31, 2011. These shares are owned by Telefónica S.A., the successor of its subsidiary LE Holding Corp. which was liquidated in 2011.

The Class AB shares have a par value of EUR 0.01. Of the 250,000,000 shares authorized, 62,000,000 are issued and outstanding on December 31, 2012, and December 31, 2011. These shares are owned by Reinhard Mohn GmbH (24,347,400), G+J Electronic Media Service GmbH (former Fireball Internet GmbH) (14,260,000) and Christoph Mohn Internet Holding GmbH (23,392,600), also initial shareholders and founders of the Company.

The Class B shares have a par value of EUR 0.01. Of the 500,000,000 shares authorized, 188,300,000 are issued on December 31, 2012, and December 31, 2011, respectively, and 187,576,344 are outstanding on December 31, 2012, and December 31, 2011, respectively.

### **Unappropriated result**

The General Meeting of Shareholders will be informed about the appropriation of the 2012 profit after tax in the amount of KEUR 693 which will be added to the other reserves/accumulated deficit.

## **7. Contingencies and commitments**

### **Guarantees**

The Company has issued a guarantee in connection with the D&O insurance for the management board. The guarantee outstanding as at December 31, 2012 amounts to EUR 0.6 million.

### **Litigation**

From time to time, the Company is subject to legal proceedings and claims in the ordinary course of business. Jubii Europe is currently not aware of any legal proceeding or claim that the Company believes will have, individually or in the aggregate, a materially adverse effect on the Company's financial position, results of operations or cash flows.

The Swedish subsidiary of Jubii Europe, Yarps Network Services AB, is conducting a lawsuit for substantial damages against the Swedish telecommunication services company, Telia Sonera, for abuse of dominant position in relation to the internet access business previously offered in Sweden. In a lawsuit by the Swedish Competition Authority against TeliaSonera based on similar facts a fine was issued against TeliaSonera in December 2011. TeliaSonera has appealed against the judgment of the Stockholm District Court, therefore the judgment is not yet legally binding; a decision on the appeal is expected during the course of 2013.

Although the fact pattern of the Swedish court decision is similar to Jubii's Swedish subsidiaries case, there can be no assurance that it would prevail in the court proceedings and obtain a money verdict in its favour.

### **Indemnity and insurance**

The Company shall indemnify and hold harmless each member of the Supervisory Board in accordance with Article 26.A of the Articles of Association of the Company. For this purpose, the Company has contracted a D&O insurance.

## **8. Results from subsidiaries**

This concerns the share of Jubii Europe in the results of its participating interests, of which an amount of EUR (0.4) million (2011: EUR 15.0 million) concerns to group companies.

## **9. Income taxes**

In assessing the recoverability of deferred tax assets, management considers whether it is more likely than not that some or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. On December 31, 2012, and December 31, 2011, the Company's operating tax loss carry-forwards amount to approximately EUR 341.0 million and EUR 346.5 million, respectively. EUR 1.2 million of these loss carry-forwards expire after 2013, EUR 339.8 million expire after 2015 or later.

## **10. Remuneration of the Management Board**

### **Fixed annual salary and short-term incentive (bonus)**

The Management Board members receive a fixed annual salary that is in line with their position in the Company as soon as they join the Board. In addition, an annual performance-based bonus is fixed and reviewed after completion of the annual report for the respective fiscal year by the Supervisory Board. The bonus payment is subject to achievement of goals set out in the Remuneration Policy which is available on the corporate website of the Company. Certain elements of the Remuneration Policy have to be interpreted according to the current shutdown process. The cornerstones of this interpretation have been summarized in the Annex Remuneration Policy which is also available on the corporate website of the Company.



The fixed annual salaries and bonuses for 2011 and 2012 of the Management Board were as follows:

In thousand Euro	Fixed annual salary		Bonus		Vacation	
	2012	2011	2012	2011	2012	2011
short-term employee benefits	139	185	50	50	19	20

#### Long-term incentive

As set out in the Annex Remuneration policy the long-term goals and the short-term goals both focus on the efficient shutdown of the company. This is also the main benchmark for the determination of the bonus as set out above.

#### Shares

Mr. Fred Wilsdorf does not own any shares in the Company.

#### Total remuneration

The total remuneration of Management Board members in 2012 amounted to EUR 0.2 million (2011: EUR 0.3 million). Former members of the Management Board did not receive any remuneration in 2012 and 2011.

## 11. Remuneration of the Supervisory Board

### Remuneration package

No member of the Supervisory Board received remuneration in respect of their function as member of the Supervisory Board of the Company in 2012 and 2011. Former members of the Supervisory Board did not receive any remuneration in 2012 and 2011.

### Options / shares

No share options rights in the Company are granted to or acquired by members of the Supervisory Board. No member of the Supervisory Board of Jubii Europe holds shares in the Company.

## 12. Auditor fees

The fees paid to the Company's external auditor are as follows:

In thousand Euro	KPMG Accountants N.V. 2012	Other KPMG Network 2012	Total KPMG Network 2012	KPMG Accountants N.V. 2011	Other KPMG Network 2011	Total KPMG Network 2011
<b>Audit services (fee)</b>						
Audit	50	0	50	75	0	75
Tax services	0	0	0	0	(3)	(3)
	<b>50</b>	<b>0</b>	<b>50</b>	<b>75</b>	<b>(3)</b>	<b>72</b>
<b>Non-audit services</b>						
Other	8	19	27	15	50	65
	<b>58</b>	<b>19</b>	<b>77</b>	<b>90</b>	<b>47</b>	<b>137</b>

Haarlem, the Netherlands  
March 07, 2013  
**The Management Board**  
**Jubii Europe N.V.**

Dr. Fred Wilsdorf

**Approved by the Supervisory Board of Jubii Europe N.V.**  
Haarlem, the Netherlands,  
March 07, 2013

Dr. Martin Dannhoff (Chairman)  
Jörn Caumanns  
Manuel Crespo de la Mata  
Luis Ros Arnal

## Other Information

### **Class AA shares and Class AB shares**

The Company's Class AA and AB shares have been issued as registered shares. These registered shares carry special voting and binding nomination rights. Of the shareholders, only holders of Class AA and AB registered shares have also the right to make binding nominations of the Management Board and the Supervisory Board as well as for the positions of Chairman and Deputy Chairman of the Supervisory Board.

The Class AA shares are owned by Telefónica S.A. which has been the successor of its subsidiary LE Holding Corp., which was liquidated in 2011.

The Class AB shares are owned by Reinhard Mohn GmbH (24,347,400), G +J Electronic Media Service GmbH (former Fireball Internet GmbH) (14,260,000) and Christoph Mohn Internet Holding GmbH (23,392,600).

### **Profit appropriation provision**

The appropriation of profits takes place in accordance with Article 37 of the Articles of Association. The Company's policy on reserves and dividends is determined and can be amended by the Supervisory Board upon proposal of the Management Board. The allocation of profits remaining after allocation to reserves is determined by the Management Board, with the approval of the Supervisory Board. Amounts can be withdrawn from the distributable reserves by virtue of a resolution of the Management Board which has been approved by the Supervisory Board.

### **Appropriation of result for the year 2012**

The General Meeting of Shareholders will be informed about the appropriation of the 2012 profit after tax in the amount of KEUR 693 to the other reserves/accumulated deficit.

### **Independent Auditor's Report**

We refer to the accompanying Independent Auditor's Report as set forth on the following page.

## Independent Auditor's Report

To: The Annual General Meeting of Shareholders of Jubii Europe N.V.

Independent Auditor's report

Report on the financial statements

### *Introduction*

We have audited the accompanying 2012 financial statements of Jubii Europe N.V., Haarlem, the Netherlands, as set out on pages 18 to 50. The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2012, the consolidated statements of comprehensive income, shareholders' equity and cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information. The company financial statements comprise the company balance sheet as at 31 December 2012 the company income statement and the company statement of shareholders' equity for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

### *Management's responsibility*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code and for the preparation of the report to the shareholders in accordance with Part 9 of Book 2 of the Netherlands Civil Code. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion with respect to the consolidated financial statements*

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Jubii Europe N.V. as at 31 December 2012 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

### *Opinion with respect to the company financial statements*

In our opinion, the company financial statements give a true and fair view of the financial position of Jubii Europe N.V. as at 31 December 2012 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

*Report on other legal and regulatory requirements*

Pursuant to the legal requirements under Section 2:393 sub 5 at e and f of the Netherlands Civil Code, we have no deficiencies to report as a result of our examination whether the report to the shareholders, to the extent we can assess, has been prepared in accordance with part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b - h has been annexed. Further, we report that the report to the shareholders, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Netherlands Civil Code.

Amstelveen, the Netherlands  
March 7, 2013

KPMG ACCOUNTANTS N.V.

R.W. van Dijk RA

## Quarterly Financial Information (unaudited)

In thousand Euro (except per share data)	Quarter ended March 31, 2009	Quarter ended June 30, 2009	Quarter ended September 30, 2009	Quarter ended December 31, 2009 <sup>2</sup>
Revenues	1,158	2,203	34	(133)
EBITDA <sup>1</sup>	(8,433)	(4,190)	(1,689)	296
EBIT <sup>1</sup>	(9,541)	(4,405)	(1,703)	240
Net profit	16,960	(5,924)	(2,831)	1,361
Net profit / (net loss) per share basic and diluted in Euro	0.05	(0.02)	(0.01)	0.00

In thousand Euro (except per share data)	Quarter ended March 31, 2010	Quarter ended June 30, 2010	Quarter ended September 30, 2010	Quarter ended December 31, 2010
Revenues	(3)	0	1	0
EBITDA <sup>1</sup>	630	(407)	1,524	(175)
EBIT <sup>1</sup>	626	(408)	1,524	(176)
Net profit	275	(181)	1,249	732
Net profit / (net loss) per share basic and diluted in Euro	0.00	0.00	0.00	0.00

In thousand Euro (except per share data)	Quarter ended March 31, 2011	Quarter ended June 30, 2011	Quarter ended September 30, 2011	Quarter ended December 31, 2011
Revenues	0	0	0	0
EBITDA <sup>1</sup>	(281)	310	(354)	896
EBIT <sup>1</sup>	(281)	310	(354)	895
Net profit	(249)	403	(215)	1,020
Net profit / (net loss) per share basic and diluted in Euro	0.00	0.00	0.00	0.00

In thousand Euro (except per share data)	Quarter ended March 31, 2012	Quarter ended June 30, 2012	Quarter ended September 30, 2012	Quarter ended December 31, 2012
Revenues	0	0	0	0
EBITDA <sup>1</sup>	(402)	(266)	322	802
EBIT <sup>1</sup>	(402)	(266)	322	802
Net profit	(311)	(194)	371	827
Net profit / (net loss) per share basic and diluted in Euro	0.00	0.00	0.00	0.00

<sup>1</sup> EBITDA is Earnings Before Interest, Taxes, Depreciation, Amortization and Impairment, EBIT is Earnings Before Interest and Taxes.

<sup>2</sup> Q4/2009 has been restated. See note 1 of the consolidated financial statements.

## Report of the Supervisory Board

The Management Board of Jubii Europe N.V. kept the Supervisory Board well informed about the status of the shutdown process of the Company during the period under review, January 1, 2012, to December 31, 2012. The progress of the foresaid process was discussed on the basis of monthly reports, monthly routine meetings with the Chairman of the Supervisory Board as well as specific reports presented at the Supervisory Board meetings. The Supervisory Board held four meetings in 2012. In the course of these meetings the report of the Management Board always comprised a detailed description of the liquidation processes e.g. on the termination of contracts, the liquidation of affiliated entities and the financial effects of the foresaid process. The Supervisory Board was thus able to conclude that the shutdown process was being managed properly.

### *Summary of the shutdown process*

The Company proceeded with the shutdown process. Since the decision of the Extraordinary Shareholder Meeting in 2008 the Company was able to sell 16 of its affiliated companies and to liquidate an additional 13 of its affiliates. As of the end of the fiscal year 2012, only for Jubii Europe N.V. and Jubii Europe GmbH no formal applications for liquidation have been filed yet.

The overall progress with regard to the shutdown process helped to further reduce the complexity and the remaining risks related with the shutdown process.

### *Changes to the Management Board and the Supervisory board*

In 2012 no changes have been made on the Management Board or the Supervisory Board level

### *Activities of the Supervisory Board*

Jubii Europe's Supervisory Board's responsibility is to supervise the policy of the company's Management Board, the general affairs of Jubii Europe as well as its business. Furthermore the Supervisory Board assists the Company's Management Board by providing advice and guidance. In pursuit of these tasks, Jubii Europe's Supervisory Board is guided by the Company's interests and takes into account the relevant interests of its shareholders. Jubii Europe's Supervisory Board is responsible for the quality of its own functioning. The Supervisory Board was involved in the passing of resolutions as and when required by the Company's Articles of Association and By-Laws.

The Supervisory Board specifically discussed the shutdown process of the Company and lent it our unreserved support. It also discussed the Company's internal risk management and control systems. The risk management focused on the financial policy of the Company. Together with the Management Board the Supervisory Board ensured that the financial reserves of the Company were invested in a secure manner. Further the Supervisory Board reviewed the current legal claims of and against the Company and its remaining affiliates.

In 2012 the Supervisory Board met four times at regular intervals. As part of its efforts in the field of corporate governance the Supervisory Board has decided to meet once a year, without the Management Board being present, to discuss the functioning of the Supervisory Board and the Management Board. In 2012 it met for that purpose in November. Furthermore, the Chairman of the Supervisory Board is regularly discussing recent business developments with the CEO.

### *Remuneration of Management Board members*

Since 28 May 2009 Mr. Wilsdorf holds the position as CEO of the Company.

The Supervisory Board has defined a remuneration policy for the remuneration of members of the Management Board in 2005 and thereafter which has been adopted at the 2005 Annual General Meeting of Shareholders. The Remuneration Policy can be found on the corporate website of the Company. Certain elements of the Remuneration Policy have to be interpreted with a view to the current shutdown process. The cornerstones of this interpretation have been summarized in the Annex Remuneration Policy which is also available on the corporate website of the Company.

Mr. Wilsdorf's remuneration includes a variable component. The payment of this component is linked to the success of the CEO to shape the shutdown process for the benefit of the shareholders. This success is defined by (1) optimizing the utilization of the assets of the Company (2) disposing of the Company's assets or, as the case may be, collecting the Company's accounts receivable and settling its liabilities in a manner that, taking into account the Company's current status, is most beneficial to the Company; and (3) cost and time efficiency during the process. Mr. Wilsdorf's employment contract with Jubii Europe GmbH under German law contains a notice period of three months for the company.

The financial statements included in this annual report were drawn up by the Management Board, and audited by KPMG Accountants N.V., which has given an unqualified opinion. The Supervisory Board has approved the annual report, including the financial statements. The financial statements will be submitted for shareholder approval at the Annual General Meeting of Shareholders. We recommend to our shareholders that they adopt the financial statements.

Haarlem, the Netherlands  
March 07, 2013

Dr. Martin Dannhoff  
Chairman of the Supervisory Board



## **Supervisory Board**

(During the year ended December 31, 2012)

**Dr. Martin Dannhoff** (1961, German national)

Corporate Counsel for Bertelsmann SE & Co. KGaA.

Member of the Supervisory Board since May 28, 2009, current term ending in 2013

Chairman of the Supervisory Board since January 1, 2010

**Luis Ros Arnal** (1973, Spanish national)

Executive at Telefónica, S.A.

Member of the Supervisory Board since May 26, 2011, current term ending in 2015

**Manuel Crespo de la Mata** (1971, Spanish national)

Executive at Telefónica, S.A.

Member of the Supervisory Board since May 26, 2011, current term ending in 2015

**Jörn Caumanns** (1973, German national)

Senior Vice President M&A, Bertelsmann SE & Co. KGaA

Member of the Supervisory Board since January 01, 2010, current term ending in 2014

**Jubii Europe N.V.**  
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