

Consolidated Annual Report

for the year ended December 31, 2015

The logo for Invia, consisting of the word "invia" in a lowercase, blue, sans-serif font.

Name of the company: Invia.cz, a.s.

Legal form: Joint stock company

Headquarters: Praha 1, Senovážné náměstí 1463/5, 110 00, Czech Republic

IČ (Reg. no.): 267 02 924

Content

1. **Report of Chairman of the Board of Directors**
2. **TTV statement for the year ended 31 December 2015**
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INVIA group with its parent company Invia.cz, a.s. (Invia.cz) is the biggest group of online travel agencies in Central Europe operating its business in Czech Republic, Poland, Slovakia and Hungary. Travel package is the main product of the business and it is complemented by insurance and parking. All INVIA companies sell travel packages offered by almost all big and medium-sized tour operators in the respective countries. The group companies also sell air tickets, accommodation, euroweekends and tickets to cultural events. All products are sold through websites and chain of almost 200 own branches or branches of franchise partners.

The group had registered several trademarks of which the most important are logos of Invia and Travelplanet.pl.

The logo for Invia, featuring the word "invia" in a lowercase, blue, sans-serif font.The logo for Travelplanet.pl, featuring a red circular icon with a white stylized 'C' shape inside, followed by the text "travelplanet.pl" in a lowercase, sans-serif font, where "travel" is red and "planet.pl" is black.

Year 2015 was a very successful year. Total transaction value of the sold products ("TTV") increased by 15% and reached almost 7 bln. CZK. Management EBITDA (see Note 26) has increased by 13% from 142 mil. CZK in 2014 to 160 mil. CZK in 2015. Profit distributable to the owners of the company has increased by 33% from 65 mil. CZK in 2014 to 86.3 mil. CZK in 2015.

The growth of TTV was achieved in all companies of the group and was caused mainly by the growth of sales of the travel packages. The major reasons of the growth were professional TV campaigns, sale of insurance "F100", low advance campaigns and expansion of the franchise network.

As planned in previous year Invia.cz sold all shares of SHLD Limited, owner of 100% share in Russian travel agency Travelata Limited. The company was sold to current shareholders at the end of 2015.

In July 2015 the merger of Invia.sk, s.r.o. and Lastminute.sk, s.r.o. was registered. The effective date of the merger was set to January 1, 2015. The main reasons of the merger were optimization of the shareholding structure and decrease of administrative costs.

The most important event of the group was change of shareholders of parent company Invia.cz. The transaction was signed in December 2015 and finished in March 2016. Rockaway Travel SE became new sole shareholder of INVIA group.

No extraordinary activities were done in Research and Development, in environmental protection and working relations.

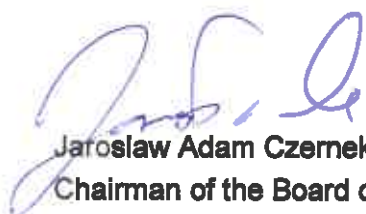
The parent company has no organizational office abroad.

We plan further strengthening of the market position in Central Europe by continuous growth of TTV in all INVIA countries. We will focus especially on growth of Polish and Hungarian market which have the highest growth potential. Integration to one of the biggest Czech e-commerce groups, Rockaway, should bring significant synergistic effects which should help us in further development of the business.

Post balance sheet events:

- Invia.cz granted a loan in amount of 5,000 th. CZK to Invia.hu. The loan was repaid in September;
- Invia.cz granted a loan in amount of 53,000 th. CZK to Travelplanet.pl;
- All receivables from the sale of SHLD Limited were repaid;
- Invia.cz repaid loan granted by UniCredit Bank Czech Republic and Slovakia in amount of 80,019 th. CZK;
- Invia.cz repaid loan granted by AMC III Indonesia BV in amount of 121,612 th. CZK (4,500 th. EUR) by newly received loan from Rockaway Travel SE;
- Invia.cz received new loan from Rockaway Travel SE in amount of 80,634 th. CZK;
- Receivable from Mr Krawczyk in amount of 21,613 th. CZK was repaid;
- Rockaway Travel SE became new sole shareholder of Invia.cz, a.s.;
- Changes in the structure of the Board of Directors and the Supervisory Board of Invia.cz and Travelplanet.pl were made and all of them were registered in commercial registers;
- Invia.cz granted a loan in amount of 23,000 th. CZK to Travelplanet.pl;
- Invia.cz realized squeeze-out of Travelplanet.pl, bought 5.47% share in Travelplanet.pl from Rockaway Travel SE and became the sole shareholder of Travelplanet.pl;
- Travelplanet.pl was delisted from Warsaw Stock Exchange.

7 December 2016



Jaroslav Adam Czernek
Chairman of the Board of Directors
Invia.cz, a.s.



Michal Drozd
Member of the Board of Directors
Invia.cz, a.s.

Invia Group with Parent Company Invia.cz, a.s. (Invia.cz)

TTV Statement for the Year Ended 31 December 2015

1. TTV Definition

Management of the Invia.cz Group prepared the TTV statement containing total value of sold tours and related services for the year ended 31 December 2015 („TTV“).

TTV represents total amount paid by the end customers for the tours and related services sold by the Group. In most of the cases the Group stands as intermediary between travel agencies and customers.

TTV calculation is based on definition of „value of sold tours and related services“ in compliance with the contract between the Group INVIA and travel agencies, specifically:

- TTV in TTV statement represents all tours and related services sold to end customers for all travel agencies;
- TTV in TTV statement is posted correctly and thus represents tours and related services sold by the Group to end customers;
- TTV in TTV statement relates only to the year ended 31. December 2015; and
- TTV in TTV statement contains only tours and related services sold by the Group to end customers and confirmed by travel agency or by signed contract with customers.

2. TTV calculation

Value of sold tours and related services for the year ended 31. December 2015 was in total 6 853 026 th. CZK.

Consolidated Financial Statements

for the year ended December 31, 2015



Name of the company: Invia.cz, a.s.

Legal form: Joint stock company

Headquarters: Praha 1, Senovážné náměstí 1463/5, 110 00, Czech Republic

IČ (Reg. no.): 267 02 924

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1 STATEMENT OF FINANCIAL POSITION**CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE YEARS ENDED
DECEMBER 31, 2015 AND 2014****A S S E T S**

(Expressed in thousands of Czech crowns - CZK)	Notes	Dec 31, 2014	Dec 31, 2015
Goodwill	1	65,106	65,106
Other Intangible Assets	1	138,066	151,017
Property, plant and equipment	3	28,748	35,805
Investment	2	17,472	68
Long-term receivables	4	24,272	24,011
Deferred tax assets	10	10,966	13,282
TOTAL NON-CURRENT ASSETS		284,630	289,289
Inventories		-	13
Trade and other receivables	5	372,627	417,655
Income tax receivables		428	-
Cash and cash equivalents	6	75,561	96,988
TOTAL CURRENT ASSETS		448,616	514,656
TOTAL ASSETS		733,246	803,945

The accompanying notes form an integral part of the consolidated financial statements.

EQUITY AND LIABILITIES

(Expressed in thousands of Czech crowns - CZK)	Notes	Dec 31, 2014	Dec 31, 2015
Share capital		12 059	12 059
Share premium		34 909	37 255
Accumulated other comprehensive income		(24 238)	(23 832)
Retained earnings		(31 415)	31 198
Profit/(loss) for the year		64 959	86 322
TOTAL SHAREHOLDER'S EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT		56 274	143 002
Non controlling interest		4 268	3 217
TOTAL EQUITY	7	60 542	146 219
Long-term borrowings	8	80 019	50 921
Long-term other liabilities	9	128 969	126 023
Deferred tax liabilities	10	25 207	27 098
TOTAL NON-CURRENT LIABILITIES		234 195	204 042
Trade and other liabilities	11	360 923	359 093
Short-term borrowings	8	64 499	80 083
Current tax liabilities	12	5 740	11 022
Short-term provisions		2	-
Liabilities to employees	13	7 345	3 486
TOTAL CURRENT LIABILITIES		438 509	453 684
LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS HELD FOR SALE	2	-	-
TOTAL LIABILITIES		672 704	657 726
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		733 246	803 945

The accompanying notes form an integral part of the consolidated financial statements.

2 STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

(Expressed in thousands of Czech crowns - CZK)	Notes	Dec 31, 2014	Dec 31, 2015
Revenue	14	660,995	778,472
Cost of sales	15	(281,422)	(352,446)
GROSS PROFIT		379,573	426,026
Selling expenses	15	(185,003)	(224,594)
Administrative expenses	15	(95,204)	(121,819)
Other gains and losses	16	3,833	54,136
Finance revenue	17	3,621	3,536
Impairment loss	2	-	-
Finance costs	18	(22,855)	(22,450)
Share of profit of associates, net of tax	2	(11,738)	-
PROFIT / (LOSS) BEFORE TAXATION		72,227	114,835
Income tax	19	(20,113)	(29,564)
PROFIT / (LOSS) FROM CONTINUING OPERATIONS		52,114	85,271
Profit/(loss) of the discontinued operation	25	3,703	-
PROFIT / (LOSS) FOR THE YEAR		55,817	85,271
- Non-controlling interest (Travelplanet.pl)		593	(1,051)
- Non-controlling interest (SHLD Limited)		(9,735)	-
PROFIT / (LOSS) FOR THE YEAR of the owners of the company		64,959	86,322
Number of shares (fully paid)		1,182,235	1,182,235
EARNINGS PER SHARE (CZK/SHARE)			
- BASIC AND DILUTED	22	55	73
PROFIT / (LOSS) FOR THE YEAR		64,718	85,271
Items that may be subsequently reclassified to profit or loss:			
- Foreign exchange translation difference, net of tax		332	951
- Share of other comprehensive income of associates		(23,807)	-
- Cash flow hedges		(157)	(545)
Other comprehensive income for the year, net of tax		(23,632)	406
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		41,086	85,677
Total comprehensive income for the year attributable to:			
- Owners of the company		50,228	86,728
- Non-controlling interest		(9,142)	(1,051)

The accompanying notes form an integral part of the consolidated financial statements.

3 STATEMENT OF CHANGES IN EQUITY**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED
DECEMBER 31, 2015 AND 2014**

(Expressed in thousands of Czech crowns - CZK)	Share capital	Share pre- mium	Accumul- ated other compreh- ensive Income	Retain- ed ear- nings	Total share- holder's equity attributable to the owners of the Parent	Non contro- lling Interest	Total equity attributa- ble to the owners of the parent
Balance as of Dec 31, 2013	12,059	16,675	(606)	7,030	35,158	33,014	68,172
Acquisition of non- controlling share	-	186	-	(35,290)	(35,104)	(24,586)	(59,690)
Increasing share capital	-	18,048	-	28,541	46,589	4,170	50,759
Dividend payments	-	-	-	(31,696)	(31,696)	-	(31,696)
Effect of business disposal	-	-	-	-	-	812	812
Comprehensive income for the year	-	-	(23,632)	64,959	41,327	(9,142)	32,185
Balance as of Dec 31, 2014	12,059	34,909	(24,238)	33,544	56,274	4,268	60,542
Contribution to other capital funds	-	2,346	-	(2,346)	-	-	-
Profit for the period	-	-	-	86,322	86,322	(1,051)	85,271
Other comprehensive Income	-	-	406	-	406	-	406
Balance as of Dec 31, 2015	12,059	37,255	(23,832)	117,520	143,002	3,217	146,219

The accompanying notes form an integral part of the consolidated financial statements

4 STATEMENT OF CASH FLOWS


CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

(Expressed in thousands of Czech crowns - CZK)	Notes	Dec 31, 2014	Dec 31, 2015
Profit/(Loss) before taxation		75,930	114,835
Depreciation and amortization	15	24,696	31,949
Provision for doubtful debts		(2,875)	4,907
Provisions		1,442	(3,861)
Net interest		15,982	16,623
Profit/loss resulting from the disposal of non-current assets		(6)	(45,315)
Other expenses not involving cash payments and non cash effective income		8,274	(10,796)
CASH FLOWS BEFORE CHANGES IN WORKING CAPITAL		123,443	108,342
Decrease/(Increase) in Long-term receivables		(3,515)	261
Decrease/(Increase) in Trade and other receivables		(97,567)	18,160
Decrease/(Increase) in Inventories		-	(13)
Increase/(Decrease) in Trade and other liabilities		107,234	(4,612)
Interest paid		(19,591)	(20,540)
Income tax paid		(16,496)	(24,279)
CASH FLOWS FROM OPERATING ACTIVITIES		93,508	77,319
Purchase of tangible and intangible assets		(38,207)	(43,530)
Proceeds from disposal of businesses (net of cash)		13,825	-
Income from the disposal of fixed assets		6	184
Interest received		3,609	1,612
CASH FLOWS FROM INVESTING ACTIVITIES		(20,767)	(41,734)
Proceeds from borrowings		157,199	62,089
Repayments of borrowings		(145,931)	(75,399)
Proceeds from issue of share capital		-	-
Purchase of shares from non-controlling interests		(30,559)	-
Security MCI		-	-
Dividends paid		(31,696)	-
CASH FLOWS FROM FINANCING ACTIVITIES		(50,987)	(13,310)
Effect of exchange rate changes on cash and cash equivalents		1,353	(848)
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS		23,107	21,427
Cash and cash equivalents at the beginning of the year		52,454	75,561
Cash equivalents at the end of the year	6	75,561	96,988

The accompanying notes form an integral part of the consolidated financial statements.

The official closing middle rate of exchange applicable between the presentation currency and the euro issued by the European Central Bank as at 31 December 2015 was 0.0370 (2014: 0.0361).

The consolidated financial statements on pages 8 to 66 were authorised for issue and approved on behalf of the Board of Directors on 7 December 2016.



Jaroslav Adam Czernek
Chairman of the Board of Directors



Michal Drozd
Member of the Board of Directors



Radek Vondál
Financial director

5 GENERAL INFORMATION

Invia.cz, a.s. (hereafter "the Company" or „the Parent“) is a joint-stock company registered on 22 July 2002. Its registered office is Praha 1, Senovážné náměstí 1463/5, PSČ 11000, Czech Republic and the identification number is 26702924. The Company is recorded in the Commercial Register kept by the Municipal Court in Prague, section B, Insert No. 15601.

The Company and its subsidiaries and associates (hereafter „the Group“) is an intermediary in the online sale of travel agency tours, flight tickets and travel insurance.

As at 31 December 2015 the Group has had subsidiaries in the Czech Republic (Invia services s.r.o.), Slovakia (Invia.sk, s.r.o.), Hungary (Invia.hu Kft), Poland (Travelplanet.pl S.A., Aero.pl Sp. Z o.o. and INVIA.PL Sp. z O.O.) and Romania (INVIA TRAVEL S.R.L.) For more details on changes in the Group refer to the next section.

5.1 Structure of the Group

List of entities constituting the Group covered by consolidation as at December 31, 2015:

Company	Country of registered office	Share held by the Group	Type of relation	Method of consolidation
Invia.cz, a.s.	Czech Republic	n/a	n/a	Full method
Travelplanet.pl S.A.	Poland	87.99%	Subsidiary	Full method (subconsolidation with Aero.pl Sp. Z o.o.)
Aero.pl Sp. Z o.o.	Poland	87.99%	Subsidiary	Full method (subconsolidation with Travelplanet.pl S.A.)
Invia.sk, s.r.o.	Slovak Republic	100.00%	Subsidiary	Full method
Invia.hu Kft	Hungary	100.00%	Subsidiary	Full method

List of entities excluded from consolidation as at December 31, 2015:

Company	Country of registered office	Share held by the Group	Type of relation	Method of consolidation
Invia services s.r.o.	Czech Republic	100.00%	Subsidiary	Excluded from consolidation due to insignificance
INVIA.PL Sp. z O.O.	Poland	100.00%	Subsidiary	Excluded from consolidation due to insignificance
INVIA TRAVEL S.R.L.	Romania	100.00%	Subsidiary	Excluded from consolidation due to insignificance

List of entities constituting the Group covered by consolidation as at December 31, 2014:

Company	Country of registered office	Share held by the Group	Type of relation	Method of consolidation
Invia.cz, a.s.	Czech Republic	n/a	n/a	Full method
Travelplanet.pl S.A.	Poland	87.99%	Subsidiary	Full method
Invia.sk, s.r.o.	Slovak Republic	100.00%	Subsidiary	Full method
Invia.hu Kft	Hungary	100.00%	Subsidiary	Full method
Lastminute.sk, s.r.o.	Slovak Republic	100.00%	Subsidiary	Full method
Aero.pl Sp. Z o.o.	Poland	87.99%	Subsidiary	Full method
SHLD Limited	Cyprus	21.46%	Associate	Equity method
OOO "Travelata", LLC	Russia	21.46%	Associate	Equity method
Invia services s.r.o.	Czech Republic	100.00%	Subsidiary	Full method
INVIA.PL Sp. z O.O.	Poland	100.00%	Subsidiary	Full method

List of entities excluded from consolidation as at December 31, 2014:

Company	Country of registered office	Share held by the Group	Type of relation	Method of consolidation
INVIA TRAVEL S.R.L.	Romania	100.00%	Subsidiary	Excluded from consolidation due to insignificance

5.2 Information about the change in the Group structure

On November 25, 2015 the Company has announced the project of merger with the company ALTARULTA, a.s. effective as of January 1, 2015. This transaction was finally not performed and it has been cancelled.

On July 1, 2015 two subsidiaries: Invia.sk, s.r.o. and Lastminute.sk, s.r.o., were merged. The effective date was January 1, 2015. The successor company was Invia.sk, s.r.o.

On December 30, 2015 the company sold its 21,46% of its share in associate SHLD Limited (Republic of Cyprus). SHLD Limited had a 100% interest in OOO Travelata LLC (Russia). Net gain from this sale was recorded in the position "Investment revenue" in the consolidated statement of comprehensive income. As in the prior year these investments were included in the consolidation using equity method, this transaction had resulted in disposal of the relevant part of "Other comprehensive income" and "Investment in associates" in consolidated statement of financial position.

5.3 Incorporation and Details of the Company

Name of the company:	Invia.cz, a.s.
Legal form:	Joint stock
Date of incorporation:	July 22, 2002
Headquarters:	Senovážné náměstí 1463/5, Praha 1, 110 000
IČ (Reg. No.):	267 02 924
Core registered activity:	Agency in trade; travel agency
Registered capital:	12 058 797 CZK

5.4 Key Shareholders

Physical and legal entities with a share exceeding 20% in the company's registered capital:

	Dec 31, 2014	Dec 31, 2015
MCI.PrivateVentures FIZ, closed-end investment trust represented by MCI Capital Towarzystwo Funduszy Inwestycyjnych S.A.	83.28%	83.28%
Others	16.72%	16.72%
TOTAL	100.00%	100.00%

The ultimate controlling party is MCI.PrivateVentures FIZ.

Registered capital as entered in the Commercial Register as of December 31, 2014:
12,058,797 CZK

Owners as of December 31, 2014:

Michal Drozd	contribution	1,015,348.80 CZK
MCI.PrivateVentures FIZ	contribution	10,042,573.20 CZK
AMC III (Malta) Limited	contribution	1,000,875.00 CZK

Registered capital as entered in the Commercial Register as of December 31, 2015:
12,058,797 CZK

Owners as of December 31, 2015:

Michal Drozd	contribution	1,015,348.80 CZK
MCI.PrivateVentures FIZ	contribution	10,042,573.20 CZK
AMC III (Malta) Limited	contribution	1,000,875.00 CZK

Board of directors as at December 31, 2014 and 2015:

Chairman:	Michal Drozd, born July 4, 1979 Lopatecká 615/5, Podolí, 147 00 Praha 4, CR
Member:	Tomasz Artur Danis, born April 21, 1979 07-410 Ostroleka, Sienkiewicza 13/15, Poland
Member:	Jerzy Krawczyk, born February 20, 1970 51-010 Żerniki, Wrocławskie, Jesionowa 8/c, Poland

Supervisory board members as at December 31, 2014 and 2015:

Chairman:	Sylwester Mieczysław Janik, born December 2, 1971 Lublin, Pielegniarek 3 m. 4, Poland
Member:	Tomasz Czechowicz, born June 23, 1970 Warszawa, Bialy Kamien 1 m. 92, Poland
Member:	Radek Stavinoha, born January 9, 1979 Voříškova 1558/24, Břevnov, 162 00 Praha 6, CR
Member:	Przemysław Glebocki, born July 28, 1979 Warszawa, Grzybowska 4/214, 00-131, Poland
Member:	Radek Vondál, born September 3, 1978 Zborovská 1566/14, 787 01 Šumperk, CR
Member:	Radek Šafařík, DiS., born September 18, 1978 Pod Harfou 943/36, Vysočany, 190 00 Praha 9, CR
Other information:	The business corporation has fully adopted Act 90/2012 Coll. by applying the procedure as per Sect. 777 Par. 5 of the Business Corporations and Cooperatives Act. Entered on: April 7, 2014

5.5 Organisation chart of the Company

The company's board of directors acts on behalf of the company. The Chairman of the Board of Directors acts on behalf of the Board of Directors independently.

Chairman of the BoD:	Michal Drozd Praha 4 - Podolí, Lopatecká 615/5, 147 00, Czech Republic Date of appointment: August 9, 2013
Member of the BoD:	Jerzy Krawczyk, born February 20, 1970 Żerniki, Wrocławskie, ul. Jesionowa 8/c, 51-010, Poland Commencement of membership: November 16, 2012
Member of the BoD:	Tomasz Artur Danis, born April 21, 1979 Ostroleka, Sienkiewicza 13/15, 07-410, Poland Commencement of membership: June 21, 2013

6 BASIS FOR PREPARATION

6.1 Statement of Compliance

The Group consolidated financial statements for the year ended December 31, 2014 and December 31, 2015, have been prepared in accordance with the International Financial Reporting Standards (EU IFRS) as adopted by the European Union as the accounting principles applied by the Company. EU IFRS include all International Accounting Standards and International Financial Reporting Standards, except for Standards and Interpretations which await approval by the European Union, but have not come into effect yet.

6.2 Basis of Measurement

The consolidated financial statements have been prepared on the historical cost basis except for assets and liabilities acquired by means of business combinations with Net Travel.cz, s.r.o. and Travelplanet.pl S.A. There were fair value adjustments made to the identifiable assets and liabilities acquired. In subsequent years, these fair value adjustments follow the same accounting treatment as the items to which they relate.

6.3 Basis for the Preparation of Financial Statements

The financial statements are expressed in CZK'000. The financial statements cover the period of 12 months, i.e. from January 1st until December 31, for the years 2014 and 2015.

The Company's financial statements were drawn up in accordance with the going concern concept, i.e. based on the assumption that the business activity is continued over a period of at least 12 months following the balance sheet date. As at the date of signing the financial statements the Company's Management Board was not aware of any facts or circumstances that could pose a threat to the possibility of continuing the Company's operations over a period of 12 months following the balance sheet date, as a result of an intended or compulsory discontinuation or a significant reduction in the existing operations.

The financial statements of the consolidated companies, prepared in accordance with local accounting principles, have been restated to conform to Group policies prior to consolidation. All consolidated companies have a December 31 year-end.

The statement of financial position is presented with a classification between current and non-current items, and the statement of comprehensive income is presented by function of expenses within the entity. The Group has decided to prepare the statement of cash flows by applying the indirect method.

The following standards, amendments, interpretations and improvements mandatory for accounting periods beginning on or after January 1, 2015, are applied by the Group:

The following standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2015 and have an impact on the Group:

IFRIC 21 - Levies (issued on 20 May 2013 and effective for annual periods beginning 1 January 2014, with EU effective date for annual periods beginning on or after 17 June 2014). The interpretation clarifies the accounting for an obligation to pay a levy that is not income tax. The obligating event that gives rise to a liability is the event identified by the legislation that triggers the obligation to pay the levy. The fact that an entity is economically compelled to continue operating in a future period, or prepares its financial statements under the going concern assumption, does not create an obligation. The same recognition principles apply in interim and annual financial statements. The application of the interpretation to liabilities arising from emissions trading schemes is optional. The change of policy has no material impact on the consolidated financial statements.

Annual Improvements to IFRSs 2013 (issued in December 2013 and effective for annual periods beginning on or after 1 July 2014, with EU effective date for annual periods beginning on or after 1 January 2015). The improvements consist of changes to four standards:

- The basis for conclusions on IFRS 1 is amended to clarify that, where a new version of a standard is not yet mandatory but is available for early adoption; a first-time adopter can use either the old or the new version, provided the same standard is applied in all periods presented.
- IFRS 3 was amended to clarify that it does not apply to the accounting for the formation of any joint arrangement under IFRS 11. The amendment also clarifies that the scope exemption only applies in the financial statements of the joint arrangement itself.
- The amendment of IFRS 13 clarifies that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including contracts to buy or sell non-financial items) that are within the scope of IAS 39 or IFRS 9.
- IAS 40 was amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive. The guidance in IAS 40 assists preparers to distinguish between investment property and owner-occupied property. Preparers also need to refer to the guidance in IFRS 3 to determine whether the acquisition of an investment property is a business combination.

The change of policies has no material impact on the consolidated financial statements.

There are no other IFRSs or IFRIC interpretations that are effective for financial periods beginning on or after 1 January 2015 that would have a material impact on the Group.

The following standards, amendments and interpretations to existing standards have not been adopted early by the Group:

Standards, interpretations and amendments to published standards not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not yet been applied in preparing these consolidated financial statements. The following standards could have an impact on the consolidated financial statements of the Group:

Defined Benefit Plans: Employee Contributions - Amendments to IAS 19 (issued in November 2013 and effective for annual periods beginning 1 July 2014, however the EU effective date is for annual periods starting on or after 1 February 2015). The amendment allows entities to recognise employee contributions as a reduction in the service cost in the period in which the related employee service is rendered, instead of attributing the contributions to the periods of service, if the amount of the employee contributions is independent of the number of years of service. The Group is currently assessing the impact of the amendments on its financial statements.

Annual Improvements to IFRSs 2012 (issued in December 2013 and effective for annual periods beginning on or after 1 July 2014, unless otherwise stated below, with EU effective date for annual periods starting on or after 1 February 2015). The improvements consist of changes to seven standards:

- IFRS 2 was amended to clarify the definition of a 'vesting condition' and to define separately 'performance condition' and 'service condition'; The amendment is effective for share-based payment transactions for which the grant date is on or after 1 July 2014.
- IFRS 3 was amended to clarify that (1) an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in IAS 32, and (2) all non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognised in profit and loss. Amendments to IFRS 3 are effective for business combinations where the acquisition date is on or after 1 July 2014.
- IFRS 8 was amended to require (1) disclosure of the judgements made by management in aggregating operating segments, including a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics, and (2) a reconciliation of segment assets to the entity's assets when segment assets are reported.
- The basis for conclusions on IFRS 13 was amended to clarify that deletion of certain paragraphs in IAS 39 upon publishing of IFRS 13 was not made with an intention to remove the ability to measure short-term receivables and payables at invoice amount where the impact of discounting is immaterial.

- IAS 16 and IAS 38 were amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model.
- IAS 24 was amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity'), and to require to disclose the amounts charged to the reporting entity by the management entity for services provided.

The Group is currently assessing the impact of these amendments on its financial statements.

Accounting for Acquisitions of Interests in Joint Operations - Amendments to IFRS 11 (issued on 6 May 2014 and effective for the periods beginning on or after 1 January 2016). This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The Group is currently assessing the impact of these amendments on its financial statements.

Clarification of Acceptable Methods of Depreciation and Amortisation - Amendments to IAS 16 and IAS 38 (issued on 12 May 2014 and effective for the periods beginning on or after 1 January 2016). In this amendment, the IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The Group is currently assessing the impact of these amendments on its financial statements.

Annual Improvements to IFRSs 2014 (issued on 25 September 2014 and effective for annual periods beginning on or after 1 January 2016). The amendments impact following 4 standards:

- IFRS 5 was amended to clarify that change in the manner of disposal (reclassification from "held for sale" to "held for distribution" or vice versa) does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such.
- The amendment to IFRS 7 adds guidance to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement, for the purposes of disclosures required by IFRS 7. The amendment also clarifies that the offsetting disclosures of IFRS 7 are not specifically required for all interim periods, unless required by IAS 34.
- The amendment to IAS 19 clarifies that for post-employment benefit obligations, the decisions regarding discount rate, existence of deep market in high-quality corporate bonds, or which government bonds to use as a basis, should be based on the currency that the liabilities are denominated in, and not the country where they arise.
- IAS 34 will require a cross reference from the interim financial statements to the location of "information disclosed elsewhere in the interim financial report".

The Group is currently assessing the impact of these amendments on its financial statements.

Disclosure Initiative Amendments to IAS 1 (issued in December 2014 and effective for annual periods on or after 1 January 2016). The Standard was amended to clarify the concept of materiality and explains that an entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material, even if the IFRS contains a list of specific requirements or describes them as minimum requirements. The Standard also provides new guidance on subtotals in financial statements, in particular, such subtotals (a) should be comprised of line items made up of amounts recognised and measured in accordance with IFRS; (b) be presented and labelled in a manner that makes the line items that constitute the subtotal clear and understandable; (c) be consistent from period to period; and (d) not be displayed with more prominence than the subtotals and totals required by IFRS standards.

The Group is currently assessing the impact of these amendments on its financial statements.

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, however not yet endorsed by EU, and have not yet been applied in preparing these consolidated financial statements. The following standards could have an impact on the consolidated financial statements of the Group:

IFRS 9 "Financial Instruments" (issued in July 2014 and effective for annual periods beginning on or after 1 January 2018). Key features of the new standard are:

- Financial assets are required to be classified into three measurement categories: those to be measured subsequently at amortised cost, those to be measured subsequently at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit or loss (FVPL).
- Classification for debt instruments is driven by the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). If a debt instrument is held to collect, it may be carried at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held in a portfolio where an entity both holds to collect assets' cash flows and sells assets may be classified as FVOCI. Financial assets that do not contain cash flows that are SPPI must be measured at FVPL (for example, derivatives). Embedded derivatives are no longer separated from financial assets but will be included in assessing the SPPI condition.
- Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss.
- Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income.

- IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities will have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables.
- Hedge accounting requirements were amended to align accounting more closely with risk management. The standard provides entities with an accounting policy choice between applying the hedge accounting requirements of IFRS 9 and continuing to apply IAS 39 to all hedges because the standard currently does not address accounting for macro hedging.

The Group is yet to assess the IFRS 9's impact.

IFRS 14, Regulatory Deferral Accounts (issued in January 2014 and effective for annual periods beginning on or after 1 January 2016). IFRS 14 permits first-time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items. An entity that already presents IFRS financial statements is not eligible to apply the standard. The Group is yet to assess the IFRS 14's impact.

IFRS 15, Revenue from Contracts with Customers (issued on 28 May 2014 and effective for the periods beginning on or after 1 January 2018). The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalised and amortised over the period when the benefits of the contract are consumed. The Group is yet to assess the IFRS 15's impact.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture- Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB). These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are held by a subsidiary. The Group is yet to assess the IFRSs' impact.

Investment Entities: Applying the Consolidation Exception Amendment to IFRS 10, IFRS 12 and IAS 28 (issued in December 2014 and effective for annual periods on or after 1 January 2016). The Standard was amended to clarify that an investment entity should measure at fair value through profit or loss all of its subsidiaries that are themselves investment entities. In addition, the exemption from preparing consolidated financial statements if the entity's ultimate or any intermediate parent produces consolidated financial statements available for public use was amended to clarify that the exemption applies regardless whether the subsidiaries are consolidated or are measured at fair value through profit or loss in accordance with IFRS 10 in such ultimate or any intermediate parent's financial statements. The Group is yet to assess the IFRSs' impact.

IFRS 16 "Leases" (issued in January 2016 and effective for annual periods beginning on or after 1 January 2019). The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Lessees will be required to recognise: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the income statement. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The Group is yet to assess the IFRS 16's impact.

Recognition of Deferred Tax Assets for Unrealised Losses - Amendments to IAS 12 (issued in January 2016 and effective for annual periods beginning on or after 1 January 2017). The amendment has clarified the requirements on recognition of deferred tax assets for unrealised losses on debt instruments. The entity will have to recognise deferred tax asset for unrealised losses that arise as a result of discounting cash flows of debt instruments at market interest rates, even if it expects to hold the instrument to maturity and no tax will be payable upon collecting the principal amount. The economic benefit embodied in the deferred tax asset arises from the ability of the holder of the debt instrument to achieve future gains (unwinding of the effects of discounting) without paying taxes on those gains. The Group is yet to assess the IFRS 12's impact.

Disclosure Initiative - Amendments to IAS 7 (issued on 29 January 2016 and effective for annual periods beginning on or after 1 January 2017). The amended IAS 7 will require disclosure of reconciliation of movements in liabilities arising from financing activities. The Group is yet to assess the IFRS 7's impact.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

6.4 Use of Estimates and Judgments

The preparation of consolidated financial statements implies the consideration by Group management of estimates and assumptions that can affect the carrying amount of certain assets and liabilities, income and expenses, and the information disclosed in the notes to the financial statements. Group management reviews these estimates and assumptions on a regular basis to ensure that they are appropriate based on past experience and the current economic situation. Items in future financial statements may differ from current estimates as a result of changes in these assumptions.

The estimates and assumptions made by management affect the carrying amount of assets and liabilities. Those with a significant impact in the consolidated annual accounts are discussed in different sections of this document:

- a) Valuation and the useful life of intangible assets and goodwill (6.5.6)
- b) Valuation and the useful life of property, plant and equipment (6.5.7)
- c) Provisions (6.5.16)
- d) Doubtful receivables provision (6.5.10)
- e) Income tax liabilities (Note 20)
- f) Deferred tax balances (6.5.15)

6.5 Significant Accounting Policies

6.5.1 Business combinations policies

In accordance with IFRS 3 (revised), which is applicable to business combinations, each time it acquires a less than 100% interest in an entity, the Group must choose whether to measure the non-controlling interest at fair value or as the non-controlling interest's proportionate share of the acquiree's identifiable net assets (with no change possible later in the event of an additional interest being acquired that does not transfer control). If the business is measured at its total fair value, goodwill attributable to non-controlling interests is also recognized. Goodwill arising on the acquisition of associates – corresponding to companies over which the Group exercises significant influence – is included in the carrying amount of the associate concerned. Goodwill arising on the acquisition of subsidiaries is reported separately.

In the year following the acquisition of a consolidated company, fair value adjustments are made to the identifiable assets and liabilities acquired. For this purpose, fair values are determined in the new subsidiary's functional currency. In subsequent years, these fair value adjustments follow the same accounting treatment as the items to which they relate.

6.5.2 Consolidation methods

The companies, as described in Note 5.1, over which the Group exercises control, directly or indirectly, are fully consolidated.

The consolidated financial statements include within the scope of consolidation, all the subsidiaries and the Company. Subsidiaries are those entities over which the Company or one of its subsidiaries has control (defined as the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities). Subsidiaries are fully consolidated even when acquired with an intention of disposal.

Intercompany balances, transactions and gains and losses are eliminated during the consolidation process.

The financial statements of all subsidiaries, associates and joint ventures, are prepared at the same financial year-end as the Company's, and the same accounting policies (IFRS-EU) are applied thereto.

6.5.3 Error adjustments

Financial figures for 2014 were transformed due to the necessity of recognition of the adjustment of the opening balance consisting in correction of a settlement of the transaction of acquiring from shareholders in the private partnership Grupa Portali TravelOne.pl the internet domains, trademarks, IT base and copyright to portals from the Grupa Portali TravelOne.pl

As at the moment of transaction settlement the Company revaluated based on the internal appraisal the value of acquired fixed assets to the amount of 14,672 th. CZK and recognised them in such amount in the balance sheet, at the same time making a note of a one-time profit in the amount of 9,959 th. CZK resulting from the difference between the appraisal amount and acquisition price (4,713 th. CZK). In these financial statements the Company adjusted the value of assets to the value of actually made payment, distributing the acquisition price among the acquired assets as per the requirements of IFRS 3 para. 2b; as a result, item "intangible assets" decreased by 8,901 th. CZK, cost of amortization by 1,058 th. CZK and other operating income was reduced by 9,959 th. CZK, amount corresponding to the recognised one-time profit.

Following the adjustment the basic profit per one share in 2014 decreased by 2,34 CZK.

Because the introduced adjustment did not impact data as at 1st January 2014, the Company did not present an additional column in the statement of financial position.

6.5.4 Foreign currency transactions and translation

a) Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which each entity of the Group operates ("the functional currency"). The functional currency of the Company is the Czech crown (CZK). The consolidated financial statements are presented in CZK, which is also the Company's presentation currency.

b) Foreign currency transactions

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation at the year-end of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income within the "Financial costs" heading.

c) Currency translation

The stand-alone financial statements of each of the subsidiaries are presented in each subsidiary's functional currency. As the consolidated financial statements are presented using the CZK, the assets and liabilities for each subsidiary are translated into CZK at year-end closing rates; components of the profit and loss account for the period are translated at average exchange rates for the year; and share capital, additional paid-in capital, and reserves are translated at historical rates. Any exchange differences arising as a result of this translation, for subsidiaries and investments in associates and joint-ventures, are recognised in other comprehensive income.

6.5.5 Related parties

The Group considers the following as its related parties: its significant shareholders and controlled companies, subsidiaries, associates, joint-ventures, members of the Board of Directors or other key management personnel and their close family members, as well as other entities where a member of the Board of Directors is involved, when significant influence exists.

6.5.6 Intangible assets

In accordance with IAS 38 "Intangible Assets", intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses.

These assets include the following:

a) Trademarks and key Internet domains

These include the cost of acquiring brands and trademarks (in particular Net Travel.cz, s.r.o., Lastminute.sk, s.r.o. and Travelplanet.pl S.A.) by means of business combinations and are directly linked with the brand name of the company. These assets can be considered as assets, which show the performance of the company on the market and as a key factor influencing the success of the entity on the market. When a brand is deemed to contribute to Group net cash inflows indefinitely, then it is treated as having an indefinite useful life. As such it would not be amortized until its useful life is determined to be finite, impairment tests will be performed annually or whenever there are signs that suggest impairment.

Intangible assets directly linked with brand name of the Company, other intangible assets of business nature (e.g. other domains) and contractual relationships are treated as assets with an indefinite useful life based on independent expert's opinion and impairment tests are performed. The value of these intangible assets was not impaired in 2014 and 2015.

b) Internet domains not directly linked with brand name

These domains are not directly linked with the brand name and are not in use. These domains are held for speculative reasons, but the company doesn't actually consider to offering them for sale. These assets are treated as having an indefinite useful life and impairment tests will be performed annually or whenever there are signs that suggest impairment.

c) Technology and Content

This heading includes the costs of acquiring technology and content by means of acquisitions through business combinations. These assets (reservation system in particular) are the combination of software elements and travel content. This combination allows the processing of travel transactions (bookings) between supply (travel providers) and demand (customers), and it makes travel information available to users through the web page. It particularly includes internally developed software applications and IT solutions. It is reasonably anticipated that these assets will be recovered through future activities or benefits in future periods. These assets are amortized by applying the straight-line method over an estimated useful life for 5 years and being charged as an expense to the profit and loss.

d) Licensed software

This includes the cost of acquiring software through separate acquisitions. These assets are amortized by applying the straight-line method over the estimated useful life of 2 - 3 years.

e) Contractual relationships

This includes the cost of contractual relationships with Travel Agencies, as acquired through business combination. These assets relate to relationships with Travel Agencies made with the objective of increasing the number of clients. Thanks to these contractual relationships the company is able to obtain better commission terms than a newly starting company. These assets are treated as having an indefinite useful life and impairment tests will be performed to adjust the carrying amount by taking into consideration existing results of cooperation and the assumption of the further continuation of the contractual relationship.

f) Goodwill

The acquirer shall recognise goodwill as of the acquisition date measured as the excess of the aggregate of: acquisition-date fair value, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with this IFRS.

Goodwill, representing the excess of the cost of a business combination over the Group's interest in the net fair value of the identifiable assets and liabilities acquired at the acquisition date, is recognized in assets under "Goodwill".

Residual goodwill mainly results from the expected synergies and other benefits arising from the business combination. In accordance with IFRS 3 (revised), which is applicable to business combinations, each time it acquires a less than 100% interest in an entity, the Group must choose whether to measure the non-controlling interest at fair value or as the non-controlling interest's proportionate share of the acquiree's identifiable net assets (with no change possible later in the event of an additional interest being acquired that does not transfer control). If the business is measured at its total fair value, goodwill attributable to non-controlling interests is also recognized. Goodwill arising on the acquisition of associates – corresponding to companies over which the Group exercises significant influence – is included in the carrying amount of the associate concerned. Goodwill arising on the acquisition of subsidiaries is reported separately. In accordance with IFRS 3 (revised) "Business Combinations", goodwill is not amortized but is tested for impairment at least once a year and more frequently if there is any indication that it may be impaired. The methods used to test goodwill for impairment are described below. If the carrying amount of goodwill exceeds its recoverable amount, an irreversible impairment loss is recognized in the profit or loss.

g) Gain from a bargain purchase

The acquirer will make a bargain purchase, which is a business combination in which the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed exceeds the aggregate of: acquisition-date fair value, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree. In this case the acquirer shall recognise the resulting gain in profit or loss on the acquisition date. The gain shall be attributed to the acquirer.

No such gain from a bargain purchase was recognised in connection with a business combination realized by the Group.

h) Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the consolidated statement of comprehensive income within 'Financial income/costs' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the profit or loss when the Group's right to receive payments is established.

6.5.7 Property, plant and equipment

Tangible assets are recognized at cost less accumulated depreciation and impairment losses. They are depreciated by applying the straight-line method over the estimated useful lives of the assets:

Category	Useful lives period
Building	10 - 20 years
Technical improvements realised on leased premises	according to duration of the rental contract
Computers, furniture, equipment	3 – 7 years
Cars	3 - 4 years
Other tangible assets	30 months

6.5.8 Impairment of assets

Property, plant and equipment and other non-financial assets, including intangible assets (except for intangible assets with indefinite useful life), are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's fair value less cost to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level, for which there are separately identifiable cash inflows (cash-generating units).

Impairment tests are performed individually for each asset except when an asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In this case, it is included in a cash-generating unit and impairment tests are performed at the level of the cash-generating unit.

Cash-generating units correspond to specific countries (markets) in this case; they include not only goodwill but also all the related property, plant and equipment and intangible assets.

Impairment tests consist of comparing the carrying amount of the asset or the cash-generating unit with its recoverable value. The recoverable value of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

Impairment loss measurement

If the recoverable amount is less than the carrying amount, an impairment loss is recognized.

Reversal of an impairment loss

In accordance with IAS 36 "Impairment of Assets", impairment losses on goodwill are irreversible. Losses on property, plant and equipment and on intangible assets with an indefinite useful life, such as brands, are reversible in the case of a change in estimates used to determine their recoverable amount.

6.5.9 Investments

Unless designated at fair value through profit and loss, trade investments are classified as available for sale assets and are included under non-current assets. They are recorded at fair value with movements in value taken to other comprehensive income. Any impairment to value is recorded in the profit or loss.

Company	Country of registered office	Share held by the Group	Type of relation	Method of consolidation
Invia services s.r.o.	Czech Republic	100,00%	Subsidiary	Excluded from consolidation due to insignificance
INVIA.PL Sp. z O.O.	Poland	100,00%	Subsidiary	Excluded from consolidation due to insignificance
INVIA TRAVEL S.R.L.	Romania	100,00%	Subsidiary	Excluded from consolidation due to insignificance

Subsidiaries Invia services s.r.o. (Czech Republic), INVIA.PL Sp. z O.O. (Poland), INVIA TRAVEL S.R.L. (Romania) was not included in the Group consolidated financial statements for the year ending December 31, 2015 (for the year ending December 31, 2014: INVIA TRAVEL S.R.L.) for the reason that they are financially inconsequential.

Financial information of INVIA TRAVEL S.R.L.

(In thousands of CZK)	Dec 31, 2014	Dec 31, 2015
Revenue	-	21
Net profit (loss)	(72)	(72)
Equity	-	(72)
Total assets	430	415
% interest held	100%	100%

Financial information of Invia services s.r.o.

(In thousands of CZK)	Dec 31, 2014	Dec 31, 2015
Revenue	6 157	6 292
Net profit (loss)	50	40
Equity	230	270
Total assets	610	666
% interest held	100%	100%

Financial information of INVIA.PL Sp. z O.O.

(In thousands of CZK)	Dec 31, 2014	Dec 31, 2015
Revenue	-	-
Net profit (loss)	(106)	(97)
Equity	308	211
Total assets	336	284
% interest held	100%	100%

6.5.10 Financial Instruments***Financial assets***

Financial assets are either classified as loans and receivables, available for sale financial assets, or financial assets at fair value through profit or loss. Financial assets include cash and cash equivalents, trade receivables, other receivables, loans, trade and other investments and derivative financial instruments. The Group determines the classification of its financial assets at initial recognition. Financial assets are recognised initially at fair value, normally being the transaction price plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the consolidated statement of comprehensive income within 'Financial income/costs' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the profit or loss when the Group's right to receive payments is established.

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The Group first assesses whether objective evidence of impairment exists. The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation.

Assets carried at amortised cost

For financial assets carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss. Impairment testing of trade receivables is described in note 6.5.8.

The subsequent measurement of financial assets depends on their classification, as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method if the time value of money is significant. Gains and losses are recognised in the profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process. This category of financial assets includes trade and other receivables.

Current receivables are recognised as originally invoiced amounts, net of provisions for bad debt which are charged to other operating expenses. The value of receivables shall be adjusted depending on the probability of their receipt by creating a provision for bad debt.

Loan receivables are valued at the amortised cost at the balance sheet date.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, and short-term investments in money market instruments. These instruments have maturities of less than three months and are readily convertible into known amounts of cash; their exposure to changes in value is minimal. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the consolidated statement of cash flows.

The Group classifies its short-term investments as cash equivalents when held for the purpose of meeting short-term cash commitments, the investments are highly liquid, readily convertible to known amounts of cash and subject only to an insignificant risk of changes in value.

Bank overdrafts that are repayable on demand are included as a component of cash and cash equivalents for the purposes of presenting the statement of cash flows. In the event that cash or cash equivalents were restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period, these assets are classified as non-current on the statement of financial position.

Financial liabilities

Financial liabilities are either classified as financial liabilities measured at amortised cost, or financial liabilities at fair value through profit or loss. Financial liabilities include trade and other payables, accruals, finance debt and derivative financial instruments. The Group determines the classification of its financial liabilities at initial recognition. Financial liabilities are recognised initially at fair value, normally being the transaction price plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs. The subsequent measurement of financial liabilities depends on their classification, as follows:

Financial liabilities measured at amortised cost

All financial liabilities are initially recognised at fair value. For interest-bearing loans and borrowings this is the fair value of the proceeds received net of issue costs associated with the borrowing. After initial recognition, financial liabilities other than those at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

This category of financial liabilities includes borrowings, trade and other payables.

Other financial liabilities

Other financial liabilities are measured at amortized cost. Amortized cost is determined by the effective interest method, taking into account the costs of the issue and any issue or redemption premiums.

6.5.11 Revenue

In accordance with IAS 18 "Revenue", revenue corresponds to the value of goods and services sold in the ordinary course of business by fully consolidated companies.

It includes:

- commission for tour booking received from tour operators,
- commission for arrangement of travel insurance,
- total transaction sales value of flight tickets,
- revenues from sales of own tours (Croatia, Euroweekend).

In accordance with IAS 18 "Revenue", revenue is measured at the fair value of the consideration received or receivable, net of all discounts and rebates and VAT. Revenue excludes intra-group transactions and is stated after the deduction of trade discounts and sales taxes.

Revenue recognition

Travel agency commissions and other revenues received from the sale of third-party products are recognised on the date of the client's departure.

Revenue from selling airline tickets arises on the day of selling the ticket.

Commission for arrangement of travel insurance is recognised on the date of the client's departure.

Valuation of revenue

The Group acts as agent and collects amounts on behalf of the principal provider of the goods or services, revenue is stated at the value of the commissions earned.

Revenues from sales of own tours (Croatia, Euroweekend) include the whole value of sold tour.

6.5.12 Lease payments

Operating lease payments

Payments made under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of comprehensive income as an integral part of the total lease expense over the term of the lease.

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

6.5.13 Other gains and losses

Other operating income and expenses include income and expenses not related directly to the normal course of business, affecting the operating result. This heading also includes exchange rate gains and losses.

6.5.14 Borrowing costs

Borrowing costs directly attributable to the construction or production of a qualifying asset are included in the cost of the asset. Other borrowing costs are recognized as an expense for the period in which they are incurred.

6.5.15 Taxes

Income tax for the year consists of current and deferred taxes. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current income tax represents the expected tax payable for the accounting period calculated using tax rates and laws existing at the end of the reporting period and for the current period. Estimated tax payable is decreased for advances paid for income taxes. If advances paid exceed the estimated tax payable at the reporting date, the difference is recorded as short-term receivable.

Deferred income tax is calculated using the liability method applied to all temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting nor taxable profit nor loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Changes in deferred tax resulting from the changes in tax rates are recognized in the period in which the changes are enacted or substantially enacted.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

6.5.16 Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are measured at the present value of the best estimate of the expenditure required to settle the present obligation as at the balance sheet date.

6.5.17 Employee benefit costs

Contributions to the State pension scheme

The Group pays its employees' contributions to the State pension system, which is managed on the basis of defined contribution scheme. The Group has no other liabilities related to the State pension scheme after paying contributions in the amount defined by law.

Pension and life insurance

In accordance with the valid employment contracts, the Group makes monthly contributions to pension and life insurance schemes for some of its employees. The contributions are paid to an independent entity under a defined contribution scheme. The contributions are recognised in profit or loss as incurred.

Short-term obligation

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligation in the balance sheet.

Other long-term employee benefit obligations

The liabilities for as jubilee and fidelity one-off payments bonuses are not expected to be wholly settled within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future age and salary levels and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of government bonds with terms and currencies that match, as closely as possible, the estimated future cash flows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss within 'Other operating expenses'.

The obligations are presented within 'Current provisions' in the balance sheet if the settlement of the obligation is expected to occur within twelve months after the reporting period, otherwise they are presented within 'Non-current provisions'.

Post-employment obligations

The liability recognised in the balance sheet in respect of defined benefit scheme is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

The interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is included as interest costs within 'Net finance costs'.

Actuarial gains and losses arising from past trend adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise and are not subsequently recycled to profit or loss.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

The obligations are presented within 'Current provisions' in the balance sheet if the settlement of the obligation is expected to occur within twelve months after the reporting period, otherwise they are presented within 'Non-current provisions'.

7 NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

NOTE 1. INTANGIBLE ASSETS

In connection with the acquisition of Net Travel.cz, s.r.o. as at June 26, 2009 and the acquisition of Travelplanet.pl S.A. in 2011 the company has recognized goodwill as an excess of the cost of a business combination over the Group's interest in the net fair value of the identifiable assets and liabilities acquired at the acquisition date.

This goodwill results from expected synergies arising from the business combination.

Goodwill - Acquisition of Net Travel.cz, s.r.o. and its subsidiary Lastminute.sk, s.r.o.

As the Group acquired a 100% controlling interest in Net Travel.cz, s.r.o., thus the Group was allowed to recognise 100% of the goodwill acquired with no noncontrolling interest proportionate share.

During the process of the purchase price allocation connected with the abovementioned acquisition, following assets were recognized: trademarks and key internet domains, other internet domains, internally developed software applications and IT solutions and contractual relationships.

To allocate goodwill to each of the individual cash-generating units in accordance with IAS 36, it requires that goodwill has to be assigned to cash-generating units according to the expected benefits from synergies, where each of cash-generating units is able to benefit from the business combination.

The geographical criterion was selected to create cash-generating units:

- Czech Republic region – this cash-generating unit comprises especially property, plant and equipment and intangible assets and goodwill directly held by or attributable to Invia.cz, a.s.
- Slovak Republic region – this cash-generating unit comprises especially property, plant and equipment and intangible assets and goodwill directly held by or attributable to Lastminute.sk, s.r.o. and Invia.sk, s.r.o.

The parent company prepared financial plans for the purposes of evaluating the acquisition for Net Travel.cz, s.r.o. and Lastminute.sk, s.r.o. where it measured the expected EBITDA for these companies for 2010–2014, taking account of the synergies which INVIA provides for the acquired companies. Goodwill value was allocated at a 1:1 ratio based on the expected EBITDA values.

Impairment tests were prepared for two alternatives of value in use. The first was based on the financial plan prepared by the parent company's management which anticipated an increase in profitability over time, with the continuing value computed with a 4% expected growth rate. The second alternative was conservative and assumed a stable EBITDA margin, derived from the EBITDA margin expected for 2011.

Value in use was computed on the after-tax base and also derived from the before-tax base by applying the principle of equivalence of values.

The discount rate after tax was determined using the CAPM method.

When comparing the recoverable amounts, it was found that even in the conservative version of the financial plan the recoverable amounts far exceeded the carrying amounts, and it is therefore not relevant to reduce the book amounts.

Impairment tests are performed in cooperation with an independent expert for valuation.

BALANCES AND MOVEMENTS RELATED TO INTANGIBLE ASSETS FOR FINANCIAL YEAR ENDED DECEMBER 31, 2014

(In thousands of CZK)	Trademarks, internet domains, contractual relationships	Software	Goodwill	Other intangible assets	Intangible assets under construction	Total
COST OR VALUATION						
Balance as of Jan 1, 2014	89,708	70,811	65,106	6,902	3,711	236,237
Translation differences	14	(558)	-	(119)	-	(663)
Additions	-	12,897	-	-	11,383	24,280
Disposals	-	(22,670)	-	-	-	(22,670)
Reclassification	-	10,458	-	-	(10,458)	-
Balance as of Dec 31, 2014	89,720	70,938	65,106	6,783	4,636	237,183
ACCUMULATED DEPRECIATION						
Balance as of Jan 1, 2014	243	42,978	-	77	-	43,298
Translation differences	1	(240)	-	(4)	-	(243)
Depreciation expense	20	13,557	-	9	-	13,586
Disposals	-	(22,631)	-	-	-	(22,631)
Balance as of Dec 31, 2014	264	33,664	-	83	-	34,011
NET BOOK VALUE						
Balance as of Jan 1, 2014	89,463	27,833	65,106	6,825	3,711	192,939
Balance as of Dec 31, 2014	89,456	37,274	65,106	6,700	4,636	203,172

BALANCES AND MOVEMENTS RELATED TO INTANGIBLE ASSETS FOR FINANCIAL YEAR ENDED DECEMBER 31, 2015

(In thousands of CZK)	Trademarks, internet domains, contractual relationships	Software	Goodwill	Other Intangible assets	Intangible assets under construction	Total
COST OR VALUATION						
Balance as of Jan 1, 2015	89,720	70,938	65,106	6,783	4,636	237,183
Translation differences	(196)	(7)	-	(238)	(788)	(1,229)
Additions	724	149	-	7,739	22,182	30,794
Reclassification	6,186	-	-	-	(6,186)	-
Balance as of Dec 31, 2015	96,434	71,080	65,106	14,284	19,844	266,748
ACCUMULATED DEPRECIATION						
Balance as of Jan 1, 2015	264	33,664	-	83	-	34,011
Translation differences	-	(1,121)	-	(25)	-	(1,146)
Depreciation expense	122	15,053	-	2,585	-	17,760
Balance as of Dec 31, 2015	386	47,596	-	2,643	-	50,625
NET BOOK VALUE						
Balance as of Jan 1, 2015	89,456	37,274	65,106	6,700	4,636	203,172
Balance as of Dec 31, 2015	96,048	23,484	65,106	11,641	19,844	216,123

NOTE 2. BUSINESS COMBINATION

a) Acquisition of Net Travel.cz, s.r.o. and its subsidiary Lastminute.sk, s.r.o.

On June 26, 2009, the Group acquired a 100% participation of Net Travel.cz, s.r.o. together with its subsidiary Lastminute.sk, s.r.o., which main activities are identical with the Group core activities. The majority of the revenues of the acquired companies are obtained in Czech and Slovak market in the ratio 1:1. Net Travel.cz, s.r.o. was a relatively less important business entity in the Czech online travel sale market where it had a share of approx. 6% (according to 2008 figures). Lastminute.sk, s.r.o. deals in online sales of tourist stays in the Slovak market and is among the leaders in the relevant market, with a share of approx. 25% (in 2008 figures). As a result of this acquisition, the Group is expected to increase its share in these markets and to save on its costs as well.

The acquired goodwill is not expected to be deductible for tax purposes.

The total consideration was in cash form and amounted to 38,000 th. CZK. In relation to the acquisition, supplementary acquisition costs amounting to 2,093 th. CZK were incurred.

The fair value of trade and other receivables was 12,303 th. CZK. The gross contract amount of due receivables was 13,247 th. CZK, of which 944 th. CZK is seen as irrecoverable.

The fair value of identifiable intangible assets acquired was 27,609 th. CZK. Of this, purchased software comprised 36 th. CZK, software produced internally comprised 3,562 th. CZK, key trademarks and domains comprised 22,540 th. CZK and customer contract benefits comprised 1,471 th. CZK.

The table below sets forth the amount of assets and liabilities recognized at the acquisition date, and those identified after the measurement period finalized, together with the resulting goodwill:

Fair value of net assets of Net Travel.cz, s.r.o. and its subsidiary Lastminute.sk, s.r.o.

(In thousands of CZK)	Carrying amounts at acquisition date	Fair Value adjustments to purchase value	Fair value of net assets acquired
Intangible assets	3,279	24,330	27,609
Tangible assets	358	194	552
Deferred tax receivables	1,303	(95)	1,208
Total non-current assets	4,940	24,429	29,369
Total current assets	18,934	(476)	18,458
Deferred tax liabilities	-	3,257	3,257
Total non-current liabilities	-	3,257	3,257
Total current liabilities	24,121	856	24,977
Net identifiable assets acquired	(247)	19,840	19,593
Total Purchase consideration	38,000		38,000
Goodwill resulting from the acquisition			18,407

Net value assets of subsidiaries

Net Travel.cz, s.r.o.	3,024
Lastminute.sk, s.r.o.	16,569
Net identifiable assets	19,593

b) Acquisition of Travelplanet.pl S.A.

On September 15, 2011, the Group acquired a 44,44% participation of Travelplanet.pl S.A. On September 19, 2011 a contract was concluded with one of the shareholders on joint conduct. By concluding this contract, the company gained control over Travelplanet.pl S.A.

The non-controlling interest of 55.56% was disclosed as a portion in the net assets of Travelplanet.pl S.A.

The total consideration was in cash form and amounted to 81,567 th. CZK. In relation to the acquisition, supplementary acquisition costs amounting to 925 th. CZK were incurred.

Impairment tests of goodwill for the year ended December 31, 2012 were made in cooperation with an independent evaluation expert. The goodwill amount was reduced by 2,758 th. CZK.

On December 31, 2013 the company subscribed a share in Travelplant.pl S.A., amounted to 1,258,198 shares. The share in the company increased to 63.72%.

On May 7, 2014 the repurchase of shares in Travelplanet.pl SA was completed, giving 850,973 shares.

On January 27, 2014 the company subscribed for another interest in Travelplanet.pl S.A., namely 241,802 shares for the price of 3.50 PLN per share.

In June 2014 the company purchased another 850,973 shares from minority shareholders and held 3,403,148 shares as at December 31, 2015, which made an 87.99% share in the registered capital.

Fair value of net assets of Travelplanet.pl S.A. as at September 30, 2011

(In thousands of CZK)	Carrying amounts at acquisition date	Fair Value adjustments to purchase value	Fair value of net assets acquired
Intangible assets	9,816	63,300	73,116
Property, plant and equipment	11,870	-	11,870
Long-term prepayments and deferred costs	4,690	-	4,690
Non-current assets	26,376	63,300	89,676
Short-term receivables	15,075	-	15,075
Short-term investments	14,428	-	14,428
Short term prepayments and deferred costs	999	-	999
Current assets	30,503	-	30,503
Total current liabilities	35,840	-	35,840
Fair value of net assets			84,338

Goodwill that arose as at September 19, 2011

(In thousands of CZK)	Value
Acquisition cost	81,567
Fair value of acquired net assets (44.44 %)	37,480
Deferred tax liabilities (44.44 %)	5,346
Profit for the period 19.-30.9.2011 (44.44 %)	24
Goodwill resulting from the acquisition	49,457
Impairment loss 2012	2,758
Goodwill as of December 31, 2015	46,699

NOTE 3. PROPERTY, PLANT AND EQUIPMENT**BALANCES AND MOVEMENTS RELATED TO TANGIBLE ASSETS FOR FINANCIAL YEAR ENDED DECEMBER 31, 2014**

(In thousands of CZK)	Land and buildings	Company cars	Computers and office equipment	Tangible assets under construction	Total
COST					
Balance as of Jan 1, 2014	15,582	6,282	48,492	883	71,239
Translation differences	(67)	(37)	(121)	(15)	(240)
Additions	2,237	3,580	9,041	2,298	17,156
Disposals	(2,806)	-	(983)	(2,382)	(6,172)
Reclassification	-	-	-	-	-
Balance as of Dec 31, 2014	14,945	9,825	56,429	784	81,983
ACCUMULATED DEPRECIATION					
Balance as of Jan 1, 2014	7,833	2,801	35,135	-	45,769
Translation differences	(34)	(12)	(92)	-	(139)
Depreciation expense	1,764	1,430	7,917	-	11,110
Disposals	(2,517)	-	(988)	-	(3,505)
Balance as of Dec 31, 2014	7,045	4,219	41,971	-	53,235
NET BOOK VALUE					
Balance as of Jan 1, 2014	7,749	3,481	13,357	883	25,470
Balance as of Dec 31, 2014	7,900	5,607	14,458	784	28,748

BALANCES AND MOVEMENTS RELATED TO TANGIBLE ASSETS FOR FINANCIAL YEAR ENDED DECEMBER 31, 2015

(In thousands of CZK)	Land and buildings	Company cars	Computers and office equipment	Tangible assets under construction	Total
COST					
Balance as of Jan 1, 2015	14,945	9,825	56,429	784	81,983
Translation differences	1,266	(108)	1,698	2	2,858
Additions	38	3,941	15,699	663	20,342
Disposals	(925)	(1,376)	(1,177)	-	(3,478)
Reclassification	958	-	78	(1,036)	-
Balance as of Dec 31, 2015	16,281	12,283	72,728	412	101,704
ACCUMULATED DEPRECIATION					
Balance as of Jan 1, 2015	7,045	4,219	41,971	-	53,235
Translation differences	527	(36)	808	-	1,299
Depreciation expense	1,628	2,010	10,551	-	14,189
Disposals	(760)	(923)	(1,121)	-	(2,824)
Balance as of Dec 31, 2015	8,420	5,271	52,209	-	65,900
NET BOOK VALUE					
Balance as of Jan 1, 2015	7,900	5,607	14,458	784	28,748
Balance as of Dec 31, 2015	7,862	7,012	20,519	412	35,805

NOTE 4. LONG-TERM RECEIVABLES

(In thousands of CZK)	Dec 31, 2014	Dec 31, 2015
Loans to shareholders	19,029	19,029
Long-term advance payments	1,948	1,786
Other	3,295	3,196
TOTAL	24,272	24,011

A portion of the share in SHLD Limited was sold to MCI.PrivateVentures FIZ and Michal Drozd in 2014, with the maturity in 2018. The outstanding receivables from the sale amounted to 19,029 th. CZK as of December 31, 2015, of which 1,747 th. CZK was a receivable from Michal Drozd and 17,282 th. CZK was a receivable from MCI.PrivateVentures FIZ.

NOTE 5. TRADE AND OTHER RECEIVABLES

(In thousands of CZK)	Dec 31, 2014	Dec 31, 2015
Receivables to travel agency customers for sold tours	208,031	184,861
Trade receivables	92,710	110,533
Receivables from employees	61	65
Tax receivables	130	872
Unbilled fees	21	983
Short-term prepayments	4,770	4,216
Prepaid expenses	1,608	3,164
Accrued income	36,521	62,059
Other receivables	28,775	50,902
TOTAL NET TRADE AND OTHER RECEIVABLES	372,627	417,655
Provision for bad debt	3,301	8,208
TOTAL GROSS TRADE AND OTHER RECEIVABLES	375,928	425,863

Other receivables include a receivable assigned from MCI Management S.A. which relates to Jerzy Krawczyk, with the value of 21,788 th. CZK based on a professional appraisal. From January 1, 2013 interest on the main amount of the loan is 4% p.a.

The receivable bears interest of 3,114 th. CZK (2014: 2,948 th. CZK).

CHANGE IN PROVISION FOR BAD DEBT

(In thousands of CZK)	Dec 31, 2014	Dec 31, 2015
Opening balance	8,502	3,301
Translation changes	(84)	(181)
Increases	289	5,177
Decreases	(5,406)	(89)
PROVISION FOR BAD DEBT AT THE END OF PERIOD	3,301	8,208

OVERVIEW OF THE GROSS TRADE AND OTHER RECEIVABLES BY MATURITY DATE

(In thousands of CZK)	Dec 31, 2014	Dec 31, 2015
Before due date	302,991	412,070
After due date less than 3 months	71,564	3,170
After due date 3-6 months	1,202	3,105
After due date more than 6 months	171	7,518
TOTAL	375,928	425,863

SPLIT OF TRADE AND OTHER RECEIVABLES BY CURRENCIES

(In thousands of currency)	Dec 31, 2014	Dec 31, 2015
EUR	691	1,013
CZK	293,187	294,211
PLN	8,988	8,505
HUF	21,959	21,552

NOTE 6. CASH

(In thousands of CZK)	Dec 31, 2014	Dec 31, 2015
Cash in hand	11,951	2,548
Cash in bank	63,610	94,440
TOTAL	75,561	96,988

CASH AND CASH EQUIVALENTS BY CURRENCY

(In thousands of currency)	Dec 31, 2014	Dec 31, 2015
EUR	1,300	594
PLN	1,039	850
HUF	15,376	8,616
CZK	31,119	74,536
USD	13	11

NOTE 7. EQUITY

(In thousands of CZK)	Dec 31, 2014	Dec 31, 2015
Share capital	12,059	12,059
Share premium	34,909	37,255
Accumulated other comprehensive income	(24,238)	(23,832)
Retained earnings	33,544	117,520
Non controlling interest	4,268	3,217
TOTAL	60,542	146,219

As a separate item of Statement of changes in equity there is shown the item Accumulated other comprehensive income, which consists of exchange differences on translation of foreign operations and change in fair value of interest and currency swaps.

In September 2011, the Group acquired a 44,44% participation of Travelplanet.pl S.A. and at the same time a contract was concluded with one of the shareholders on joint conduct. By concluding this contract, the company gained control over Travelplanet.pl S.A.

In December 2013 the general meeting of Traveplanet decided to subscribe for 1,500,000 new shares. Invia.cz subscribed namely 1,258,198 shares with the par value of 3.5 PLN per share in December 2013. In January 2014 Invia.cz subscribed the rest of 241,802 shares with the same nominal value. The payment for the shares was offset against the receivable of Invia.cz from Traveplanet.

In June 2015 the Company purchased another publicly traded 850,973 shares with the purchase price of PLN 4.5 per share. Thanks to this Invia.cz increased its share in the company Traveplanet.pl to 87.99%.

NOTE 8. BORROWINGS

(In thousands of CZK)	Dec 31, 2014	Dec 31, 2015
Long-term borrowings	80,019	50,921
Short-term borrowings	64,499	80,083
TOTAL	144,518	131,004

a) BANK POLSKA KASA OPIEKI S.A. LOAN AGREEMENT

Traveplanet.pl S.A. entered into a credit agreement with Bank Polska Kasa Opieki S.A. Amount of credit is 4,500 th. PLN, i.e. 29,214 th. CZK according to the agreement. Amount, which has been already drawn, is 6,860 th. PLN, i.e. 43,492 th. CZK as of December 31, 2015 (3,786 th. PLN, i.e. 24,579 th. CZK as of December 31, 2014).

Interest rate is 1M WIBOR + bank's margin and date of repayment of the credit is fixed on November 30, 2015.

INTERESTS TO THE BANK POLSKA KASA OPIEKI S.A. LOAN AGREEMENT

(In thousands of CZK)	Dec 31, 2014	Dec 31, 2015
Interests	1,527	2,270

b) UNICREDIT BANK CZECH REPUBLIC AND SLOVAKIA, A.S. LOAN AGREEMENT

A loan agreement was concluded on May 27, 2013, with the credit line of 142,125 th. CZK. The purpose of the loan is to provide financing for the development of subsidiaries and for the company's operating needs.

The short-term portion of the loan, repayable before December 31, 2016, amounted to 36,591 th. CZK as of December 31, 2015 (29,098 th. CZK as of December 31, 2014). The remaining long-term portion which is due after December 31, 2016 amounted to 50,921 th. CZK (80,019 th. CZK as of December 31, 2014).

The specific-purpose loan matures on September 30, 2018, bearing an interest of 1M PRIBOR + the bank's margin.

The loan agreement includes an overdraft with the maximum credit line of 15,000 th. CZK, bearing an interest of 1M PRIBOR + the bank's margin.

The loan matures on 27/02/2016 with the right to renew. The loan balance was zero as of December 31, 2015.

At 29 February 2016, the overdraft in amount of CZK 15,000,000 granted by UniCredit Bank Czech Republic and Slovakia was terminated.

In March 2015, the bank guarantee in amount of PLN 8,000,000 was granted by UniCredit Bank Czech Republic and Slovakia to Invia.cz. This guarantee was used as a collateral for a new overdraft in amount of PLN 8,000,000 granted by Bank Pekao to Travelplanet.pl. The overdraft was used for redeeming the loans from Raiffeisen Bank Polska, Invia.cz and Michal Drozd.

INTERESTS TO THE UNICREDIT BANK LOAN AGREEMENT

(In thousands of CZK)	Dec 31, 2014	Dec 31, 2015
Interests	4,695	15,965

NOTE 9. LONG-TERM OTHER LIABILITIES

(In thousands of CZK)	Dec 31, 2014	Dec 31, 2015
Long-term prepayments	429	-
Long-term liabilities	127,671	125,518
Other	869	505
TOTAL	128,969	126,023

Following a Mezzanine Facility Agreement which the Company concluded with AMC III INDONESIA B.V. on 09/08/2013, the company was granted a mezzanine loan amounting to 4,500 th. EUR, with the right to draw a further 500 th. EUR in 2014, which was not exercised however.

The loan was granted especially to provide finance for working capital. The loan is mature on December 31, 2018.

SPLIT OF LONG-TERM OTHER LIABILITIES BY CURRENCIES

(In thousands of currency)	Dec 31, 2014	Dec 31, 2015
EUR	4,515	4,502
PLN	582	688

SPLIT OF LONG-TERM OTHER LIABILITIES BY MATURITY

(In thousands of CZK)	Dec 31, 2014	Dec 31, 2015
Between 1 and 5 years	128,969	126,023
TOTAL	128,969	126,023

NOTE 10. DEFERRED TAX

(In thousands of CZK)	Dec 31, 2014	Dec 31, 2015
Deferred tax asset	10,966	13,282
Deferred tax liability	(25,207)	(27,098)
Deferred tax net	(14,241)	(13,816)

BALANCES AND MOVEMENTS IN DEFERRED TAX

(In thousands of CZK)	Deferred tax
Balance at December 31, 2013	(13,909)
Deferred tax differences of the year 2014	(416)
Translation differences	84
Balance at December 31, 2014	(14,241)
Changes in tax rate	(171)
Deferred tax differences of the year 2015	596
Balance at December 31, 2015	(13,816)

Effective from January 1, 2014 the tax rate of 22% is used for calculation of corporate income tax in the Slovak Republic.

DEFERRED TAX CALCULATION AS OF DECEMBER 31, 2014

(In thousands of CZK)	Carrying amount	Tax Value	Difference	Deferred tax asset	Deferred tax liability	Set-off
Intangible and Tangible						
Assets	170,313	64,070	(106,243)	-	(20,858)	(20,858)
Trade and Other Receivables	391,004	372,625	(18,379)	-	(3,492)	(3,492)
Employee benefits	-	7,013	7,013	1,332	-	1,332
Tax loss	-	49,049	49,049	8,015	-	8,015
Trade and Other Liabilities	360,924	367,323	6,400	1,216	-	1,216
Other	4,514	2,117	(2,398)	402	(857)	(454)
TOTAL	926,755	862,198	(64,557)	10,966	(25,207)	(14,241)

DEFERRED TAX CALCULATION AS OF DECEMBER 31, 2015

(In thousands of CZK)	Carrying amount	Tax Value	Difference	Deferred tax asset	Deferred tax liability	Set-off
Intangible and Tangible						
Assets	93,277	55,720	(37,557)	78	(18,808)	(18,730)
Trade and Other Receivables	14,233	-	(14,233)	-	(2,704)	(2,704)
Tax loss	-	18,117	18,117	1,812	-	1,812
Trade and Other Liabilities	(11,459)	-	11,459	2,290	-	2,290
Other	24,254	45,845	21,591	9,102	(5,586)	(3,516)
TOTAL	120,305	119,682	(623)	13,282	(27,098)	(13,816)

NOTE 11. TRADE AND OTHER LIABILITIES

(In thousands of CZK)	Dec 31, 2014	Dec 31, 2015
Trade payables to travel agencies	276,033	246,235
Trade payables to others than travel agencies	41,519	63,229
Employees payables	9,488	10,118
Tax and social security payables	1,927	572
Estimated items	5,940	4,293
Short-term prepayments	2,312	18,292
Accrued expenses	12,874	10,210
Deferred income	1,653	2,555
Short-term lease liabilities	993	1,110
Other payables	8,183	2,479
TOTAL	360,923	359,093

SPLIT OF TRADE AND OTHER PAYABLES BY CURRENCIES

(In thousands of currency)	Dec 31, 2014	Dec 31, 2015
EUR	754	1,116
CZK	289,303	282,870
PLN	7,413	6,739
HUF	23,552	31,824
USD	22	14
GBP	-	5

NOTE 12. CURRENT TAX LIABILITIES

(In thousands of CZK)	Dec 31, 2014	Dec 31, 2015
Corporate income tax	5,740	11,022

The balance as of December 31, 2014 consists of the corporate income tax liabilities of the Parent in the amount of 3,442 th. CZK, Lastminute.sk, s.r.o. in the amount of 186 th. CZK, Invia.services, s.r.o. in the amount of 7 th. CZK and Invia.sk, s.r.o. in the amount of 2,077 th. CZK.

The balance as of December 31, 2015 consists of the corporate income tax liabilities of the Parent in the amount of 9,188 th. CZK and Invia.sk, s.r.o. in the amount of 1,834 th. CZK.

NOTE 13. LIABILITIES TO EMPLOYEES

Balances and movements related to liabilities to employees heading for financial years ended December 31, 2015 and 2014 are as follows:

(In thousands of CZK)	Employee benefits
Carrying amount at December 31, 2013	5,905
Increase of the liability	7,345
Payments	(5,905)
Carrying amount at December 31, 2014	7,345
Increase of the liability	3,485
Payments	(7,345)
Carrying amount at December 31, 2015	3,485

8 NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**NOTE 14. REVENUES****REVENUES BY TYPE**

(In thousands of CZK)	Dec 31, 2014	Dec 31, 2015
Commissions for the sales of tours	549,972	671,151
Revenues of sales of own tours	11,693	23,630
Commissions for the sales of air tickets	52,345	7,992
Commissions for the sales of insurance	23,160	71,634
Other	23,825	4,065
TOTAL	660,995	778,472

REVENUES BY TERRITORIES

(In thousands of CZK)	Dec 31, 2014	Dec 31, 2015
Czech Republic	410,239	495,362
Slovakia	62,475	92,615
Hungary	16,977	25,767
Poland	170,967	164,277
Other	337	451
TOTAL	660,995	778,472

NOTE 15. COST OF SALES, SELLING AND ADMINISTRATIVE EXPENSES BY TYPE

(In thousands of CZK)	Dec 31, 2014	Dec 31, 2015
Cost of sales of tours	109,268	143,150
Cost of sales of euroweekends and own tours	19,853	21,958
Wages and salaries	153,810	165,791
Social security contributions and other staff costs	35,602	42,754
Depreciation/amortisation	24,696	31,949
Cost of materials and goods	4,210	7,326
Business trips	2,694	3,004
Rental fees	28,210	30,502
Post, phone and Internet, IT	14,044	9,253
Fees for accountants, bookkeeping	2,799	3,471
Credit card fee	10,578	8,773
Agency cost	8,438	1,357
Other	147,427	229,571
TOTAL	561,629	698,859

The most important item in the "Other" is the cost of advertising and representation, in 2015 amounted 162,847 th. CZK. Rest of balance is represented mainly by costs of legal services

NOTE 16. OTHER GAINS AND LOSSES

(In thousands of CZK)	Dec 31, 2014	Dec 31, 2015
Gains from sales of licenses	-	24,353
Gains from sale of associate	-	20,619
Gains/Losses from sales of assets and material	6	343
Foreign exchange gains	6,898	19,917
Foreign exchange losses	(3,669)	(2,814)
Other	(2,271)	(4,489)
Provisions	2,875	(3,793)
TOTAL	3,833	54,136

NOTE 17. FINANCE REVENUES

(In thousands of CZK)	Dec 31, 2014	Dec 31, 2015
Interests	3,609	1,612
Revenue from the sale of shares	-	906
Other	12	1,018
TOTAL	3,621	3,536

NOTE 18. FINANCE COSTS

(In thousands of CZK)	Dec 31, 2014	Dec 31, 2015
Interests	19,591	18,235
Other	3,264	4,215
TOTAL	22,855	22,450

NOTE 19. INCOME TAX

(In thousands of CZK)	Dec 31, 2014	Dec 31, 2015
Current income tax	19,697	29,989
Deferred tax (Note 11)	416	(425)
TOTAL	20,113	29,564

TAXATION BASIS CALCULATION

(In thousands of CZK)	Dec 31, 2014	Dec 31, 2015
Profit before taxation (excluding Share of profit of associates, net of tax)	75,930	114,835
Tax computed by applying the local tax rates applicable to the profits achieved in the relevant countries	18,283	21,819
Tax impact:		
- non taxable income	(11,765)	(4,969)
- non tax deductible expenses	10,013	13,139
- tax losses to which no deferred tax receivable was made	5,595	-
- unclaimed losses for the period	(2,014)	-
Total Income tax	20,113	29,989

INCOME TAX RATES

	Dec 31, 2014	Dec 31, 2015
Czech Republic	19%	19%
Slovakia	22%	22%
Hungary	10%	10%
Poland	19%	19%

9 ADDITIONAL NOTES**NOTE 20. FINANCIAL RISK AND CAPITAL MANAGEMENT**

The Group has exposure, as a result of the normal course of its business activities, to foreign exchange, interest rate, credit and liquidity risk. The goal of the Group is to identify measure and minimize these risks using the most effective and efficient methods to eliminate, reduce, or transfer such exposures.

The Group has also exposure to risks arising from global political and social development.

The full extent of the impact of the ongoing financial crisis is proving to be difficult to anticipate or completely guard against. Such circumstances could affect the ability of the Group to obtain new borrowings and re finance its existing borrowings at terms and conditions similar to those applied to earlier transactions. The debtors of the Group may also be affected by the reduced liquidity situation which could in turn impact their ability to repay their amounts owed.

Deteriorating operating conditions for borrowers may also have an impact on Management's cash flow forecasts and assessment of the impairment of financial and non financial assets. To the extent that information is available, Management has reflected revised estimates of expected future cash flows in their impairment assessments.

Foreign exchange rate risk

The reporting currency in the Group's consolidated financial statements is the Czech crown (CZK). As a result of the multinational orientation of its business, the Group is subject to foreign exchange rate risks derived from the fluctuations of several currencies.

Aside from the CZK, the main foreign currency exposures are expenditures denominated in EUR, PLN, USD, RUB and HUF. These expenditures are naturally hedged by relevant incomes in the same currency.

Interest rate risk

An interest rate swap was concluded with UniCredit Bank in 2014 ensuring the interest rate of the accepted purpose loan, which was restated at 647 th. CZK as of December 31, 2015 (1,192 th. CZK as of December 31, 2014) and the amount of revaluation was recognised in equity as Other Comprehensive Income.

Credit and liquidity risk

Cash flow forecasts are planned in each of subsidiary and aggregated on group level by group finance department. The group finance department continuously monitors the ongoing liquidity requirements to ensure sufficient funds to cover operational needs while maintaining a sufficient reserve for loan repayments so that the group would never break any loan contract or credit limits on borrowing funds.

NOTE 21. CALCULATION OF EBITDA

(In thousands of CZK)	Dec 31, 2014	Dec 31, 2015
Operating Profit/(Loss) (EBIT)	91,249	133,749
Depreciation/amortisation	24,696	31,949
EBITDA	115,945	165,698

CALCULATION OF EBIT

(In thousands of CZK)	Dec 31, 2014	Dec 31, 2015
Gross profit	379,573	426,026
Selling expenses	(185,003)	(224,594)
Administrative expenses	(95,204)	(121,819)
Other gains and losses	3,833	54,136
Share of profit of associates, net of tax	(11,738)	-
Operating Profit/(Loss) (EBIT)	91,461	133,749

NOTE 22. CALCULATION OF EARNINGS PER SHARE (EPS)

(In CZK)	Dec 31, 2014	Dec 31, 2015
Profit for the year	64,958,782	86,322,267
Weighted average number of shares	1,182,235	1,182,235
EPS – basic and diluted	54.95	73.02

The company's registered capital therefore amounted to 12,059 th. CZK as of December 31, 2014 and 2015, with a total of 1,182,235 shares. One share has nominal value of 10.20 CZK.

NOTE 23. EMPLOYMENT STRUCTURE

(In number of persons)	Dec 31, 2014	Dec 31, 2015
Directors	10	10
Staff (Full time equivalent)	494	530
TOTAL	504	540

NOTE 24. RELATED PARTY TRANSACTIONS**REMUNERATION OF KEY STAFF**

The key managerial staff is deemed to comprise both executive and non-executive members of the board of directors who directly or indirectly make decisions or are responsible for the planning, management and control of the company's operations.

(In thousands of CZK)	Dec 31, 2014	Dec 31, 2015
Salaries and other short-term employee benefits	22,976	24,871

LOANS GRANTED

No loans have been provided to the members of the Board of Directors, members of the Supervisory Board or other members of management as of December 31, 2014 and 2015.

NOTE 25. DISCONTINUED OPERATIONS

Discontinued operations include subsidiaries acquired for sale.

Part of subsidiaries acquired for sale was sold in 2014. Specifically, the Company sold 44,8% share in SHLD Limited in June 2014. As a result of this transaction, the company has held 21.46 % share in SHLD Limited until December 30, 2015, when the Company the company sold remaining share.

NOTE 26. SEGMENT REPORTING

An operating segment is a component of an entity that earns revenues and incurs expenses and whose financial results are regularly reviewed by the management. Management monitors performance of the Group with reference to the geographical areas. The Group's reportable segments are the Czech Republic, Slovak Republic, Poland and other countries. Management reviews EBITDA to evaluate segment performance and allocate resources. Information about total assets by segment is not disclosed because such information is not reported to or used by management.

The segment results for the period ended December 31, 2014:

(In thousands of CZK)	Czech Republic	Slovak Republic	Poland	Other countries	Total
Total gross segment					
revenues	416,847	68,555	171,303	16,977	673,682
Inter-segment					
revenues	(6,256)	(6,431)	-	-	(12,687)
External revenues	410,590	62,124	171,303	16,977	660,995
Management					
EBITDA	89,701	24,717	26,220	1,413	142,051

The segment results for the period ended December 31, 2015:

(In thousands of CZK)	Czech Republic	Slovak Republic	Poland	Other countries	Total
Total gross segment					
revenues	498,657	92,615	164,336	26,218	781,826
Inter-segment					
revenues	(3,295)	-	(59)	-	(3,354)
External revenues	495,362	92,615	164,277	26,218	778,472
Management					
EBITDA	123,747	23,423	11,498	1,198	159,866

Reconciliation of management EBITDA to total profit before income tax is provided as follows:

(In thousands of CZK)	Dec 31, 2014	Dec 31, 2015
Management EBITDA	142,051	159,866
One-off gains/(costs)	(13,813)	4,926
Corporate expenses	(343)	-
Depreciation/amortization	(24,696)	(31,949)
Investment revenue	3,621	3,536
Finance costs	(22,855)	(21,544)
Share of profit of associates, net of tax	(11,738)	-
Profit before tax	72,227	114,835

Revenues from customers or groups of customers under common control exceeding 10% of the Group's revenues: nil th. CZK. The Company is domiciled in the Czech Republic. The total of non-current assets other than deferred tax assets located in the Czech Republic is 32,054 th. CZK (2014 49,561 th. CZK), the total of these assets located in Slovakia is 23,287 th. CZK (2014 31,667 th. CZK) and the total of these assets located in Poland is 145,027 th. CZK (2014 183,736 th. CZK).

Management EBITDA is adjusted for one-off gains/(costs), which are as follows:

(In thousands of CZK)	Dec 31, 2014	Dec 31, 2015
Advisory costs	(171)	(5,963)
Gain from sale of associate	-	20,619
Financial costs / income	(564)	12,360
Legal costs	(2,810)	(8,824)
Restatement according to Note 6.5.3	(10,268)	-
Other costs	-	(13,266)
TOTAL	(13,813)	4,926

NOTE 27. CONTINGENT LIABILITIES

Travelplanet.pl S.A. has contingent liabilities resulting from the bank guaranties granted to the Company's contracting parties.

There are following guaranties of third parties as a part of the loan agreement with Raiffeisen Bank Polska S.A.:

- Corporate guarantee of third party up to the amount of PLN 2 million,
- Patron's declaration of a third party up to the amount of PLN 4,5 million.

NOTE 28. INFORMATION ON SECURITIES WITH LOANS RECEIVED**a) UNICREDIT LOAN AGREEMENT**

The specific-purpose loan is secured with a pledge on the share in Invia.sk s.r.o., Travelplanet.pl S.A., a pledge over the securities issued by the company and held by third parties, blank bills, a pledge over www.invia.cz web domain, a pledge over the registered mark of INVIA.CZ, a pledge over the receivables from bank accounts kept in the Czech Republic and with a Letter of Comfort issued by MCI Private Ventures FIZ.

b) RAIFFEISEN BANK POLSKA S.A. LOAN AGREEMENT

Security of limit repayment to Raiffeisen Bank S.A.

- Proxy to the current account and other accounts at the Bank
- Registered pledge on the Issuer's movable property with transfer of receivables from insurance

c) MEZZANINE FACILITY AGREEMENT

According to the Warrant Agreement relating to the EUR 5,000,000 Mezzanine Facility Agreement concluded on August 9, 2013 the MCI Private Ventures FIZ is obliged and liable to ensure that Invia.cz issues the Warrant Shares to the Warrant Holder, company Accession Mezzanine Capital III (Malta) Limited in accordance with the Warrant Agreement.

NOTE 29. STATE SUBSIDY

In 2013 the Company was granted a subsidy as part of the Prague – Adaptability programme for education of its impaired employees, amounting to 840 th. CZK. An amount of 485 th. CZK was drawn from the subsidy in 2013 and 102 th. CZK in 2014. An accrued amount recognised in revenues in 2014 was 571 th. CZK. In 2015, the Company did not receive any subsidy.

NOTE 30. AUDITOR'S FEES

Fees, excluding VAT charged by the auditor for services rendered during the years ended December 31, 2015 and 2014 relate to the following:

(In thousands of CZK)	December 31, 2015
Audit fee	1 533
Other services (mainly Due Dilligence)	3 442
TOTAL	4 975

NOTE 31. SIGNIFICANT EVENTS OF THE PREVIOUS PERIODS DISCLOSED IN THE FINANCIAL STATEMENTS

These financial statements do not disclose any events concerning the previous periods.

NOTE 32. SIGNIFICANT EVENTS WHICH OCCURRED FOLLOWING THE BALANCE SHEET DATE

In January 2016 an intercompany loan was provided to subsidiary Travelplanet.pl SA in the amount of 53,000 th. CZK due on 31. December 2016. Travelplanet.pl SA repaid the overdraft with Bank Polska Kasa Opieki SA. Therefore, there was a cancellation of the bank guarantee from UniCredit Bank Czech Republic and Slovakia, which the Company secured the loan in Bank Polska Kasa Opieki SA.

In January 2016 Invia.cz provided an intercompany loan of CZK 5,000 th. to the company Invia.hu.

In March 2016 following events occurred:

- repayment of all claims from the sale of shares in SHLD Limited;
- repayment of loan drawn at UniCredit Bank Czech Republic and Slovakia in amount 80,019 th. CZK financed by own resources;
- repayment of part of the assigned receivable from Jerzy Krawczyk in amount 17,558 th. CZK;
- repayment of long-term commitment in the amount of 121,612 th. CZK (4,500 th. EUR) from Mezzanine Facility Agreement financed by newly received long-term loan drawn from company Rockaway Travel SE;
- as at March 11, 2016 company Rockaway Travel SE (seated Na hřebenech II 1718/8, Nusle 140 00 Praha 4) became the single shareholder of the Company;
- Jaroslav Adam Czernek was appointed on the position of Chairman of the Board of directors as at March 10, 2016 and at the same time Michal Drozd was appointed on the position of the Board of Directors member;
- Jaromír Švihovský was appointed on the position of Chairman of the Supervisory Board as at March 10, 2016 and at the same time Sylwester Mieczysław Janik, Tomasz Czechowicz, Radek Stavinoha and Przemysław Glebocki were dismissed from their positions in the Supervisory Board;
- since March 10, 2016 the Chairman of the Board of Directors together with one member of the Board of Directors acts on behalf of the Company.

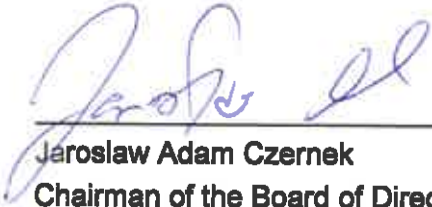
In April 2016 an intercompany loan was provided to subsidiary Travelplanet.pl SA in the amount of 23,000 th. CZK due on December 31, 2016.

In August 2016 Travelplanet.pl was delisted from Warsaw Stock Exchange.

In October 2016 squeeze-out of the company Travelplanet.pl was performed by the Company and purchased a share of 5.47% in Travelplanet.pl from Rockaway Travel SE and became the sole shareholder of the company Travelplanet.pl.

No other events have occurred subsequent to year-end that would have a material impact on the financial statements as at December 31, 2015.

Prepared on: 7 December 2016



Jaroslaw Adam Czernek
Chairman of the Board of Directors

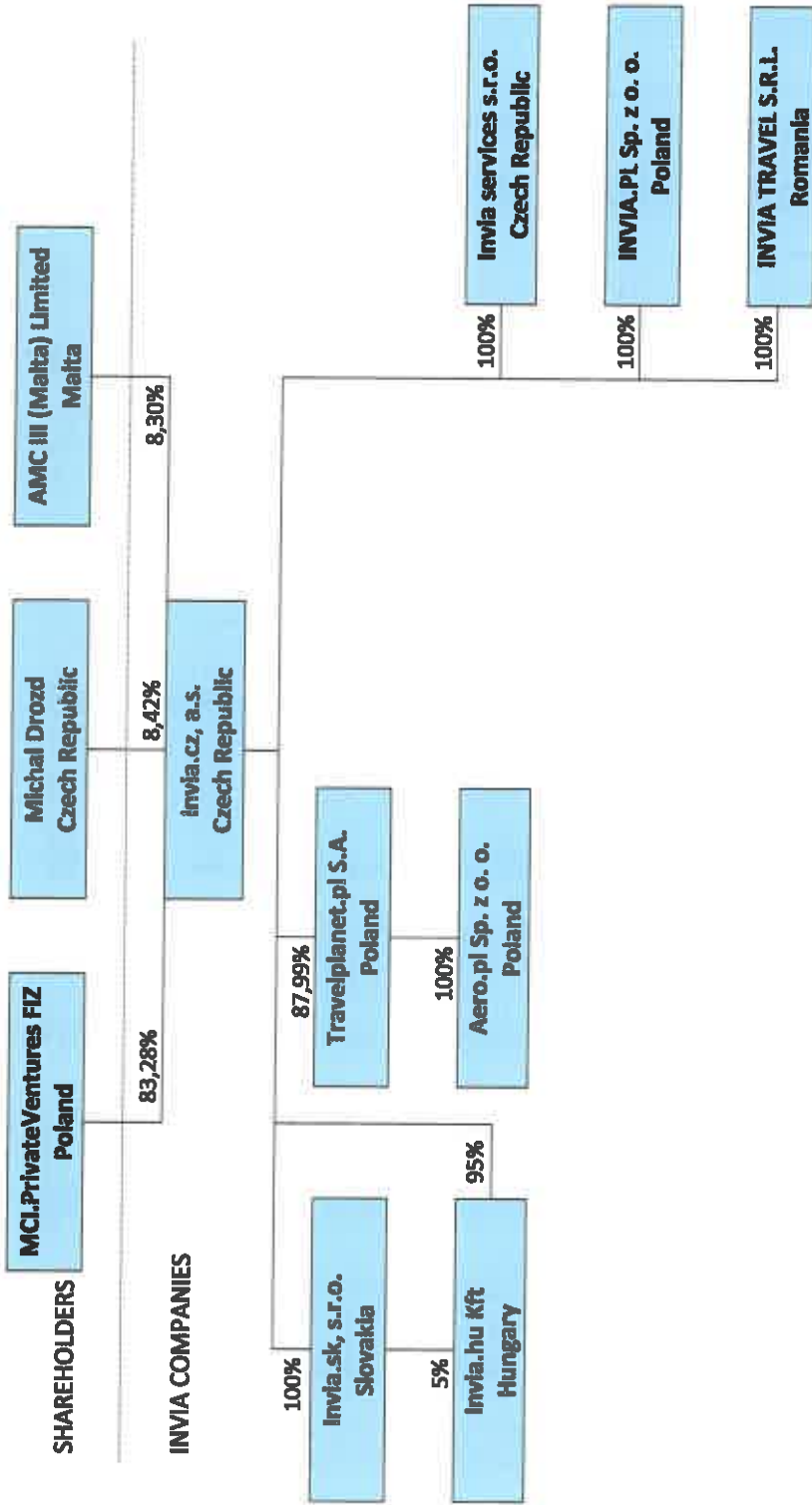


Michal Drozd
Member of the Board of Directors



Radek Vondál
Financial director

Group companies as at December 31, 2015:





Independent auditor's report

to the shareholders of Invia.cz, a.s.

We have audited the accompanying consolidated financial statements of Invia.cz, a.s., identification number 26702924, with registered office at Senovážné náměstí 1463/5, Praha ("the Company") and its subsidiaries (together "the Group"), which comprise the consolidated statement of financial position as at 31 December 2015, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended and notes, including a summary of significant accounting policies and other explanatory information ("the consolidated financial statements").

Board of Directors' Responsibility for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Act on Auditors of the Czech Republic, International Standards on Auditing and the related application guidance of the Chamber of Auditors of the Czech Republic. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2015, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Other information

The other information comprises the information included in the consolidated annual report, but does not include the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information.



**Shareholders of Invia.cz, a.s.
Independent auditor's report**

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is not materially inconsistent with the consolidated financial statements or our knowledge about the Group obtained in the course of the audit of the consolidated financial statements, whether the consolidated annual report was prepared in compliance with legal requirements, and whether the other information does not appear to be otherwise materially misstated. If, based on the work we have performed, we conclude that the aforementioned requirements of the other information are not met, we are obliged to report that fact herein.

We have nothing to report in this regard.

7 December 2016

represented by

Václav Prýmek
Partner

Hana Valešová
Statutory Auditor, Evidence No. 2004

Note

Our report has been prepared in the Czech language and in English. In all matters of interpretation of information, views or opinions, the Czech version of our report takes precedence over the English version.