ClickandBuy International Limited

Registered in England and Wales
No. 5661160

REPORT AND ACCOUNTS

FOR THE YEAR ENDED
31 December 2012

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ClickandBuy International Limited

Report of the Directors

The Directors submit their report together with the Financial Statements for the year ended 31 December 2012 The comparatives are for the 12-month period from 1 January to 31 December 2011

Activities

ClickandBuy International Limited (the "Company"), incorporated 22 December 2005, is a Financial Services Authority ("FSA") licensed electronic money ("e-money") institution The Company was granted its licence to issue e-money by the FSA in the United Kingdom on 29 November 2006 The Company currently passports its services into all 29 other EEA states under the rules governing Cross Border Services Due to a change in European regulatory framework, on 1 July 2011 the Company grandfathered its electronic money licensing under the Electronic Money Regulations 2011, resulting in a change of registered number and the ability to increase its range of regulated payment and non-payment related services Subject to legal and risk-based restrictions, where permitted, e-money is issued into an electronic wallet which may be subsequently used by individuals for purchase of goods, digital content or services

By accepting payments through ClickandBuy, merchants can offer different payment methods to customers across Europe on a single contract and system In addition to this, there are multiple currency capabilities, language support and local payments knowledge, which means that ClickandBuy represents a combination of global reach and local capability in the world of internet payments

ClickandBuy International Limited is a 100% subsidiary of ClickandBuy Holding GmbH (CBH), Darmstadt, Germany, incorporated in the commercial register of the district court (Amtsgericht) of Darmstadt under No HRB 85036 CBH in turn is a 100% subsidiary of Deutsche Telekom AG (DTAG)

DTAG is one of the largest providers of telecommunications and broadband services in Europe, and has identified potential synergies between its current operations and those offered by ClickandBuy

With its expertise in payments and electronic money, ClickandBuy forms part of the Deutsche Telekom division known as Business Unit Payment (BU Payment)

KPI's for the years presented in the financial statements were as follows

	31 Dec 2012	31 Dec 2011
Gross Profit	EUR (4,386,658)	EUR (8,717,797)
Average Payment Costs	1 25%	1 073%

The Company implemented ICS (Internal Control System) management in 2011 according to the ICS Principles of Deutsche Telekom Group, as required by the Accounting Law Modernisation Act and the Stock Corporation Act These German Acts are relevant to the

Deutsche Telekom AG According to the 2012 ICS management requirements of Deutsche Telekom Group the company updated its ICS management

The ICS management ensures that the Business Unit

- has implemented sufficient basic standards (ICS Principles)
- if applicable has addressed the centrally identified process and risk focuses
- the ICS has been fully documented and tested for the effectiveness in accordance with the requirements of Deutsche Telekom Group
- identified control weaknesses have been evaluated, particularly with respect to their impact on financial reporting, and corrective measures have been defined

Business Review and Future Developments

In 2012 ClickandBuy entered into a Contract with MasterCard, Belgium, to issue prepaid cards The first programme, under the "T" brand of Deutsche Telekom, will launch in 2013

Furthermore ClickandBuy is offering NFC enabled Point-Of-Sale terminals

The Company provides the BU Payment with online payment products and services as an integrated part of the BU Payment

In June 2012 the Company was granted permission by the Financial Services Authority to begin safeguarding its e-money deposits in accordance with Regulation 22 of the Electronic Money Regulations 2011

Following dissolution of the UK Financial Services Authority on 1 April 2013, the Company's supervisory body was replaced with the Financial Conduct Authority

The company is operating a strict cost saving and monitoring program

Principal Risks and Uncertainties

The principal risks associated with the business are certain types of attempted fraud and potential breaches of data security Fraud and Money Laundering risk is mitigated by dedicated anti-fraud and anti-money laundering (AML) departments utilising highly skilled and experienced fraud managers, fraud detection technologies and AML professionals

Some of these technologies have been developed in-house by ClickandBuy, while others have been sourced externally Data integrity is maintained through independent auditing of the Company's IT policies and procedures – including its physical locations, as well as industry standard certification such as Level-1 PCI-DSS As would be expected from a secure online payments organisation, ClickandBuy also makes use of secure internet connections and encryption technologies wherever necessary to protect information which is stored on and passed to or from its systems Another addition to the portfolio has been the implementation of daily 3rd party scanning of the ClickandBuy environment

The Company's financial risk management is supported by the central risk management function of the Deutsche Telekom AG

The primary financial risks and uncertainties affecting the Company are considered to be as follows

Liquidity risk

Liquidity risk is the potential that, although remaining solvent, the Company does not have sufficient liquid financial resources to enable it to meet its obligations as they fall due, or can secure them only at excessive cost

Credit risk

Credit risk is the risk arising from the possibility that the Company will incur losses from the failure of customers to meet their obligations

Market risk

The majority of market risks arise as a result of foreign exchange rates The Company's income is exposed to movements in the foreign exchange rate on balances held with banks to fund the transactions between internet merchants and end user customers

Further detail on financial risks is provided within note 26

Furthermore, capital requirements exist for the Company as a regulated e-money issuer within the United Kingdom The Company's capital position is reported to its regulator on a regular basis

ClickandBuy is required to fully safeguard e-money deposits, which have to be reported to the FSA regularly

Further detail on capital risks is provided within note 25

Results and dividends

The operating loss for the period amounted to EUR 11,568,789 (EUR 14,416,570 loss for the 12 month period from 1 January to 31 December 2011) with an equity in the amount of EUR 16,474,025 (EUR 5,661,293 as of 31 December 2011)
Due to two capital injections of EUR 22,409,299 in total the Company's net equity of EUR 5,661,293 at the beginning of the period has been increased to EUR 16,474,025

Further details of capital injections are provided within note 20

The Directors do not recommend the payment of a dividend (2011 EUR nil)

Creditors payment policy

The Company follows the global procurement guidelines of DTAG for its procurement activities

Payables are mainly due to merchants, who accept payments through ClickandBuy for internet–based purchases by their customers

Terms of payment with merchants are settled individually under the framework of the Company's GTC's (General Terms and Conditions)

Directors and their interests

The Directors who served throughout the year, except as noted, were

- Mr Nicholas Drew
- Mr Patrick Meisberger (until 12 November 2012)
- Ulrich Keudel (from 12 November 2012)

No director had a material interest in any contract of significance to which the Company was a party

Directors' responsibilities

The Directors are responsible for preparing the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year Under that law, the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period

In preparing those financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable IFRSs, as adopted by the European Union, have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Charitable and political Contributions

During 2012 the Company did not contribute any donations to charitable organisations (2011 GBP 150 / EUR 177 52) nor to political organisations (2011 nil)

Statement of going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out above The financial position of the Company, its cash flows, liquidity position and borrowing facilities are set out in the financial statements The Company's objectives, policies and processes for managing its capital are described in note 25 to the financial statements

Details of the Company's financial risk management objectives, its financial instruments and hedging activities, and its exposures to credit risk, market risk and liquidity risk are set out in note 26 to the financial statements

The positive equity position of EUR 5,661,293 as at 31 December 2011 has been further improved in 2012 by two injections of the sole shareholder into the share capital of the Company of EUR 22,409,299 in total which led together with the net loss of EUR 11,596,567 to a capital position of EUR 16,474,025 on 31 December 2012

The Company's capital position is reported to its regulator on a regular basis

The capital increases stated above include the contribution in kind by ClickandBuy Holding GmbH of the subordinated loans from Firstgate Holding AG amounting to EUR 1,561,695 as at 14 December 2012, the day of the second capital injection 2012, (EUR 1,544,506 as at 31 December 2011) following the transfer of these loans from Firstgate Holding AG to its parent company ClickandBuy Holding GmbH
Based upon the above, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence with the support of Deutsche Telekom AG for the foreseeable future Accordingly they continue to adopt the going concern basis in preparing the Annual Report and Accounts

Post Balance Sheet events

There have been no events subsequent to 31 December 2012 that require disclosure in the accounts

ClickandBuy International Limited

Statement on Disclosure of information to Auditors

In accordance with Companies Act requirements, all Directors in office, as at the date of this report, have confirmed so far as they are aware there is no relevant audit information of which the Company's auditors are unaware and each Director has taken all reasonable steps necessary in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006

By Order of the Board

Nicholas Drew

16 April 2013

ClickandBuy International Limited

Registered Office Address
Renaissance House
6-9 Cynthia Street
London, N1 9JF

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CLICKANDBUY INTERNATIONAL LIMITED

We have audited the financial statements of ClickandBuy International Limited for the year ended 31 December 2012 which comprise of the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position and the Statement of Cash Flow, and the related notes The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

Respective responsibilities of directors and auditors
As explained more fully in the Directors' Responsibilities Statement set out on pages 4 to 5, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the report of the directors to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements
In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its loss and cash flows for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Mark Allsop (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
16 April 2013

ClickandBuy International Limited

Statement of Comprehensive Income

For the year ended 31 December 2012

	Notes	Year ended 31 December 2012 EUR	Year ended 31 December 2011 EUR
Revenue	4	14,808,351	15,732,521
Cost of Sales		(19,195,009)	(24,450,318)
Gross Profit (Loss)		**(4,386,658**	**(8,717,797)**
Operating expenses	7	(3,326,588)	(1,238,765)
Administrative expenses		(3,939,205)	(4,449,877)
Profit (Loss) on foreign exchange		83,662	(10,131)
Operating loss		**(11,568,789)**	**(14,416,570)**
Interest income	8	21,967	71,970
Interest expense	8	(49,745)	(107,070)
Financial income (loss)		**(27,778)**	**(35,100)**
Loss before tax	**9**	**(11,596,567)**	**(14,451,670)**
Tax	10	-	(87,004)
Profit (Loss) attributable to equity shareholders		**(11,596,567)**	**(14,538,675)**
Other comprehensive income		-	-
Total comprehensive loss	**21**	**(11,596,567)**	**(14,538,675)**

The Total comprehensive loss for the year arises from the Company's continuing operations

Statement of Changes in Equity

For the year ended 31 December 2012

	Share Capital and Share Premium Reserves EUR	Retained Losses EUR	Total EUR
At 1 January 2012	37,112,406	(31,451,113)	5,661,293
Changes in Share Capital	5	-	5
Changes in Share premium reserves	22,409,295	-	22,409,295
Total comprehensive loss	-	(11,596,567)	(11,596,567)
At 31 December 2012	**59,521,706**	**(43,047,680)**	**16,474,025**

Statement of Financial Position

As at 31 December 2012

	Notes	31 December 2012 EUR	31 December 2011 EUR
Non-current assets			
Intangible assets	12	3,465	18,276
Tangible assets	13	875,704	819,998
Deferred tax assets		-	-
Total non-current assets		**879,169**	**838,274**
Current assets			
Receivables and other assets	14	33,768,250	23,400,348
Cash	15	6,691,542	6,566,866
Total current assets		**40,459,792**	**29,967,214**
Current Liabilities			
Trade and other payables	16	(22,149,478)	(20,796,063)
Other accruals	17	(2,715,458)	(2,803,626)
Total current liabilities		**(24,864,936)**	**(23,599,689)**
Net current assets (liabilities)		**15,594,856**	**6,367,525**
Non-current liabilities			
Loans	18	-	(1,544,506)
Total non-current liabilities		**-**	**(1,544,506)**
Net assets (liabilities)		**16,474,025**	**5,661,293**
Equity			
Share capital	20	1,858,329	1,858,324
Share premium reserves		57,663,376	35,254,082
Retained Losses	21	(43,047,680)	(31,451,113)
Total equity attributable to equity holders of the Company		**16,474,025**	**5,661,293**

The notes beginning on page 12 form part of these financial statements

The Financial Statements for ClickandBuy International Limited (Company No 5661160) were approved by the board of Directors and authorised for issue 16 April 2013 They were signed on its behalf by

Director

Nicholas Drew

Cash Flow Statement
For the year ended 31 December 2012

	Notes	31 December 2012 EUR	31 December 2011 EUR
Net cash from operating activities	22	**(10,677,831)**	**(10,069,411)**
Investing activities			
Purchase of intangible assets		-	-
Purchase of tangible assets		(377,537)	(232,115)
Sale of tangible assets		-	-
Net cash flow used in investing activities		**(377,537)**	**(232,115)**
Financing activities			
Interest received / (paid)		(27,778)	(35,100)
Issue of ordinary share capital and capital reserves		22,409,299	27,826,684
Increase / (Decrease) of loans payable		(1,544,506)	16,413
Foreign exchange valuation effect		(17,189)	(16,413)
Net cash flow from financing activities		**20,819,826**	**27,791,584**
Non-cash change in disclosure of restricted cash		7,704,457	(7,704,457)
Net increase / (decrease) in cash		**17,468,915**	**(9,785,601)**
Cash / Cash equivalents at the beginning of the year	15	17,570,873	7,785,272
Cash / Cash equivalents at the end of the year	**15**	**35,039,788**	**(17,570,873)**

Notes to the Financial Statements for the year ended 31 December 2012

1. Accounting Policies

The principal accounting policies applied in the preparation of the Financial Statements are set out below These policies have been consistently applied throughout the period, unless otherwise stated

Basis of preparation

The Financial Statements comprising the 12-month-period from 1 January to 31 December 2012 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted for use in the European Union that are effective at the Company's reporting date. The Company, in addition to complying with its legal obligation to comply with IFRSs as adopted for use in the European Union, has also complied with the IFRSs as issued by the International Accounting Standards Board The Financial Statements have been prepared under the historical cost convention and in accordance with UK Company Law

2. Application of new and revised International Financial Reporting Standards

All new and amended standards and interpretations published by the IASB and IFRIC are applied in preparing the Financial Statements, provided they are required to be applied for annual periods beginning on or after 1 January 2012 within the European Union

In 2012, adoption of the following new interpretations and amendments to existing standards and interpretations is mandatory

- Amendment to IFRS 1 "First time adoption"
  - on hyperinflation and fixed dates
  - effective for annuals beginning on or after 1 July 2011
- Amendment to IFRS 7 "Financial instruments Disclosures"
  - on transfer of financial assets
  - effective for annuals beginning on or after 1 July 2011
- Amendment to IAS 12 "Income taxes"
  - on deferred tax
  - effective for years beginning on or after 1 January 2012

Additionally improvements to IFRSs 2011 not yet endorsed by the EU are applicable relating to the following standards and interpretations for business years beginning on or after 1 January 2013

- IFRS 1 – "First time adoption"
- IAS 1 "Financial statement presentation"
- IAS 16 – "Property plant and equipment"
- IAS 32 - "Financial instruments, Presentation"
- IAS 34 – "Interim financial reporting"

However, the adoption of the interpretations and amendments to standards stated above has no material effect on the financial statements of the Company as at 31 December 2012

Notes to the Financial Statements for the year ended 31 December 2012

The following standards and amendments to standards are not yet effective for the year ended 31 December 2012, and have not been applied in preparing these financial statements

- Amendment to IAS 1, "Financial statement presentation", regarding other comprehensive income
  - reclassification adjustments
  - effective for annuals beginning on or after 1 July 2012
- Amendment to IAS 19, "Employee benefits"
  - eliminate the corridor approach, calculate finance costs on a net funding basis
  - effective for annuals beginning on or after 1 January 2013
- Amendment to IAS 32, "Financial instruments Presentation"
  - on offsetting financial assets and financial liabilities
  - effective for annuals beginning on or after 1 January 2014
- Amendment to IFRS 1, "First time adoption"
  - on government loans
  - effective for annuals beginning on or after 1 January 2013
- Amendment to IFRS 7, "Financial instruments Disclosures"
  - on offsetting financial assets and financial liabilities
  - effective for annuals beginning on or after 1 January 2013
- Amendment to IFRSs 10, 11 and 12 on transition guidance
  - provides adjusted comparative information not only to the preceding comparative period
  - effective for annuals beginning on or after 1 January 2013
- Amendments to IFRS 10, Consolidated financial statements, IFRS 12 and IAS 27 for investment entities
  - exempted not consolidated funds and similar entities to be measured at fair value through profit or loss
  - effective for annuals beginning on or after 1 January 2014
- IFRS 9, "Financial instruments – classification and measurement"
  - to replace IAS 39, two measurement categories amortised cost and fair value
  - effective for annuals beginning on or after 1 January 2015
- IFRS 10, "Consolidated financial statements"
  - identifies the concept of control as the determining factor
  - effective for annuals beginning on or after 1 January 2013
- IFRS 11, "Joint arrangements"
  - Focus on rights and obligations of the arrangement
  - effective for annuals beginning on or after 1 January 2013
- IFRS 12, "Disclosures of interests in other entities"
  - disclosure requirements for all forms of interests in other entities
  - effective for annuals beginning on or after 1 January 2013
- IFRS 13, "Fair value measurement"
  - precise the "fair value"-definition, provides a single source of fair value measurement and disclosure requirements for use across IFRS
  - effective for annuals beginning on or after 1 January 2013
- IAS 27 (revised 2011), "Separate financial statements"
  - provisions on separate financial statements
  - effective for annuals beginning on or after 1 January 2013

- IAS 28 (revised 2011), "Associates and joint ventures"
  - defines the requirements for joint ventures and associates
  - effective for annuals beginning on or after 1 January 2013

The future application of these standards and interpretations is unlikely to have any material effect on the net asset position, cash flows or profitability of the Company

3. Significant Accounting Policies

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes

Revenue with end-users is recognised as the service is rendered, while revenue with merchants is recognised at the end of the agreed billing period and when it is probable that the economic benefits associated with a transaction will flow to the Company and the amount of revenue can be reliably measured

ClickandBuy recognises interest income related to its deposit taking activities as an electronic money institution as operational revenues The underlying operational funds are either received by end-users who hold credit balances with ClickandBuy or reflect upon the timing differences between funds received from end-users and their transfer to merchants

Interest

Since the interest income related to both kinds of balances comprises revenues reflecting the e-money storage operations that are central to the business model of ClickandBuy, it is recognised as sales revenue, and related interest expenses under cost of sales, while interest income and expenses gained or expended regarding non-operational or financial funds is recognised within the financial result

Intangible assets

Intangible assets acquired separately
Intangible assets are recognised if they arise from contracted or other legal rights or if they are capable of being separated or divided from the Company and sold, transferred, licensed, rented or exchanged The value of such intangible assets is amortised on a straight line basis over the useful economic life of the assets in question as follows

- Software over 3 to 5 years
- Customer Rights over 5 years

Expenditure on research activities is recognised as an expense in the period in which it is incurred

Internally-generated intangible assets – research and development expenditure
An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated

- the technical feasibility of completing the intangible asset so that it will be available for use or sale,
- the intention to complete the intangible asset and use or sell it,
- the ability to use or sell the intangible asset,
- how the intangible asset will generate probable future economic benefits,
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and
- the ability to reliably measure the expenditure attributable to the intangible asset during its development

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred

Tangible assets

Assets are stated at cost less depreciation
Costs include expenditure that is directly attributable to the acquisition and installation of the items

Depreciation is provided on all tangible fixed assets at a rate calculated to write off the cost or valuation, less the estimated residual values of each asset on a straight line basis over their expected useful lives as follows

- Computer hardware over 3 to 7 years
- Fixtures over 3 to 5 years
- Office equipment over 4 to 5 years
- Office interiors over 3 to 5 years

Financial Assets

The Company classifies its financial assets as loans and receivables Management determines the classification of its investments at initial recognition, loans and receivables are non-derivative financial assets with fixed or determinable payments and which are not classified as available for sale They arise when the entity provides money or services directly to a customer with no intention of trading the loan Loans and receivables are initially recognised at fair value including direct and incremental transaction costs They are subsequently valued at amortised cost, using the effective interest method They are derecognised when the rights to receive cash flows have expired or the Company has transferred substantially all of the risks and rewards of ownership

At each balance sheet date, the Company assess whether, as a result of one or more events occurring after initial recognition, there is objective evidence that a financial asset or group of financial assets classified as available for sale or loans and receivables have become impaired Evidence of impairment may include indications that the borrower or group of borrowers have defaulted or are experiencing significant financial difficulty

Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and in hand Accrued interest is disclosed as part of the year-end balance

Financial liabilities

Financial liabilities are initially recognised when the entity becomes contractually bound to transfer economic benefits in the future and are measured at amortised cost Financial liabilities are only derecognised once the liability has been extinguished A liability is only extinguished when either the liability is discharged by payment, or there is a legal release (by law or by the creditor)

Provisions

Provisions are liabilities where the amount or timing of future expenditure is uncertain Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the obligation If the time value of money is material, provisions are discounted to their present value

Taxation

Current tax is the expected net tax payable arising in the current year on the current year's net profits, using tax rates enacted or substantively enacted at the balance sheet date

Notes to the Financial Statements for the year ended 31 December 2012

Deferred tax is the expected net tax payable on the current year's net profits arising in a future year, using tax rates enacted or substantively enacted at the balance sheet date that are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled

Full provision is made for deferred taxation on all taxable temporary differences Deferred tax assets and liabilities are recognised separately on the balance sheet Deferred tax assets are recognised only to the extent that they are expected to be recoverable

The Company has achieved losses in both 2011 and 2012 so that no corporation tax has been incurred in 2011 or 2012

Due to the unprofitable years the Company has not recognised a deferred tax asset as of 31 December 2011 or 2012

Retirement benefits

The Company operates a defined contribution scheme for UK-based employees The amount charged to the profit and loss account equals the contributions accrued and payable in the year

Foreign currencies

The Financial Statements of the Company are presented in Euros, which is the currency of the primary economic environment in which the Company operates (its functional currency)

In preparing the Financial Statements, monetary assets and liabilities denominated in non-functional currencies are translated into Euro at the exchange rates ruling at the balance sheet date

Transactions in currencies other than the functional currency of the Company are translated at the exchange rate ruling at the date of transaction Exchange differences arising on the settlement and on the retranslation of monetary items are included in the income statement for the period

The Company has applied the following exchange rates to sterling in preparing its Financial Statements in Euros

	Financial Statements 31 December 2012	**Financial Statements 31 December 2011**
	EUR	**EUR**
GBP		
FX Rate Balance Sheet Date	1 22642	1 19583
Average FX Rate	1 23291	1 15202

Exceptional items

Exceptional items are regarded as significant items of income and expense, which are separately disclosed by virtue of their size, incidence or nature to enable a full understanding of the Company's financial performance Exceptional items include allowances for bad debt

Gearing

Gearing is calculated as the net debt to equity ratio.

Net Debt is defined as long-term loans payable, as detailed in note 18

Equity includes all capital and reserves of the Company attributable to equity holder of the Company

Critical Accounting Estimates and Judgements

The preparation of financial statements requires management to make judgements and assumptions about the future, resulting in the use of accounting estimates These will, by definition, seldom equal the related actual results and adjustments will consequently be necessary Estimates are continually evaluated, based on experience and reasonable expectations of future events

Accounting estimates are applied in determining the carrying value of the following assets and liabilities financial assets and liabilities, property, plant and equipment (useful lives), deferred taxation (timing of liabilities and timing and recoverability of assets), allowance for bad debt and provisions (fair value of obligation and discount rate)

Notes to the Financial Statements for the year ended 31 December 2012

4. Revenue

Sales are made up as follows

	Year ended 31 December 2012 EUR	Year ended 31 December 2011 EUR
Commissions and fees	7,408,119	8,649,309
End-user fees	5,173,538	5,073,541
Interest income - customer/operational funds	14,227	87,864
Other revenues	2,212,468	1,921,808
Total Sales	**14,808,351**	**15,732,521**

In the financial year 2012 the Company recorded total sales of EUR 14,808,351 representing a decline of EUR 924,170 compared to total sales for 2011 amounting to EUR 15,732,521

The decrease is mainly due to the loss of business in the content and services segment of EUR 1,064,000 mainly due to the reorganisation and refocusing of the Company causing the loss of some merchants The origin of revenues is almost entirely Europe

Other revenue comprises foreign exchange fees that are charged both to end-users or merchants for online sales transactions which are carried out in currencies differing from the currency area of the transactions Marketing proceeds result from marketing and advertising cooperation agreements with internet merchants

Interest income is recognised from e-money storage operations either for funds, that are received by end-users who hold credit balances with ClickandBuy or upon the timing differences between funds received from end-users and their transfer to merchants

5 Auditors' Remuneration

	Year ended 31 December 2012 EUR	Year ended 31 December 2011 EUR
Fees payable to the Company's auditors for the audit of the Company's annual accounts	74,963	81,000

6. Staff costs

The average number of employees (including the Managing Director) was 20 in 2012 (2011 24) working within the following departments

	Average number Of employees 2012 FTE	Average number Of employees 2011 FTE
Operations	8	10
Administration	8	7
Sales/Marketing	4	7
Total	**20**	**24**

The aggregate remuneration comprised

	Year ended 31 December 2012 EUR	Year ended 31 December 2011 EUR
Wages and salaries	1,185,335	1,744,946
Social Security costs	119,436	156,748
Other pension costs (defined contributions)	52,259	52,548
Total	**1,357,030**	**1,954,242**

The aggregate remuneration received by Directors and borne directly by the Company for the year was EUR 176,714 (2011 EUR 380,731) For detailed remuneration costs see note 24 The remuneration of the highest paid Director was

	Year ended 31 December 2012 EUR	Year ended 31 December 2011 EUR
Short-term benefits	165,788	236,983
Other long-term benefits	10,926	24,405
Total	**176,714**	**261,388**

Notes to the Financial Statements for the year ended 31 December 2012

7. Exceptional items

Operating expenses include the following exceptional items

	Year ended 31 December 2012 EUR	Year ended 31 December 2011 EUR
Provision for irrecoverable receivables	3,107,461	-
Total	**3,107,461**	**-**

In 2012 the Company has recognised a provision of EUR 3,107,461 in respect of uncertainties regarding the amount of recoverable receivables owed by its customers

8. Net financial income

The item is made up as follows

	Year ended 31 December 2012 EUR	Year ended 31 December 2011 EUR
Other financial income	21,967	71,790
Other financial expenses	(49,745)	(107,070)
Total	**(27,778)**	**(35,100)**

Other financial income excludes interest income and expense related to the Company's activities as an electronic money institution

Other financial interest income comprises EUR 21,967 earned from affiliated companies (EUR 51,566 for the period to 31 December 2011) Other financial expenses include interest due to affiliated companies of EUR 49,411 (EUR 56,115 for the period to 31 December 2011)

Notes to the Financial Statements for the year ended 31 December 2012

9. Loss before Tax

	Year ended 31 December 2012 EUR	Year ended 31 December 2011 EUR
Loss before tax is stated after charging (crediting)		
Depreciation and amortisation	322,449	398,548
(Profit)/loss on disposal of tangible fixed assets	14,193	541
Operating lease payments		
- Property	73,552	69,211
Net foreign exchange (gains) losses		
- Loans and receivables	(83,420)	(12,830)
- Financial liabilities incl loans payable measured at amortised cost	34,222	(61,573)
- Cash and cash equivalents	(34,464)	84,534
Total	**(83,662)**	**10,131**

10. Taxes

	Year ended 31 December 2012 EUR	Year ended 31 December 2011 EUR
UK corporation tax – current year	-	-
UK corporation tax – prior year	-	-
Deferred tax income (recognition)	-	-
Deferred tax expense (write-down)	-	-
	-	-

The Company has recognised losses in both 2011 and 2012 so that no corporation tax has been incurred in 2011 and 2012

Long-term deferred tax assets in regard of tax losses carried forward amounting to EUR 8,663,571 as well as short term deferred tax assets regarding bad debt allowances of EUR 683,570 have not been recognised due to the history of losses incurred in fiscal years 2009 through 2012

Notes to the Financial Statements for the year ended 31 December 2012

In 2012 EUR nil (2011 EUR 87,004) of Foreign Withholding Tax on interest in respect of prior years has been derecognised as irrecoverable

	Year ended 31 December 2012 EUR	Year ended 31 December 2011 EUR
UK Corporation Tax	-	-
Current tax on income for the year	-	-
Adjustments in respect of prior years	-	-
Deferred taxation	-	-
Origination and reversal of temporary differences	-	-
Foreign withholding taxes	-	-
Irrecoverable current year withholding tax	-	-
Irrecoverable foreign withholding tax in respect of prior years	-	87,004
Total	**-**	**87,004**

The accumulated amount of unrecognised deferred tax assets as at 31 December 2011 equals EUR 9,347,141 whereas the expiry date of unrecognised deferred tax is indefinite

Corporation tax is calculated at 24 5% (prior period 26 25%) of the estimated assessable profit of the year

The Finance Act 2012 reduced the main rate of Corporate Tax to 24% from 1 April 2012 The Finance Bill 2013 plans to reduce the main rate of corporation tax from 24% to 23% from 1 April 2013

The charge for the year can be reconciled to the profit per the income statement as follows

	Year ended 31 December 2012 EUR	Year ended 31 December 2011 EUR
Loss before tax:	**(11,596,567)**	**(14,451,670)**
Corporate income tax rate applied	24 5%	26 25%
Corporation income tax calculated	(2,841,159)	(3,793,563)
Effect of expenses that are not deductible in determining income	33,821	54,267
Effect of unused tax losses and other temporary differences not recognised as deferred tax assets	2,807,337	3,741,096
Total	**-**	**-**

Notes to the Financial Statements for the year ended 31 December 2012

11. Deferred Taxes

	Year ended 31 December 2012 EUR	Year ended 31 December 2011 EUR
Deferred tax assets	-	-
Deferred tax liabilities	-	-
Deferred tax assets at the end of the year	**-**	**-**

12. Intangible assets

Intangible assets moved in 2012 are as follows

	Customer rights EUR	Other intangibles EUR	Total EUR
Cost			
At 1 January 2012	930,000	98,475	1,028,475
Additions	-	-	-
Asset disposal	-	(59,215)	(59,215)
Reclassifications	-	-	-
at 31 December 2012	930,000	39,261	969,261
Amortisation			
At 1 January 2012	(930,000)	(80,200)	(1,010,200)
Charge for the year	-	(14,808)	(14,808)
Asset disposal - Amortisation	-	59,212	59,212
Reclassifications	-	-	-
at 31 December 2012	(930,000)	(35,796)	(965,796)
Net book value			
At 31 December 2011	**-**	**18,276**	**18,276**
At 31 December 2012	**-**	**3,465**	**3,465**

Customer Rights stated above have been acquired in December 2006 from an affiliated company and constitute agreements with merchants regarding the provision of internet payment services The agreements have no pre-determined expiry date
Their useful life has been estimated to be 5 years and ended at 30 November 2011

None of the above stated intangible assets are internally generated

In 2012 obsolete software and other intangibles that had been nearly fully amortised comprising cost of EUR 59,215 and accumulated amortisations of EUR 59,212 have been disposed of and booked out

Notes to the Financial Statements for the year ended 31 December 2012

13. Tangible assets

Tangible assets changed in 2012 as follows

	Fixtures EUR	Office Equipment EUR	Hardware EUR	Data Centres EUR	Total EUR
Cost					
At 1 January 2012	59,880	41,614	46,254	1,072,972	1,220,721
Additions	30,678	6,274	1,070	339,515	377,537
Disposals	(59,880)	(28,557)	(21,775)	(8)	(110,221)
Reclassifications	-	-	-	-	-
At 31 December 2012	30,678	19,331	25,549	1,412,479	1,488,037
Depreciation					
At 1 January 2012	(39,574)	(38,642)	(36,035)	(286,473)	(400,723)
Charge for the year	(10,648)	(1,335)	(7,046)	(288,611)	(307,641)
Asset Disposal - Depreciation	45,718	28,551	21,761	-	96,031
Reclassifications	-	-	-	-	-
At 31 December 2012	(4,504)	(11,426)	(21,319)	(575,084)	(612,333)
Net book value					
At 31 December 2011	**20,306**	**2,973**	**10,220**	**786,499**	**819,998**
At 31 December 2012	**26,174**	**7,905**	**4,230**	**837,395**	**875,704**

In 2012 additions to tangible assets of EUR 377,537 in total focused on investments in the data centres of the Company in Derby and Manchester of EUR 339,515, thereof EUR 238,210 regarding new storage systems

Following the removal of the Company's head office obsolete tangible assets at cost of EUR 110,221 and accumulated amortisation of EUR 96,031 comprising fixtures at cost of EUR 59,880 and accumulated amortisation of EUR 45,718, office equipment at cost of EUR 28,557 and accumulated amortisation of EUR 28,551 and hardware at cost of EUR 21,775 and accumulated amortisation of EUR 21,761 have been scrapped, disposed of and booked out

14. Receivables and other assets

	31 December 2012 EUR	31 December 2011 EUR
Trade receivables	7,896,704	4,803,144
Allowance for doubtful debts	(3,561,355)	(614,548)
Subtotal	4,335,349	4,188,596
Receivables due from affiliated companies	28,348,246	11,042,397
Other assets	1,084,655	8,169,356
Subtotal	29,432,901	19,211,753
Total	**33,768,250**	**23,400,348**

The allowance for doubtful debts includes the impairment in accounts receivable booked in connection with doubtful accounts as an exceptional item which amounts to EUR 3,107,461 in 2012 – see note 7 (2011 EUR nil)

The remaining trade and other receivables are expected to be fully recovered as there is no recent history of default or any indications that the debtors will not meet their payment obligations At the year end, there are no receivables (2011 none) whose terms have been renegotiated and would otherwise be past due or impaired

The Company's maximum exposure to credit risk is the fair value of its receivables and other assets which is equal to the carrying value given the short term of the items

Receivables due from affiliated companies consist of EUR 28,348,246 in 31-34 days money-market loans (2011 EUR 11,004,008 of EUR 11,042,397 in total) that comprise cash equivalents, see note 15

Restricted cash included in other assets amounting to EUR 7,704,457 in 2011 held in a safeguarding bank account as collateral for e-money liabilities has been replaced by a guarantee by Euler Hermes in 2012 No assets have been acquired through the exercise of any collateral previously held

See note 19 for further information on current amounts owed by group companies and note 26 for the Company's exposure to foreign exchange risk

15. Cash and Cash equivalents

	31 December 2012 EUR	31 December 2011 EUR
Cash at bank and in hand	6,691,541	6,566,865
Cash equivalents - Money market loans to ultimate parent company	28,348,246	11,004,008
Total cash and cash equivalents	**35,039,787**	**17,570,873**
thereof included in receivables from affiliated companies	(28,348,246)	(11,004,008)
Total cash displayed in statement of financial position	**6,691,541**	**6,566,865**

Cash equivalents, comprising 31-34 days money-market loans of EUR 28,348,246 as of 31 December 2012 (EUR 11,004,008 as of 31 December 2011) to the treasury of Deutsche Telekom AG, the ultimate parent company of ClickandBuy International Limited, as an element of the group's cash management, have been displayed under receivables from affiliated companies in the financial statements

Cash at bank and in hand at the year-end is mainly denominated in EUR (EUR 5,053,731 as of 31 December 2012) Due to the business as an e-money provider, that acts globally, smaller amounts are denominated in GBP, USD, CHF, DKK, CAD, AUD and NOK

16. Trade and other payables

	31 December 2012 EUR	31 December 2011 EUR
Trade payables	19,700,022	17,953,220
Payables due to affiliated companies	2,205,852	2,509,432
Other liabilities	243,604	333,410
Total	**22,149,478**	**20,796,062**

17. Other accruals

Other accruals comprise of

	31 December 2012 EUR	31 December 2011 EUR
Sundry Accruals	1,621,436	1,289,846
Penalties / termination charges	405,000	559,411
VAT	307,016	436,375
Staff bonuses and holiday allowance	174,778	209,161
Payment guarantee	62,775	158,342
Audit fees	92,963	99,000
Other accruals	51,491	51,491
Total	**2,715,458**	**2,803,626**

Other accruals comprise in particular sundry accrued liabilities of EUR 1,621,436 in 2012 (2011 EUR 1,289,846) mainly relating to outstanding settlements by payment service providers, provisions of EUR 405,000 in 2012 (2011 EUR 559,411) for penalties / termination charges relating to projects that are not expected to be completed, and input VAT likely to be irrecoverable due to the partial exemption rule amounting to EUR 307,016 in 2012 (2011 436,375)

The residual other accruals primarily contain a provision of EUR 46,391 in 2012 (2011 EUR 46,391) for reconstruction after the conclusion of a property lease

Notes to the Financial Statements for the year ended 31 December 2012

18. Non-current liabilities

Non-current liabilities		31 December 2012 EUR	31 December 2011 EUR
Loans	18	-	(1,544,506)
Total non-current liabilities		**-**	**(1,544,506)**

The subordinated loans from Firstgate Holding AG, a subsidiary of ClickandBuy Holding GmbH, amounting to EUR 1,544,506 as at 31 December 2011 have been transferred from Firstgate Holding AG to ClickandBuy Holding GmbH and subsequently contributed in kind by ClickandBuy Holding GmbH to the equity capital of ClickandBuy International Limited at their then current value of EUR 1,561,695 as of 14 December 2012

19. Related party transactions

The following schedules show the balances due from and to related parties as of 31 December 2012 and 2011

Amounts due from Group Companies	31 December 2012 EUR	31 December 2011 EUR
Loans to Deutsche Telekom AG	28,348,246	11,004,008
Subtotal	**28,348,246**	**11,004,008**
Amounts due from Group Companies	**EUR**	**EUR**
ClickandBuy Marketing AG	-	38,389
Subtotal	**-**	**38,389**
Total	**28,348,246**	**11,042,397**

Current amounts owed by group companies are unsecured, interest free and repayable on demand

The loans to Deutsche Telekom AG of EUR 28,348,246 (EUR 28,347,721 principal and EUR 525 accrued interest) in 2012 (2011 EUR 11,004,008, thereof EUR 11,000,000 principal and EUR 4,008 accrued interest) comprise three 31-34 days renewable money-market loans, currently earning interest at 0 0264 to 0 0552 %

Notes to the Financial Statements for the year ended 31 December 2012

Amounts due to Group Companies	31 December 2012 EUR	31 December 2011 EUR
Loans by Firstgate Holding AG	-	(1,544,506)
Subtotal	**-**	**(1,544,506)**

Intercompany Accounts		
CBS GmbH	(1,823,674)	(1,933,370)
Deutsche Telekom AG	(303,033)	(488,060)
Firstgate Holding AG	(61,768)	(14,312)
Friendscout 24 GmbH	(8,784)	(16,794)
Autoscout Deutschland 24 GmbH	(4,828)	(13,446)
ClickandBuy Holding GmbH	(1,731)	-
Telekom Deutschland GmbH	(1,387)	(43,204)
Scout24 Holding GmbH	(646)	(248)
Subtotal	**(2,205,852)**	**(2,509,434)**
Total	**(2,205,852)**	**(4,053,940)**

The loans owed to Firstgate Holding AG, Zug/Switzerland amount to EUR 1,544,506 in total as of 31 December 2011, comprising two loans of EUR 1,000,000 and GBP 455,338 have been transferred by Firstgate Holding AG to its parent company ClickandBuy Holding GmbH in the first instance and subsequently contributed in kind to the equity of ClickandBuy International Limited by ClickandBuy Holding GmbH in the course of the capital injection as of 14 December 2012

Accumulated interest charged by and not yet paid to Firstgate Holding AG, Zug/Switzerland, and ClickandBuy Holding GmbH, Darmstadt, Germany, amount to EUR 61,768 and EUR 1,731 respectively

Amounts recognised for significant transactions with related parties for services rendered and received are as follows

	31 December 2012	31 December 2011
Sales to Group Companies	**EUR**	**EUR**
Deutsche Telekom AG	55,969	134,521
Autoscout 24 Deutschland GmbH	8,039	16,171
Friendscout 24 GmbH	3,193	8,538
Telekom Deutschland GmbH	3,110	10,827
CBS GmbH	1,107	218
Scout24 Holding GmbH	262	253
Total	**71,680**	**170,529**
Interest income due from Group Companies		
Deutsche Telekom AG	21,967	51,566
Total	**21,967**	**51,566**
Interest Expense due to Group Companies		
Firstgate Holding AG	47,673	56,115
ClickandBuy Holding GmbH	1,738	-
Total	**49,411**	**56,115**
Services received from Group Companies		
CBS GmbH	13,572,239	14,843,621
Deutsche Telekom Inc	424,510	-
T-Mobile (UK) Limited	12,078	13,074
Deutsche Telekom AG	1,444	-
ClickandBuy Marketing AG	-	3,907,258
Total	**14,010,270**	**18,763,953**

ClickandBuy International Limited has material intercompany transactions from received services, due to the organisational structure of the ClickandBuy group

The Company has entered into long-term service agreements with the above stated service providing affiliated companies, which ensure the receipt of several pre-defined services against a cost-plus charge

CBS GmbH has charged ClickandBuy International Limited for Maintenance Services (EUR 1,615,169), IT Operating (EUR 3,711,636), Customer Care (EUR 4,552,921) and Marketing Consulting Services (EUR 2,682,974) during the year

Additionally current commissions were billed by CBS GmbH (EUR 1,009,539, thereof EUR 757,154 relating to software licences and EUR 252,385 relating to trademarks) in 2012

Notes to the Financial Statements for the year ended 31 December 2012

20. Share Capital

	Year ended 31 December 2012	Year ended 31 December 2011
Authorised shares	**Shares**	**Shares**
At the beginning of the period	1,301,002	1,301,000
Ordinary shares issued	4	2
At the end of the period	**1,301,006**	**1,301,002**
Issued and fully paid	**EUR**	**EUR**
At the beginning of the period	1,858,324	1,858,322
Ordinary share issue at GBP 1 each	5	2
At the end of the period	1,858,329	1,858,324
Share premium reserve		
At the beginning of the period	35,254,082	7,427,400
Share premium increase	22,409,295	27,826,682
At the end of the period	**57,663,376**	**35,254,082**

In 2012 the Company realised two capital introductions issuing one share in the first instance and three in the second

First, on 22 March 2012 the Company issued one share to its sole shareholder ClickandBuy Holding GmbH at a par value of GBP 1 for a consideration of GBP 6,262,200 or EUR 7,501,509 at an exchange rate of EUR 1 197903

Second, on 14 December 2012, the Company issued three further shares to its sole shareholder ClickandBuy Holding GmbH at a par value of GBP 1 each for a consideration of GBP 12,085,000 or EUR 14,907,790 at an exchange rate of EUR 1,233,578, thereof GBP 10,819,012 or EUR 13,346,095 in cash as well as GBP 810,650 or EUR 1,000,000 and GBP 455,338 or EUR 561,695 by the contribution in kind of two loans of EUR 1,000,000 and GBP 455,338 respectively

The share capital of the Company is fully authorised

There are no restrictions to any of the Ordinary shares in issue and all Ordinary shares carry equal voting rights

21. Retained Losses

	Year ended 31 December 2012 EUR	Year ended 31 December 2011 EUR
Balance at the beginning of the period	(31,451,113)	(16,912,439)
Profit / (Loss) of the period	(11,596,567)	(14,538,674)
Balance at the end of the period	**(43,047,680)**	**(31,451,113)**

22. Notes to the cash flow statement

		Year ended 31 December 2012 EUR		Year ended 31 December 2011 EUR
Net loss before tax		(11,596,567)		(14,451,670)
Interest (income)/ expense		27,778		35,100
Foreign exchange loss long-term loan liability		17,189		16,413
Amortisation and depreciation on intangible and tangible assets		322,449		398,548
Residual value on disposal of intangible assets		14,193		541
Operating cash flows before movements in working capital		**(11,214,958)**		**(14,001,068)**
Increase (Decrease) in other accruals		(88,168)		654,298
(Increase) Decrease in trade receivables		(146,754)		202,236
(Increase) Decrease in accounts due from affiliated companies	(17,305,849)		(3,492,541)	
less increase in money market loans/cash equivalents	17,344,238		11,004,008	
		38,389		7,511,466
(Increase) Decrease in other receivables	7,084,701		(5,692,235)	
less decrease in recoverable withholding taxes	-		(87,004)	
non-cash change in disclosure of restricted cash	(7,704,457)		7,704,457	
		(619,756)		1,925,218
Increase (Decrease) in trade payables		1,746,802		(94,749)
Increase (Decrease) in accounts due to affiliated companies		(303,580)		(5,852,980)
Increase (Decrease) in other payables		(89,806)		(413,832)
Cash generated by operations		**8,241,584**		**(3,772,799)**
Balance at the end of the period		**(10,677,831)**		**(10,069,411)**

Cash and cash equivalents comprise balances on current accounts and call money at banks, while money-market loans to affiliated companies are displayed under receivables from affiliates

23. Parent company and controlling party

The Company's immediate parent company is ClickandBuy Holding GmbH, a company incorporated in Darmstadt, Germany ClickandBuy Holding GmbH is a 100% subsidiary of Deutsche Telekom AG

Copies of all sets of group accounts, which include the results of the Company, are available from CBS GmbH, Weinsbergstrasse 70, 50823 Koln, Germany

The Directors did not have any related party transactions with the Company except for their remunerations, which are stated in note 24

24. The Directors

The Directors as at 31 December 2012 are Nicholas Drew and Ulrich Keudel

Nicholas Drew is executive Director
Ulrich Keudel is non-executive Director

Director's emoluments are attributed to ClickandBuy International Limited according to the percentage of their contribution to the Company as stated below

			2012	2011
Directors as at 31 December 2012	**Appointment/ (Resignation) Date**	**Percentage of Contribution**	**Emoluments EUR**	**Emoluments EUR**
Nicholas Drew		100%	176,714	119,343
Ulrich Keudel		0%	-	-

Ulrich Keudel is an executive of Deutsche Telekom AG For his function as non-executive Director of ClickandBuy International Limited, he receives no additional remuneration aside from his regular salary, which is fully paid by Deutsche Telekom AG
Due to his position as non-executive Director, the Management estimates Ulrich Keudel's operating contribution to ClickandBuy as marginal and therefore does not attribute his remuneration to the Company

During the year, the Company made pension contribution payments of EUR 10,926 (2011 EUR 36,968) in respect of the Directors, of which EUR 10,926 (2011 EUR 24,405) was for the highest (and within 2012 sole) paid Director

The Company's emoluments to past Directors are made up as follows according to their contribution to ClickandBuy International Limited

			2012	2011
Past Directors	**Resignation Date**	**Percentage of Contribution**	**Emoluments EUR**	**Emoluments EUR**
Charles Frankl	30 November 2011	25%	-	53,103
Oliver Kinne	31 December 2011	100%	-	261,388
Patrick Meisberger	12 November 2012	0%	-	-

In 2012 EUR nil was paid in compensation for loss of office to leaving Directors (2011 EUR 65,364)

25. Capital risk management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance

The capital structure of the Company consists of debt, which includes the borrowings disclosed in note 18, cash and equity attributable to equity holders of the Company, comprising issued capital, reserves and retained losses as disclosed in notes 20 and 21

It is managed with the aim of maintaining an appropriate level of financing available for the Company's activities, and ensuring compliance with capital requirements existing for the Company as a regulated e-money issuer within the United Kingdom, whereas the Company significantly gained financial strength with its integration to Deutsche Telekom group

Changes in equity arise from the retention of earnings and, from time to time, issues of share capital Net debt is monitored periodically and reported to the regulator on a regular basis

At the year end, capital comprised

	2012 EUR	2012 EUR
Total equity	16,474,025	5,661,293
Net cash	(6,691,542)	(5,022,359)
Gross capital employed	**9,782,483**	**638,933**

To strengthen the capital position of the Company the sole shareholder injected additional share capital amounting to EUR 7,501,509 on 22 March 2012 and EUR 14,907,790 on 14 December 2012

The Company's regulator possesses the ability to impose restrictions or special measures upon a firm not meeting its obligations

There have been no significant changes in the Company's funding policy during the year.

Gearing Ratio

The Company's capital structure is reviewed on a monthly basis as part of a wider funding review and in line with capital adequacy obligations as an FSA regulated firm

The debt/equity ratio at year end is as follows

	Year ended 31 December 2012 EUR '000	Year ended 31 December 2011 EUR '000
Loans payable	-	1,545
Less cash and cash equivalents	(6,692)	(6,567)
Net debt	(6,692)	(5,022)
Equity	16,474	5,661
Net debt to equity ratio	**-40.6%**	**-88.7%**

Net Debt is defined as long-term loans payable, as detailed in note 18, less cash and cash equivalents as detailed in note 15

Equity includes all capital and reserves of the Company attributable to equity holders of the Company

As an e-money institution, ClickandBuy is bound to capital requirements imposed by the FSA, stating that the Company must at all times maintain own funds, that are calculated in accordance with the regulations and amounting to not less than EUR 350,000 or 2% of outstanding e-money – whichever is higher

26. Financial risk management

The Company's risk management focuses on the major areas of credit risk, liquidity risk and market risk Risk management is carried out by the central risk management function of the Deutsche Telekom AG

Credit risk

Credit risk is the risk arising from the possibility that the Company will incur losses from the failure of customers to meet their obligations

The Company's principal financial assets are bank balances and cash, trade and other receivables and amounts owed by other members of the Group For trade and other receivables, refer to note 14 and for amounts owed by other members of the Group refer to note 19

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned in note 14

The carrying amounts of current financial assets and liabilities are a reasonable approximation of their fair values, as the impact of discounting is not significant

Trade receivables from third parties comprise receivables from end user customers corresponding to trade payables due to internet merchants Risks concerning these receivables are balanced by corresponding trade payables accordingly, with the exception of payment guarantees given to individual merchant customers in certain markets In most cases the credit risk to the Company is therefore limited to the potential loss of its commission of about 3 5% on average in respect of non-performing receivables

Notes to the Financial Statements for the year ended 31 December 2012

Liquidity risk

Liquidity risk is the potential that, although remaining solvent, the Company does not have sufficient liquid financial resources to enable it to meet its obligations as they fall due, or can secure them only at excessive cost

The following table details the Company's remaining maturity for its financial liabilities

At 31 December 2012	On demand EUR	Up to 3 Months EUR	3-12 months EUR	1-5 years and over 5 years EUR	Total EUR
Trade accounts payable	19,700,022	-	-	-	19,700,022
Amounts due to affiliated companies	2,205,852	-	-	-	2,205,852
Loans from group companies	-	-	-	-	-
Other liabilities	243,604	-	-	-	243,604
Total	**22,149,478**	**-**	**-**	**-**	**22,149,48**

At 31 December 2011	On demand EUR	Up to 3 Months EUR	3-12 months EUR	1-5 years and over 5 years EUR	Total EUR
Trade accounts payable	17,953,220	-	-	-	17,953,220
Amounts due to affiliated companies	2,509,432	-	-	-	2,509,432
Loans from group companies	1,544,506	-	-	-	1,544,506
Other liabilities	333,410	-	-	-	333,410
Total	**22,340,568**	**-**	**-**	**-**	**22,340,568**

Due to the short term nature of the payable and receivable above, the fair value of these instruments is believed to approximate its stated nominal value

Market risk

Market risk is defined as the risk of loss as a result of adverse changes in risk factors including foreign exchange rates

The majority of market risk arises as a result of fluctuations in foreign exchange rates The Company's income is exposed to movements in the foreign exchange rate on balances held with banks to fund the transactions between internet merchants and end user customers

Sensitivity analysis

A movement of +/- 100 basis points in foreign exchange rates, when applied to statistical models, will have the following impact on the profit and equity in the Financial Statements

Risk factor	CHF 31 December 2012 EUR '000	GBP 31 December 2012 EUR '000	USD 31 December 2012 EUR '000
Gains (Losses) resulting from a rise of 10% in relation to the EUR	44,172	(120,714)	59,060
Gains (Losses) resulting from a fall of 10% in relation to the EUR	(36,141)	98,766	(48,322)

Risk factor	CHF 31 December 2011 EUR '000	GBP 31 December 2011 EUR '000	USD 31 December 2011 EUR '000
Gains (Losses) resulting from a rise of 10% in relation to the EUR	76,657	(246,633)	71,186
Gains (Losses) resulting from a fall of 10% in relation to the EUR	(62,719)	201,791	(58,243)

It should be emphasised that the above stated sensitivity analysis exclusively comprises financial positions that are denominated in CHF, GBP and USD Financial positions denominated in other currencies were neglected due to their immaterial nature as at the balance sheet date

Notes to the Financial Statements for the year ended 31 December 2012

27. Operating Leases

The followıng schedule shows the mınımum lease payments due

	Year ended 31 December 2012 EUR	Year ended 31 December 2011 EUR
Wıthın one year	60,902	33,939
Wıthın 2 and 5 years	86,277	-
Balance at the end of the perıod	**147,179**	**33,939**

The above stated operatıng leases for the year ended 31 December 2012 exclusıvely relate to contıngent rent payables for the Company's premıses ın London

The contract was agreed between the Rodell Propertıes Lımıted as the landlord and ClıckandBuy Internatıonal Lımıted as the tenant ın May 2012 The tenancy expıres on 28 May 2015, provıded sıx months prıor notıce of the ıntentıon to termınate the lease has been served to the landlord, wıth no purchase optıon gıven The yearly rent ıncludıng parkıng spaces amounts to GBP 49,658 and ıs accrued accordıng to the contract perıod as contıngent rent payables

The Company has no other sıgnıfıcant leasıng arrangements to date

28. Post Balance Sheet Events

There have been no events subsequent to 31 December 2012 that requıre dısclosure ın the accounts