

**Kuoni Travel Holding Ltd  
Financial Report  
2016**

# Financial Report Kuoni Travel Holding Ltd

## Kuoni Travel Holding Ltd

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# Statement of financial position

Assets CHF	Notes	31 Dec 2016	%	31 Dec 2015	%
<b>Current assets</b>					
Cash and cash equivalents		216'847'369	15.6	76'849'617	6.2
Accounts receivable					
– from third parties		0	0.0	54'050	0.0
– from subsidiaries		193'078'111	13.8	178'147'307	14.5
Other receivables					
– from third parties		4'101'197	0.3	14'208'640	1.2
– from subsidiaries		4'620'856	0.3	8'547'847	0.6
Prepaid expenses		22'329	0.0	951'964	0.1
<b>Total current assets</b>		<b>418'669'862</b>	<b>30.0</b>	<b>278'759'425</b>	<b>22.6</b>
<b>Non-current assets</b>					
Financial assets					
– Loans to subsidiaries		884'614'957	63.4	948'978'905	77.0
Investments in subsidiaries	2	90'984'335	6.5	100'000	0.0
Tangible fixed assets					
– Property, plant & equipment		0	0.0	4'645'382	0.4
<b>Total non-current assets</b>		<b>975'599'292</b>	<b>70.0</b>	<b>953'724'287</b>	<b>77.4</b>
<b>Total assets</b>		<b>1'394'269'154</b>	<b>100.0</b>	<b>1'232'483'712</b>	<b>100.0</b>

Equity and liabilities CHF	Notes	31 Dec 2016	%	31 Dec 2015	%
<b>Current liabilities</b>					
Accounts payable					
– to third parties		38'373	0.0	472'585	0.0
– to subsidiaries		233'414'704	16.7	115'012'203	9.3
Bank overdrafts		236'834'001	17.0	157'595'322	12.8
Other payables					
– to third parties		4'926'685	0.4	9'493'602	0.8
– to subsidiaries		4'533'710	0.3	14'202'389	1.2
Accrued expenses		440'788	0.0	1'781'011	0.1
<b>Total current liabilities</b>		<b>480'188'260</b>	<b>34.4</b>	<b>298'557'112</b>	<b>24.2</b>
<b>Non-current liabilities</b>					
Long-term interest bearing liabilities					
– Bond	3	74'290'000	5.3	200'000'000	16.2
– Bank loans	3	0	0.0	20'000'000	1.6
– Loans from subsidiaries		33'822'573	2.4	9'797'510	0.8
– Loans from shareholders		41'515'143	3.0	0	0.0
Long-term non-interest bearing liabilities					
– Provisions		0	0.0	1'843'284	0.2
<b>Total non-current liabilities</b>		<b>149'627'716</b>	<b>10.7</b>	<b>231'640'794</b>	<b>18.8</b>
<b>Total liabilities</b>		<b>629'815'976</b>	<b>45.2</b>	<b>530'197'906</b>	<b>43.0</b>
<b>Equity</b>					
Share capital	4	3'998'400	0.3	3'998'400	0.3
Legal capital reserves					
– Reserve from capital contribution	4	369'478'035	26.5	331'841'427	26.9
– Other capital reserves	4	58'231'669	4.2	58'369'715	4.7
Legal retained earnings		8'000'000	0.6	8'000'000	0.6
Voluntary retained earnings					
– Retained earnings based on decision by annual meeting		314'330'342	22.5	376'566'962	30.6
– Net result		10'414'732	0.8	-62'239'798	-5.0
Treasury shares	5	0	0.0	-14'250'900	-1.1
<b>Total equity</b>		<b>764'453'178</b>	<b>54.8</b>	<b>702'285'806</b>	<b>57.0</b>
<b>Total equity and liabilities</b>		<b>1'394'269'154</b>	<b>100.0</b>	<b>1'232'483'712</b>	<b>100.0</b>

# Income Statement

CHF	Notes	2016	2015
<b>Income</b>			
Income from investments in subsidiaries		597'274	17'283'204
Other financial income	6	32'856'714	28'859'053
Other operating income		1'094'792	515'286
Income from sale of fixed assets		2'535'799	0
Extraordinary, non-recurring or prior period income	7	1'843'284	0
<b>Total income</b>		<b>38'927'863</b>	<b>46'657'543</b>
<b>Expenses</b>			
Personnel expenses		1'780'204	1'927'580
Administrative expenses		1'929'637	3'263'817
Depreciation		15'449	61'794
Financial expenses	8	24'475'549	22'850'625
Extraordinary, non-recurring or prior period expenses	9	0	80'494'662
Direct taxes		312'292	298'863
<b>Total expenses</b>		<b>28'513'131</b>	<b>108'897'341</b>
<b>Net result</b>		<b>10'414'732</b>	<b>-62'239'798</b>

# Notes

## **Introduction**

Kuoni Travel Holding Ltd is located in Zurich, Neue Hard 7. On 29 February 2016, Kiwi Holding IV S.à r.l. published a public tender offer for all publicly held registered shares of Kuoni Travel Holding Ltd. All conditions of the offer had been fulfilled on 19 May 2016, the settlement date, when 98.02% of the voting rights were acquired. By decision dated 13 October 2016, the Commercial Court of the Canton of Zurich cancelled all publicly held registered shares of Kuoni Travel Holding Ltd with a nominal value of CHF 1.00 each (the Kuoni B Shares) based on article 137 of the Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading. The decision has become effective on 27 October 2016. The settlement and payment of the compensation to the remaining minority shareholders of Kuoni Travel Holding Ltd took place on 16 November 2016.

All relevant shareholdings are set forth in note 2 (Investment in subsidiaries).

# 1. Principles

## **General aspects**

These financial statements were prepared according to the provisions of the Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations). Where not prescribed by law, the significant accounting and valuation principles applied are described below.

## **Financial assets**

Financial assets include interest-bearing long-term loans to Group companies. Loans granted in foreign currency are translated at the rate at the balance sheet date, whereby unrealised losses are recorded and unrealised profits are not recognised in the income statement.

## **Treasury shares**

Treasury shares are recognised at acquisition cost and deducted from shareholders' equity at the time of acquisition. In case of a resale, the gain is recognised through reserves from capital contribution and the loss is recognised through voluntary retained earnings.

## **Share-based payments**

Should treasury shares be used for share-based payment programmes for the Board of Directors, the acquisition cost is recognised as personnel expenses.

## **Long-term interest-bearing liabilities**

Interest-bearing liabilities are recognised in the balance sheet at nominal value. Issue costs for bonds are recognised as prepaid expenses and amortised on a straight-line basis over the bond's maturity period.

## **Income from investment in subsidiaries**

The income from investment in subsidiaries consists of dividends received as well as income from the sale of subsidiaries.

## **Foregoing a cash flow statement and additional disclosure in the notes**

As Kuoni Travel Holding Ltd prepared its consolidated financial statements in accordance with a recognised accounting standard (International Financial Reporting Standards as issued by IASB, IFRS), it has decided to forego presenting additional information on interest-bearing liabilities and audit fees in the notes as well as in the cash flow statement in accordance with the law.

## 2. Investments in subsidiaries

The following table shows Kuoni Travel Holding Ltd's directly held subsidiaries as of 31 December 2016:

<b>Company</b>	<b>Currency</b>	<b>Paid-in share capital</b>	<b>Investment in % and voting rights in %</b>
<b>Switzerland</b>			
Kuoni Travel Investments Ltd, Zurich*	CHF	100'000	100
Kuoni VFS Investments Ltd, Zurich*	CHF	100'000	100

On 30 November 2016 Kuoni Travel Holding Ltd has contributed CHF 90.2 million CHF into the capital contribution reserves of its indirect subsidiary Kuoni Global Travel Services Ltd. As a result, this has increased the book value of Kuoni Travel Investments Ltd who is the sole shareholder of Kuoni Global Travel Services Ltd by CHF 90.2 million.

\*Shares of legal entity have been pledged subsequently to the balance sheet date as security to the SFA (please refer to Note 12).

The following table shows Kuoni Travel Holding Ltd's directly held subsidiary as of 31 December 2015:

<b>Company</b>	<b>Currency</b>	<b>Paid-in share capital</b>	<b>Investment in % and voting rights in %</b>
<b>Switzerland</b>			
Kuoni Travel Investment Ltd, Zurich*	CHF	100'000	100

The following are Kuoni Travel Holding Ltd's material indirectly held subsidiaries, associates and joint ventures as of 31 December 2016 as well as its directly held and material indirectly held subsidiaries, associates and joint ventures as of 31 December 2015.



## Europe 2016

	Activity	Currency	Paid-in share capital	Investment in % and voting rights in %	Consolidation
<b>Switzerland</b>					
KIT Solution AG, Zurich	CO	CHF	1'000'000	100	C
Kuoni Global Travel Services AG, Zurich	D	CHF	100'000	100	C
Kuoni Travel Management Ltd, Zurich	CO	CHF	100'000	100	C
Archorix Holding Ltd, Zug	D	CHF	250'000	100	C
OTS Service and Holding (Switzerland) Ltd, Opfikon	D	CHF	14'800'000	100	C
<b>Austria</b>					
Kuoni Destination Management GmbH, Vienna	D	EUR	253'000	100	C
<b>Denmark</b>					
Kuoni Destination Management A/S, Copenhagen	D	DKK	600'000	100	C
<b>France</b>					
Gullivers Travel Associates SAS, Paris	D	EUR	37'000	100	C
<b>Hungary</b>					
Kuoni Destination Management Kft., Budapest	D	HUF	3'000'000	100	C
<b>Italy</b>					
Kuoni Destination Management S.p.A., Rome	D	EUR	1'548'000	100	C
GTA (Italia) SRL, Rome	D	EUR	20'000	100	C
<b>Malta</b>					
OTS Open Travel Services Holding (Malta) Ltd, Valletta	D	EUR	12'134'000	99.92	C
<b>The Netherlands</b>					
Kuoni Destination Management B.V., Amsterdam	D	EUR	55'815	100	C
<b>Spain</b>					
Kuoni Destination Management S.L., Madrid	D	EUR	150'000	100	C
Gullivers Travel Associates S.A., Madrid	D	EUR	420'708	100	C
MTS Incoming, S.L.U., Madrid	D	EUR	1'081'800	100	C
<b>Turkey</b>					
O.T.S OPEN TURİZM SEYAHAT İNŞAAT TİCARET ANONİM ŞİRKETİ, Antalya	D	TRY	1'906'000	60	C
<b>United Kingdom</b>					
Donvand Ltd., London	D	GBP	177'194	100	C
GTA (Retail) Limited, London	D	GBP	50'000	100	C
VF Services (UK) Ltd., London	V	GBP	25'001	100	C

## Europe 2015

	Activity	Currency	Paid-in share capital	Investment in % and voting rights in %	Consolidation
<b>Switzerland</b>					
KIT Solution AG, Zurich	CO	CHF	1'000'000	100	C
Kuoni Global Travel Services AG, Zurich	D	CHF	100'000	100	C
Kuoni Travel Management Ltd, Zurich	CO	CHF	100'000	100	C
<b>Austria</b>					
Kuoni Destination Management GmbH, Vienna	D	EUR	253'000	100	C
<b>Denmark</b>					
Kuoni Destination Management A/S, Copenhagen	D	DKK	600'000	100	C
<b>France</b>					
Gullivers Travel Associates SAS, Paris	D	EUR	37'000	100	C
<b>Hungary</b>					
Kuoni Destination Management Kft., Budapest	D	HUF	3'000'000	100	C
<b>Italy</b>					
Kuoni Destination Management S.p.A., Rome	D	EUR	1'548'000	100	C
GTA ( Italia) SRL, Rome	D	EUR	20'000	100	C
<b>The Netherlands</b>					
Kuoni Destination Management B.V., Amsterdam	D	EUR	55'815	100	C
<b>Spain</b>					
Kuoni Destination Management S.L., Madrid	D	EUR	150'000	100	C
Gullivers Travel Associates S.A., Madrid	D	EUR	420'708	100	C
<b>United Kingdom</b>					
Donvand Ltd., London	D	GBP	177'194	100	C
GTA (Retail) Limited, London	D	GBP	50'000	100	C
VF Services (UK) Ltd., London	V	GBP	25'001	100	C

### Activity:

D = Destination & Accommodation Services

V = Visa Processing Services

CO = Corporate

### Consolidation:

C = Consolidated

E = Valuation according to equity method

## Overseas 2016

	Activity	Currency	Paid-in share capital	Investment in % and voting rights in %	Consolidation	
<b>Australia</b>						
	Australian Tours Management Pty Ltd., Melbourne	D	AUD	500'000	100	C
	GTA Australasia Pty Limited, Sydney	D	AUD	100'000	100	C
	Travelcube Pacific Pty Limited, Sydney	D	AUD	50'000	100	C
<b>China</b>						
	S.K.Y. Business Consultancy Co. Ltd., Shanghai	D	CNY	1'198'115	100	C
	Kuoni Destination Management (Beijing) Ltd., Beijing	D	CNY	4'000'000	100	C
	Gullivers Travel Associates (Hong Kong) Limited, Kowloon	D	HKD	3'064'000	100	C
	Gullivers (Beijing) Commercial Consulting Services (China), Beijing	D	USD	250'000	100	C
	Gullivers Travel Associates (China) Limited, Beijing	D	CNY	4'000'000	100	C
	VFS Business Information Consulting Co. Ltd., Shanghai	V	CNY	1'127'862	100	C
<b>India</b>						
	VFS Global Services Pvt. Ltd., Mumbai	V	INR	373'670'000	100	C
<b>Japan</b>						
	Kuoni Travel (Japan) Ltd., Tokyo	D	JPY	50'000'000	100	C
	Gullivers Travel Agency Co. Ltd (Japan), Tokyo	D	JPY	40'000'000	100	C
	Octopus Travel.com Japan KK, Tokyo	D	JPY	10'000'000	100	C
<b>Kenya</b>						
	Private Safaris (E.A.) Ltd., Nairobi	D	KES	62'500'000	100	C
<b>Mauritius</b>						
	Kuoni Asian Investments (Mauritius) Ltd., Port Louis	CO	USD	1'000'000	100	C
<b>Singapore</b>						
	Kuoni Travel (S) PTE Ltd., Singapore	D	SGD	100'000	100	C
	Kuoni GTS (Singapore) Pte. Ltd., Singapore	D	SGD	100'000	100	C
<b>South Africa</b>						
	Kuoni Private Safaris (Pty) Ltd., Cape Town	D	ZAR	500'000	100	C
	VFS Visa Processing (South Africa) Pty Ltd., Pretoria	V	ZAR	300'000	100	C
<b>South Korea</b>						
	Kuoni Travel (Korea) Ltd., Seoul	D	KRW	100'000'000	100	C
	Kuoni GTS (Korea) Ltd., Seoul	D	KRW	350'000'000	100	C
<b>Taiwan</b>						
	Kuoni GTS (Taiwan) Ltd., Taipei	D	TWD	6'000'000	100	C
<b>Thailand</b>						
	Asian Trails Ltd., Bangkok	D	THB	24'000'000	49	C
	Kuonissimo (Thailand) Ltd., Bangkok	D	THB	2'000'000	49	C
<b>United Arab Emirates</b>						
	Desert Adventures Tourism LLC, Dubai	D	AED	300'000	100	C
	Gulf Dunes LLC, Dubai	D	AED	300'000	100	C
	GTA (Middle East) FZ LLC, Dubai	D	AED	50'000	100	C
	VFS TasHeel International JLT, Dubai	V	USD	5'000'000	50	E

Vasco Worldwide JLT, Dubai	V	USD	5'000'000	50	E
Octopus Travel (Middle East) FZ LLC, Dubai	D	AED	50'000	100	C
<b>USA</b>					
AlliedTPro, Inc., New York	D	USD	170'000	100	C
Kuoni Travel (Atlanta) Inc., Atlanta	D	USD	50'000	100	C
Kuoni Holding Delaware, Inc., Wilmington	CO	USD	1	100	C
GTA Americas LLC, Delaware	D	USD	29'700'000	100	C
Octopus Travel.com (USA) Limited, Delaware	D	USD	1'000	100	C

## Overseas 2015

	Activity	Currency	Paid-in share capital	Investment in % and voting rights in %	Consolidation
<b>Australia</b>					
Australian Tours Management Pty Ltd., Melbourne	D	AUD	500'000	100	C
GTA Australasia Pty Limited, Sydney	D	AUD	100'000	100	C
Travelcube Pacific Pty Limited, Sydney	D	AUD	50'000	100	C
<b>China</b>					
S.K.Y. Business Consultancy Co. Ltd., Shanghai	D	CNY	1'198'115	100	C
Kuoni Destination Management (Beijing) Ltd., Beijing	D	CNY	4'000'000	100	C
Gullivers Travel Associates (Hong Kong) Limited, Kowloon	D	HKD	3'064'000	100	C
Gullivers (Beijing) Commercial Consulting Services (China), Beijing	D	USD	250'000	100	C
Gullivers Travel Associates (China) Limited, Beijing	D	CNY	4'000'000	100	C
VFS Business Information Consulting Co. Ltd., Shanghai	V	CNY	1'127'862	100	C
<b>India</b>					
VFS Global Services Pvt. Ltd., Mumbai	V	INR	373'670'000	100	C
<b>Japan</b>					
Kuoni Travel (Japan) Ltd., Tokyo	D	JPY	50'000'000	100	C
Gullivers Travel Agency Co. Ltd (Japan), Tokyo	D	JPY	40'000'000	100	C
Octopus Travel.com Japan KK, Tokyo	D	JPY	10'000'000	100	C
<b>Kenya</b>					
Private Safaris (E.A.) Ltd., Nairobi	D	KES	62'500'000	100	C
<b>Mauritius</b>					
Kuoni Asian Investments (Mauritius) Ltd., Port Louis	CO	USD	1'000'000	100	C
<b>Singapore</b>					
Kuoni Travel (S) PTE Ltd., Singapore	D	SGD	100'000	100	C
Kuoni GTS (Singapore) Pte. Ltd., Singapore	D	SGD	100'000	100	C
<b>South Africa</b>					
Kuoni Private Safaris (Pty) Ltd., Cape Town	D	ZAR	500'000	100	C
VFS Visa Processing (South Africa) Pty Ltd., Pretoria	V	ZAR	300'000	100	C
<b>South Korea</b>					
Kuoni Travel (Korea) Ltd., Seoul	D	KRW	100'000'000	100	C
Kuoni GTS (Korea) Ltd., Seoul	D	KRW	350'000'000	100	C
<b>Taiwan</b>					
Kuoni GTS (Taiwan) Ltd., Taipei	D	TWD	6'000'000	100	C

**Thailand**

Asian Trails Ltd., Bangkok	D	THB	24'000'000	49	C
Kuonissimo (Thailand) Ltd., Bangkok	D	THB	2'000'000	49	C

**United Arab Emirates**

Desert Adventures Tourism LLC, Dubai	D	AED	300'000	100	C
Gulf Dunes LLC, Dubai	D	AED	300'000	100	C
GTA (Middle East) FZ LLC, Dubai	D	AED	50'000	100	C
VFS TasHeel International JLT, Dubai	V	USD	5'000'000	50	E
Vasco Worldwide JLT, Dubai	V	USD	5'000'000	50	E
Octopus Travel (Middle East) FZ LLC, Dubai	D	AED	50'000	100	C

**USA**

AlliedTPro, Inc., New York	D	USD	170'000	100	C
Kuoni Travel (Atlanta) Inc., Atlanta	D	USD	50'000	100	C
Kuoni Holding Delaware, Inc., Wilmington	CO	USD	1	100	C
GTA Americas LLC, Delaware	D	USD	29'700'000	100	C
Octopus Travel.com (USA) Limited, Delaware	D	USD	1'000	100	C

**Activity:**

D = Destination &amp; Accommodation Services

V = Visa Processing Services

CO = Corporate

**Consolidation:**

C = Consolidated

E = Valuation according to equity method

### 3. Bond and revolving credit facility

Kuoni Travel Holding Ltd issued a CHF 200-million 1.5%-bond in October 2013. The bond has duration of six years and matures on 28 October 2019.

Due to a change of control in 2016 described in the introduction of this financial report, bondholders of Kuoni Travel Holding Ltd had the right to request the repurchase of their bonds at par value plus accrued interest. According to the notification from UBS Ltd. bonds with an aggregate par value of CHF 125,710,000 had been tendered to Kuoni for redemption. The tendered bonds were redeemed with value date 29 August 2016 in accordance with the terms and conditions of the bond, and the intermediated securities (Bucheffecten) have been deleted from the main register of the depository.

All drawings under the former CHF 200 million revolving credit facility (RCF), which was running starting from 21 September 2015, were paid back at the beginning of May 2016 and the RCF was cancelled at closing of the takeover transaction with EQT on 19 May 2016.

## 4. Equity

### Statement of changes in equity

CHF	Legal capital reserves			Voluntary retained earnings				Total equity
	Share capital	Reserves from capital contribution	Other capital reserves	Legal retained earnings	Retained earnings based on decision by annual meeting	Net Result of the year	Treasury Shares	
<b>Equity as at 1 January 2015</b>	<b>3'998'400</b>	<b>347'666'062</b>	<b>58'503'934</b>	<b>8'000'000</b>	<b>280'673'935</b>	<b>95'893'027</b>	<b>-16'766'650</b>	<b>777'968'708</b>
Net result						-62'239'798		-62'239'798
Appropriation of retained earnings					95'893'027	-95'893'027		0
Dividends		-29'378'925						-29'378'925
Use of treasury shares		13'554'290	-134'219				2'515'750	15'935'821
<b>Equity as at 31 December 2015</b>	<b>3'998'400</b>	<b>331'841'427</b>	<b>58'369'715</b>	<b>8'000'000</b>	<b>376'566'962</b>	<b>-62'239'798</b>	<b>-14'250'900</b>	<b>702'285'806</b>
Net result						10'414'732		10'414'732
Appropriation of retained earnings					-62'239'798	62'239'798		0
Dividends <sup>1)</sup>		0			3'178			3'178
Use of treasury shares		13'942'608	-138'046				14'250'900	28'055'462
Other contributions		23'694'000	0					23'694'000
<b>Equity as at 31 December 2016</b>	<b>3'998'400</b>	<b>369'478'035</b>	<b>58'231'669</b>	<b>8'000'000</b>	<b>314'330'342</b>	<b>10'414'732</b>	<b>0</b>	<b>764'453'178</b>

<sup>1)</sup> Dividends of previous years not distributed and not subject to limitation period anymore

The share capital is composed as follows:

Nominal value	Number of registered shares		Book value	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
CHF 0.20 share A	1'249'500	1'249'500	249'900	249'900
CHF 1.00 share B	3'748'500	3'748'500	3'748'500	3'748'500
<b>Total share capital</b>			<b>3'998'400</b>	<b>3'998'400</b>

### Conditional capital

Conditional capital issuable via the exercising of conversion rights and/or warrants linked to bonds or similar debt issued by Kuoni Travel Holding Ltd or any of its subsidiaries in the domestic or international capital markets amounts to a maximum of CHF 384 000. In the case of issues of bonds or similar debt instruments to which conversion and/or warrant rights are attached, the pre-emptive rights of the existing shareholders are excluded. The holders of the said conversion and/or warrant rights are entitled to subscribe for new registered shares B. The acquisition of registered shares through the exercise of conversion and/or warrant rights and any subsequent transfer thereof are subject to the transfer and voting restrictions contained in the Articles of Incorporation. The Board of Directors is authorised to restrict or revoke the pre-emptive rights of shareholders when such bonds or similar debt instruments to which conversion and/or warrant rights are attached are issued to finance the acquisition of other companies or parts of companies. If shareholders' pre-emptive rights are revoked by a decision of the Board of Directors, the conversion and/or warrant rights concerned will be issued at the prevailing market price, and the new registered shares will be issued at market rates, with due regard to the current market price of the registered shares concerned and/or of comparable financial instruments with a market price. The exercise period is limited to ten years for conversion rights and to seven years from the date of the bond issue for warrant rights.

Conditional capital of a maximum of CHF 96 000 also exists for use in exercising subscription or option rights granted to employees of Kuoni Travel Holding Ltd or its subsidiaries under one or more employee stock option plans (in accordance with art. 28 of the Articles of Incorporation). In such cases, new registered shares B may also be issued to employees at rates below the current stock market price, and existing shareholders shall have no subscription rights. The terms and conditions for the issue of such shares shall be determined by the Board of Directors. The acquisition of registered shares under such employee stock option plans and any subsequent transfer thereof are subject to all the relevant statutory transfer and voting right restrictions.

### Reserves from capital contribution

CHF	2016	2015
<b>Capital contribution as at 1 January</b>	<b>331'841'427</b>	<b>347'666'062</b>
Distribution	0	-29'378'925
Increase from treasury shares	13'942'608	13'554'290
Other contributions	23'694'000	0
<b>Capital contribution as at 31 December</b>	<b>369'478'035</b>	<b>331'841'427</b>

The overall amount held in reserves from capital contributions is CHF 369.5 million, which is made up of the various types of contributions and share premiums minus distributions since 1 January 1997. The Swiss Federal Tax Administration disputes reserves from capital contributions of CHF 21.3 million. Further, On 1 December 2016, Kuoni Travel Holding Ltd's parent company Kiwi Holding V (Switzerland) Ltd. has contributed shares of the company OTS Service and Holding (Switzerland) Ltd. in amount of CHF 23.7m into Kuoni Travel Holding Ltd. This contribution has not been approved yet by the Swiss Federal Tax Administration. The CHF 23.7m represent 44.9% of the share capital of OTS Service and Holding (Switzerland) Ltd and were contributed into the reserves from capital contribution of Kuoni Travel Holding Ltd. Kuoni Travel Holding Ltd has, on the same day and at the same amount, sold these shares to its indirect subsidiary Kuoni Global Travel Services Ltd.



## 5. Treasury shares

	Number of registered shares B	Book value CHF 1'000
<b>Held on 1 January 2015</b>	<b>128'947</b>	<b>16'767</b>
Purchase	0	0
Use	-50'315	-2'516
<b>Held on 31 December 2015</b>	<b>78'632</b>	<b>14'251</b>
Purchase	0	0
Use	-78'632	-14'251
<b>Held on 31 December 2016</b>	<b>0</b>	<b>0</b>

## 6. Other financial income

Other financial income amounted to CHF 32.9 million (2015: CHF 28.9 million) and consisted mainly of interest income from loans to subsidiaries.

## 7. Extraordinary, non-recurring or prior period income

In the current year, Kuoni Travel Holding Ltd has released provisions related to tax risks in amount of CHF 1.8 million (PY: 0). Based on management's assessment, the previously identified tax risks do not exist anymore.

## 8. Financial Expenses

Financial expenses include unrealized exchange losses in amount of CHF 14.3 million on loans towards subsidiaries that are denominated in a foreign currency. In prior year, exchanges losses amounted to CHF 13.3 million. Further, financial expenses consist of interest on Bond in amount of CHF 2.4 million (PY: CHF 3.0 million), interest expense towards Kuoni Travel Holding Ltd's parent company, Kiwi Holding V (Switzerland) Ltd. amounting to CHF 2.1 million and interest towards banks and subsidiaries amounting to CHF 5.0 million (PY: 6.5 million). The remaining CHF 1.0m (PY: 0.1 million) were a write off of capitalized transaction cost related to the Revolving Credit Facility which has been paid back.

## 9. Extraordinary, non-recurring or prior period expenses

In prior year, Kuoni Travel Holding Ltd had recognised an exchange loss of CHF 80.5 million on its loans to and from subsidiaries. This exchange loss had been accumulated over the years, and had been derived mainly from a US-dollar denominated loan to a subsidiary. The loss was shown under extraordinary, non-recurring or prior period expense line in the Income Statement.

## 10. Full-time equivalents

Kuoni Travel Holding Ltd does not have any employees.

# 11. Contingent liabilities

<b>CHF</b>	<b>31 Dec 2016</b>	<b>31 Dec 2015</b>
Contingent liabilities	34'035'697	33'270'951

In 2016 contingent liabilities consisted of bank guarantees related to indirect subsidiaries of Kuoni Travel Holding Ltd.

## 12. Significant events after the balance sheet date

Kiwi Holding III S.A. and further Kiwi Holding subsidiaries, which act as parent companies of Kuoni Travel Holding Ltd, are party to a Senior Facilities Agreement (SFA) originally dated 17 May 2016. Under and subject to the terms of the SFA, the parent is obliged to procure that Kuoni Group companies comprising no less than 80% EBITDA or total assets of the Kuoni Group in aggregate, accede to the SFA and provide security over their material assets. On 12 January 2017, Kiwi Holding III S.A. and its subsidiaries, including Kuoni Group companies, have amended the SFA and completed the accession of the main Kuoni Group companies as guarantors to the SFA. Kuoni Travel Holding Ltd has acceded to the SFA and has pledged assets comprising all bank accounts, trade receivables, receivables and loans to other Kuoni Group companies and potential insurance claims as well as shares in subsidiaries specifically marked in the list of major subsidiaries. If the assets would have been pledged on 31 December 2016, total assets pledged would have amounted to CHF 1'394'246'824.39.

The financial statements were approved by the Board of Directors and released for publication on 27 March 2017.



# Board of Directors' proposal for the appropriation of retained earnings

The Board of Directors proposes to the Annual General Meeting not to distribute a dividend.

<b>CHF</b>	<b>2016</b>	<b>2015</b>
Profit carried forward	0	0
Net result for the year	10'414'732	-62'239'798
<b>Retained earnings</b>	<b>10'414'732</b>	<b>-62'239'798</b>
<b>Dividends:</b>		
Per registered share A	0	0
Per registered share B	0	0
<b>Total dividends</b>	<b>0</b>	<b>0</b>
Allocation to retained earnings based on decision by annual meeting	10'414'732	-62'239'798
<b>Appropriation of profit</b>	<b>10'414'732</b>	<b>-62'239'798</b>
Profit carried forward to new account	0	0
<b>Retained earnings</b>	<b>10'414'732</b>	<b>-62'239'798</b>
<b>CHF</b>	<b>2016</b>	<b>2015</b>
Legal reserve from capital contribution	369'478'035	331'841'427
Distribution from legal reserve from capital contribution	0	0
<b>Distribution</b>		
Per registered share A CHF 0.00 (2015: CHF 0.00)	0	0
Per registered share B CHF 0.00 (2015: CHF 0.00)	0	0
<b>Total request for distribution</b>	<b>0</b>	<b>0</b>



# Statutory Auditor's Report

To the General Meeting of Kuoni Travel Holding Ltd, Zurich

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Kuoni Travel Holding Ltd, which comprise the balance sheet as at 31 December 2016, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements for the year ended 31 December 2016 comply with Swiss law and the company's articles of incorporation.

### Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

### Report on Key Audit Matters based on the circular 1/2015 of the Federal Audit Oversight Authority

We have determined that there are no key audit matters to communicate in our report.

### Responsibility of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and the Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

Regula Wallimann  
Licensed Audit Expert  
Auditor in Charge

Matthias Bachmann  
Licensed Audit Expert

Zurich, 27 March 2017