

Independent Auditor's Report
as at 31. 12. 2013

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

Issued 25. 6. 2014



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Company audited: **Invia.cz, a. s.**
Senovážné náměstí 1463/5
Prague

Identification Number: **267 02 924**

Legal form: **Joint-stock Company**

Report Recipients: **to the Shareholders**

Relevant Period: **From 1. 1. 2013 to 31. 12. 2013**

Audit was performed by:

Auditing Company: **BDO Audit s. r. o., Certificate No. 018**
Olbrachtova 1980/5
Prague

Auditors: **Vlastimil Hokr, Certificate No. 0071**
Michal Gabriel, Certificate No. 1154

Auditor Assistants: **Dagmar Moserová**
Alena Kopáčíková

Copies: **Copy No. 1-2: Invia.cz, a. s.**
Copy No. 3: BDO Audit s. r. o.



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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., based in Senovážné náměstí 1463/5, Prague, identification number 267 02 924, which comprise the consolidated statement of financial position as of 31. 12. 2013, the consolidated statements of comprehensive income for the period from 1. 1. 2013 to 31. 12. 2013, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Statutory Body's Responsibility for the Financial Statements

The Statutory Body of Invia.cz, a. s. is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and for such internal control as statutory body 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 and International Standards on Auditing and the related application guidelines issued by the Chamber of Auditors of the Czech Republic. Those laws and regulations require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 the 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 entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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



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Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Invia.cz, a. s. as of 31. 12. 2013, and of its financial performance and its cash flows for the period from 1. 1. 2013 to 31. 12. 2013 in accordance with International Financial Reporting Standards as adopted by the EU.

Prague, 25. 6. 2014

BDO Audit s. r. o., Certificate No. 018

Represented by partners:

Vlastimil Hokr
Certificate No. 0071

Michal Gabriel
Certificate No. 1154

Consolidated Financial Statements

for the year ended December 31, 2013

The logo for Invia, featuring the word "invia" in a bold, lowercase, sans-serif font.

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

Legal form: Joint stock company

Headquarters: Praha 1, Senovážné náměstí 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, 2013, 2012 AND 2011

ASSETS

(Expressed In thousands of Czech crowns - CZK)	Notes	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2013
Goodwill	1	67 864	65 106	65 106
Other Intangible Assets	1	105 887	114 765	127 833
Property, plant and equipment	3	18 704	26 280	25 470
Long-term receivables	4	3 071	2 123	1 728
Deferred tax assets	11	7 219	5 489	8 803
TOTAL NON-CURRENT ASSETS		202 745	213 763	228 940
Trade and other receivables	5	103 051	159 271	254 890
Income tax receivables		268	0	1 060
Bonds	6	0	7 288	24 470
Cash and cash equivalents	7	25 928	31 626	52 453
TOTAL CURRENT ASSETS		129 247	198 185	332 873
NON CURRENT ASSETS HELD FOR SALE		0	0	53 971
TOTAL ASSETS		331 992	411 948	615 784

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, 2011	Dec. 31, 2012	Dec. 31, 2013
Share capital		11 526	12 059	12 059
Other capital reserves		0	16 675	16 675
Accumulated other comprehensive income		449	(146)	(606)
Retained earnings		14 430	37 437	(17 629)
Profit/(loss) for the year		23 007	35 636	24 659
TOTAL SHAREHOLDER'S EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT		49 412	101 661	35 158
Non controlling interest		37 851	32 361	33 013
TOTAL EQUITY	8	87 263	134 022	68 171
Long-term borrowings	9	48 125	15 625	80 714
Long-term other liabilities	10	988	3 566	127 525
Deferred tax liabilities	11	18 101	20 381	22 713
TOTAL NON-CURRENT LIABILITIES		67 214	39 572	230 952
Trade and other liabilities	12	146 652	186 757	255 143
Short-term borrowings	9	28 226	43 247	53 981
Current tax liabilities	13	1 880	5 674	3 085
Short-term provisions		12	0	0
Employee benefits	14	745	2 676	5 905
TOTAL CURRENT LIABILITIES		177 515	238 354	318 114
LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS HELD FOR SALE		0	0	(1 453)
TOTAL LIABILITIES		244 729	277 926	547 613
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		331 992	411 948	615 784

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, 2013, 2012 AND 2011

(Expressed In thousands of Czech crowns - CZK)	Notes	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2013
Revenue	15	245 455	406 814	493 727
Cost of sales	16	(99 166)	(184 013)	(212 378)
GROSS PROFIT		146 289	222 801	281 349
Selling expenses	16	(68 837)	(106 839)	(145 116)
Administrative expenses	16	(46 182)	(62 373)	(77 048)
Other gains and losses	17	473	1 894	(4 940)
Investment revenue	18	647	745	3 681
Impairment loss	2	0	(2 758)	0
Finance costs	19	(5 350)	(6 591)	(18 175)
PROFIT / (LOSS) BEFORE TAXATION		27 040	46 879	39 751
Income tax	20	(6 326)	(16 733)	(12 733)
PROFIT / (LOSS) FROM CONTINUING OPERATIONS		20 714	30 146	27 018
Profit/(loss) of the discontinued operation		0	0	(16 493)
PROFIT / (LOSS) FOR THE YEAR		20 714	30 146	10 525
Profit/(Loss) for the year attributable to:				
- Owners of the company		23 007	35 636	24 659
- Non-controlling interest		(2 293)	(5 490)	(14 134)
Exchange differences on translating foreign operations, net of tax		304	(379)	286
Change in fair value of interest swap		0	(216)	(593)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		21 018	29 551	10 218
Total comprehensive income for the year attributable to:				
- Owners of the company		23 251	35 155	25 433
- Non-controlling interest		(2 233)	(5 604)	(14 908)
EARNINGS PER SHARE (CZK/SHARE)		20	30	22

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, 2013, 2012 AND 2011

(Expressed In thousands of Czech crowns - CZK)	Share capital	Share premium	Accumulated other comprehensive income	Retained earnings	Total shareholder's equity attributable to the owners of the Parent	Non controlling interest	Total equity attributable to the owners of the parent
Balance as of December 31, 2010	11 526	0	145	14 430	26 101	0	26 101
Acquisition of non-controlling share	0	0	0	0	0	40 144	40 144
Comprehensive income for the year	0	0	304	23 007	23 310	(2 293)	21 018
Balance as of December 31, 2011	11 526	0	449	37 437	49 412	37 851	87 263
Increasing share capital	533	16 675	0	0	17 207	0	17 207
Comprehensive income for the year	0	0	(602)	35 636	35 041	(5 490)	29 552
Balance as of December 31, 2012	12 059	16 675	(146)	73 073	101 660	32 362	134 022
Acquisition of non-controlling share	0	0	0	0	0	8 563	8 563
Comprehensive income for the year	0	0	(460)	(66 043)	(66 502)	(7 912)	(74 414)
Balance as of December 31, 2013	12 059	16 675	(606)	7 030	35 158	33 013	68 171

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, 2013, 2012 AND 2011

(Expressed In thousands of Czech crowns - CZK)	Notes	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2013
Profit/(Loss) before taxation		27 040	46 879	23 257
Depreciation and amortization	16	7 151	13 814	17 703
Provision for doubtful debts		22	(1 621)	6 170
Provisions		12	5 696	(338)
Interest		2 771	3 092	6 513
Profit/loss resulting from the disposal of non-current assets		111	23	0
Other expenses not involving cash payments and non cash effective income		0	(1 117)	0
CASH FLOWS BEFORE CHANGES IN WORKING CAPITAL		37 107	66 766	53 305
Decrease/(Increase) in Long-term receivables		(507)	948	395
Decrease/(Increase) in Trade and other receivables		(18 245)	(54 599)	(172 942)
Decrease/(Increase) in Inventories		0	0	0
Increase/(Decrease) in Trade and other liabilities		23 753	39 322	68 386
Interest paid		(3 418)	(3 745)	(11 139)
Income tax paid		(6 277)	(8 291)	(16 786)
CASH FLOWS FROM OPERATING ACTIVITIES		32 412	40 401	(78 781)
Purchase of tangible and intangible assets		(12 001)	(35 171)	(28 958)
Acquisition of subsidiary, net of cash received		(67 139)		0
Income from the disposal of fixed assets		(111)	(23)	0
Interest received		647	653	4 626
CASH FLOWS FROM INVESTING ACTIVITIES		(78 604)	(34 541)	(24 332)
Proceeds from borrowings		44 646	0	262 860
Repayments of borrowings		0	(17 479)	(59 512)
Proceeds from issue of share capital		0	17 207	0
Security MCI		0	1 500	0
Dividends paid		0	0	(90 701)
CASH FLOWS FROM FINANCING ACTIVITIES		44 646	1 228	112 647
Effect of exchange rate changes on cash and cash equivalents		121	(1 390)	11 294
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS		(1 425)	5 698	20 828
Cash and cash equivalents at the beginning of the year		27 353	25 928	31 626
Cash equivalents at the end of the year	7	25 928	31 626	52 454

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

5 GENERAL INFORMATION

The company Invia.cz, a.s. (in whole document „the Parent”) and Subsidiaries (in whole document „the Group”) is an intermediary in the online sale of travel agency tours, flight tickets and travel insurance.

The Group has subsidiaries in Czech Republic (Invia services s.r.o.), Slovakia (Invia.sk, s.r.o. and Lastminute.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.), Romania (INVIA TRAVEL, S.R.L.), Republic of Cyprus, (SHLD Limited), and Russia (OOO "Travelata", LLC).

The company purchased a financial investment in 2011 which was a 44.44% share in 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 general meeting of Traveplanet decided to subscribe for shares as of 31/12/2013, namely 1 258 198 shares with the par value of 3.5 PLN per share. The payment for the shares was offset against the receivable of Invia.cz from Travelplanet.

The company established Invia services s.r.o., a 100% subsidiary, in July 2012. The main company activity is providing marketing services and data processing for Invia.cz, a.s.

On May 25, 2012 Travelplanet.pl S.A. acquired 100% shares in the Company Travelage Sp. z o.o. for the amount of 3,7 th. PLN. Company Travelage Sp. z o.o. changed its name to Aero.pl Sp. z o.o. It is dedicated to selling flight tickets.

In 2013 the company purchased in several stages a 62.27% share in SHLD Limited. The purchase was carried out by converting bonds amounting to 377 808.00 USD into 377 808 A1-series shares, and by exercising the option right based on the Investment Agreement dated November 12, 2012 and purchasing 1 539 095 A2-series shares.

Immediately after the purchase of the subsidiary, the management classified the investment as a subsidiary held for sale. A portion of the shares in SHLD Limited was sold to another investor in 2014. The selling price was equal to the acquisition cost of the shares. SHLD Limited has a 100% interest in OOO Travelata LLC.

In 2014, we plan to launch the first television campaign in the history of the company to support the INVIA brand, the completion of capital interest increase in Travelplanet.pl S.A through repurchase of shares and the entry of a strategic investor into the Cyprus Company SHLD Limited which owns a Russian travel agency Travelata Limited.

5.1 Incorporation and Characteristics of the Company

Name of the company:	Invia.cz, a.s.
Legal form:	Joint stock
Date of incorporation:	July 22, 2002
Headquarters:	Senovážné náměstí 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

5.2 Key Shareholders

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

	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2013
MCI.PrivateVentures FIZ, closed-end investment trust represented by MCI Capital Towarzystwo Funduszy Inwestycyjnych S.A.	87,44 %	79,63 %	83,28 %
Others	12,56 %	20,37 %	16,72 %
TOTAL	100,00 %	100,00 %	100,00 %

The ultimate controlling party is MCI.PrivateVentures FIZ.

Registered capital as entered in the Commercial Register as of 31/12/2011: 11 526 000 CZK

Partners as of December 31, 2011:

Radek Stavinocha	contribution	476 605.20 CZK
Michal Drozd	contribution	970 489.20 CZK
MCI.PrivateVentures FIZ	contribution	10 078 905.60 CZK

Registered capital as entered in the Commercial Register as of 31/12/2012: 12 058 797 CZK

Partners as of December 31, 2012:

Radek Stavinocha	contribution	476 605.20 CZK
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Michał Drozd	contribution	1 015 348.80 CZK
IPOPEMA 43 FIZAN	contribution	964 705.80 CZK
MCI.PrivateVentures FIZ	contribution	9 602.137.20 CZK

Registered capital as entered in the Commercial Register as of 31/12/2013: 12 058 797 CZK

Partners as of December 31, 2013:

Michał 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

5.3 Changes and Amendments to the Company's Entry in the Commercial Register during the Period

The following changes were made in the entry in 2011:

Statutory body:

Jerzy Krawczyk has been a member of the board of directors since February 20, 2012 and Juliusz Żukowski since February 20, 2012.

The company's board of directors acts on behalf of the company. Chairman of the BoD and one of the member of the BoD must act jointly on behalf of the board of directors.

Entered on: March 21, 2012

Board of supervisors:

On September 6, 2011 Radosław Tadajewski was withdrawn as member of the board of supervisors. On February 20, 2012 Jacek Murawski was withdrawn as member of the board of supervisors.

The following changes were made in the entry in 2012:

Statutory body:

Member of the Statutory body Jerzy Krawczyk, born February 20, 1970
 Żerniki, Wrocławskie, Jesionowa 8/c, 51-010, Poland
 Commencement of membership: February 20, 2012

Member of the Statutory body Juliusz Żukowski, born July 26, 1976
 Wrocław, Koreańska 73, 52-121, Poland

Commencement of membership: February 20, 2012

Board of supervisors

Member of the Board of supervisors: Jacek Muravski, born June 10, 1966
Warszawa, Bema 87/122, Poland
Commencement of membership: September 6, 2011
Termination of membership: February 20, 2012

Registered capital:

11 300 000 CZK, paid: 100%, entered on: May 18, 2005, deleted on: September 1, 2010
11 526 000 CZK, paid: 100%, entered on: September 1, 2010, deleted on: October 12, 2012
12 058 797 CZK, paid: 100%, entered on: October 12, 2012

Shares:

1 130 000 primary registered shares in paper form with a par value of 10 CZK each
Entered on: January 1, 2010, deleted on: September 1, 2010
1 130 000 primary registered shares in paper form with a par value of 10.20 CZK each
Entered on: September 1, 2010, deleted on: October 12, 2012
1 182 235 primary registered shares in paper form with a par value of 10.20 CZK each
Entered on: October 12, 2012

The following changes were made in the entry in 2013:

Business name: Invia.cz, a.s.
Entered on: July 25, 2013
In 2013 Invia.sk, s.r.o. and Invia services s.r.o. also changed its business name.

Statutory body:

Chairman: Michal Drozd, born July 4, 1979
Lopatecká 615/5, Podolí, 147 00 Praha 4, CR
Commencement of membership: August 9, 2013
Date of appointment: August 9, 2013

Member: Michal Chyczewski, born March 21, 1980
Warsaw, ul. Lanciego 13/24, PSČ 02792, Poland

Termination of membership: June 21, 2013

Member: Tomasz Artur Danis, born April 21, 1979
Ostroleka, ul. Sienkiewicza 13/15, PSČ 07-410, Poland
Commencement of membership: June 21, 2013

Juliusz Zukowski, whose membership of the board of directors terminated on November 16, 2012, was deleted on June 6, 2013.

Board of supervisors

Chairman: Tomasz Czechowicz, born June 23, 1970
Warszawa, Bialy Kamien 1 m. 92, Poland
Commencement of membership: January 1, 2010
Date of appointment: April 20, 2010
Date of withdrawal: June 20, 2013

Member: Sylwester Mieczyslaw Janik, born December 2, 1971
Lublin, Pielegniarek 3 m. 4, Poland
Commencement of membership: January 1, 2010
Date of appointment: June 20, 2013

Member: Bc. Zuzana Adamusová, born April 27, 1981
Brandýs nad Labem, Aloise Kalvody 1642, PSČ 250 01, CR
Commencement of membership: December 14, 2010
Termination of membership: March 18, 2013

Member: Radek Vondál, born September 3, 1978
Zborovská 1566/14, 787 01 Šumperk, CR
Commencement of membership: March 18, 2013

Member: Przemyslaw Glebocki, born July 28, 1979
Warszawa, Grzybowska 4/214, PSČ 00-131, Poland
Commencement of membership: August 26, 2013

Member: Christian Wipf, born April 20, 1958
Zollikon, Bahnhofstrasse 25, PSČ 8702, Switzerland
Termination of membership: December 2, 2013

This fact had not been entered in the Commercial Register by
December 31, 2013.

Board of supervisors as at December 31, 2013

Chairman: Sylwester Mieczyslaw 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: Przemyslaw Glebocki, born July 28, 1979
Warszawa, Grzybowska 4/214, PSČ 00-131, Poland

Member: Radek Vondál, born September 3, 1978
Zborovská 1566/14, 787 01 Šumperk, CR

Member: Radek Šafařík, born September 18, 1978
Pod Harfou 943/36, Vysočany, 190 00 Praha 9, CR

5.4 Organisation chart of the Company

Chairman of the BoD and one of the member of the BoD must act jointly on behalf of the board of directors. There were changes to the representation of the company and in members of the Board of Supervisors at the beginning of the year 2014, see Note 32 hereof.

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: Radek Stavinoha
Praha 6, Voříšková 24, 162 00, Czech Republic
Commencement of membership: January 1, 2010

Member of the BoD: Jerzy Krawczyk, born February 20, 1970
Žerniki, 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, 2011, December 31, 2012 and December 31, 2013, have been prepared in accordance with the International Financial Reporting Standards (EU IFRS) which were approved 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 did 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 mean of business combinations of NetTravel 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 2011, 2012 and 2013.

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 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 expense 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, 2013, which are applied by the Group:

IFRS 13 – Fair value measurement - effective for annual periods beginning on or after January 1, 2013

The following standards, amendments and interpretations to existing standards will be relevant for the Group but have not been early adopted by the Group:

IFRS 10 – Consolidated Financial Statements - effective for annual periods beginning on or after January 1, 2014

Amendments to IFRS 32 “Financial Instruments: presentation - compensating assets and financial liabilities (effective with regard to annual periods starting on January 1st, 2014 or after this date),

The following standards, amendments and interpretations to existing standards which will not be relevant for the Group or are not expected to have a significant impact on the Group’s operations:

IAS 19 – Employee benefits/Changes to the recognition and measurement of defined benefit pension expense and termination benefits -effective for annual periods beginning on or after July 1, 2014

IFRS 11 – Joint Arrangements - effective for annual periods beginning on or after January 1, 2014

IFRS 12 – Disclosure of Interest in Other Entities - effective for annual periods beginning on or after January 1, 2014

IAS 27 – Separate Financial Statements - effective for annual periods beginning on or after January 1, 2014

IAS 28 – Investments in Associates and Joint Ventures - effective for annual periods beginning on or after January 1, 2014

IAS 32 – Financial Instruments: Offsetting Financial Assets and Financial Liabilities - effective for annual periods beginning on or after January 1, 2014

Amendments to IAS 32 “Financial instruments: presentation”- “Compensating financial assets and financial liabilities” – the amendment concerns presentation of assets and financial liabilities as net amounts in the financial statements, when two conditions are met. The entity has the legal title to make compensation of assets and liabilities and intends to settle assets and financial liabilities in the net amount or concurrently (effective with regard to annual periods starting on January 1st, 2014 or after this date)

IAS 36 – Recoverable amount disclosures for non-financial assets (effective for annual periods beginning on or after January 1, 2014.

IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting (effective for annual periods beginning on or after January 1, 2014.

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 (6.5.5)
- b) Valuation and the useful life of property, plant and equipment (6.5.6)
- c) Provisions (6.5.15)

- d) Doubtful receivables provision (6.5.9)
- e) Income tax liabilities (Note 20)
- f) Deferred tax balances (6.5.14)

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 over which the Group exercises control, directly or indirectly, are fully consolidated.

The Appendix to these consolidated annual accounts lists the subsidiaries in which the Group has direct or indirect holdings at December 31, 2013, 2012 and 2011, as well as the consolidation method applied.

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 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.

6.5.4 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 the member of the Board of Directors is conducting, when significant influence exists.

6.5.5 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

This includes 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 2011, 2012 and 2013.

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 acquire 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 acquire. 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) Goodwill and cash-generating unit impairment testing

Goodwill is not amortized and is tested for impairment. Impairment testing is performed annually and whenever there is an indication that the carrying amount may not be fully recoverable. Impairment losses relating to goodwill cannot be reversed in future periods.

Goodwill is tested for impairment together with the assets allocated to the cash-generating unit (or group of cash-generating units) that are expected to benefit from the synergies of the business combination. Thereby the carrying amount of the cash-generating unit is compared with the recoverable amount and any impairment loss is recognised in the profit or loss.

6.5.6 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

6.5.7 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.

6.5.8 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 profit or loss.

The subsidiary INVIA TRAVEL S.R.L. in Romania was not included in the Group consolidated financial statements for the reason that the subsidiary is out of operating activity, the book value of this entity was impaired to zero book value and there is not expected activity in the near future.

FINANCIAL INFORMATION OF INVIA TRAVEL S.R.L.

(In thousands of CZK)	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2013
Revenue	0	0	0
Net profit (loss)	(118)	(74)	(90)
Equity	236	149	72
Total assets	385	273	482
% interest held	100%	100%	100%

6.5.9 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. 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.

6.5.10 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 mediation 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.

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.

6.5.11 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.

As of December 31, 2011, the company's fixed assets included assets acquired through lease, totalling 857 th. CZK, with the total of lease payment being 475 th. CZK as of that date.

As of December 31, 2012, the company's fixed assets included assets acquired through lease, totalling 4 123 th. CZK, with the total of lease payment being 2 219 th. CZK as of that date.

As of December 31, 2013, the company's fixed assets included assets acquired through lease, totalling 1 974 th. CZK, with the total of lease payment being 1 849 th. CZK as of that date.

6.5.12 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.

6.5.13 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.

6.5.14 Deferred income tax

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 or 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.

6.5.15 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.

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, 2011

(In thousands of CZK)						
	Trademark s, internet domains, contractua l relationshi ps	Software	Goodwill	Other intangible assets	Intangible assets under constructi on	Total
COST OR VALUATION						
Balance as of January 1, 2011	25 994	10 018	18 407	58	211	54 688
Translation differences	79	3	0	(5)	0	77
Additions due to acquisitions (Note 2)	63 298	26 226	49 457	0	2 447	141 427
Additions	400	1 295	0	37	4 420	6 152
Disposals	0	(178)	0	0	0	(178)
Balance as of December 31, 2011	89 711	37 364	67 864	90	7 078	202 166
ACCUMULATED DEPRECIATION						
Balance as of January 1, 2011	262	6 931	0	32	0	7 225
Translation differences	0	3	0	(3)	0	0
Additions due to acquisitions (Note 2)	0	18 858	0	0	0	18 858
Depreciation expense	(81)	2 573	0	18	0	2 511
Disposals	0	(178)	0	0	0	(178)
Balance as of December 31, 2011	180	28 187	0	48	0	28 415
NET BOOK VALUE						
Balance as of January 1, 2011	25 732	3 087	18 407	25	211	47 463
Balance as of December 31, 2011	89 590	9 177	67 864	42	7 078	173 751

BALANCES AND MOVEMENTS RELATED TO INTANGIBLE ASSETS FOR FINANCIAL YEAR ENDED DECEMBER 31, 2012

(In thousands of CZK)	Trademarks , internet domains, contractual relationships	Software	Goodwill	Other intangible assets	Intangible assets under construc- tion	Total
COST OR VALUATION						
Balance as of January 1, 2012	89 771	37 364	67 864	90	7 078	202 167
Translation differences	(31)	52		4	157	182
Additions	260	8 438			5 668	14 365
Disposals		(161)	(2 758)			(2 919)
Balance as of December 31, 2012	90 000	45 693	65 106	6 445	6 839	214 083
ACCUMULATED DEPRECIATION						
Balance as of January 1, 2012	180	28 187		48		28 415
Translation differences	7	81		2		91
Depreciation expense	25	5 829		14		5 867
Disposals		(161)				(161)
Balance as of December 31, 2012	212	33 936		64		34 212
NET BOOK VALUE						
Balance as of January 1, 2012	89 590	9 177	67 864	42	7 078	173 752
Balance as of December 31, 2012	89 788	11 757	65 106	6 381	6 839	179 871

BALANCES AND MOVEMENTS RELATED TO INTANGIBLE ASSETS FOR FINANCIAL YEAR ENDED DECEMBER 31, 2013

(In thousands of CZK)	Trademark s, internet domains, contractual relationships	Software	Goodwill	Other intangible assets	Intangible assets under constructi on	Total
COST OR VALUATION						
Balance as of January 1, 2013	90 000	45 693	65 106	6 445	6 839	214 083
Translation differences	106	829	0	450	345	1 730
Additions	0	7 734	0	7	15 102	22 843
Disposals	(400)	0	0	0	0	(400)
Reclassification	0	16 556	0	0	(18 575)	(2 019)
Balance as of December 31, 2013	89 706	70 811	65 106	6 902	3 711	236 237
ACCUMULATED DEPRECIATION						
Balance as of January 1, 2013	212	33 936	0	64	0	34 212
Translation differences	7	458	0	5	0	470
Depreciation expense	24	8 584	0	9	0	8 617
Disposals	0	0	0	0	0	0
Balance as of December 31, 2013	243	42 978	0	77	0	43 298
NET BOOK VALUE						
Balance as of January 1, 2013	89 788	11 757	65 106	6 381	6 839	179 871
Balance as of December 31, 2013	89 463	27 833	65 106	6 825	3 711	192 939

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 (see Note 9). In relation to the acquisition, supplementary acquisition costs amounting to 2 093 th. CZK were incurred (see Note 16).

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	0	3 257	3 257
Total non-current liabilities	0	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.	3 023
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 (see Note 9). In relation to the acquisition, supplementary acquisition costs amounting to 925 th. CZK were incurred (see Note 16).

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

At the beginning of the year 2014 the company purchased another share in Travelplanet pl. S.A., see Note 33 hereof.

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	0	11 870
Long-term prepayments and deferred costs	4 690	0	4 690
Non-current assets	26 376	0	26 376
Short-term receivables	15 075	0	15 075
Short-term investments	14 428	0	14 428
Short term prepayments and deferred costs	999	0	999
Current assets	30 503	0	30 503
Total current liabilities	35 840	0	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
Impairment loss 2013	0
Goodwill as of December 31, 2013	46 699

NOTE 3. PROPERTY, PLANT AND EQUIPMENT**BALANCES AND MOVEMENTS RELATED TO TANGIBLE ASSETS FOR FINANCIAL YEAR ENDED DECEMBER 31, 2011**

(In thousands of CZK)	Land and buildings	Company cars	Computers and office equipment	Total
COST				
Balance as of January 1, 2011	1 373	1 836	19 032	22 242
Translation differences	0	5	(18)	(13)
Additions due to acquisitions (Note 2)	9 841	573	15 746	26 160
Additions	1 029	985	5 003	7 018
Disposals	(619)	(685)	(5 206)	(6 509)
Balance as of December 31, 2011	11 625	2 714	34 557	48 898
ACCUMULATED DEPRECIATION				
Balance as of January 1, 2011	837	1 048	15 178	17 064
Translation differences	0	3	(13)	(9)
Additions due to acquisitions (Note 2)	4 351	202	9 736	14 289
Depreciation expense	649	914	3 392	4 955
Disposals	(301)	(685)	(5 120)	(6 105)
Balance as of December 31, 2011	5 536	1 483	23 173	30 194
NET BOOK VALUE				
Balance as of January 1, 2011	536	788	3 853	5 178
Balance as of December 31, 2011	6 089	1 231	11 384	18 704

BALANCES AND MOVEMENTS RELATED TO TANGIBLE ASSETS FOR FINANCIAL YEAR ENDED DECEMBER 31, 2012

(In thousands of CZK)	Land and buildings	Company cars	Computers and office equipment	Total
COST				
Balance as of January 1, 2012	11 625	2 714	34 557	48 898
Translation differences	9	(4)	(10)	(5)
Additions	2 234	3 408	10 450	16 092
Disposals	0	(439)	(2 578)	(3 017)
Balance as of December 31, 2012	13 868	5 679	43 732	63 279
ACCUMULATED DEPRECIATION				
Balance as of January 1, 2012	5 536	1 483	23 173	30 194
Translation differences	(3)	(2)	(38)	(44)
Depreciation expense	1 332	882	6 169	8 382
Disposals	0	(439)	(2 405)	(2 844)
Balance as of December 31, 2012	6 865	1 924	28 210	36 999
NET BOOK VALUE				
Balance as of January 1, 2012	6 089	1 231	11 384	18 704
Balance as of December 31, 2012	7 004	3 754	15 521	26 280

BALANCES AND MOVEMENTS RELATED TO TANGIBLE ASSETS FOR FINANCIAL YEAR ENDED DECEMBER 31, 2013

(In thousands of CZK)	Land and buildings	Company cars	Computers and office equipment	Tangible assets under construction	Total
COST					
Balance as of January 1, 2013	13 868	5 679	43 732	0	63 279
Translation differences	166	171	452	0	789
Additions	3 636	610	5 123	0	9 368
Disposals	(1 205)	(178)	(815)	0	(2 198)
Reclassification	(883)	0	0	883	0
Balance as of December 31, 2013	15 582	6 282	48 492	883	71 239
ACCUMULATED DEPRECIATION					
Balance as of January 1, 2013	6 865	1 924	28 210	0	36 999
Translation differences	77	36	202	0	315
Depreciation expense	1 518	1 019	7 449	0	9 986
Disposals	(627)	(178)	(725)	0	(1 530)
Balance as of December 31, 2013	7 833	2 801	35 135	0	45 769
NET BOOK VALUE					
Balance as of January 1, 2013	7 004	3 754	15 521	0	26 280
Balance as of December 31, 2013	7 749	3 481	13 357	883	25 470

NOTE 4. LONG-TERM RECEIVABLES

(In thousands of CZK)	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2013
Loans to shareholders	1 215	1 028	0
Long-term advance payments	1 856	1 095	1 728
TOTAL	3 071	2 123	1 728

NOTE 5. TRADE AND OTHER RECEIVABLES

(In thousands of CZK)	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2013
Receivables to travel agency customers for sold tours	56 619	92 430	128 484
Trade receivables	30 904	33 974	69 546
Receivables from employees	0	0	12
Tax receivables	670	224	72
Unbilled fees	12 088	1 138	21
Short-term prepayments	0	4 072	2 008
Prepaid expenses	768	541	1 168
Accrued income	741	1 021	22 929
Other receivables	1 261	25 871	30 649
TOTAL NET TRADE AND OTHER RECEIVABLES	103 051	159 271	254 890
Provision for bad debt	3 953	2 332	8 502
TOTAL GROSS TRADE AND OTHER RECEIVABLES	107 004	161 603	263 392

The other receivables include a receivable assigned from MCI Management S.A. which relates to Jerzy Krawczyk, with the value of 2 865 500 PLN based on a professional appraisal. From January 1, 2013 interest on the main Amount of the loan is 4 % p.a. Parties agreed that the amount of accrued interest for the period of the loan ending December 31, 2012 is 495.392,- PLN.

CHANGE IN PROVISION FOR BAD DEBT

(In thousands of CZK)	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2013
Opening balance	2 463	3 953	2 332
Translation changes	5	70	(139)
Additions due to acquisitions (Note 2)	686	0	0
Increases	1 183	743	7 095
Decreases	(384)	(2 434)	(786)
PROVISION FOR BAD DEBT AT THE END OF PERIOD	3 953	2 332	8 502

OVERVIEW OF THE GROSS TRADE AND OTHER RECEIVABLES BY MATURITY DATE

(In thousands of CZK)	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2013
Before due date	103 482	156 847	247 379
After due date 3 Month	1 615	2 412	10 818
After due date 3-6 Months	79	360	3 768
After due date more than 6 months	1 828	1 984	1 428
TOTAL	107 004	161 603	263 392

SPLIT OF TRADE AND OTHER RECEIVABLES BY CURRENCIES

(In thousands of currency)	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2013
EUR	132	341	487
CZK	79 898	101 286	176 991
PLN	3 304	7 925	9 668
HUF	7 550	5 699	7 778

NOTE 6. BONDS

As of 31/12/2013 the company held 8 893 unsecured C-series bonds issued by MCI.PrivateVentures Fundusz Inwestycyjny Zamkniety. The nominal value was 100 EUR per bond. The repurchase date was determined to be 30 September 2014. The bonds bear an interest of 10% p.a.

Bonds held as of 31/12/2012 were converted in 2013 into a share in SHLD Limited, see Note 5. General Information hereof.

NOTE 7. CASH

(In thousands of CZK)	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2013
Cash in hand	4 937	4 216	1 088
Cash in bank	19 457	22 868	48 989
Short term deposits	1 534	4 542	2 376
TOTAL	25 928	31 626	52 453

CASH AND CASH EQUIVALENTS BY CURRENCY

(In thousands of currency)	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2013
EUR	346	429	489
PLN	977	968	918
HUF	6 978	4 998	8 014
CZK	10 760	12 792	32 142
USD	0	86	6

NOTE 8. EQUITY

(In thousands of CZK)	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2013
Share capital	11 526	12 059	12 059
Other capital reserves	0	16 675	16 675
Accumulated other comprehensive income	448	(146)	(606)
Retained earnings	37 437	73 073	7 030
Non controlling interest	37 852	32 361	33 013
TOTAL	87 263	134 022	68 171

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.

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 general meeting of Traveplanet decided to subscribe for shares as of 31/12/2013, namely 1 258 198 shares with the par value of 3.5 PLN per share. The payment for the shares was offset against the receivable of Invia.cz from Travelplanet.

In 2012 the company's general meeting decided to increase the registered capital by 532 797 CZK and the share count by 52 235, with the par value of 10.20 CZK per share. The company's registered capital therefore amounted to 12 058 797 CZK as of December 31, 2012, with a total of 1 182 235 shares.

The total subscription rate for all shares, without preferential rights, was 17 207 327.50 CZK, with the difference between the par value of the subscribed-for shares and the subscription rate, i.e. 16 674 530.50 CZK (Other capital reserves).

NOTE 9. BORROWINGS

(In thousands of CZK)	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2013
Long-term borrowings	48 125	15 625	80 714
Short-term borrowings	28 226	43 247	53 981
TOTAL	76 351	58 872	134 695

INTERESTS TO THE FIO BANKA LOAN AGREEMENT

(In thousands of CZK)	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2013
Interests	944	0	0

Liabilities for interests are shown in the short term item, as the interest is paid quarterly on a regular basis.

In 2011 the parent company had fully paid its long-term loan from Fio Bank.

b) MCI PRIVATE VENTURES FIZ LOAN AGREEMENT

MCI as the parent company granted a loan for the purchase of shares in Travelplanet.pl S.A. amounting to 14 390 000 PLN on the grounds of a contract for share of September 12, 2011, which is subject to an interest rate determined as 6M WIBOR +550 basis p.a.

This loan was refinanced with a loan from CS a. s. in December 2011.

INTERESTS TO THE MCI PRIVATE VENTURES FIZ LOAN AGREEMENT

(In thousands of CZK)	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2013
Interests	1 929	0	0

c) CESKA SPORITELNA LOAN AGREEMENT

Invia.cz, a.s. drew a long-term loan from CS a. s. in 2011 with the maturity on September 30, 2015, based on a contract of November 7, 2011, totalling 70 mil. CZK. The interest rate was determined as 3M PRIBOR + margin of the bank. The interest rate became hedged at the beginning of 2012.

In April 2013 the outstanding balance of an investment loan from Ceska sporitelna amounting to 30.125 mil. CZK was prematurely repaid in a single transaction, and a contract for overdraft with

the maximum credit line of 30 mil. CZK, concluded with Ceska sporitelna, was withdrawn from. The premature repayment fee was 1 150 000 CZK.

INTERESTS TO THE CESKA SPORITELNA LOAN AGREEMENT

(In thousands of CZK)	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2013
Interests	300	3 222	519

d) BANK BPH S.A. LOAN AGREEMENT

On March 26, 2009 Travelplanet.pl S.A. entered into a credit agreement with Bank BPH S.A. under which the Bank granted Travelplanet.pl S.A. a multi-purpose loan facility of 1 500 th. PLN.

The loan from Bank BPH S.A. was repaid in 2013.

e) RAIFFEISEN BANK POLAND S.A. LOAN AGREEMENT

On November 29, 2012 Travelplanet.pl S.A. entered into a credit agreement with RAIFFEISEN BANK POLAND S.A., valid until December 2, 2013. Interest rate is 1M WIBOR + 1,8 % p.a.

INTERESTS TO THE BANK BPH S.A. AND RAIFFEISEN BANK POLAND S.A. LOAN AGREEMENT

(In thousands of CZK)	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2013
Interests	245	522	1 256

f) LOAN FROM MICHAL DROZD

Michal Drozd granted a loan to Travelplanet.pl S.A. amounting to 1 933 th. PLN, i.e. 12 764 th. CZK. The interest is 18% p.a. and the loan is secured with a bill of exchange.

INTERESTS TO MICHAL DROZD

(In thousands of CZK)	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2013
Interests	N/A	N/A	260

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

Based on a loan agreement concluded on 27 May 2013, with the credit line of 142 125 000 CZK, the first tranche of a specific-purpose loan with UniCredit Bank Czech Republic and Slovakia, amounting to 93 mil. CZK, was drawn in June 2013. The second portion of 20 mil. CZK was drawn in September 2013. The purpose of the loan is to provide financing for the development of subsidiaries and for the company's operating needs. As of 31/12/2013 the short-term portion of the loan was 21 524 th. CZK and the long-term portion amounted to 80 714 th. CZK.

The specific-purpose loan is mature on 30/09/2018, bearing an interest of 1M PRIBOR + margin%. The loan agreement includes an overdraft with the maximum credit line of 15 mil. CZK, bearing an interest of 1M PRIBOR + margin.

The loan is mature on 27/05/2014 with the right to renew. The loan balance was zero as of 31/12/2013. The company concluded another contract for overdraft with UniCredit Bank Czech Republic and Slovakia to provide finance for the company's operating needs, with the maximum credit line of 30 mil. CZK, bearing an interest of 1M PRIBOR + margin.

INTERESTS TO THE UNICREDIT BANK LOAN AGREEMENT

(In thousands of CZK)	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2013
Interests	N/A	N/A	2 449

NOTE 10. LONG-TERM OTHER LIABILITIES

(In thousands of CZK)	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2013
Trade payables	540	0	0
Long-term prepayments	193	339	424
Long-term lease liabilities	243	1 821	1 456
Other	12	1 407	125 645
TOTAL	988	3 567	127 525

Following a Mezzanine Facility Agreement which the company concluded with AMC III INDONESIA B.V. on 09 August 2013, the company was granted a mezzanine loan amounting to 4 500 000 EUR, with the right to draw a further 500 000 EUR in 2014.

The loan was granted especially to provide finance for working capital. The loan is mature on 31/12/2018. The reimbursement fee was 2 329 th. CZK (see Note 16).

SPLIT OF LONG-TERM OTHER LIABILITIES BY CURRENCIES

(In thousands of currency)	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2013
EUR	8	13	4 516
PLN	135	523	555

SPLIT OF LONG-TERM OTHER LIABILITIES BY MATURITY

(In thousands of CZK)	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2013
Between 1 and 5 years	988	3 567	127 525
Above 5 years	0	0	0
TOTAL	988	3 567	127 525

NOTE 11. DEFERRED TAX

(In thousands of CZK)	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2013
Deferred tax asset	7 219	5 489	8 803
Deferred tax liability	(18 101)	(20 381)	(22 713)
Deferred tax net	(10 882)	(14 892)	(13 909)

BALANCES AND MOVEMENTS IN DEFERRED TAX

(In thousands of CZK)	Deferred tax
Balance at December 31, 2010	(3 137)
Changes in tax rate	(7 697)
Additions due to acquisition (Note 2)	(28)
Deferred tax differences of the year 2011	140
Translation differences	(160)
Balance at December 31, 2011	(10 882)
Changes in tax rate	(761)
Deferred tax differences of the year 2012	(3 624)
Translation differences	375
Balance at December 31, 2012	(14 892)
Changes in tax rate	202
Deferred tax differences of the year 2013	1 062
Translation differences	(281)
Balance at December 31, 2013	(13 909)

Effective from January 1, 2013 the tax rate of 23% is used for calculation of corporate income tax in the Slovak Republic. The corporate tax in Slovakia will be 22% commencing in 2014.

DEFFERED TAX CALCULATION AS OF DECEMBER 31, 2011

(In thousands of CZK)	Carrying amount	Tax Value	Difference	Deferred tax asset	Deferred tax liability	Set-off
Intangible and Tangible Assets	106 302	17 367	(88 935)	0	(16 831)	(16 898)
Receivables and cash	138 818	132 051	(6 767)	0	0	(1 286)
Employee benefits	700	522	(700)	34	0	34
Tax loss	0	37 088	37 088	6 338	0	6 338
Liabilities	223 991	228 115	4 124	784	0	784
Other	0	770	770	146	0	146
TOTAL	469 811	415 912	(53 544)	7 302	(18 184)	10 882

DEFFERED TAX CALCULATION AS OF DECEMBER 31, 2012

(In thousands of CZK)	Carrying amount	Tax Value	Difference	Deferred tax asset	Deferred tax liability	Set-off
Intangible and Tangible Assets	119 605	32 783	(86 823)	0	(17 279)	(17 279)
Receivables and cash	193 020	176 695	(16 325)	0	(3 102)	(3 102)
Employee benefits	2 676	176	2 500	475	0	475
Tax loss	0	21 977	21 977	3 132	0	3 132
Liabilities	254 869	246 843	8 026	1 525	0	1 525
Other	1 876	0	1 876	356	0	356
TOTAL	593 849	456 321	(68 768)	5 489	(20 381)	14 892

DEFFERED TAX CALCULATION AS OF DECEMBER 31, 2013

(In thousands of CZK)	Carrying amount	Tax Value	Difference	Deferred tax asset	Deferred tax liability	Set-off
Intangible and Tangible Assets	148 704	54 832	(93 872)	0	(18 488)	(18 488)
Receivables and cash	254 890	232 844	(22 046)	0	(4 189)	(4 189)
Employee benefits	0	5 680	5 680	1 079	0	1 079
Tax loss	0	41 661	41 661	6 484	0	6 484
Liabilities	249 615	255 143	5 529	1 050	0	1 050
Other	188	996	808	189	(36)	154
TOTAL	653 397	591 157	(62 240)	8 803	(22 713)	(13 909)

TOTAL numbers in previous tables doesn't agree on the consolidated statement of financial position for the reason that deferred tax assets and liabilities were compensated on the consolidated entity level for the purpose of shown netted deferred tax for each of consolidated entities in the consolidated statement of financial position.

NOTE 12. TRADE AND OTHER PAYABLES

(In thousands of CZK)	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2013
Trade payables to travel agencies	96 809	132 418	194 239
Trade payables to others than travel agencies	30 090	25 614	23 393
Employees payables	6 254	5 212	6 371
Tax and social security payables	6 426	9 579	1 703
Estimated items	1 937	4 557	1 026
Short-term prepayments	435	1 955	2 241
Accrued expenses	2 748	3 754	9 600
Deferred income	683	2 943	1 564
Short-term lease liabilities	214	309	395
Other payables	1 056	416	14 611
TOTAL	146 652	186 757	255 143

SPLIT OF TRADE AND OTHER PAYABLES BY CURRENCIES

(In thousands of currency)	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2013
EUR	143	394	419
CZK	111 977	125 431	195 664
PLN	5 168	8 094	6 922
HUF	11 765	16 572	20 325
USD	6	0	17
GBP	0	1	2

NOTE 13. CURRENT TAX LIABILITIES

(In thousands of CZK)	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2013
Corporate income tax	1 880	5 674	3 085

The balance as of December 31, 2011 consists of the corporate income tax liabilities of the Parent in the amount of 1 797 th. CZK, Lastminute.sk, s.r.o. in the amount of 80 th. CZK and INVIA.HU Kft in the amount of 3 th. CZK.

The balance as of December 31, 2012 consists of the corporate income tax liabilities of the Parent in the amount of 5 206 th. CZK, Lastminute.sk, s.r.o. in the amount of 74 th. CZK, INVIA.HU Kft in the amount of 3 th. CZK and Invia.sk, s.r.o. in the amount of 391 th. CZK.

The balance as of December 31, 2013 consists of the corporate income tax liabilities of the Parent in the amount of 2 456 th. CZK, Lastminute.sk, s.r.o. in the amount of 85 th. CZK, and Invia.sk, s.r.o. in the amount of 543 th. CZK.

NOTE 14. EMPLOYEE BENEFITS

As of December 31, 2011 employee benefits consists of Invia.cz, a.s. 700 th. CZK and of Invia.sk, s.r.o. 45 th. CZK.

As of December 31, 2012 employee benefits consists of Invia.cz, a.s. 2 500 th. CZK and of Invia.sk, s.r.o. 176 th. CZK.

As of December 31, 2013 employee benefits consists of Invia.cz, a.s. 5 680 th. CZK and of Invia.sk, s.r.o. 225 th. CZK.

Balances and movements related to employee benefits heading for financial years ended December 31, 2013, 2012 and 2011 are as follows:

(In thousands of CZK)	Employee benefits
Carrying amount at December 31, 2010	2 800
Additional amounts through profit or loss	745
Translation changes	(2 800)
Carrying amount at December 31, 2011	745
Additional amounts through profit or loss	2 676
Payments	(745)
Carrying amount at December 31, 2012	2 676
Additional amounts through profit or loss	5 905
Payments	(2 676)
Carrying amount at December 31, 2013	5 905

8 NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

NOTE 15. REVENUES

REVENUES BY TYPE

(In thousands of CZK)	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2013
Commissions for the sales of tours	205 736	328 971	408 106
Revenues of sales of own tours	4 900	12 068	15 632
Commissions for the sales of air tickets	6 856	20 041	12 742
Commissions for the sales of insurance	14 015	24 898	33 919
Other	13 948	20 837	23 329
TOTAL	245 455	406 814	493 727

Revenues included in 'Other' mostly relate to the sale of promotion. In 2011 these revenues amounted to 3 375 th. CZK, in 2012 they amounted to 2 889 th. CZK and in 2013 they amounted to 2 193 th. CZK.

REVENUES BY TERRITORIES

(In thousands of CZK)	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2013
Czech Republic	190 280	244 143	302 063
Slovakia	23 215	29 031	39 133
Hungary	6 175	7 081	10 546
Poland	25 678	126 138	141 797
Other	107	420	188
TOTAL	245 455	406 814	493 727

NOTE 16. COST OF SALES, SELLING AND ADMINISTRATIVE EXPENSES BY TYPE

(In thousands of CZK)	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2013
Cost of sales of tours	46 006	59 529	74 473
Cost of sales of euroweekends and own tours	4 251	10 285	13 267
Wages and salaries	65 496	104 137	125 306
Social security contributions and other staff costs	14 829	24 291	28 842
Depreciation/amortisation	7 151	13 814	17 716
Cost of materials and goods	2 525	3 524	3 560
Business trips	1 331	2 376	2 486
Rental fees	11 394	30 236	26 371
Post, phone and Internet	5 129	10 647	9 965
Fees for accountants, bookkeeping	2 393	2 409	2 230
Credit card fee	701	6 655	7 450
Agency cost	1 095	1 689	5 850
Reimbursement fees	0	0	3 977
Indirect acquisition costs	925	0	1 213
Other	50 959	83 634	111 836
TOTAL	214 185	353 225	434 542

The most important item in the "Other" is the cost of advertising.

NOTE 17. OTHER GAINS AND LOSSES

(In thousands of CZK)	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2013
Gains/Losses from sales of assets and material	(111)	(115)	49
Foreign exchange gains	1 970	2 933	10 559
Foreign exchange losses	(1 433)	(770)	(10 013)
Other	47	(155)	(5 536)
TOTAL	473	1 894	(4 940)

NOTE 18. INVESTMENT REVENUES

(In thousands of CZK)	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2013
Interests	647	745	3 680
Other	0	0	1
TOTAL	647	745	3 681

NOTE 19. FINANCE COSTS

(In thousands of CZK)	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2013
Interests	3 418	3 745	11 148
Other	1 932	2 846	7 027
TOTAL	5 350	6 591	18 175

NOTE 20. INCOME TAX

(In thousands of CZK)	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2013
Income tax	7 622	12 348	13 998
Deferred tax Note 11	(1 296)	4 385	(1 265)
TOTAL	6 326	16 733	12 733

TAXATION BASIS CALCULATION

(In thousands of CZK)	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2013
Profit before taxation	27 040	46 879	39 750
Tax computed by applying the local tax rates applicable to the profits achieved in the relevant countries	5 348	9 736	8 331
Tax impact:			
- non taxable income	(533)	(1 837)	(3 010)
- non tax deductible expenses	1 217	4 631	3 708
- use of tax losses	0	0	0
- tax losses to which no deferred tax receivable was made	233	29	3 906
- revaluation of deferred tax - change in tax rate	61	743	(202)
- unclaimed losses for the period	0	3 432	0
Total Income tax	6 326	16 733	12 733

INCOME TAX RATES

	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2013
Czech Republic	19%	19%	19%
Slovakia	19%	19%	23%
Hungary	10%	10%	10%
Poland	19%	19%	19%

9 ADDITIONAL NOTES

NOTE 21. 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.

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.

A foreign currency swap was concluded with UniCredit Bank in 2013 for the amount of 900 000 EUR, which was restated at 188 th. CZK as of 31/12/2013 and this amount was recognised in equity as Other Comprehensive Income.

Interest rate risk

An interest rate swap was concluded with UniCredit Bank in 2013 ensuring the interest rate of the accepted purpose loan, which was restated at 996 th. CZK as of 31/12/2013 and this amount 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 22. CALCULATION OF EBITDA

(In thousands of CZK)	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2013
Operating Profit/(Loss) (EBIT)	31 743	52 725	54 245
Depreciation/amortisation	7 151	13 814	17 703
EBITDA	38 894	66 539	71 948

CALCULATION OF EBIT

(In thousands of CZK)	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2013
Gross profit	146 289	222 801	281 349
Selling expenses	(68 837)	(106 839)	(145 116)
Administrative expenses	(46 182)	(62 373)	(77 048)
Other gains and losses	473	1 894	(4 940)
Impairment loss	0	(2 758)	0
Operating Profit/(Loss) (EBIT)	31 743	52 725	54 245

NOTE 23. CALCULATION OF EARNINGS PER SHARE (EPS)

(In CZK)	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2013
Profit for the year	23 006 854	35 636 005	25 432 532
Weighted average number of shares	1 130 000	1 143 059	1 182 235
EPS	20,36	31,17	21,51

In 2012 the company's general meeting decided to increase the registered capital by 532 797 CZK and the share count by 52 235, with the par value of 10.20 CZK per share.

The company's registered capital therefore amounted to 12 059 th. CZK as of December 31, 2013, with a total of 1 182 235 shares.

NOTE 24. EMPLOYMENT STRUCTURE

(In number of persons)	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2013
Directors	8	9	11
Staff (Full time equivalent)	262	264	445
TOTAL	270	273	456

NOTE 25. 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, 2011	Dec. 31, 2012	Dec. 31, 2013
Salaries and other short-term employee benefits	6 281	9 455	23 271

LOANS GRANTED

(In thousands of CZK)	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2013
Chairman of the Management Board Michal Drozd	601	514	0
Member of Management Board Radek Stavinoha	614	514	0
Loans to shareholders	1 215	1 028	0

The company's general meeting decided in 2013 to exempt both shareholders from the duty to repay the principle of the loans.

NOTE 26. DISCONTINUED OPERATIONS

Discontinued operations include subsidiaries acquired for sale. Receivables, liabilities and results of operations which were achieved in relation to their activities are disclosed separately in the statements.

NOTE 27. 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, 2011:

(In thousands of CZK)	Czech Republic	Slovak Republic	Poland	Other countries	Total
Total gross segment revenues	190 209	23 378	25 678	6 191	245 455
Inter-segment revenues	0	(4 347)	0	0	4 347
External revenues	190 209	27 725	25 678	6 191	249 802
Management EBITDA	38 738	5 890	453	(2 128)	42 953

The segment results for the period ended December 31, 2012:

(In thousands of CZK)	Czech Republic	Slovak Republic	Poland	Other countries	Total
Total gross segment revenues	243 745	29 183	126 805	7 081	406 814
Inter-segment revenues	2 223	4 924	820	0	7 968
External revenues	245 968	34 107	127 625	7 081	414 782
Management EBITDA	58 454	9 079	2 142	(3 002)	66 673

The segment results for the period ended December 31, 2013:

(In thousands of CZK)	Czech Republic	Slovak Republic	Poland	Other countries	Total
Total gross segment revenues	302 181	39 074	141 955	10 517	493 727
Inter-segment revenues	5 540	5 301	0	0	10 841
External revenues	307 720	44 375	141 955	10 517	504 568
Management EBITDA	58 522	12 628	5 161	(2 752)	73 559

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

(In thousands of CZK)	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2013
Management EBITDA	42 953	66 673	73 559
Corporate expenses	(4 059)	(134)	(1 611)
Depreciation/amortization	(7 151)	(13 814)	(17 702)
Investment revenue	647	745	3 681
Finance costs	(5 350)	(6 591)	(18 175)
Profit before tax	27 040	46 879	39 751

Revenues from customers or groups of customers under common control exceeding 10% of the Group's revenues: 0 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 25 772 th. CZK (2012: 26 759 th. CZK, 2011: 26 509 th. CZK), the total of these assets located in Slovakia is 31 791 th. CZK (2012: 31 340 th. CZK, 2011: 31 159 th. CZK) and the total of these assets located in Poland is 162 428 th. CZK (2012: 152 888 th. CZK, 2011: 137 801 th.).

NOTE 28. CONTINGENT LIABILITIES

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

NOTE 29. INFORMATION ON SECURITIES WITH LOANS RECEIVED

a) BANK BPH S.A. LOAN AGREEMENT

Travelplanet.pl S.A. established pledge by registration for the benefit of Raiffeisen Bank Polska S.A. The value of the pledge is recognised by the Issuer as assets of a significant value, in the meaning of § 2 sec.1 item 52b) of the Trading Regulations, since these assets represent more than 10% of the Issuer's revenue from sales over the last 4 quarters.

b) 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., SHLD Limited, 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.

The overdraft is secured with a blank bill, a pledge on selected trade receivables and a pledge on receivables from bank accounts.

c) 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
- 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 1,1 million,
- Registered pledge on the Issuer's movable property with transfer of receivables from insurance

d) 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 30. STATE SUBSIDY

During the year 2013 the company received a subsidy for training for handicapped employees in the company, amounting to 485 th. CZK. The sum of 16 th. CZK was drawn from the subsidy in 2013.

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

On 03 January 2014 the company granted a short-term operating loan to Travelplanet.pl S.A., a subsidiary, amounting to 8 000 th. CZK, which matures in 25 January 2014.

On 10 January 2014 the company drew the remaining portion of the purpose loan from UniCredit bank, amounting to 24 800 th. CZK.

On 13 January 2014 the company repaid the remaining portion of the shares in SHLD Limited, amounting to 500 th. USD, for which it had subscribed in September 2013.

On 27 January 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.

On 17 March 2014 the General meeting decided:

- a) To change the company's articles of association,
- b) To provide compliance with the new Business Corporations Act,
- c) To change the method of decision-making on behalf of the company, when the chairman of the board of directors signs independently on behalf of the company, commencing as of that date,
- d) To discuss the resignation of Radek Stavinoha from his position as member of the company's board of directors,
- e) To elect Radek Stavinoha as a member of the Board of Supervisors,
- f) Re-election of all existing members of the Board of Directors and Board of Supervisors except as stated in e) above.

On 07 May 2014 the repurchase of shares in Travelplanet.pl SA was completed, giving 850 973 shares. The company currently holds 3 403 148 shares, making an 87.99% share in the registered capital.

In June 2014, 859 147 shares from the total of 1 916 903 shares held were sold for the total selling price of 32 853 780 CZK.

Prepared on: June 25, 2014



Michal Drozd
Chairman of the Board of directors



Radek Vondál
Financial director

Group companies as at December 31, 2013:

