Note:

The Management Board draws attention to the fact that the consolidated financial statements have been audited (but not yet approved). Following approval, the Report of the Supervisory Board will be submitted and published without delay.

Annual Report 2014

Travel24.com

So geht Reisebüro heute!

Contents

1. Summary of key data

Financial year		2014	Previous year	Change
Key figures: Group				
Earnings before interest and taxation (EBIT)	EUR tsd.	3,190	323	+2,867
Cash flow from operating activities	EUR tsd.	725	1,164	-439
Earnings per share (basic and diluted)	EUR	0.21	-0.59	+1
Equity (at Dec. 31)	EUR tsd.	3,699	3,278	+421
Equity ratio (at Dec. 31)	%	11.2	11.1	+0
Cash and cash equivalents (Dec. 31)	EUR tsd.	1,002	1,326	-324
Key figures: Internet segment				
Earnings before interest and taxation (EBIT)	EUR tsd.	3,390	49	+3,341
Revenue	EUR tsd.	25,190	29,067	-3,877
Purchased services (as a percentage of revenues)	%	80.2	94.1	-14
Visits to the Group's internet websites	Mio.	88	110	-22
Bookings	thousand	278	312	-34
Key figures: Hotels segment				
Earnings before interest and taxation (EBIT)	EUR tsd.	-200	274	-474
Investment	EUR tsd.	1,165	2,075	-910
Segment assets (Dec. 31)	EUR tsd.	15,693	14,543	+1,150

2. Foreword

Dear Shareholders,

For your company, the 2014 financial year was marked by the consolidation of the travel placement business and by the continuing construction work on our first hotel in Leipzig.

Having achieved an EBIT in 2013 which was significantly lower than we had expected, we stated that the financial year 2014 would be a year of improved results. By intelligent management of our marketing expenses and a reduction in less effective marketing budgets we were able to achieve an EBIT of just over EUR 3 million, reflecting the current strength of our travel placement business. The reduction of the marketing budget meant a fall in revenues of approximately EUR 4 million, which we had knowingly taken into account. Growing the website portals was not the objective; top priority was given to improving EBIT, and with it the financial strength of the business – particularly in view of the financing commitments for the hotel project. The only exception to this was the French package tour market, which we had targeted for growth. The revenues generated here exceeded our forecasts significantly, which we see as further confirmation of our internationalization strategy.

In addition, progress was maintained in the construction of our hotel in Leipzig. At the end of the financial year the demolition work was completed, so that further construction work can continue in 2015. We are confident that we will be able to open the hotel at the beginning of 2016 as planned.

Yours sincerely,

Armin Schauer
Management Board of Travel24.com AG

3. The business in figures

3.1 Group management report of Travel24.com AG

A. General information about the Group

A.1. Business model

The Travel24.com AG (“Travel24”) business model is divided into two segments: Internet and Hotels. The Internet segment is the core business, while the Hotels segment is still in the start-up phase.

Internet segment

Within the Internet segment, the Company offers travel services. This includes the placement sale of package tours, last-minute travel offers, hotel services and flights, as well as various additional travel services. Travel24 operates internationally in this segment. The international activities are, however, limited to other European countries.

In the financial year 2014 Travel24 has been focused on the internationalization of the sales placement service business in general and on improving its financial results in the German market. Key measures include strengthening the marketing effort for the French travel website portal travel24.fr and further reductions of marketing expenses for website portals in the domestic Germany-Austria-Switzerland market region.

The portfolio of offerings for the Germany-Austria-Switzerland region continues to include the majority of German travel providers. In the flight sales sector Travel24 has access to more than 750 scheduled, charter, and low-budget flight providers, and access to more than 200,000 hotels in the hotel sales sector. Numerous additional products such as car rental, cruises, holiday apartments, and insurance complement the products on offer. Travel24 continues to offer booking services for all travel services via its website portals or using various booking hotlines.

In the French package tour market, Travel24 cooperates with over 40 relevant French travel operators. Other international flights and hotels offered are largely the same as those also offered by Travel24 in its domestic market.

In order to maintain and further develop the websites, Travel24 continues its close cooperation with Unister Travel, which is itself a leading provider of online travel placement services. Unister Travel provides various services for Travel24 in this connection, primarily in the information technology and customer service areas. These services include all sectors (flights, package tours, last-minute travel offers, and hotels).

In addition to this cooperation arrangement we also have cooperative arrangements with leading providers located in France for the French package tour business operation, primarily for information technology, service, and marketing purposes. France remains the only country in which Travel24 has a local foreign operation.

Both nationally and internationally, the Internet segment is subject to the influence of factors which affect the highly competitive nature of the online travel market. The most decisive factors are the technical competitiveness of the Company's own product offerings, the use of powerful applications for dynamic pricing, and, in particular, effective and efficient marketing.

Hotels segment

The Hotels segment remains in the start-up phase. In the future Travel24 aims to expand on its business model in this sector by adding branded hotels in the Budget Design segment (two star and two star plus). In the long term it is planned to establish a chain of twenty-five hotels in Germany, thereby expanding the business model significantly and causing a shift in the weighting of the Internet segment within the Group.

Activities undertaken in this segment in 2014 were primarily concerned with planning and site demolition work. This involved planning and site demolition work specific to the real estate investments in Leipzig, planning the internal hotel business processes and the general design and appearance of the Group, budgeting for individual hotels, and giving consideration to general marketing and sales matters.

In order to drive forward the hotel build-up a structured process for the acquisition of potential real estate investors was established in the second half of 2014.

A.2. Objectives and strategies

Internet segment

The 2014 financial year was characterized by the establishment of our French travel internet portal and improving the gross margin in the domestic German market.

In the Germany-Austria-Switzerland region we expect a slight fall in revenues. However, we anticipate stable or a slight improvement in operating results compared to the previous year as we continue with continue with determined plans to optimize marketing expenses in all sectors. Overall we anticipate a slight improvement in the gross profit margin for the Internet segment compared to 2014.

Further local dependencies in foreign locations are not planned. France remains the only exception here. We plan slight growth in the French package travel sector.

Our competitiveness in the Internet segment will be primarily maintained by the efficiency of our information technology and marketing departments. Travel24 ensures this by means of its close cooperation with Unister Travel, the market leader in online travel sales in Germany. In addition, Travel24 benefits from Unister Travel's terms and conditions with tour operators and other service providers. The Group maximizes synergies in its activities: The market presence in different countries continues to be kept identical where possible. To some extent, for example in international fulfillment, additional agreements are entered into with external providers to ensure that the relevant placement sales market know-how is available.

Hotels segment

We do not plan to have active operations in the Hotels segment in 2015. Here we expect to complete the Leipzig real estate property in the first quarter of 2016. Accordingly, the first revenues are planned for 2016. In addition, in the medium- to long-term perspective, the objective is to construct numerous hotels efficiently and operate them successfully. To plan the construction of this group we are cooperating with a number of external experts from various different disciplines to ensure the quality of work performed by architects, construction engineers, and other service providers can be ensured even in more complex projects, and to ensure that budgets are not exceeded.

Key positions at Travel24 are filled by staff with many years of management experience in the hotel industry in general and in the budget hotel sector in particular. This ensures that product offerings, operating processes, market presence, and design and marketing strategy are planned with the necessary expertise. The creation of this segment is designed to enable a diversification of our business model and thereby strengthen the revenue and income base. Given that the budget hotel sector is growing, is promising, and attracts high margins, it is an ideal complement to the tough competitive online travel market.

A.3. Management systems

The Management of Travel24 uses several key performance indicators on a consistent basis to manage success in the Group. The objective is to manage on a segment by segment basis.

Internet segment

The key performance indicators used to manage the Internet segment are shown in the table below:

	2014	2013
Revenue (In thousands of euro)	25,190	29,067
Cost of material (In thousands of euro)	20,210	27,350
Cost of material (in %)	80	94
EBIT* (In thousands of euro)	3,190	323

* Earnings before interest and taxation

In addition the average marketing expense per booking (cost per order, "CPO") is used as a management measure, which amounted to EUR 71 in 2014 (previous year: EUR 82).

A series of non-financial performance indicators are also used at the level of the individual website and sector (flights, package tours, hotels). These mainly include performance indicators such as Visits (website visits), Page views/Visit (page views per visit), and the number of bookings made. These are examined regularly in order to determine the appropriate management actions necessary to manage the website portals and product offerings.

In the financial year 2014 the Travel24.com AG websites registered approximately 88 million visits, with 3.6 page views per visit, and we received 278,000 bookings. In the previous year we registered approximately 110 million visits with 4.0 page views per visit and approximately 312,000 bookings in total.

Hotels segment

As the Hotels segment does not yet generate revenues, the segment is managed using measures which are not derived from the income statement. These are first the measurement of construction progress and compliance with building regulations, which are monitored on an ongoing basis by the Management Board. In addition, performance indicators are used for management purposes at the investment level. For this purpose the Management Board regularly examines order values and payments to service providers by means of checks against the investment budgets made at the beginning of the year for individual planning, demolition and construction services.

At the current time the investment amounts made and the anticipated 2015 investment volume are within the current investment planning amounts. Construction investment will once again only be recorded for the Leipzig property in 2015. The volume planned amounts to approximately EUR 12,300 thousand.

B. Report on economic position

Internet segment

Our anticipated EBIT in this segment of EUR 2,600 thousand for the financial year 2014 compares to the actual EBIT of EUR 3,390 thousand. At the same time we were not able to achieve the EUR 30,800 thousand revenues planned. Here we have had to report a fall to EUR 25,190 thousand. This results from the fact that we optimized our marketing expenditure during the year more than originally planned, in order to achieve the desired efficiency and with it at least the planned EBIT. In addition, marketing investments made in foreign countries, particularly in France, were not able to generate the level of revenues planned, so that the growth in our foreign business remained slightly below expectations. The achievements of this segment are in general satisfactory given that the emphasis in the financial year 2014 is on the achievement of forecast earnings.

Hotels segment

No revenues were generated in this segment, in line with forecasts, as the segment is still in the start-up phase.

As a result, the forecast for 2014 only included interest and personnel expenses. At the beginning of the second half of the year a small number of employees were recruited, necessary for the construction planning work. The slight increase in personnel costs compared to the original planning is due to the fact that appropriate staffing levels were required for the intensification of the planning phase for the Leipzig real estate property and for the development of the future hotel group as a whole – for example, in the financing and operative planning areas. Accordingly the actual EBIT loss for this segment of EUR 200 thousand deviated from the expected EBIT (EUR 0 thousand).

B.1. Macroeconomic and sector-specific environment

Internet segment

Germany-Austria-Switzerland region

In the Germany-Austria-Switzerland region, our largest market, it can be assumed that the online travel market as a whole registered satisfactory progress with another year of growth in the financial year 2014. Given the market growth, the business environment in Travel24’s domestic market can therefore be described as positive. On the other hand, however, there are a large number of established market participants offering homogeneous products, as well as new market participants and a growing number of substitute providers, particularly in the hotel business. The resulting price pressure creates a business environment that can be described as very competitive.

Travel24 counters the increasing competitive pressure by the use of more effective and efficient marketing and with a wide range of products across all sectors. The former is designed to ensure that we continue to keep our trademarks in our customers' minds and that traffic is attracted to our websites, while avoiding excessive dispersion losses. With a wide range of products across all sectors we want to ensure that visitors to our pages receive offers for almost all possible destinations, so that bookings are made with us.

We consider the general economic climate in Germany and the associated consumer mood and willingness to spend money on tourist services to be unchanged. We do not expect a decline in the demand for tourist services; however, it is possible that shifts may occur between individual categories (for example, from package tours to straightforward hotel and flight bookings).

The online travel business is affected by both the general economic climate and the specific state of the tourism industry. It is especially affected by seasonal changes in demand and shifting customer preferences for particular destinations booked by customers. Travel24 counters these effects by continually monitoring customer preferences and taking account of seasonal peaks in operating processes.

France

We continue to have a positive view of the opportunities presented by the market environment in France. Specific factors influencing the sector are similar to those in Germany. We see major growth prospects for Travel24, in particular for package tour placement sales. The wide-ranging product portfolio of the relevant tour operators, together with our partnership with the leading technology provider locally, should enable us to ensure that we can achieve a leading market position in the future.

Media reports suggest that the general economic climate in France is suffering from slightly negative trends. However, our experience does not give us grounds to believe that consumer demand for tourism services is threatened.

The demand in France naturally has different national characteristics, which primarily express themselves in different choices of primary destinations than those in the domestic Germany-Austria-Switzerland market. We address these issues using the experts employed at our Paris subsidiary, who have know-how specific to tourism demand in France.

Tourist demand in other European countries, particularly in Great Britain, and their competitive situations have proved difficult in 2014. We currently consider these markets to be less attractive, and accordingly they play a subsidiary role in the strategy for the segment. Accordingly very little expansion activities took place in the 2014 financial year.

Hotels segment

We continue to have a positive view of the prospects for the Hotels segment, which is still in the start-up phase. The Travel24 Management expects that the budget sector share of the hotel industry in Germany will increase significantly in coming years, from 10 % currently to approximately 20 %. The market entry of a number of established hotel chains and other new entries in this segment illustrate the current attractiveness of the segment. For this reason we are convinced that we are following the right diversification strategy with a timely entry into this market. The continuing trend towards city tourism within Germany and in Europe, combined with a general climate of price awareness among private consumers and an increased budget consciousness among business travelers, supports the typically high level of capacity utilization seen in this segment, with ideal conditions for growth.

B.2. Course of business

As the Hotels segment has not yet commenced operations in 2014, the description of the course of business concerns itself exclusively with the course of business in the Internet segment.

Given the high proportion of the total segment revenue generated by the Germany-Austria-Switzerland market, the overall business conditions affecting the financial year 2014 were primarily driven by the conditions applying in our domestic market. While the Travel24 Management continues to regard developments in the overall conditions in this market to be positive[1], the competitive intensity in this segment is comparatively high, and continues to increase.

As a result of the increased share of total revenues generated by the French business, the market conditions in France continue to be a decisive driver for the course of business in this segment.

The 2014 financial year is the first year in which operations in the French package travel business report a full year of activities, so we are still in a ramp-up phase. Accordingly the contribution made by this segment is still minor.

The number of tourist bookings in the first quarter of the financial year 2014 increased slightly compared to the same period in the previous year 2013. This was primarily generated in the French market, particularly the French flight portal, which was not fully operative in the previous quarter. In addition the French package travel website portal, which was not yet operational in the equivalent quarter of the previous year, was also able to add a small contribution to growth in bookings, so that we recorded a 47 % increase in bookings overall.

[1] For example, see the "Facts and Figures" survey published in 2014 by the Internet Travel Association on booking trends and internet use [Internet Travel Association – Verband Internet Reisevertrieb, "VIR"]

The number of bookings in the domestic Germany-Austria-Switzerland market declined in line with expectations, since we had made drastic savings in marketing costs. Here there was a fall in bookings of approximately 30 % accompanied by a fall in marketing expenses of approximately 29 %.

In the second quarter of 2014 the number of bookings fell again compared to the comparative period in 2013. As expected, this decline was in the Germany-Austria-Switzerland region, where we had made the most severe reductions in marketing costs. Accordingly, a comparatively high fall in revenues was experienced in this quarter, which had been anticipated. Overall, the first half-year was concluded well, as the cumulated effect of the savings in the Germany-Austria-Switzerland market and the expansion of the French business created important improvements in results, as had been anticipated.

The trends in the package tour business seen in the first half-year continued into the third quarter, so that again we recorded a smaller number of bookings overall for the first nine months of the 2014 financial year compared to the same period in the 2013 financial year. Cost reductions in marketing resulted in a fall in revenues in the quarter. However, we achieved a significant improvement in results compared to the same period in the previous year.

Again, we were able to improve booking numbers in the flight sector in this quarter, especially in our Germany-Austria-Switzerland market.

In addition, in the final quarter of 2014 we were able to improve results compared to the same quarter in the previous year and maintain the trends established in the previous quarters. Additional providers were added in this quarter, in particular the TUI Group, in order to improve the quality of our package tour business in the Germany-Austria-Switzerland market and to strengthen our long term market position.
As a result we report a fall in the total number of bookings and lower revenues for the financial year 2014 as a whole compared to the 2013 comparative period, accompanied by an improvement in operating results.

In conclusion we consider the developments in our international business to be positive, as we have been able to achieve the planned growth with the planned marketing expenditure. For the domestic Germany-Austria-Switzerland market we must report significant falls in revenues and bookings. However, these have been intentional results of planned changes to achieve improvements in the operating results in this sector.

Finally, we consider the course of business in the financial year 2014 to be positive, as we have been able to achieve a satisfactory result having taken appropriate measures following the previous financial year 2013, which fell below our expectations.

C. Results of operations

In thousands of euro	Financial year 2014	2013	+/-	%
Revenues	25,190	29,067	-3,877	-13.34
EBITDA*	3,204	323	2,881	> 100
EBIT	3,190	323	2,867	> 100
EBT**	1,373	-1,526	2,899	> 100
Net income	421	-1,201	1,622	> 100
Operating CF	725	1,164	-439	-37.72

* Earnings before interest, income taxes, and depreciation

** Result before taxes

EBIT is the key ratio used by the Management Board to manage the Group. As the Hotels segment has not yet commenced generating revenues, this segment (with the exception of income arising from the release of provisions and expenses for property taxes) makes no significant contribution to EBIT. Accordingly, this segment is managed on different criteria appropriate for the investments made.

Internet segment

Revenues in the financial year 2014 totaled EUR 25,190 thousand, lower than in the previous year (2013: EUR 29,067 thousand). While commission on travel sales fell from EUR 12,023 thousand in 2013 to EUR 8,146 thousand, a slight increase in commissions for sales of travel ancillary services was achieved, rising from EUR 3,061 thousand in 2013 to EUR 3,294 thousand. Commission from flight sales fell from EUR 13,983 thousand in 2013 to EUR 13,750 thousand. Of total reported revenues earned in the 2014 financial year, EUR 16,557 thousand were earned in the Germany-Austria-Switzerland region and EUR 8,633 thousand internationally (thereof in French website portals: EUR 8,097 thousand). The fall in revenues is primarily due to a reduction in marketing expenditure and the associated fall in bookings.

Earnings before interest and taxation (EBIT) in the Internet segment increased to EUR 3,390 thousand, from EUR 49 thousand in the previous year. While revenues fell (EUR 25,190 thousand; previous year: EUR 29,067 thousand) we were able to reduce marketing costs more than proportionately to EUR 16,617 thousand (previous year: EUR 23,458 thousand), which more than compensated for the fall in revenues. The marketing expense ratio fell from 81 % in the previous year to 66 % as a result of the lower cost per booking. The gross margin increased accordingly from 19 % in 2013 to 34 % in 2014. The other revenue related costs included provider costs of EUR 521 thousand (previous year: EUR 515 thousand).

	2014	2013
Commission revenues (EUR tsd.)	25,190	29,067
Marketing expenses (EUR tsd.)	16,617	23,458
Marketing expenses (in percent of revenues)	66	81
EBIT*	3,190	-323

*Earnings before interest and taxation

Hotels segment

No revenues have yet been generated in the Hotels segment in the financial year 2014.

D. Financial position

The balance sheet total increased by EUR 29,490 thousand in the previous year to EUR 32,305 thousand.

Capital structure

The subscribed capital and capital reserves are unchanged compared to the previous year.

Equity increased to EUR 3,699 as a result of the net profit for the year. The equity ratio, accompanied by the overall increase in the size of the balance sheet, recovered only slightly from 11.1 % to 11.4 % in the financial year.

The increase in **non-current liabilities** of EUR 2,529 thousand is primarily a result of the transfer of the 4,161 bonds that had still been held by the bond intermediary in the previous year. The bonds are recognized at fair value (market value of 52.9 %) and subsequently accounted for under the effective interest method. The bonds are due for repayment on September 17, 2017.

Current liabilities are largely unchanged compared to the previous year, with an overall total decrease of EUR 3 thousand. The increase in tax liabilities of EUR 128 thousand is due to the positive annual result. On the other hand, provisions fell by EUR 25 thousand, due to two contrary effects. On the one hand, increases were recorded for provisions for legal disputes in the Hotels segment (EUR 148 thousand) and provisions for interest (EUR 168 thousand). On the other hand, reductions in provisions were recorded for onerous contracts (EUR 187 thousand), provisions for legal disputes in the Internet segment (EUR 73 thousand) and provisions for potential fines (EUR 80 thousand). The liabilities to related persons fell by EUR 207 thousand in 2014 following the offset of receivables and payables under the IHBA (In-house Bank Account) contract. Current liabilities have a period to maturity of less than one year.

There are no significant liabilities denominated in foreign currencies. The bond liabilities are the only significant interest-bearing liabilities. Also included in current financial liabilities is the liability recorded for the amount payable in case of a possible termination of the non-controlling shareholders' interests in the limited partnerships (EUR 83 thousand). These are subject to market risks as they change in accordance with the fair values of the respective entities. Off-balance sheet obligations total EUR 1,832 thousand. These primarily relate to payments under construction contracts (purchase obligations) and ongoing rental payment obligations.

Investments

Travel24 has again made further investments in the hotel business in the financial year 2014. The investments in further construction and pre-construction work on the Cologne Perlengraben and Leipzig Ringmessehaus real estate projects fell from EUR 2,075 thousand in 2013 to EUR 1,165 thousand in 2014, primarily due to the temporary pause in construction at both sites. However, construction at the Hotel Leipzig Ringmessehaus property recommenced again from August 2014.

There are outstanding contractual obligations of EUR 1,600 thousand for hotel construction work in Leipzig at the balance sheet date. No further investment obligations have been entered into in respect of the property in Cologne for 2015, since the sale of that property remains planned. Certain obligations in respect of planning services for the Cologne property with a total value of EUR 95 thousand remain from existing contractual agreements. It can be assumed that these obligations will be payable by Travel24 once the sale is completed.

No investments have been made in intangible assets in 2014.

Liquidity

The Group's liquidity has fallen by EUR 324 thousand to EUR 1,002 thousand compared to the previous year.

The cash flows from current activities include cash from operating activities as well as payments for interest, receipts of interest income, and payments for tax. The tax payments include tax payments for earlier years and payments on account for 2014. Operative cash flows also include the increase in receivables payable by Unister Holding GmbH, to the extent that these did not affect cash flows (change in the line: increase/decrease in trade receivables and other assets which are not attributable to investing or financial activities). The increase in these receivables was primarily due to open receivables arising from ongoing business activities. The EUR 439 thousand reduction in cash flows from operating activities is primarily a result of the increased level of receivables at the balance sheet date (EUR 647 thousand). These result from the flight placement business in particular.

The net cash outflows from investing activities of EUR 2,004 thousand (previous year: cash outflows of EUR 3,646 thousand) resulted from payments for investments in property, plant, and equipment of EUR 1,004 thousand and cash outflows of EUR 1,000 thousand under the Unister Holding GmbH loan agreement. The change compared to the previous year primarily resulted from the lower cash outflows from financial instruments (loans granted).

Cash flows from financing activities of EUR 955 thousand are attributable to receipts for the corporate bonds issued by Travel24 in 2012. The cash inflows were significantly lower than in the previous year.

The liquidity of the Group for the 2015 financial year is assured, including all planned expenditures for the continued expansion of the Internet segment, as well as costs arising for the Hotels segment, and the planned construction costs to be incurred for the hotel projects respectively. The proceeds of the future sale of the two hotel real estate investments should ensure that the repayment obligations under the bonds in 2017 will be met. The sale of the finished property in Leipzig will generate the most significant part of the repayment sum. As a portion of the sales proceeds from the sale of the Cologne property in 2015 will be directly invested in the construction of the Hotel in Leipzig, the sales proceeds from Cologne will largely be used indirectly for repayment purposes. The difference between the sales value of the Leipzig property and the total repayment amount will be met from operating cash flows, and the remaining sales proceeds from the sale of the Cologne property.

Overall, the Travel24 Group was able to meet all financial obligations arising from operating activities at all times during the financial year 2014.

E. Net assets

Non-current assets

Non-current assets fell from EUR 23,491 thousand in 2013 to EUR 14,697 thousand in 2014. On the other hand, non-current receivables due from Unister Holding GmbH have increased following further deposits of free cash with that company. Intangible assets are unchanged compared to the previous year.

The Cologne Perlengraben real estate property has been offered for sale since April 2014. Accordingly it has been reclassified and is now presented within current assets under non-current assets held for sale. A contract for the sale of the property was certified in December 2014. The reduction was due to reclassifications (EUR 9,967 thousand) and investments in property, plant, and equipment (additions of EUR 1,165 thousand).

Current assets (including IFRS 5 assets)

Current assets increased from EUR 5,999 thousand in 2013 to EUR 17,608 thousand in 2014. Current assets increased as a result of the reclassification of the Cologne Perlengraben hotel project (EUR 9,967 thousand).

Financial assets in 2013 wholly represented receivables balances due from LOET Trading AG, the bond intermediary. Of this total, EUR 955 thousand were settled in 2014. In addition receivables of EUR 263 thousand were offset against a liability of the same amount. On the other hand there was an increase which resulted from the transfer of bonds at their fair value of EUR 2,201 thousand which had been held by the intermediary bond dealer in the previous year.

The other non-financial assets primarily include amounts receivable from the tax authorities.

F. Report on post-balance sheet date events

In April 2015 an agreement was made for the repurchase of bonds with a nominal value of EUR 4,161 thousand. These bonds transferred by an intermediary and, as a result, were deemed to be issued for balance sheet purposes. Accordingly as a result of the repurchase of the bonds the Company has a holding of its own bond obligations of that amount which will reduce interest liabilities significantly. The bonds are to be transferred to a nominee account in the name of Travel24.

In addition, in April 2015 a loan of EUR 2,000 thousand has been made under a loan agreement for the same amount with LOET Trading AG. A property mortgage in the amount of the loan was provided as collateral security.

The receivable balance with Unister Holding GmbH has been reduced by the receipt of planned loan installments (EUR 600 thousand) and two unplanned additional repayments amounting to EUR 700 thousand.

The sale of the Cologne real estate was not completed as planned before the publication date. We expect that the final outstanding preconditions of the transaction will be completed in the second quarter, so that the disposal proceeds can be reported no later than in the third quarter.

G. Report on expected developments and on opportunities and risks

G.1. Report on expected developments

Internet segment

After having to accept lower revenues in total in 2014 over all the website portals operated by the Group, a further slight fall compared to the previous financial year is expected for the 2015 financial year.

The fall in revenues in 2014 was primarily a result of optimizing marketing expenses in the Germany-Austria-Switzerland region. We aim to retain or slightly improve on the resulting improvement in margins in the financial year 2015. As a result we expect that an associated reduction in the overall marketing budget will result in a fall in revenues of approximately 10 %. A growth in revenues is only planned for our French package travel sales, with an expected growth of approximately 50 %. Total planned revenues for the Internet segment as a whole amount to approximately EUR 22,547 thousand for 2015.

Combining the effect on revenues and marketing expenses, we arrive at an estimate for EBIT for the financial year 2015 which is slightly above the level of 2014.

The assumptions behind the above estimates are described below.

On the revenues side, the focus will continue to remain on the French market and the Germany-Austria-Switzerland region. Growth will primarily be generated in the newly created package travel sales business in France. Here we expect revenues of approximately EUR 650 thousand.

Our international flight sales placement website portals are expected to contribute with results slightly lower than in the previous year. For the website portals in the domestic Germany-Austria-Switzerland market we expect a slight fall in revenues in the flight sector compared to the financial year 2014, with revenues remaining approximately unchanged in the package travel sector.

In total this results in an overall fall in revenues from commissions generated from the sale of package travel, flights, hotels, and other travel services (such as insurance and car rental) of approximately EUR 2,870 thousand.

On the other hand there will be a reduction in marketing investments, especially in the Germany-Austria-Switzerland market but also applying to all sectors. Overall we expect savings in costs not directly related to revenues of approximately 11 % compared to the previous year.

In accordance with our revenue expectations we also expect a slight fall for visits and booking numbers – the main non-financial KPIs – in the financial year 2015. On the other hand, for the KPI page views we do not anticipate any changes, as significant changes in user behavior are not expected over this period, and we aim to maintain high usability of the websites with continued website development in order to keep the average stay on our website at a constant high level. Based on the lower level of forecasted marketing costs and the lower level of bookings compared to the previous year, we also expect the cost-per-order value to be approximately unchanged for the financial year 2015.

Hotels segment

In planning the operational start for our hotel in Leipzig we are taking a prudent approach, and accordingly we do not plan to achieve revenues from the hotel business until 2016. For the hotel segment, therefore, the financial year 2015 is purely a period of investment. It will be necessary to recruit further staff during 2015 in preparation for the opening of the first hotel in Leipzig, for the pre-opening phase. The effect on earnings of the resulting additional expense of around EUR 100 thousand is comparatively minor.

The results contribution of the segment is limited to the contribution to be generated from the sale of the property in Cologne. Our current investment plan foresees investment of approximately EUR 12,300 thousand in the construction of the property in Leipzig, completing the project by the start of 2016. We expect that the opening will take place in early 2016, taking into account any possible construction delays. As the property in Cologne remains subject to the sale process it is excluded from this segment for operative and investment planning purposes.

Based on this planning the Group as a whole expects income of approximately EUR 23,000 thousand (including one-off effects from the sale of the Cologne real estate) and EBIT at a similar level that of 2014, expected to be in the approximate range of between EUR 2,800 thousand to EUR 3,000 thousand.

G.2. Report on opportunities

Internet segment

- We view the market environment at the macroeconomic level, and particularly in our specific sector, as advantageous enough to allow positive progress. The internet travel business across Europe as a whole has developed positively in recent years and we expect this trend to continue into 2015 and beyond. The online travel market is growing throughout Europe, and as a whole it provides opportunities for further growth. As a result we believe that highlight growth is again achievable within the next three to five years.
- We see the strength and the international transferability of the brand name as a providing a good general starting point for us in our internationalization of the travel placement business. The

existing structure of our information technology, product, and marketing departments presents us with the opportunity to rapidly scale up the online travel sales business internationally in all sectors. The French market serves as a blueprint for us, as we were able to achieve our first successes there in 2014. Compared to the country-specific establishment of the trade mark, savings on the cost side in particular were achieved here. In the same way, our success in flight sales in France shows that a quick product transfer can create international success. The concentration of all the significant flight sales product processes at our head office in Leipzig enables us to profit from scaling effects and reduced overhead costs.

- In our cooperation with the Unister Group we continue to have an experienced partner at our side. As Germany's market leader Unister GmbH is able to provide the management and information technology support we need.

Hotels segment

We continue to see excellent growth opportunities for the budget hotels segment, where we are in the start-up phase.

- The budget hotels segment is still underrepresented in Germany and has enormous growth potential. The recent market entries of new players and the development of existing players in this market illustrate the basic attractiveness of the market and confirm the timing of the market entry that we have selected.
- We expect a small head start in the market entry phase due to the recognition of the Travel24 brand. Clearly, Travel24 Hotels competes with established hotel brands in the budget segment, however in this growth phase of the market a positioning against other new entrants streaming into the market is also particularly important. Compared to such competitors, the brand and the established Travel24 marketing platform with its direct reach provides advantages which new entrants will first need to establish.
- Trends towards consumer cost sensitivity, emotional and value design orientation, and increasing city tourism continue and as such offer significant growth opportunities for the Travel24 hotel concept.
- Given the know-how that we have in this segment and the high margins associated with the budget hotels business, we see possibilities to prove that the business model is profitable within a short time following the planned market entry in order to attract further finance for additional growth, with the result that we will be able to scale operations quickly. As a result we expect a diversified cash and income structure which will enable us to generate further long-term growth from our own resources.
- The current pressure for investments on international capital markets and from investors, and also the search for relative secure investment alternatives, mean that hotel real estate is in demand as an alternative investment form. We view these developments positively from the point of view of acquiring investors for the purposes of establishing a hotel group, as the budget hotels sector offers a comparatively crisis-resistant environment. We see this as providing

improved opportunities and conditions for acquiring capital, which in turn will support the rapid development of our hotel group.

G.3. Risk report

G.3.1. Risk management system

The continuous early detection and standardized recording, evaluation, control and monitoring of potential risks enable us to analyze the risk situation on a systematic basis. The risk management system is under the direct supervision of the Management Board. Four risk management committee meetings were held in the financial year 2014.

Travel24 has various mechanisms in place to ensure the appropriate and consistent treatment of risks and to protect the operating business against operating, technical, legal, commercial, and sector-specific risks.

Operating and technical risks primarily relate to the error-free operation of the websites and all related partners and processes, as well as ensuring the general competitiveness of the technology, service quality, and the provision of competitive products. Risk examinations are performed on other providers before Travel24 enters into direct cooperation arrangements. A continuous exchange with the Travel24 management takes place regarding potential risks during cooperation arrangements.

Travel24 also monitors legal risks. Risks can arise from operating activities, for example in data or consumer protection issues or in complying with regulatory requirements. In order to record such risks, Travel24 management observes legal developments in the markets in which it operates on a continuous basis. As a rule, this is done in conjunction with legal practices located in the respective countries who are specialized in providing legal advice for the specific issues relevant to Travel24's operations.

Risks specific to the markets in which Travel24 operates are monitored on a continuous basis by the use of key ratios and by observing qualitative factors which can have an effect on demand or on the economic situation of a specific country.

Specific sector risks arise primarily from global risks, for example acts of terror or major environmental or political upheavals with associated effects on the willingness to travel. We aim to measure such risks by the regular monitoring of the macroeconomic environment by Travel24 management.

G.3.2. Risks

The Company sees itself exposed to significant risks in connection with the repayment obligations associated with the corporate bonds issued in 2012. The bonds are due for repayment in September 2017 and the repayment amount totals EUR 25.000 thousand. As this risk cannot be allocated to either of the two segments it is presented the level of the Group separate from the segment risks. The Company has prepared cash flow plans through 2017 which are derived from an integrated business planning. Based on this planning, the Company can meet its current payment obligations and its bond repayment obligations due in September 2017. A number of assumptions concerning future developments were necessary when preparing this business plan. The significant assumptions made in preparing the business plan were as follows:

- Bond obligations of EUR 4,161 thousand will not be payable as the Company will hold bond liabilities in this amount in September 2017, so that no external payment obligations remain.
- The loan extended to Unister Holding GmbH will be settled, with payment of at least the agreed repayments of EUR 0.2 million monthly through to mid-2017.
- Despite falling revenues in the Germany-Austria-Switzerland region the Internet Segment will generate cash inflows at the 2014 level, as a result of increasing foreign revenues and increasing profitability. The increase in profitability in the segment will be driven in particular by the margin optimization already observed in 2014 and at the start of 2015.
- Our service provider Unister Travel Betriebsgesellschaft mbH will continue to provide significant service processes in the Internet Segment, or, under consideration of a reasonable transfer period, such services will be provided by a third party based on comparable terms and conditions.
- The Hotel segment will not generate significant negative cash flows in 2016 and 2017 following launch.
- Cash flows of amounts approximating current carrying amounts (EUR 9,968 thousand) can be generated from the sale of the real estate property in Cologne.
- Cash flows can be generated from the sale and lease back of the real estate property in Leipzig planned for 2017 of amount equivalent to the construction costs incurred by that date, plus a profit margin on sale of EUR 1.8 million, or alternatively, cash flows of a similar amount can be generated by obtaining loan finance secured on the property which has not been used as collateral security to date.

There is a risk that the Company may not be able to meet its payment obligations under the bond, in particular should more than one of the expected future events not be achieved.

Other risks in addition to the risk associated with the payment obligations under the bond are presented separately by segment in the following paragraphs.

Internet segment

Travel24.com AG monitors both specific risks associated with the Company as well as general market risks, whereby the following specific risks were identified for the Internet segment which are monitored on a continuous basis. Appropriate countermeasures are formulated and implemented as necessary.

- General reputation risk: There was notable negative publicity in the financial year 2014 for the Travel24.com AG and its website portals as a result of various events. This included in particular the deficiencies found by the German Financial Reporting Enforcement Panel [Deutsche Prüfstelle für Rechnungslegung] in the 2012 annual report, as well as various articles published in the business and trade press. This brings with it a general reputation risk vis-à-vis business partners and customers. However, until now there has been no noticeable negative effect on business operations.
- Travel24.com AG is involved in a legal dispute with a French travel services provider. There is a risk that the Company may be prevented from marketing that provider’s products. Until now it has been possible to register a partial success in this issue to the benefit if Travel24.com AG at national level. A reliable estimate of possible amounts of any remaining damages cannot be made at this time, but we continue to assume that the financial risk from this legal dispute is very small. The costs arising in connection with this dispute are minor in amount.
- In January 2014 the Management Board and the Chairman of the Supervisory Board of Travel24.com AG were charged with alleged tax evasion and incorrect accounting for value added taxes in respect of certain flight services. The risks to the Group involve the potential obligation for payment of tax arrears. Appropriate provision (EUR 300 thousand) has been made for these risks in the 2012 annual financial statements, and accordingly this matter is not expected to affect the Group’s financial results in future periods.
- In connection with the investigations in progress since December 2012, additional searches of Travel24.com AG’s commercial offices within the Unister Group's premises of were made in December 2013 as a result of new information. These investigations continue to be focused on the Management Board and the Chairman of the Supervisory Board of Travel24.com AG. The investigations relate to accusations of alleged tax evasion as a result of improper accounting for value added taxes in respect of certain flight services, and alleged illegal retention of price differences in connection with flight service bookings. In the view of the Office of Criminal Investigation this is grounds for suspicion of computer fraud. Travel24 does not agree with the opinion of the Office of Criminal Investigation in respect of either accusation, and believes it has acted lawfully. There have been no changes in this matter and no additional information has come to light in the financial year 2014. Accordingly there are no new insights concerning potential penalty payments for which we could make provisions. However, we respond to the risk of potential financial loss to Travel24.com AG from this matter by recording future provisions immediately on becoming aware of the potential amounts of such loss. Developments in respect of this matter are monitored continuously by the Management Board.

- A large proportion of the services rendered to Travel24.com AG are provided by Unister Travel, resulting in a high level of dependency. As a result, all revenues recorded in the Germany-Austria-Switzerland market are generated with service partners that are acquired via Unister. In international business the service relationships are more diversified. In France in particular Travel24 has significant direct relationships with its service providers, such as tour operators for example. Overall, approximately 64 % of direct services are provided by Unister and approximately 36 % are provided by third parties with whom Travel24 is the direct contractual partner. In addition almost all our marketing expenses are incurred with Unister directly or third parties who have relationships with Unister. As a consequence, Travel24's competitive strength is dependent on the sales and marketing skills provided by Unister and its partners. In addition, being in the e-commerce business means there is a constant threat of being subject to attacks designed to obtain customer data, in particular credit card data, held by Travel24.com AG in connection with its transactions with Unister, which also processes all payment transactions. A significant proportion of transactions in the Internet segment are affected by this risk, especially in flight sales placement where a high proportion of all bookings are paid by credit card. Unister uses high PCI security standards[2] in order to guarantee the security of customer data and credit card information, and holds appropriate certifications. Travel24 requires Unister to provide evidence of this certification annually, and for our purposes this is evidence that customer data is secure. This risk is difficult to quantify because of its nature. However, it is significant due to the high level of dependency and the potential effect on Travel24's business operations. This risk is evaluated on the basis of careful and regular analysis of the costs and benefits and risks associated with these arrangements compared to potential alternative structures for our business activities. At the current time we are of the opinion that the advantages gained from our relationship with Unister justify the risks associated with the resulting dependency.

In addition, there are current market risks which can be classified as ongoing risks because of their importance:

- Pressure on sales prices in the travel placement sector remains high. Our customers are looking for the cheapest offer available online, while the providers of the products we sell want to minimize their costs. The large number of competitors raises the risk of a price war, which potentially could result in a loss of market share.
- The online travel placement market is extremely competitive and dynamic, and at the same time the barriers to entry in the market are relatively low. As a result, the need may arise to amend our business model or establish a new business model at short notice in order to maintain our competitiveness. In addition the market is often exposed to multiple technical innovations which are launched at the same time – for example bookings being made using mobile devices – which increase competitiveness further. This results in the risk that technical innovations fail and a resulting lack of customer acceptance for our products.

[2] PCI DSS – Payment Card Industry Data Security Standard

- As a result of our international presence we see ourselves confronted with some risks which are limited to specific countries and markets. These include the risks of faulty or insufficient technology and thus product-side market penetration, necessary adjustments to the marketing mix, and sub-optimal performance of partners in product and fulfillment, as well as specific economic factors and local demand preferences which can affect the business. The scale of these risks increases with our expansion into new markets.
- Global risks for the tourism industry – for example, acts of terror, strikes affecting critical elements of the sector (e.g. airlines), or major political upheavals – can have negative effects on online travel placement sales and thereby on the Travel24.com AG business model. Global risks primarily affect the travel behavior of consumers, in that they avoid affected regions completely, have a low level of demand for a specific transport modus, or reduce their willingness to spend money on tourism services. These present risks to Travel24's sales and revenues as it is possible that the alternative products demanded by consumers (for example train travel instead of flights) are products not sold by us, or that our product mix is no longer adequate. Accordingly, the above, as well as the risk of a downward price spiral that might result from falls in demand for a specific holiday region, for example, result in risks to Travel24's revenue volume.

Hotels segment

The significant risks in the Hotels segment arise in connection with hotel construction and construction planning.

- Possible planning and financing uncertainties could result in the delay of planning and construction phases in the Hotels segment. Disruptions, uncertainties and errors in costing budgets can result in higher than expected construction costs or an increase the expected investment volume required for hotel construction. As we are currently only carrying out construction work on our Leipzig property, errors in costing budgets can only relate to this property. Under consideration of the total construction volume and experience in the likelihood that risks materialize, we expect that the risk of needing to increase the investment budget are limited to a maximum sum of EUR 2 million. The Management Board counters this risk by monitoring all planning and financing activities on a continual basis, based on detailed investment planning and by deploying an experienced project management team to identify budget overruns at an early stage.
- There is a potential risk of legal disputes arising from under- or nonperformance in planning and construction. These could, depending on the circumstances, result the need for provisions being required for potential resulting financial claims against Travel24.
- The failure to complete construction within in the planned timetable as a result of financing or planning problems creates the risk of delays in opening the hotel in Leipzig. The resulting delay in commencing hotel operations would result in lost revenues. This risk cannot be quantified at the current time. A delayed market entry, however, could mean that the competitive situation at the date that operations commence is not comparable with the circumstances at the date that

the commencement of market operations was planned, and that Travel24 is no longer in a position to generate the level of revenues planned in the relevant period. This risk is monitored using the construction, investment and project planning described above.

- A significant factor for the success of the Leipzig hotel construction project is the ongoing process of ensuring sufficient liquidity in order to ensure that liabilities arising from construction activities can be met. For this purpose we use an investment and liquidity plan. This is used to manage the liquidity requirements and includes documentation of the construction work planned and completed together with the resulting necessary payments required for the remaining period of construction. There is comprehensive monitoring of the Company's current and future liquidity position and the construction project in particular, maintained on the basis of the investment sums contractually agreed with the construction companies and tradesmen and records of invoice receipts and payments.

We identify the existence of a number of operative risks which could manifest themselves, particularly in the ramp-up phase of our Leipzig site. Although the risk of the occurrence of these risks is lower, their potential remains. These risks cannot be quantified at the current time, and are not acute. However, they remain under our observation:

- There is a risk of not recruiting sufficient personnel or not recruiting personnel on a timely basis. Failure to recruit sufficient qualified personnel presents a risk to the ability to run the hotel operation process as planned. We plan with fifteen employees in the Leipzig hotel from the beginning of 2016 to ensure that operations run smoothly. A small number of these (two to three employees) will be recruited for the pre-opening phase which will be approximately six months prior to opening. In addition, we counter this risk by ensuring that we begin early with our search for suitable management and trained personnel in order to fill all positions at least four weeks before opening the Leipzig hotel.
- The marketing process is a significant factor for a successful launch in this sector, including ensuring the necessary technical links and modern design. This includes the secure and timely inclusion in all relevant hotel website portals and other sales channels, a secure and fault-free property management system, and the installation of a state of the art booking system engine on our own website. In addition, a far-reaching trade mark acceptance and the use of attention-grabbing measures, particularly online, are important for a successful market launch. The planned investment volume for 2015 – in particular for technology and aspects relevant to the trade mark – is a six-figure sum. Accordingly, a risk also arises here of creating additional costs should design errors arise and corrections be required. We will rely on the internal know-how of the Travel24 management and, for the technical aspects, the use of experienced providers with a successful track record. This enables us to ensure that the measures in this area are planned and completed on time, reducing the risk of an unsuccessful market launch with an associated effect on planned revenues and results.

- The process of selling the real estate in Cologne has been finalized in all material aspects (the contract has been certified by a public notary) and is subject to completion. There is a risk that conditions precedent will not be fulfilled affecting both the timing of resulting cash flows and also the completion of the sale.
- In addition, there is a risk during planning and construction that we under-develop the technical aspects required for the operation of a hotel property. Should this occur, there is a risk that the capacity of the hotel exceeds the technical performance capacity of the building's facilities, for example it’s electrical or water supply needs. This would require subsequent improvements, and depending on their scope, possibly a partial or complete cessation of operations. Although these interruptions would only be for limited periods of time, they present risks of lost revenue and negative effects on reputation, as well as the costs of the measures themselves. We manage our planning and controlling processes to counter this risk in order to be able to recognize and resolve planning errors on a timely basis before commencing operations. The likelihood that this risk will materialize is generally low (< 5 %) given the average capacity utilization that a budget hotel can expect in its first year of operations (approximately 50 %).

On the basis of our risk management, it can be concluded that there are no current risks which threaten Travel24’s ability to continue as a going concern. The development of all specific risks is monitored on a continual basis by the Management Board.

H. Risk reporting relating to the use of financial instruments

Financial instruments originated by the Group mainly consist of cash and cash equivalents, loans, receivables and liabilities with affiliated companies, trade receivables and payables, bonds payable, bond liabilities, and other financial assets and liabilities.

The Travel24 Group is exposed to risks arising from the use of its financial instruments, in particular risks as a result of changes in interest rates, liquidity risks, and risks of default on the part of business partners.

Interest-bearing financial instruments primarily consist of bond liabilities, loans, and other receivables with affiliated companies. Changes in the market interest rates for fixed-interest primary financial instruments originated by the Group only have an effect on results for the period if these are carried at fair value. Accordingly, fixed-interest financial instruments carried at amortized cost are not subject to interest rate risk.

Liquidity risks are primarily the risks associated with meeting repayment obligations for the bonds totaling EUR 25,000 thousand which are due in the third quarter of 2017. Further information is presented in the risk report in section G.3.2 “Risks”.

Impairment allowances are recorded to the extent that there is evidence of default risks affecting individual financial assets. Management is regularly involved in decisions concerning risk allowances made. Security in the form of guarantees has been provided for significant receivables.

Travel24 operates a financial risk management system, the primary objective of which is to ensure that the necessary liquidity is available and to limit financial risks.

I. Internal control system and risk management relevant for the consolidated reporting process

The significant characteristics of the Travel24 accounting-related internal control and risk management system can be described as follows:

The accounting-related internal control system includes the principles, procedures and measures required to ensure the proper maintenance of the Group's accounting records. The system is improved on a continuous basis and is designed to ensure the following: The consolidated financial statements of Travel24.com AG shall be prepared properly in accordance with the International Financial Reporting Standards (IFRSs) as applicable in the European Union, as well as the supplementary requirements under Section 315a (1) of the German Commercial Code (German Commercial Code – Handelsgesetzbuch: "HGB"). In addition, the accounting-related internal control system is also designed to ensure that the annual financial statements of Travel24.com AG and the management report comply with the requirements of German commercial law.

Irrespective of the specific details of any individual system, there is no absolute guarantee that any internal control system will meet its objectives. Accordingly, an accounting-related internal control system can only offer a relative, not an absolute, degree of assurance that significant errors in the financial reporting have been prevented or detected.

The scope and design of the internal control system is based on the discretion and responsibility of the Management Board. The effectiveness of the internal control system is reviewed by the Travel24.com AG Supervisory Board. In addition, the effectiveness of elements of the internal control system which are relevant to the financial reporting is examined by the auditor within the scope of the auditor's risk orientated audit approach.

The Group has a clear management and corporate structure. In addition, in order to prepare its consolidated financial statements and the Group management report, Travel24.com AG receives assistance from employees of Unister Factory GmbH and Unister Holding GmbH under a service contract arrangement.

The Group reporting department is responsible for the preparation of the consolidated financial statements. Changes to statutory requirements, accounting standards and other pronouncements are analyzed to determine whether they apply to Travel24 and to determine their effect on the Group's consolidated financial statements. New issues are examined in the light of existing accounting standards. Under consideration of the size of the Group, the small number of persons involved and the fact that with the exception of one company, the accounting records of all the companies included in the consolidation are maintained at the offices of the parent Company, the relevant requirements are communicated, and, together with the Group financial accounting calendar, form the basis of the consolidated financial statements preparation process. The consolidation is prepared using a system designed for the purpose which requires standardized reporting data to be submitted by the companies to be included in the consolidation.

The Group uses the know-how of third party experts for selected aspects of the preparation of the consolidated financial statements. In particular, the Group is supported by a tax advisor in determining income taxes, value added taxes, and deferred tax balances.

The management of Travel24.com AG is responsible for the process of preparing the Group management report, and is supported by the controlling (portal management), investor relations and Group accounting departments. In this process the Group also uses information which is maintained or generated in information technology systems. The Group reporting department communicates changes in statutory requirements, accounting standards and other pronouncements relevant for the Travel24.com AG management report in order that they can be adopted in the preparation of the management report. Business plans which are used to create forecast data stated in the management report are prepared by management with the assistance of the controlling department.

The accounting-related internal control system provides for the following prevention and detection controls:

The financial systems are protected against unauthorized access by appropriate access controls. Wherever possible, standard software solutions are used for accounting purposes.

The departments and divisions involved in the preparation of the consolidated financial statements are provided with the quantitative and qualitative resources necessary to perform their tasks. Accounting data received or transmitted is regularly examined to ensure that it is complete and accurate, for example by sample testing. Programmed plausibility checks are carried out by the software used e.g. when making payment runs.

For all processes used in the preparation of the consolidated financial statements, checks are performed by a second person independent of the person responsible for the performance of the respective process. Committees (the Supervisory Board) have been established for monitoring the compliance and reliability of internal and external financial reporting.

The use of Unister Group employees enables a high degree of segregation of duties – i.e. a clear separation of responsibilities has been achieved.

The internal control and risk management system described above, to the extent it relates to accounting-related aspects, can ensure that commercial issues are properly recorded, processed, and evaluated and that they are reflected in the consolidated reporting system. The appointment of appropriate staff, the use of the appropriate software, and transparent legal and company internal guidelines form the basis for the preparation of the consolidated financial statements on an orderly, uniform, and consistent basis. The clear definition of responsibilities and the use of various control and supervision techniques ensure a solid and responsible Group accounting function. In this manner it is ensured that business transactions are recorded, processed, and documented correctly and in a timely manner. At the same time, it is ensured that assets and liabilities are correctly recognized, disclosed, and measured in the consolidated financial statements, and that reliable and relevant information is presented in a complete manner and on a timely basis.

Despite the delays to date we are of the opinion that the internal control system and accounting related aspects of the risk management system, is in principle adequate to ensure the necessary control environment and to identify risks on a timely basis.

J. Other disclosures

J.1. Responsibility statement

I confirm that, to the best of my knowledge, the consolidated financial statements of Travel24.com AG, in accordance with the applicable accounting standards, give a true and fair view of the assets, financial and earnings position of the Group, and that the Group management report presents a true and fair view of the course of business, including the Group's earnings and its situation, and a description of the main risks and opportunities of the Group's expected future development.

J.2. Corporate governance declaration

The Group regards Corporate Governance as a matter which affects all areas of the Company. Transparent reporting and corporate management aligned to the interests of the shareholders is an object of corporate policy; responsible and trustworthy cooperation is the basis for corporate actions.

In accordance with Section 161 AktG, the Travel24.com AG Management and Supervisory Boards declare that the recommendations of the “Government Commission regarding the German Corporate Governance Code”, which the Federal Ministry of Justice announced on July 4, 2003 in the official section of the electronic version of the German Federal Gazette in the version of May 15, 2012, publicly announced on June 18, 2012, were complied with from the date of the last declaration of conformity until (and including) June 9, 2013, and that from June 10, 2013 the recommendations of the “Government Commission regarding the German Corporate Governance Code”, which the Federal Ministry of Justice announced on June 10, 2013 in the electronic version of the German Federal Gazette in the version of May 13, 2013, have been and are complied with, and/or they make declaration of which recommendations were or are not applied.

This declaration – including explanation – is accessible on the website of Travel24.com AG at www.travel24.com on a permanent basis.

The same applies to the declaration regarding the German Corporate Governance Code 2013. However, this has not been made public on a timely basis, although this is not in connection with a limitation of scope in respect of the period covered by the declaration.

J.3. Takeover related disclosures (Section 315 (4) HGB)

Issued share capital

There has been no change in the issued share capital of Travel24.com AG since the previous financial year 2013. The share capital is divided into 2,033,585 fully paid no-par shares with equal rights with an arithmetical amount of EUR 1 each. Ownership of the shares entitles the holder to exercise voting rights at shareholders' General Meetings, and to a share of dividends when resolutions for the payment of dividends are approved.

Limitations of share transfer or voting rights

The Management Board is not aware of any limitations of rights to exercise voting rights or limitations on the transferability of shares.

Holdings of voting rights in excess of 10 %

To the knowledge of Travel24.com AG, the only shareholders with direct or indirect investments of 10 % or more of the Company's share capital were as follows:

	%
Unister Holding GmbH, Leipzig (direct)	74.47
LOET Trading AG, Baar in der Schweiz	16.34
	90.81

Shares with special and control rights

There are no shares with special rights conferring control.

Nature of voting control rights in respect of shares held by employees

The Management Board is not aware of any shares held by employees of Travel24.com AG. To the extent that shares are held by employees, no special rights accrue to those shareholders.

Appointment and removal of members of the Management Board and amendments to the Articles of Association

Both the appointment and the removal of Management Board members of Travel24.com AG follow from Sections 84 and 85 AktG and Section 6 (1) of the Articles of Association. Sections 133 and 179 AktG and Section 12 (1) of Travel24.com AG's Articles of Association describe the due process that must be followed in order to make amendments to the Articles of Association.

The Articles contain no terms which amend or deviate from statutory requirements.

Authority granted to the Management Board to issue and repurchase shares

Approved capital 2009
An approved capital increase which had not been used to effect a capital increase by its expiry date of August 31, 2014 expired unused on that date.

Approved capital 2010
The Management Board is empowered, by a resolution of the Annual General Meeting held on July 30, 2010, subject to the approval of the Supervisory Board, to increase the Company's share capital once or several times in the period until July 30, 2015 by a maximum of EUR 90,170.00 by issuing up to 90,170 new no-par shares in exchange for cash contributions or contributions in kind (approved capital 2010). In each case, no-par bearer shares may be issued; the share of profits may be determined in deviation from Section 60 (2) AktG. The minimum amount issued per no-par share amounts to EUR 3.00. In addition, the Management Board is also empowered, subject to the approval of the Supervisory Board, to exclude shareholders' pre-emptive subscription rights. However, an exclusion of shareholders' pre-emptive subscription rights is permitted only in the following cases:

- when the shares are issued to acquire companies, investments in companies, or parts thereof;
- for residual amounts;
- if the issue price of the shares is not significantly below the stock market price and the exclusion of the pre-emptive subscription rights only extends to new shares, the arithmetical value of which does not exceed 10 % of the share capital, i.e. in total a maximum of EUR 196,780.00; with regard to the application of the 10 % limit, the exclusion of the pre-emptive subscription rights due to other authorizations under Section 186 (3) (4) AktG shall be taken into account;
- if required in order to grant the owners of convertible bonds, convertible participation rights, or option rights a subscription right to the extent to which they would be entitled after exercising the conversion right or option right as shareholder.

Authorizations to repurchase the Company's own shares
With the resolution in the General Meeting of June 6, 2012, the Company is authorized to purchase own shares. The authorization is limited to the purchase of own shares amounting to a proportionate amount of the share capital of up to EUR 203,358.50 in total. The authorization can be exercised

once or several times within the framework of the above-mentioned overall volume, completely or in partial amounts. The authorization is valid until the expiry of June 6, 2017.

Change of control

Travel24.com AG has entered into no significant agreements in 2014 which are effective conditional on a change in control following a takeover offer.

Compensation agreements in respect of Travel24.com AG

Travel24.com AG has entered into no agreements with members of the Management Board or with employees conditional on the event of a takeover offer being received.

J.4. Remuneration report

The remuneration report is prepared in accordance with the German corporate governance code and the recommendations of German Accounting Standard No. 17 in the updated 2011 version (DRS 17). It includes the disclosures required under the German Commercial Code (HGB) and under International Financial Reporting Standards (IFRS). It is presented as part of the Group's management report. The remuneration report describes the remuneration system for the Management Board and the Supervisory Board, and provides information on the amount and structure of the remuneration. The remuneration of the Company's officers is presented as a total together with details of the relationship between the individual remuneration elements. In addition, a split between fixed and performance-related components and components with a long term incentive element is presented.

The members of the Management Board of Travel24.com AG do not receive any remuneration, fixed or variable, for the performance of their Management Board duties from the Company, or from any of its subsidiaries. The member of the Management Board is employed by Unister Holding GmbH, the Company's majority shareholder, and is remunerated on an overall basis for duties performed under his employment contract, including those associated with his responsibilities as a member of the Management Board. In accordance with DRS 17.68 the remuneration report includes full details of all remuneration provided by the Company's parent, as it is not possible to exclude any links between these duties and duties performed as a member of the Management Board. The expenses incurred by the Company's parent are not recharged to Travel24, either directly or indirectly. Accordingly the disclosures are made irrespective of the expense borne by Travel24.

Remuneration of the Management Board in accordance with Section 314 (1) (6a) HGB

The remuneration of the current members of the Management Board included the following components: (in thousands of euros)

Fixed remuneration	164
Performance related remuneration	71
Other elements	13

Accordingly the total remuneration of the Management Board for the 2014 financial year was EUR 248 thousand. The fixed salary is paid in equal monthly installments.

Performance-related remuneration

The performance-related remuneration is determined based on individual objectives agreed for the financial year. These take into account six individual objectives, and a fixed bonus amount is attached to each objective. The agreed degree of target attainment can range from 0 % to 100 %, whereby bonus payments can be made of up to 100 % of the agreed amount. The maximum possible bonus award for the financial year 2014 amounted to EUR 80 thousand.

Other remuneration elements relate to payment of monthly contributions to a private (direct insurance) pension scheme and payment of the monthly costs of a Company vehicle.

Remuneration components with long-term incentives

No remuneration components with long-term incentives are paid, for example in the form of payments in shares or the granting of options under a share option scheme. Accordingly there are no equity participation benefits.

Other remuneration components

No other remuneration components are paid to the Management Board. There are also no termination benefits payable to the Management Board as the employment arrangement with the Management Board has not been terminated. No agreement has been entered into for such circumstances.

Leipzig, December 23, 2015

Travel24.com AG

Armin Schauer

Management Board

3.2 Consolidated financial statements 2014

3.2.1 Travel24.com AG consolidated balance sheet

ASSETS	ref.	December 31, 2014 *In euro*	December 31, 2013 *In euro*	January 1, 2013 *In euro*
NON-CURRENT ASSETS				
Intangible assets				
Intangible assets purchased	II 5.; II 6.; II 18.; IV 1.; V 1.	4,231,184.60	4,231,184.60	4,225,634.60
TOTAL INTANGIBLE ASSETS		**4,231,184.60**	**4,231,184.60**	**4,225,634.60**
Property, plant, equipment				
Land	II 8.; II 18.; IV 2.	1,086,323.62	4,906,948.99	4,843,948.99
Furniture, fixtures & office equipment	II 8.; II 18.; IV 2.	2,413.00	0.00	0.00
Construction in process	II 8.; II 18.; IV 2.	3,688,988.40	8,686,359.52	6,674,104.45
TOTAL PROPERTY, PLANT, & EQUIPMENT		**4,777,725.02**	**13,593,308.51**	**11,518,053.44**
Financial assets				
Loans to related parties	II 9.; IV 3.; V 6.	5,600,000.00	4,731,324.40	3,510,763.89
TOTAL FINANCIAL ASSETS		**5,600,000.00**	**4,731,324.40**	**3,510,763.89**
Deferred tax assets	II 10.; III 9.; IV 4.	88,070.87	935,193.89	585,415.80
TOTAL NON-CURRENT ASSETS		**14,696,980.49**	**23,491,011.40**	**19,839,867.73**
CURRENT ASSETS				
Receivables and other assets				
Trade receivables	II 9.; IV 5.	852,830.92	205,791.33	8,906.91
Receivables due from related companies	II 9.; IV 6.; V 6.	2,729,245.28	2,317,587.97	5,487,491.12
Other financial assets	II 9.; IV 7.	2,438,217.27	1,218,000.00	277,000.00
Current tax assets	IV 7.	48,786.50	225,930.63	0.00
Other non-financial assets	IV 7.	570,161.42	706,537.90	1,936,754.40
TOTAL RECEIVABLES AND OTHER ASSETS		**6,639,241.39**	**4,673,847.83**	**7,710,152.43**
Cash and cash equivalents	II 11.; IV 8.	**1,001,863.27**	**1,325,517.41**	**1,056,154.46**
TOTAL CURRENT ASSETS		**7,641,104.66**	**5,999,365.24**	**8,766,306.89**
Non-current assets held for sale	IV 16.	**9,967,250.88**	**0.00**	**0.00**
BALANCE SHEET TOTAL		**32,305,336.03**	**29,490,376.64**	**28,606,174.62**

EQUITY AND LIABILITIES		December 31, 2014 *In euro*	December 31, 2013 *In euro*	January 1, 2013 *In euro*
EQUITY				
Subscribed capital	IV 9.	2,033,585.00	2,033,585.00	2,033,585.00
Capital reserve	IV 9.	2,913,974.00	2,913,974.00	2,913,974.00
Loss carried forward	IV 9.	-1,248,951.18	-1,669,957.51	-468,514.80
Equity attributable to owners of the parent		3,698,607.82	3,277,601.49	4,479,044.20
TOTAL EQUITY		**3,698,607.82**	**3,277,601.49**	**4,479,044.20**
LIABILITIES				
NON-CURRENT LIABILITIES				
Financial liabilities	II 9.; IV 10.	22,846,856.05	20,317,442.62	17,229,831.11
Deferred tax liabilities	II 10.; III 9.; IV 4.	49,955.13	182,338.05	156,825.34
TOTAL NON-CURRENT LIABILITIES		**22,896,811.18**	**20,499,780.67**	**17,386,656.45**
CURRENT LIABILITIES				
Tax liabilities	III 9.; IV 4.; IV 11.	2,354,747.46	2,226,900.74	2,586,406.97
Provisions	II 12.; IV 12.	819,762.36	844,324.55	2,140,159.51
Financial liabilities	II 9.; IV 13.	620,143.00	589,653.00	383,500.00
Trade payables	II 9.	699,495.88	569,955.82	662,837.59
Liabilities to related companies	II 9.; V 6.	181,029.19	388,071.77	0.00
Advance payments from customers	IV 14.	327,902.55	32,352.00	34,252.00
Other liabilities	IV 14.	706,836.59	1,061,736.60	933,317.90
TOTAL CURRENT LIABILITIES		**5,709,917.03**	**5,712,994.48**	**6,740,473.97**
TOTAL LIABILITIES		**28,606,728.21**	**26,212,775.15**	**24,127,130.42**
BALANCE SHEET TOTAL		**32,305,336.03**	**29,490,376.64**	**28,606,174.62**

3.2.2 Travel24.com AG consolidated statement of comprehensive income

	Notes ref.	January 1 - December 31 2014 In euro	2013 In euro
1. Revenue	II 14.; III 1.	25,190,038.08	29,066,628.91
2. Other operating income	III 2.	385,500.84	1,583,816.96
3. Marketing expenses	III 3.	-16,617,272.00	-23,458,290.01
4. Other revenue related expenses	III 4.	-3,593,116.23	-3,898,585.91
5. Personnel expenses	III 5.	-962,727.53	-539,715.45
6. Depreciation	III 6.	-13,722.04	0.00
7. Other operating expenses	III 7.	-1,198,319.46	-2,430,802.30
8. Operational result		**3,190,381.66**	**323,052.20**
9. Interest income	II 9.; III 8.	438,052.44	299,045.16
10. Interest expenses	II 9.; II 16.; III 8.; IV 13.	-2,172,575.50	-2,147,803.77
11. Other financial result	II 9.; III 8.	-83,000.00	0.00
12. Financial result		**-1,817,523.06**	**-1,848,758.61**
13. Result before taxes		**1,372,858.60**	**-1,525,706.41**
14. Tax expenses	II 10.; III 9.	-279,724.97	0.00
15. Deferred taxes	II 10.; III 9.	-672,127.30	324,263.70
16. Net income		**421,006.33**	**-1,201,442.71**
17. Other comprehensive income		0.00	0.00
18. Comprehensive income		**421,006.33**	**-1,201,442.71**
Thereof attributable to owners of the parent		421,006.33	-1,201,442.71
Attributable to non-controlling shareholders		0.00	0.00
Earnings per share in euro (basic and diluted)	II 15.; III 10.	0.21	-0.59

3.2.3 Travel24.com AG consolidated statement of cash flows

		Notes ref.	January 1 - December 31 2014 In euro	2013 In euro
Cash flows from operating activities				
Net income			**421,006.33**	**-1,201,442.71**
+ / -	Income taxes	III 9.	951,852.27	-324,263.70
+ / -	Financial result	III 8.	1,817,523.06	1,848,758.61
+ / -	Increase/decrease in provisions	IV 12.	-24,562.19	-984,996.71
- / +	Increase/decrease in trade receivables and other assets which are not attributable to investing or financial activities		-2,656,609.66	3,104,607.36
+ / -	Increase/decrease in trade payables and other liabilities which are not attributable to investing or financial activities		2,031,891.57	1,047,870.45
+ / -	Other non-cash expenses/income		0.00	-10,648.78
-	Interest paid		-1,737,508.12	-1,826,245.48
+	Interest received		1,058.81	95,535.08
-	Taxes paid		-79,709.57	-585,438.54
=	Cash flows from operating activities		**724,942.50**	**1,163,735.58**
-	Payments for investments in intangible assets	IV 1.	0.00	-5,550.00
-	Payments for investments in property, plant, and equipment	IV 2.	-1,003,586.40	-1,580,312.63
-	Cash flows from loans made	V 6.	-1,000,000.24	-3,060,000.00
+	Cash flows from loans repaid	V 6.	0.00	1,000,000.00
=	Cash flows from investing activities		**-2,003,586.64**	**-3,645,862.63**
+	Receipts from the issue of bonds	V 2.	954,990.00	2,751,490.00
=	Cash flows from financing activities		**954,990.00**	**2,751,490.00**
	Net changes in cash and cash equivalents		**-323,654.14**	**269,362.95**
	Cash at the beginning of the period	II 11.; IV 8.	1,325,517.41	1,056,154.46
	Cash at the end of the period	II 11.; IV 8.	1,001,863.27	1,325,517.41

3.2.4 Travel24.com AG consolidated statement of changes in equity

In euro, except share numbers	Outstanding shares Number	Subscribed capital	Capital reserve	Revenue reseves	Total equity
As of December 31, 2012	**2,033,585**	**2,033,585.00**	**2,913,974.00**	**-468,514.80**	**4,479,044.20**
Comprehensive income		0.00	0.00	-1,201,442.71	-1,201,442.71
As of December 31, 2013	**2,033,585**	**2,033,585.00**	**2,913,974.00**	**-1,669,957.51**	**3,277,601.49**
Comprehensive income		0.00	0.00	421,006.33	421,006.33
As of December 31, 2014	**2,033,585**	**2,033,585.00**	**2,913,974.00**	**-1,248,951.18**	**3,698,607.82**

3.2.5 Notes to the Travel24.com AG consolidated financial statements

I The Company

1. Description of business activities

Travel24.com AG, Leipzig, Germany is the parent of the Travel24.com Group (“the business”, “Travel24”, “the Group”, “the Company”), which consists of Travel24.com AG and its subsidiary companies.

Unister Holding GmbH is Travel24.com AG’s direct parent and the parent of the Unister Group. The Company is included in the consolidated financial statements of the Unister Holding GmbH which are published in the German Federal Gazette.

The product portfolio of the German language portals operated by Travel24 includes almost all major German tour operators with more than 750 scheduled, charter, and low-budget flight providers, as well as over 200,000 hotels. In addition, there is a business travel application, numerous additional products such as rental cars and insurances, a large travel news area, and an own hotel video area. All travel services can be booked easily and comfortably using Travel24.com AG websites, in particular www.travel24.com or using the bookings hotline.

The Group has continued to invest in the Hotels segment in 2014. In particular, construction and construction planning work was undertaken for the Leipzig property.

Since August 1, 2014 the headquarters of Travel24.com AG have been located at Katharinenstraße 1–3, 04109 Leipzig, Germany (previously: Barfußgässchen 11). The Company has subsidiaries in Germany and in France.

Travel24.com AG is entered in the commercial register at Leipzig under the number HRB 25538.

The consolidated financial statements are available at the headquarters of the Company and/or are published online and in the German Federal Gazette.

2. Basis of accounting

The consolidated financial statements of Travel24.com AG have been prepared in accordance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), London as well as the supplementary requirements under German commercial law under section 315a paragraph 1 of the German Commercial Code (Handelsgesetzbuch: “HGB”), and take into account all mandatory accounting standards and interpretations as applicable in the EU which had been adopted by December 31, 2014. They are prepared under the going-concern assumption, and in the present version they comply with the requirements of section 315a of the German Commercial Code, which, together with Regulation (EC) No. 1606/2002 of the European Parliament and the Council of July 19, 2002 on the application of international accounting standards, form the legal basis for the preparation of consolidated financial statements under international standards in Germany.

The financial year of Travel24.com AG and its subsidiaries ends on December 31.

The annual financial statements of the companies included in the consolidated financial statements are prepared on the basis of uniform accounting and valuation principles at the reporting date of Travel24.com AG.

The balance sheet is classified between current and non-current assets and liabilities in accordance with IAS 1. Assets and liabilities which mature within one year are classified as current. Deferred tax assets and liabilities are classified as non-current items in accordance with IAS 1.56. In addition, receivables from Unister Holding GmbH, Leipzig are presented as non-current to the extent that these do not result from ongoing business operations or are subject to an agreed repayment plan. Unscheduled repayments which Unister Holding GmbH, Leipzig is entitled to make are not taken into account for this purpose, as Travel24 does not have a contractual right to require such payments.

The financial statements are prepared in accordance with the historical cost accounting convention unless another standard requires otherwise.

The statement of comprehensive income has been prepared using the nature-of-expense method.

3. Reclassifications

In order to improve the presentation of the financial position, reclassifications have been made in 2014 to present certain financial obligations within liabilities. These items, previously reported as provisions, relate to personnel and welfare matters, the cost of preparing the annual report, audit costs, and accruals for outstanding invoices. The amount and timing of the liability are known to a material extent, so that these items are appropriately classified as other liabilities.

The amount shown in the previous year (EUR 1,455 thousand) has been adjusted to EUR 844 thousand. In addition, the balance sheet presentation has been amended to include the presentation of the balance sheet at the earliest comparative period (January 1, 2013) in accordance with IAS 1.39.

Further, a reclassification of the “cost of materials” line presented in the statement of comprehensive income in the previous year has been made. These expenses are now shown in two positions, “marketing expenses” and “other revenue-related expenses”. The separate presentation of marketing expenses improves the presentation of the income statement given the particular significance of the nature and amount of this item, in particular for the Internet segment.

II Accounting and measurement principles

1. Basis of consolidation

The consolidated financial statements comprise the financial statements of Travel24.com AG and all its subsidiaries. Subsidiaries are all companies which are controlled, directly or indirectly, by Travel24.com AG. Travel24.com AG has control when Travel24.com AG is exposed to variable returns from the subsidiary or has a right to such returns, and additionally has the power, based on its current rights, to affect those returns. Travel24.com AG holds the majority of voting rights in each of the companies controlled by it, giving it control over the subsidiaries. In addition to direct control over investee companies (IFRS 10), IFRS 11 defines two forms of joint arrangements which require inclusion in the consolidated financial statements: joint venture arrangements (joint ventures); and entities under joint control (joint operations). In both cases, control of one entity must be in the hands of two or more parties. There are no entities in the Travel24.com AG Group which meet these definitions. A complete list of the holdings of Travel24.com AG can be found in section V note 14. “Disclosures of shareholdings (companies included in the consolidation)”. There have been no changes in the scope of the consolidation in the current or previous year.

All relevant internal group transactions, balances, expenses, income, and unrealized gains between group companies were eliminated on consolidation. Interests of external shareholders in equity are presented separately in equity (non-controlling interests).

2. Business combinations

The consolidation is performed using the acquisition method in accordance with IFRS 3.4 “Business combinations”. Under this method, the identifiable assets and liabilities, including contingent liabilities, are measured at their fair value at the time of acquisition at the date that acquired assets and liabilities are initially recognized. Shares of non-controlling shareholders can be recognized on initial recognition in the consolidated financial statements at amounts representing their share in the fair values of the assets and liabilities or based on the fair value of the business (the full-goodwill method). The costs of purchase of the shares acquired are offset with the fair value of the Group’s share of the net assets of the subsidiary. Incidental costs of purchase are recognized directly as expenses. A remaining positive difference after the offsetting is reported as goodwill, which is tested for impairment annually. Any remaining difference on the liabilities side is immediately reported in income in the statement of comprehensive income, after an additional examination has been performed.

The results of the subsidiaries acquired are included in the statement of comprehensive income from the date they become a member of the Group. A subsidiary is deconsolidated as of the time that Travel24.com AG loses control over the company.

No business combinations were entered into in either the reporting period or the previous year.

3. Foreign currency translation

The consolidated financial statements are prepared in euro as the majority of the group transactions are realized in this currency and this currency constitutes the functional currency of Travel24.com AG. All amounts are reported in thousand euros (EUR thousand) unless otherwise stated. Amounts are rounded in accordance with general commercial practice. As a result, rounding differences may occur.

Transactions in foreign currencies are converted at the conversion rate applying as of the transaction date. Monetary assets and liabilities, such as cash and cash equivalents, accounts receivables, or liabilities denominated in foreign currencies, are remeasured at each reporting date until settlement. Income and expenses from currency translation are shown in the statement of comprehensive income, under other operating income or other operating expenses.

The significant exchange rates used for the preparation of the consolidated financial statements are shown in the table below:

	Closing rate as of December 31 2014	**Closing rate as of** December 31 2013	**+/-** %	**Average rate** 2014	**Average rate** 2013	**+/-** %
CHF	1.2024	1.2276	-2.1	1.2026	1.2245	-1.8
GBP	0.7789	0.8337	-7.0	0.7883	0.83639	-6.1

4. Use of judgments and estimates

The preparation of the consolidated financial statements in accordance with IFRS requires the use of judgments, assumptions, and estimates which affect the amount and disclosure of the assets and liabilities on the balance sheet, income and expenses, and contingent liabilities. Disclosures are made of the most significant assumptions and estimation uncertainties at the balance sheet date which present a significant risk of a material adjustment being required in a subsequent period:

Non-current assets

Accounting for tangible fixed assets primarily involves the risk of subsequent changes being made to the assumed useful lives assigned to the assets. However, significant parts of the group's non-current assets are not yet subject to depreciation or do not have finite useful lives due to the fact that the hotel business has not yet commenced operations. Accordingly the risk estimation uncertainty is low.

Provisions/contingent liabilities

There is a high risk that subsequent changes in estimates are required affecting the recognition and measurement of provisions, in particular in respect of the likelihood of resource outflows, the estimation of the amounts, the estimated timing of when potential liabilities will be incurred (for example, in relation to legal risks), and the selection of the appropriate interest rate to use in order to discount the long-term provision. The relevant estimation assumptions are described in section IV note 12 "Provisions". Provisions of EUR 1,007 thousand were recorded at December 31. In addition, a contingent liability of EUR 455 thousand is disclosed in the notes.

Impairment charges in accordance with IAS 36

In order to determine whether an intangible asset is impaired it is necessary to calculate the recoverable amount of the cash-generating unit in which the asset is allocated. In determining the value in use, estimates of the future cash flows of the cash-generating unit are made and discounted to a present value using an appropriate discount rate. Both the determination of the future expected cash flows and the determination of a risk-weighted discounting rate require the use of judgment and are accordingly subject to uncertainty.

Travel24 does not report any goodwill in its 2014 balance sheet. The Company has intangible assets with indefinite useful lives totaling EUR 1,531 thousand (thereof EUR 581 thousand for the Internet CGU and EUR 950 thousand for the Hotels CGU) and tangible property, plant, and equipment assets totaling EUR 4,777 thousand (thereof EUR 2 thousand attributable to the Internet CGU and EUR 4,775 thousand attributable to the Hotels CGU). In addition to these items the Company has an asset which is used by both CGUs (the Travel24 trade mark) with a carrying value of EUR 2,700 thousand, to which also no planned depreciation is applied. No impairment charges were recorded in the 2014 financial year.

Deferred taxes

In addition, Travel24.com AG makes assumptions when determining the amounts of deferred tax assets to be recognized based on tax loss carry forwards. In this case the assumptions to be made concern the expected future income. The recognition of deferred tax on tax loss carry forwards are based on the losses carried forward recognized by the tax authorities, determined individually for each company and for each tax. To the extent that tax assessments have not been received for a particular tax period, the losses carried forward are rolled forward based on tax returns or tax calculations for the respective periods. Allowances are made to reflect the risks of tax losses not being recognized in the course of external tax audits which have already commenced.

The value in use of the tax losses is determined in order to determine whether deferred tax assets are impaired. To calculate the value in use, estimates of the future tax income to be generated by an entity with tax losses are made under consideration of that entity’s tax planning.

The carrying value of deferred tax assets arising from tax losses carried forward amounted to EUR 133 thousand at the end of the financial year. Due to the use of tax losses brought forward, deferred tax assets of EUR 634 thousand were realized and released in the reporting period.

In addition the Group has corporation tax losses and trade tax losses of EUR 576 thousand and EUR 942 thousand respectively for which no deferred tax assets are recognized as a result of impairment testing.

The Company has further corporation tax losses and trade tax losses of EUR 87,082 thousand and EUR 88,705 thousand respectively, for which no deferred tax assets are recognized due to legal uncertainties concerning their availability for offset against taxable income.

Income recognition

The Company issues vouchers to passengers though its travel24.com portal when a package tour is placed. These vouchers can be redeemed the next time a travel booking is made using the portal. In addition, customers can use vouchers for service packet elements in flight purchases. The vouchers represent a customer loyalty program intended to motivate the consumer to make a further booking with the Company at a later date. The bonus voucher represents an individual and separable performance obligation. In determining the fair value of the performance obligation the likelihood of redemption in particular needs to be estimated. For this purpose the Company uses an experience curve showing redemption data over the last two years. The accrual for voucher redemption at the reporting date amounts to EUR 242 thousand.

The actual values may, in specific cases, deviate from the assumptions and estimates which have been made, whereby changes are recognized as and when better information is available.

5. Intangible assets with indefinite useful lives

Purchased intangible assets acquired against remuneration are recognized at their acquisition costs of purchase if the accrual of a benefit to the Group is probable and can be measured reliably. An indefinite useful life is assumed if the assets are not subject to consumption and therefore are available to the Company on an indefinite basis. Given the opportunities for continuous promotion, and with them the maintenance of the intangible assets represented by brands, it is, in our view, not possible to determine a useful life. Accordingly brands have not been assigned a specific useful life. Given the opportunities for continued use of the internet domain, in our view it is not possible to determine a useful life. Accordingly it was not possible to assign a specific useful life.

Intangible assets with indefinite useful lives Intangible assets with indefinite useful lives (in this case domains and brands) are not amortized on a planned basis but tested for impairment regularly at least once a year in accordance with IAS 36 (impairment test).

6. Other intangible assets

Intangible assets which have a specific useful life are amortized on a planned basis over their expected useful lives commencing with the date from which a potential use begins. For example, an acquired hotel concept will be amortized on a planned basis from the date of first use. The Company acquired this concept for monetary consideration, and is currently in the process of establishing a budget hotel chain. In concrete terms, one project is being driven forward as of the reporting date. The first hotel will be constructed in Leipzig, and this hotel is currently under construction. As the use of the asset has not yet commenced in the financial year just ended, planned amortization has not yet started. However, if there are appropriate indicators this asset is subject to an impairment test (impairment indicator driven impairment test). Additional annual impairment tests are performed in addition to such impairment indicator driven impairment tests.

The Company does not capitalize internally generated intangible assets as it is not possible to make a reliable distinction between research and development activities.

Planned annual amortization charges recorded are shown as a separate item “Amortization” within the statement of comprehensive income.

7. Leasing arrangements

When determining whether leases are classified as operating or finance leases, Travel24.com AG examines any agreements in place at the lease inception date for the extension of the respective leases, automatic transfer of the ownership of the asset, or a purchase option to the extent that it is likely, based on the economics of the agreements, that such agreements will be fulfilled. Further criteria which are relevant to the classification of a leasing arrangement under IAS 17 include the use of the asset over the major part (for Travel24 at least 75 %) of the useful life of the asset; the existence of characteristics specific to the lessee, and whether the present value represents nearly all (for Travel24 at least 90 %) of the total of all leasing payments.

Leases entered into by Travel24.com AG are mainly in respect of leased office premises and technical equipment. Under these arrangements the beneficial ownership is retained by the lessor. Accordingly the risks and opportunities associated with these assets remain with the lessor, and the leasing contracts are classified as operating leases. Based on this, the rental expenses are recognized in the statement of comprehensive income on a straight-line basis over the term of the contract.

8. Property, plant, and equipment

Property, plant, and equipment is measured at the cost of purchase and/or manufacture less accumulated scheduled depreciation and accumulated expenses for impairment. The cost of purchase and/or manufacture includes expenses which are directly attributable to the acquisition of the asset. The manufacturing cost of internally generated assets includes the cost of raw materials, direct labor, and all other directly attributable costs incurred in order to bring the assets to an operable condition for their intended purpose. These costs include the estimated cost of dismantling and/or removal of the items and the restoration of their location if there is an obligation to do so, as well as capitalized borrowing costs.

In 2014 Travel24.com AG capitalized the cost of demolition of the property in Leipzig, borrowing costs incurred in order to finance construction work, and all costs incurred for the construction of the hotel in Leipzig. In particular these include costs incurred for architect and engineering offices. The costs of demolishing the Leipzig property represent the cost of work performed to demolish parts of the building in order to enable the construction work to be performed in accordance with the approved construction plans.

Any profit or loss from the disposal of property, plant, and equipment (calculated as the difference between the fair value net costs to sell and the residual carrying amount) is recognized in the statement of comprehensive income within other operating income or expenses.

Subsequent cost of purchase and manufacturing are only recognized as such and capitalized as subsequent cost of acquisition if it is probable that the future economic benefit associated with the expenses will actually accrue. Ongoing repairs and maintenances are immediately recorded as expenses.

Property, plant, and equipment (here, buildings) are depreciated on a planned basis from the date the asset is available for use or can be used for its intended purpose, and for internally generated assets, from the date the asset has been completed and is ready for use. The depreciation is calculated so that the cost of purchase and/or conversion less the estimated residual values is spread on a straight-line basis over the period of the estimated useful life and recognized as expenses.

As the hotel building in Leipzig is still in the construction phase no determination of the useful life has yet been made.

The depreciation methods, useful lives, and residual values are reviewed at each balance sheet date and amended if appropriate.

The Company has invested insignificant amounts in furniture, fixtures, and office equipment (EUR 15 thousand). These assets included a prototype hotel room, kitchen furniture, and office equipment, and are depreciated over ten and twenty-three years respectively. In addition, small value items of EUR 8 thousand were written off in full immediately.

9. Financial instruments

Financial assets and financial liabilities are recognized in the consolidated balance sheet from the time when the Group becomes a contracting party to the financial instrument. Financial assets which are acquired or sold on market terms are generally recognized on the settlement date. Financial assets are initially measured at their fair value, with the exception of financial assets which are not measured at fair value through profit and loss. The carrying value of financial assets which are not measured at fair value through profit and loss on initial recognition additionally includes directly attributable transaction costs.

Financial assets and liabilities within the meaning of IAS 39 are classified as loans and receivables ("LaR"), as held-to-maturity ("HtM") financial investments, as financial investments available-for-sale ("AfS"), as financial assets or liabilities held for trading ("FAHfT/FLHfT"), or as financial liabilities measured at amortized cost ("FLAC"). The categorization depends on the type and the purpose of use of the financial assets and liabilities and takes place on initial recognition. Financial assets are recognized in the consolidated balance sheet if there is a contractual right to receive cash or other financial assets of another entity.

Subsequent measurement

The measurement of financial assets and liabilities subsequent to initial recognition is dependent on their classification as follows:

Financial assets at fair value through profit and loss ("FAHfT")

Financial assets measured at fair value through profit and loss includes financial assets held for trading as well as financial assets designated upon initial recognition as being measured at fair value through profit and loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale or redemption in the near future. Financial assets measured at fair value through profit or loss are recognized in the consolidated balance sheet at fair value. Changes in their fair values are recognized in the statement of comprehensive income within interest income and interest expenses respectively.

The Group has not designated any financial assets as at fair value through profit or loss at initial recognition.

The Group has no financial instruments in this category in the financial years ended December 31, 2014 and 2013.

Loans and receivables (“LaR”)

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. Subsequent to their initial recognition, such financial assets are recognized at amortized cost using the effective interest rate method, less any allowances made for impairment. Amortized cost is calculated under consideration of any discounts or premiums at acquisition, as well as any fees or costs that are an integral component of the effective interest rate. Income that results from amortization under the effective interest rate method is recorded in the statement of comprehensive income within interest income. Impairment losses are recognized in the statement of comprehensive income, within other operating expenses.

Instruments held by the Group in the financial years ended December 31, 2014 and 2013 in this category primarily included trade receivables, current financial assets, receivables due from affiliated companies, long-term loans, and cash and cash equivalents.

Held-to-maturity (“HtM”) financial investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity investments when the Group has the intention and the ability to hold them until maturity. Subsequent to their initial recognition, held-to-maturity financial investments are recognized at amortized cost using the effective interest rate method, less any allowances made for impairment. Amortized cost is calculated under consideration of any discounts or premiums at acquisition, as well as any fees or costs that are an integral component of the effective interest rate. Income that results from amortization under the effective interest rate method is recorded in the statement of comprehensive income within interest income. Impairment losses are recognized in the statement of comprehensive income, within other financial results.

The Group had no held-to-maturity investments in the financial years ended December 31, 2014 and 2013.

Financial investments available-for-sale ("AfS")

Financial investments available-for-sale include debt and equity instruments. Equity instruments classified as available for sale represent such assets that are neither categorized as held for trading assets nor designated as financial assets measured at fair value through profit or loss. Debt instruments included in this classification represent those assets which are intended to be held for an undefined period and which are available-for-sale to meet liquidity needs and when market conditions change.

After their initial recognition, available-for-sale financial assets are recorded in subsequent periods at their fair values. Unrealized gains and losses are recognized as other gains in reserves for available-for-sale financial instruments. When such assets are derecognized the accumulated gains and losses are transferred to other operating income. When an asset is impaired, the accumulated loss is recognized as a financial expense and eliminated from the reserves for available-for-sale financial instruments.

The Group had no financial instruments in this category in the financial years ended December 31, 2014 and 2013.

Derecognition of financial assets

A financial asset (or part of a financial asset or part of a group of similar financial assets) is derecognized when one of the following applies:

- The rights to receive cash flows from the financial asset have expired.
- When the Group has transferred its contractual rights to the cash flows arising from a financial asset to third parties, or when the Group has assumed a contractual obligation for immediate payment of the cash flows to a third party under an agreement which meets the conditions set out in IAS 39.19 (a so-called pass-through arrangement) and thereby either: (a) transfers all significant risks and rewards associated with ownership of the financial asset; or (b) has neither transferred nor retained the significant risks and rewards associated with ownership of the financial asset, but has transferred control over the asset.
- When the Group has transferred its contractual rights to the cash flows arising from a financial asset to third parties, or entered into a pass-through arrangement under which all significant risks and rewards associated with ownership of the financial asset are neither transferred nor retained but has however transferred control over the asset, the Group records an asset representing the scope of its continuing engagement in the asset.
- In such cases the Group also records an associated liability. The asset transferred and the associated liability are measured in such a way that the rights and obligations retained by the Group are reflected.
- If the nature of the continuing engagement is such that the transferred asset is effectively guaranteed, the amount of the continuing engagement reflects the lower of the original

carrying value of the asset and the higher of the amount received which the Group may be obliged to repay.

Dividends and interest income are excluded from the calculation of the gain or loss on disposal of an asset.

Financial liabilities not measured at fair value ("FLAC")
Subsequent to initial recognition, interest-bearing loans and borrowings are measured at amortized cost using the effective interest rate method. Gains and losses are recognized when the liabilities are derecognized, or as a consequence of their being amortized under the effective interest method.

Amortized cost is calculated under consideration of any discounts or premiums at acquisition, as well as any fees or costs that are an integral component of the effective interest rate. The expense resulting from amortization under the effective interest rate method is recorded in the statement of comprehensive income within interest income.

Instruments held by the Group in the financial years ended December 31, 2014 and 2013 in this category primarily included trade payables, liabilities due to affiliated companies, and non-current and current bond liabilities.

Financial liabilities at fair value through profit and loss ("FLHfT")
Financial liabilities measured at fair value through profit and loss include financial liabilities held for trading as well as financial liabilities designated upon initial recognition as being measured at fair value through profit and loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of sale or redemption in the near future. Financial liabilities measured at fair value through profit or loss are recognized in the consolidated balance sheet at fair value. Changes in their fair values are recognized in the statement of comprehensive income within interest income and interest expenses respectively.

Instruments held by the Group in the financial years ended December 31, 2014 and 2013 in this category only included liabilities for which measurement at fair value through profit and loss was obligatory, representing financial liabilities for third party shareholdings in partnerships.

Derecognition of financial liabilities
A financial liability is derecognized when the obligation underlying the liability is settled, is annulled, or has expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated such that the original liability is regarded as extinguished and a new liability is recognized. The difference between the respective book values is recognized in the statement of comprehensive income.

Offsetting financial instruments

Financial assets and liabilities are only offset, with effect that only the net amount is recognized in the balance sheet, when a current legal right exists to offset the amounts against one another and it is intended either that settlement is made on a net basis or that the liability will be settled at the same time as realizing the associated asset.

Fair value of financial instruments

The fair values of financial instruments are determined in accordance with IFRS 13.
The standard provides for a so-called “fair value hierarchy”. The hierarchy divides input factors used into three levels. The hierarchy attributes the highest priority to (unadjusted) quoted prices obtained from an active market for identical assets or liabilities, and the lowest priority to unobservable inputs.

In cases in which the inputs used to measure fair values may be classified within different levels of the fair value hierarchy, the fair value measurement is categorized in its entirety to the same level of the fair value hierarchy as the lowest level of input that is significant to the entire measurement (on the basis of judgment necessary in the circumstances).

Level 1 input factors

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

A quoted price in an active market provides the most reliable evidence of fair value and shall be used without adjustment to measure fair value whenever possible, except in certain limited circumstances.

If the Group holds a position in a single asset or liability and the asset or liability is traded in an active market, the fair value of the asset or liability shall be measured within level 1 as the product of the quoted price for the individual asset or liability and the quantity held by the Group. That is the case even if a market’s normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Level 2 input factors

Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 2 input factors include:

- quoted prices for similar assets or liabilities in active markets
- quoted prices for identical or similar assets or liabilities in markets that are not active
- inputs other than quoted prices that are observable for the asset or liability, for example:
- interest rates and yield curves observable at commonly quoted intervals;
- implied volatilities; and
- credit spreads
- input factors that are derived principally from or corroborated by observable market data by correlation or other means (‘market-corroborated inputs’).

Level 3 input factors

Level 3 inputs are unobservable inputs for the asset or liability.

Unobservable inputs shall be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little (if any) market activity for the asset or liability at the measurement date. The Group develops unobservable inputs using the best information available in the circumstances, which might include the entity’s own data. In doing so, use is made of all reasonably available information indicating the assumptions that other market participants would use.

Hedge accounting

To the extent that hedging transactions (derivative financial instruments) or anticipative underlying transactions are entered into, the hedging transactions are not reflected as income or expenses but measured together as a unit with the respective underlying transaction. The transactions are only accounted for as a measurement unit to the extent that the hedging relationship between the underlying transaction and the hedging transaction is effective. For these purposes the hedging transaction is valued at fair value without recording income and expenses (cash flow hedge), or the underlying transactions are, as an exception to the usual accounting treatment, valued at fair value through profit and loss (fair value hedge).

The effectiveness of the hedging relationship is examined both on acquisition (prospectively) and at each reporting date (retrospectively). The Group has not designated any hedge accounting relationships.

Impairment of financial assets

The amortized cost of current assets and liabilities generally corresponds to the nominal value and/or repayment amount.

Trade receivables are recognized at their nominal values after deduction of any valuation allowances made for amounts which are expected to be uncollectable.

The Group determines the valuation allowances for doubtful accounts and loans based on regular systematic reviews, as well as assessments made during the credit monitoring process. This monitoring takes into account historical bad debt losses and the amount and adequacy of collateral, as well as other relevant factors. Impairment allowances are made based on objective indications, and account for the credit risk. For example, objective indications may be significant financial difficulties of the debtor, breach of contract such as default or delayed payment of interest or principal amounts, or instances of high probability of insolvency proceedings against the debtor.

Impairment allowances are recorded in separate accounts. Receivables and loans will be written off against these valuation allowances if in the end they prove to be uncollectible. Further information on credit risks is provided in section V note 8 “Financial risk management”.

Income and expenses as well as gains and losses from financial assets include impairments and write-ups, interest income and expenses, and dividends, as well as gains and losses from the disposal of such assets. Dividends are recognized as income upon the approval of the respective shareholders’ meeting/annual general meeting. Interest income is recognized based on the effective interest method.

10. Income taxes

Current taxes

All income tax liabilities and assets arising during a reporting period are presented in the consolidated financial statements in accordance with the respective tax law.

Deferred taxes

Deferred taxes are calculated annually using the balance sheet liability method in accordance with the deferred tax accounting requirements set out in IAS 12 “Income taxes”. In order to take into account of the tax effect of differences between the measurements of assets and liabilities in the consolidated financial statements and the corresponding tax bases, differences arising on consolidation processes, and for losses carried forward, deferred taxes are recorded annually based on the tax rates which are applicable or which will shortly be applicable for the taxable profit, if it is to be expected that these differences will be realized over the course of time.

Deferred tax assets on tax losses carried forward are recognized at the amount of the expected tax benefits arising from their realization by the generation of future profits, to the extent that such realization is probable. The amounts are determined based on the tax planning of Travel24.com AG or other affected company. The carrying amount of deferred income tax assets is reviewed on each balance sheet date and reduced to the extent to which it is no longer likely that a sufficient taxable income will be available against which the deferred tax assets can be at least partially offset. Unrecognized deferred tax credits are reviewed at the end of each reporting period, and recognized to the extent that it has become probable that future taxable income will be available to permit the deferred realization of the tax asset.

Deferred income tax assets are recognized for all deductible temporary differences, unused tax losses, and unused tax credits to the extent that it is probable that taxable income will be available against which the deductible taxable income and the unused tax losses and tax credits can be utilized, with the exception of:

- deferred tax liabilities arising from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and, at the time of the transaction, affects neither the profit before tax nor the taxable profit,
- deferred tax liabilities from taxable temporary differences connected with shareholdings in subsidiaries, associated companies and shares in joint ventures where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred taxes which relate to items which are not reported in the statement of comprehensive income are reported directly in shareholders’ equity in a manner consistent with the underlying transaction.

Deferred tax assets and liabilities are presented net only if there is a right to offset current receivables and payables from income taxes and the deferred tax assets and liabilities relate to income taxes raised by the same tax authorities and the same group companies.

The expense for income taxes in the reporting period represents the amount of taxes to be paid or refunded by the tax authorities in respect of that period in addition to or less (as applicable) the changes in deferred taxes recognized in the statement of comprehensive income. The effects of changes of tax rates on deferred tax assets or liabilities are taken into account during the period in which the change was made legally binding.

11. Cash and cash equivalents

Cash and cash equivalents reported in the balance sheet include cash, bank balances, and short-term highly liquid deposits, i.e. as a rule, deposits with an original remaining term to maturity of three months or less. In 2014 this position contained bank balances only. Due to their short-term maturities, the carrying amounts of cash balances correspond to the fair value in all significant aspects.

12. Provisions

A provision is recognized when the Group has a present obligation (constructive or legal) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the Group expects a refund (or at least a partial refund) in respect of an amount included in a provision (for example, in the case of an insurance contract), the refund will only be recognized as separate asset if the refund is practically certain.

If the interest effect is significant, provisions are discounted using a pre-tax interest rate which reflects the specific risks for the liability. When discounting is applied, the increase of the provision attributable to the passage of time will be recognized as interest expense. Provisions are broken down by their expected maturity, so that provisions with a maturity of up to one year are considered to be current and provisions with a maturity of more than one year are considered to be non-current.

A change was made to the presentation method used in the previous financial year. From 2014 provisions relating to personnel and welfare matters, the cost of preparing the annual report, audit costs, and accruals for outstanding invoices are no longer shown as provisions. The amount and timing of the liability are known, so that these items are appropriately classified as other liabilities.

13. Contingent liabilities

Contingent liabilities are possible obligations resulting from past events, the existence of which depends on future events which are not in the Company's control. They may also include current obligations which are not recognized as liabilities because it is not probable that an outflow of resources will be required to settle these obligations or for which the amount of the obligations cannot be measured with sufficient reliability. Disclosure is made of the fact of these contingent liabilities and the amount of potential liability as at the balance sheet date.

14. Revenue recognition

The Group realizes the major part of its revenues from placement services (primarily commissions from acting as an agent and fees for ticket sales) based on contractual agreements with Unister GmbH (until August 19, 2014) and with Unister Travel Betriebsgesellschaft mbH (from August 20, 2014). Both companies are related parties. Under these arrangements the Company acts as agent for Unister GmbH and Unister Travel Betriebsgesellschaft mbH respectively. The agency agreement provides that the respective products have been brokered as soon as the respective booking has been made by the customer; accordingly the remuneration can be determined reliably and no significant obligations remain vis-à-vis Unister GmbH or Unister Travel Betriebsgesellschaft mbH. As a result the collection of the receivable is considered to be reasonably probable at that point in time.

The terms of the fulfillment contract with Unister Travel Betriebsgesellschaft mbH cover cancellations at agreed cancellation rates and services to be performed.

In the flights segment, which includes both scheduled flights and so-called “low-cost” flights, significant revenues were generated in 2014 from placements under direct contractual arrangements between the Company and its customers. In these cases the revenue is recognized at the time the customer's flight booking is made. The performance obligations of the Company are limited to selling the flight ticket to the customer. Once the sale has been made to the third party the customer has no further claims against the Company.

In addition to the straightforward placement of flight and package tour travel, a significant proportion of revenues is represented by the sale of insurance. Insurance is sold by the Company as agent for Geld.de GmbH (a related party) through the respective website portals, realized and invoiced by the insurer directly or indirectly via Geld.de GmbH. The realization is recorded in full at the commencement of the respective insurance period consistent with the illustrative examples in IAS 18.

In the package travel sector, the Company issues vouchers to passengers though its travel24.com portal when a package tour is placed. These vouchers can be redeemed the next time a travel booking is made using the portal. The vouchers represent a customer loyalty program intended to motivate the consumer to make a further booking with the Company at a later date. These bonus credit note vouchers represent individual, separate services which are deferred over the promised performance period (the two-year validity period of the voucher).

In the flight sales sector, our offer includes an optional service package in addition to the straightforward ticket sale. This package provides the customer with certain additional services for the period up until the flight (for example, information on changes to flight plans or priority telephone hotlines with flight information for travelers) as well as a voucher for future bookings. The credit notes issued represents an individual, separate service which is accordingly deferred until the respective services are provided.

In France, the Company acts as its own sales agent in the package travel sector. In this capacity the Company is also responsible for collecting the sales price on behalf of the tour operators. Revenues for holidays sold are recognized at the customer travel date, as the risk of cancellation can first be determined as negligible at this point in time.

Revenues are presented net after deduction of cash discounts, customer bonuses, and rebates. In general, revenues are only recognized when the Company can expect an inflow of resources.

No revenues from the hotels business have been recognized to date.

15. Earnings per share

The basic, and in this case also diluted, earnings per share were calculated by means of division of the consolidated profit attributable to the shareholders of the parent company amounting to EUR 421 thousand (previous year loss: EUR 1,201 thousand) by the weighted average number of common shares issued during each individual period. As in the previous year, the number of shares in this financial year amounted to 2,034 thousand shares. Conversion rights or options were not outstanding. The earnings per share may potentially be diluted by the issue of potential shares or shares based on subscription rights from the approved or conditional capital.

16. Borrowing costs

Borrowing costs are charged to expenses in the period in which they arise. Borrowing costs are capitalized for qualifying assets in accordance with IAS 23.5, except where capitalization is not permitted (IAS 23.21). Travel24.com AG capitalizes borrowing costs in respect of the real estate property Leipzig Ringmessehaus, as the construction period exceeds one year. The construction period was interrupted in the previous year and also at the beginning of the current reporting period. No significant construction work was performed. As a result, no interest was capitalized in this period. The interruption ended in August 2014 with the commencement of demolition work. Borrowing costs of EUR 156 thousand were capitalized for the period until December in respect of the Leipzig Ringmessehaus property.

17. Transactions with related companies and persons

Unister Holding GmbH is Travel24's largest single shareholder. Unister Holding GmbH, Leipzig, including its subsidiaries (the "Unister Group") as well as affiliated companies not consolidated are considered as related companies. Transactions, for example income, receivables, and liabilities with these companies, are shown separately in section V note 6 "Transactions with related companies and persons".

The Group purchases services from Unister Group on a regular basis, including from Unister Holding GmbH. These include, among other things, services for personnel and administrative activities, as well as sales and information technology services performed on the basis of contractual agreements.

18. Impairment of property, plant, and equipment and intangible assets

The carrying values of intangible assets are tested for potential impairment (impairment tests) annually at December 31 each year, and on the occurrence of triggering events. When such indicators are present, the recoverable amount of the asset is estimated and compared to the carrying amount of the asset in order to determine the amount of a possible impairment loss, if any. If the recoverable amount cannot be estimated on the level of the individual asset, the determination is carried out on the level of the cash generating unit (CGU) to which the respective asset is assigned. In this respect, the distribution takes place to the individual CGUs and/or the smallest group of CGUs on a reasonable and consistent basis.

The recoverable amount is the fair value less costs to sell or the value in use, whichever is higher.

- In determining the value in use, the estimated future cash flows are discounted using a pre-tax interest rate. This takes account of the present market estimate of the value of the cash flows as well as the risks relating to the asset, unless they have already been considered in the estimate of the cash flows. The calculations are based on forecasts which rely on the financial budgets approved by the management. Cash flow forecasts in excess of the detailed planning period are calculated based on suitable growth rates.

- The fair value less costs to sell is determined based on available transaction prices/based on an appropriate valuation model. This model uses valuation multiples, prices of listed shares in subsidiaries and other available indicators of fair value to the extent that such data is observable. The cash flows calculated are supported by external sources of information.

The significant assumptions made by management in determining the fair value less costs to sell concern the following:

- Sales revenue by website portal (Internet CGU)
- Capacity usage of hotels, and associated revenue projections (Hotels CGU)
- Discount factors (interest rates)
- Acquisition of customers and retention costs (Internet CGU)
- Hotel operating costs (Hotels CGU)
- Growth rates used to extrapolate cash flows for periods beyond the budget period
- Future investment costs (Hotels CGU)

If the recoverable amount of an asset and/or a CGU falls below its carrying amount, the carrying amount will be impaired to the recoverable amount. The impairment loss is recognized immediately as an impairment charge in the statement of comprehensive income.

With the exception of goodwill impairments, the carrying amount of the asset and/or the CGU will be increased to the newly determined recoverable amount and recorded as income if the impairment loss is reversed.

The upper value limit of the write-up is limited to the amortized cost of the asset and/or the CGU that would have resulted if no impairment had been recorded. A reversal of the impairment is immediately recorded as income.

The Group performs impairment tests at least annually for the land and for intangible assets acquired in 2012 (domain and trade marks) with indefinite useful lives.

Impairments are performed at least annually for assets which are not yet ready for use (buildings in the course of construction and the hotel concept).

Further impairment tests are performed on the occurrence of impairment indicators (triggering events). Possible examples of impairment indicators are falling market values of an asset (where market values are available), disadvantageous changes in possible uses of an asset, and/or physical damage.

19. New and amended accounting standards of relevance to the Group

The following new or amended standards and interpretations were mandatory for the first time for the financial year ending on December 31, 2014:

Title	**IASB publication date**	**Applies to financial years beginning on**	**Endorsement date**
“Consolidation package”			
IFRS 10 Consolidated Financial Statements	May 12, 2011	Jan. 1, 2014	Dec. 11, 2012
IFRS 11 Joint Arrangements	May 12, 2011	Jan. 1, 2014	Dec. 11, 2012
IFRS 12 Disclosures of Interests in Other Entities	May 12, 2011	Jan. 1, 2014	Dec. 11, 2012
IAS 27 Separate Financial Statements	May 12, 2011	Jan. 1, 2014	Dec. 11, 2012
IAS 28 Investments in Associates and Joint Ventures	May 12, 2011	Jan. 1, 2014	Dec. 11, 2012
Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)	Jun. 28, 2012	Jan. 1, 2014	Apr. 4, 2013
Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)	Oct. 31, 2012	Jan. 1, 2014	Nov. 20, 2013
Other amendments			
Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)	Dec. 16, 2011	Jan. 1, 2014	Dec. 13, 2012
Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)	May 29, 2013	Jan. 1, 2014	Dec. 20, 2013
Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)	Jun. 27, 2013	Jan. 1, 2014	Dec. 20, 2013

The initial application of the new “consolidation package” has had no effect on the consolidated financial statements. All companies that met the definition of subsidiaries under the old standards (IAS 27, SIC 12) are also subsidiaries under the new rules.

The other new standards issued by the IASB and the IFRIC IC and endorsed for application in the EU have also had no significant effect on the consolidated financial standards for the current period.

In addition, the following new standards which are not yet binding for Travel24 have been issued by the IASB and the IFRIC IC and endorsed for application in the EU:

Title	IASB publication date	Applies to financial years beginning on	Endorsement date
Employee Contributions (Amendments to IAS 19)	Dec. 12, 2013	Feb. 1, 2015	Dec. 18, 2014
Annual Improvements to IFRSs 2010–2012 Cycle	Dec. 12, 2013	Feb. 1, 2015	Dec. 17, 2014
Annual Improvements to IFRSs 2011-2013 Cycle	Dec. 12, 2013	Jul. 1, 2014	Dec. 18, 2014
IFRIC 21 – Levies	Apr. 20, 2013	Jun. 17, 2014*	Jun. 13, 2014

*) The date of mandatory initial application within the EU has been changed; the original ruling provided for mandatory initial application in reporting periods beginning on or before January 1, 2014.

There has been no voluntary early adoption of the above new and amended accounting standards. Travel24 does not expect a significant impact on the consolidated financial statements on the first-time application of these standards.

The IASB and the IFRS IC have also issued various standards, interpretations, and amendments to existing standards that have not yet been endorsed by the EU. Accordingly these are not yet applicable to Travel24. In particular, these include IFRS 9 – Financial Instruments, which has now been issued in final form, and IFRS 14 – Regulatory Deferral Accounts and IFRS 15 – Revenues from Contracts with Customers.

The effects to be expected from the implementation of these standards at a future date are currently under discussion, and accordingly it is too early to assess the effects of their initial application on Travel24. However, the application of the new revenue recognition rules in particular could have an effect on the consolidated financial statements of Travel24.

III Notes to the statement of comprehensive income

1. Revenues

The Group's income in the financial years 2014 and 2013 primarily consists of revenues earned from the provision of services. No revenues are earned from the sale of goods. The following provides an analysis of revenues:

	Financial year	
In thousands of euro	2014	2013
Commissions for flight placement sales	13,750	13,983
Commissions for travel placement sales	8,146	12,023
Commissions on sale of additional travel services	3,294	3,061
Total	**25,190**	**29,067**

The revenues are not associated with any risks for which provisions are required, for example warranty obligations or cancellation risks, as the revenues are first recognized once the Company has fulfilled its performance obligations.

No revenues were generated from barter transactions in the current or previous financial year.

2. Other operating income

In thousands of euro	Financial year 2014	2013
Release of provisions	239	1,557
Gains on currency exchange	53	2
Derecognition of downpayments received	32	10
Derecognition of liabilities	33	13
Other	29	2
	386	1,584

The release in the previous year primarily related to the release of provisions for onerous contracts following changes to the contract terms made in 2013, which reduced the risks associated with the underlying contract.

3. Marketing expenses

Marketing expenses primarily includes the cost of marketing services provided by the suppliers Unister GmbH and Unister Travel Betriebsgesellschaft GmbH. Marketing expenses are shown separately in the statement of comprehensive income given the particular importance of the nature and total amount of marketing expenses for the Internet segment.

The marketing expenses are provided by third parties to the service provider (mostly search engine advertising) and subsequently recharged to the company based on the share attributable to Travel24's website portals. Only direct costs and costs incurred externally are recharged. More information is provided in the disclosures on related party transactions in section V note 6.

4. Other revenue-related expenses

In thousands of euro	Financial year 2014	2013
Provider expenses	520	515
Costs for fulfillment	2,213	2,303
Credit card charges	645	618
Advance travel expenses	124	297
Other	91	166
Total	**3,593**	**3,899**

The other revenue-related expenses primarily include provider costs, credit card charges, and costs of the fulfillment performed by Unister GmbH and Unister Travel Betriebsgesellschaft mbH. These are presented separately as they are directly related to revenue-raising activities.

In particular, the service provider (Unister GmbH/Unister Travel Betriebsgesellschaft mbH) is primarily responsible for the processing of bookings and customer service processes, including the collection of receivables on behalf of Travel24.com AG (fulfillment costs). More information is provided in the disclosures on related party transactions in section V note 6.

5. Personnel expenses

Personnel expenses include the following:

	Financial year	
	2014	2013
In thousands of euro		
Wages and salaries	714	426
Statutory social costs	249	114
Thereof for contribution based pension schemes	60	36
Thereof for pensions	2	-
	963	540

Statutory social contributions include contributions of EUR 2 thousand (previous year: none) from direct insurances and EUR 60 thousand (previous year: EUR 36 thousand) from the employer's share of contributions to statutory pension schemes. These are defined contribution pension schemes as defined by IAS 19. There are no expenses for pension payments to related persons under defined benefit pension schemes.

6. Depreciation

Depreciation includes scheduled regular depreciation of fixtures and fittings and small value items.

7. Other operating expenses

Other operating expenses include the following:

	Financial year	
In thousands of euro	2014	2013
Legal, consulting, and audit fees	707	745
Property taxes	66	159
Insurance and contributions	52	57
Impairment allowances against receivables	47	790
Premises costs	73	37
Out of period expenses	74	0
License fees	19	0
Travel costs	16	14
Capital market fees and charges	35	26
Losses on currency exchange	15	11
Office supplies	15	6
Bank charges	26	112
Other	53	474
	1,198	2,431

Travel24 has no research and development activities. Accordingly, no research and development costs are included in the statement of comprehensive income.

8. Financial result

Interest income

Interest income was as follows:

	Financial year	
In thousands of euro	2014	2013
Interest income from Unister Holding loan	436	161
Interest income from Unister Holding bond	-	64
Interest income GBI property	-	44
Interest income Unister GmbH	2	30
	438	299

Interest on receivables and payable balances arising from current account transactions with Unister GmbH in 2013 was calculated at the end of each quarter.

Interest of EUR 2 thousand only arose on current account balances with Unister GmbH in 2014, and was in respect of the period until June 30, 2014. All receivables payable by affiliated companies within the Unister Group were assigned to Unister Holding GmbH with effect from July 1, 2014. Unister Holding GmbH accepted the transfer. Since then, a single IHBA (In-house Bank Account) account balance has been held with Unister Holding GmbH. As a result, only interest income on loan balances with Unister Holding GmbH is reported in the second half -year 2014. In connection with the transfer of all receivables, the EUR 5,000 thousand loan receivable was included in the IHBA agreement and the upper loan limit increased to EUR 8,000 thousand. The loan carries interest at 7.5 % annually.

Interest income only arises on financial assets for which no impairment has been recorded.

Interest expenses

	Financial year	
In thousands of euro	2014	2013
Interest on corporate bonds	1,875	2,032
Thereof: payable to Unister Holding	146	150
Capitalized borrowing costs	(156)	0
Unwinding of liabilities	288	100
Loan discounts	40	2
Interest on tax liabilities	117	14
Other interest expenses	9	0
	2,173	2,148

Interest expenses primarily arise on the corporate bond issued in the 2012 financial year (EUR 1,875 thousand; previous year: EUR 2,034 thousand). Interest expenses were also incurred on tax liabilities.

Costs were incurred in connection with the bond issue in 2012 and with the sale of further bonds in 2014. These are successively amortized and added to the liability balance using the effective interest method. The effective interest is calculated separately in each instance.

Other financial result

Other financial income includes the change in fair value attributable to the liability for potential payments to non-controlling shareholders under termination rights attributable to limited partner shareholders in the limited partnerships "Hotel Köln Perlengraben GmbH & Co. KG" and "Hotel Leipzig Ringmessehaus GmbH & Co. KG". The fair value of these limited partners' shares increased by EUR 83 thousand in the financial year 2014. Accordingly the Travel24 Group reports an increase in liability. No notice of termination has been received as of the reporting date.

9. Tax expense/deferred tax income

Income taxes consisted of the following:

In thousands of euro	Financial year 2014	2013
Current taxes	280	0
Germany	255	0
International	25	0
(Thereof income relating to other periods)	0	0
Deferred taxes	672	-324
Germany	672	-324
International	0	0
Total	**952**	**-324**

As Travel24.com AG does not report any items of other comprehensive income, no disclosure is required here of the tax effect of components of other comprehensive income.

The income of German group companies is taxable at a corporation tax rate of 15 % under tax law applicable for 2014 (previous year: 15 %). Taking into account the solidarity tax and the local trade tax multiplier for Leipzig of 410 %, the Group's overall tax rate totals 31.93 % (previous year: 31.93 %).

The nominal tax rate applicable to the parent company Travel24 of 31.93 % (previous year 31.93 %) is used as the applicable tax rate for the tax reconciliation. Deferred taxes are calculated using the applicable nominal tax rate applying to the parent company Travel24 of 31.93 % (previous year: 31.93 %).

The reconciliation of the expected income tax expense, based on the result before income tax to the actual tax expense, is shown in the tax reconciliation below:

In thousands of euro	**Financial year** 2014	2013
Result before taxes	1,373	-1,526
Income tax expense at 31.9 %	438	-487
Effect of unused tax losses and tax losses for which no asset is recognised	449	78
Effect of non-deductable expenses	65	0
Tax effects relating to previous periods	0	83
Other	0	2
Actual tax expense	**952**	**-324**

Deferred tax assets on tax losses carried forward total EUR 133 thousand at December 31, 2014. These arose wholly in 2013. An analysis of the temporary differences in the reporting and previous year is presented in section III note 4. “Deferred taxes”. Further information is provided in the table showing the principal tax reconciliation items and the analysis of the respective balance sheet positions.

10. Earnings per share

The following table shows the calculation of earnings per share:

In thousands of euro	**Financial year** 2014	2013
Net income	421	-1,201
Net income attributable to:		
Shareholders of the parent	421	-1,201
Weighted average number of outstanding shares (in thousands of shares)	2,034	2,034
Earnings per share in euro (basic and diluted)	0.21	-0.59

11. Dividends

No dividends were paid to Travel24 shareholders in the current or the previous year. Should a dividend payment be made, a tax charge of 5 % as a non-deductible expense would be incurred by Unister Holding GmbH as major shareholder.

IV Notes to the consolidated balance sheet

1. Intangible assets

The movement on intangible assets for the financial years 2014 and 2013 were as follows:

2014 *In thousands of euro*	Brand name	Hotel concepts	Domains	Total
Cost of purchase and conversion				
as of January 1, 2014	2,700	950	581	4,231
Additions	0	0	0	0
Disposals	0	0	0	0
As of December 31, 2014	**2,700**	**950**	**581**	**4,231**
Amortization				
as of January 1, 2014	0	0	0	0
Additions	0	0	0	0
Disposals	0	0	0	0
As of December 31, 2014	**0**	**0**	**0**	**0**
Net carrying amount as of December 31, 2014	**2,700**	**950**	**581**	**4,231**

2013 *In thousands of euro*	Brand name	Hotel concepts	Domains	Total
Cost of purchase and conversion				
as of January 1, 2013	2,700	950	576	4,226
Additions	0	0	5	5
Disposals	0	0	0	0
As of December 31, 2013	**2,700**	**950**	**581**	**4,231**
Amortization				
as of January 1, 2013	0	0	0	0
Additions	0	0	0	0
Disposals	0	0	0	0
As of December 31, 2013	**0**	**0**	**0**	**0**
Net carrying amount as of December 31, 2013	**2,700**	**950**	**581**	**4,231**

The additions in 2013 were acquired for monetary compensation. There were no additions in the current financial year.

2. Property, plant, and equipment

The movements on property, plant, and equipment for the financial years 2014 and 2013 were as follows:

2014 *In thousands of euro*	Land	Buildings under construction	Furniture, fixtures & office equipment	Total
Cost of purchase and conversion				
as of January 1, 2014	4,907	8,686	0	13,593
Additions	0	1,150	15	1,165
Reclassifcation in accordance with IFRS 5	-3,821	-6,147	0	-9,968
Disposals	0	0	0	0
As of December 31, 2014	**1,086**	**3,689**	**15**	**4,790**
Depreciation				
as of January 1, 2014	0	0	0	0
Additions	0	0	13	13
Reclassifcation in accordance with IFRS 5	0	0	0	0
Disposals	0	0	0	0
As of December 31, 2014	**0**	**0**	**13**	**13**
Net carrying amount as of December 31, 2014	**1,086**	**3,689**	**2**	**4,777**

2013 *In thousands of euro*	Land	Buildings under construction	Furniture, fixtures & office equipment	Total
Cost of purchase and conversion				
as of January 1, 2013	4,844	6,674	0	11,518
Additions	63	2,012	0	2,075
Disposals	0	0	0	0
As of December 31, 2013	**4,907**	**8,686**	**0**	**13,593**
Depreciation				
as of January 1, 2013	0	0	0	0
Additions	0	0	0	0
Disposals	0	0	0	0
As of December 31, 2013	**0**	**0**	**0**	**0**
Net carrying amount as of December 31, 2013	**4,907**	**8,686**	**0**	**13,593**

Additions to buildings under construction (Hotel Leipzig Ringmessehaus) in 2014 were acquired for monetary compensation. This includes the costs of construction engineering offices (EUR 270 thousand), demolition costs (EUR 175 thousand), architects costs (EUR 211 thousand), and planning documents (EUR 101 thousand). In addition, borrowing costs were capitalized from August, after the end of the construction interruption, with the Company's effective financing interest rate of 8.8 % (EUR 156 thousand).

The land and buildings relating to the hotel in Cologne (Hotel Köln Perlengraben) was reclassified in 2014 to non-current assets held for sale in accordance with IFRS 5 (EUR 9,968 thousand), as there has been a concrete intention to sell since April 2014.

In addition, additions were made in 2014 to furniture, fixtures, and office equipment for the first time (EUR 15 thousand). These assets are depreciated on a straight-line basis over periods of ten and twenty-three years.

3. Non-current assets

On July 1, 2014, the effective date of the IHBA contract with Unister Holding GmbH, all receivables with Unister Group companies were transferred to Unister Holding GmbH, with Unister Holding GmbH accepting the transfer. As a result, any such receivables established in future are transferred to Unister Holding GmbH at the end of the month in which they are created. The resulting IHBA receivable or payable balance with Unister Holding GmbH is partially current and partially non-current, and is, accordingly, only classified as a non-current financial asset to the extent that the balance has a maturity of more than one year. The current portion results from the current account balance and the share of the loan which is payable in 2015 based on the contractually agreed repayment schedule. Unscheduled additional repayments are permitted under the contract. However, these do not result in any portion of the total being reported as current since Travel24 does not have a right to require these additional payments.

4. Deferred taxes

Deferred tax assets and liabilities arise on the following balance sheet items:

In thousands of euro	Financial year			
	December 31, 2014		December 31, 2013	
	Deferred tax assets	**Deferred tax liabilities**	**Deferred tax assets**	**Deferred tax liabilities**
Tax loss carryforwards	133		767	
Intangible assets		115		58
Non-current assets		50		
Financial receivables	591			
Other assets			3	
Bond		621		118
Provisions	100		165	
Trade payables				
Other liabilities				6
Total	**824**	**786**	**935**	**182**
Set off	(736)	(736)		
Net	**88**	**50**	**935**	**182**

Deferred tax assets and liabilities have been offset to the extent required in accordance with IAS 12.

The consolidated financial statements of Travel24.com AG include deferred tax assets of EUR 133 thousand based on tax losses carried forward by Travel24 (the Company). Travel24 recorded a tax loss (taxable income) of EUR 2,549 thousand in the previous year in the tax group on which the tax losses carried forward are calculated. In the current year the Company recorded taxable income of EUR 2,272 thousand (before offsetting against tax losses carried forward). These figures related to corporation tax profits only. The company has no trade tax losses brought forward. In addition to deferred tax assets on tax losses carried forward, the Group has offsettable deferred tax liabilities of EUR 736 thousand.

No deferred tax liabilities arose on profits of subsidiaries retained and carried forward for the purposes of making future dividend payments.

The consolidated financial statements of Travel24.com AG include losses of indirect subsidiaries for the reporting period (EUR 772 thousand) on which no deferred tax assets are recorded as their future utilization is not sufficiently probable. The associated unrecognized deferred tax amounts to EUR 242 thousand. Deferred tax assets were not recorded on tax losses carried forward by subsidiäres of Travel24.com AG as evidence of sufficient probability of their being usable is not available. The corporation tax and trade tax losses amounting to EUR 576 thousand and EUR 942 thousand respectively were not recognized the unrecognzed deferred taxes amounting to EUR 86 thousand and EUR 135 thousand respectively.

Deferred tax assets on tax losses carried forward by Travel24.com AG have not been recognized to the extent that they were not originated in the previous year because of legal uncertainty concerning the financial restructuring exception under section 8c paragraph 1a of the German Corporation Tax Act. As a result, no assets are recognized on corporation and trade tax losses of EUR 87,082 thousand and EUR 88,705 thousand respectively for the years prior to 2009. The resulting unrecognized deferred tax assets amounted to EUR 13,785 thousand and EUR 12,729 thousand respectively.

5. Trade receivables

Allowances of EUR 47 thousand have been recorded in 2014 against trade receivables:

	Financial year	
In thousands of euro	2014	2013
Gross amounts	900	206
Impairment allowances	-47	0
Trade receivables, net	**853**	**206**

More information on these balances is provided in the reporting on credit risks (section V note 7 “Financial risk management”).

6. Receivables due from related companies

This item represents the current portion of loan receivables payable by Unister Holding GmbH (EUR 2,400 thousand) and the current account with that company. Both items result from the IHBA contract with Unister Holding GmbH. A receivable of EUR 131 thousand arising from ongoing business activities due from AERUNI GmbH is also shown here. All amounts shown here are financial assets.

7. Other current financial and non-financial assets

Current financial assets includes a receivable balance payable by the bond intermediary LOET Trading AG of EUR 2,201 thousand (EUR 1,218 thousand) in connection with the bond issue together with security and collateral deposits which are not reported in cash and cash equivalents as they have a time to maturity of more than three months. Non-financial assets at December 31, 2014 of EUR 308 thousand (previous year: EUR 806 thousand) primarily include amounts due from tax authorities, mainly value added tax balances.

8. Cash and cash equivalents

The cash and cash equivalents wholly comprise current account balances with a remaining time to maturity of up to three months. This balance also includes collateral deposits of EUR 80 thousand (previous year: EUR 453 thousand) at December 31, 2014. These have been released since the balance sheet date.

9. Equity

<u>Subscribed capital</u>

There has been no change in the issued share capital of Travel24.com AG since the previous financial year 2013. The share capital is divided into 2,033,585 fully paid no-par shares with equal rights with an arithmetical amount of EUR 1 each. Ownership of the shares entitles the holder to exercise voting rights at shareholders' General Meetings, and to a share of dividends when resolutions for the payment of dividends are approved. For details of the number of shares issued please refer to the consolidated statement of changes in equity included as part of these consolidated financial statements.

<u>Approved capital</u>

Approved capital 2009

An approved capital increase which had not been used to effect a capital increase by its expiry date of August 31, 2014 expired unused on that date.

Approved capital 2010

The Management Board is empowered, by a resolution of the Annual General Meeting held on July 30, 2010, subject to the approval of the Supervisory Board, to increase the Company's share capital once or several times in the period until July 30, 2015 by a maximum of EUR 90,170.00 by issuing up to 90,170 new no-par shares in exchange for cash contributions or contributions in kind (approved capital 2010). In each case, no-par bearer shares may be issued; the share of profits may be determined in deviation from Section 60 (2) AktG. The minimum amount issued per no-par share amounts to EUR 3.00. In addition, the Management Board is also empowered, subject to the approval of the Supervisory Board, to exclude shareholders' pre-emptive subscription rights. However, an exclusion of shareholders' pre-emptive subscription rights is permitted only in the following cases:

- when the shares are issued to acquire companies, investments in companies, or parts thereof;
- for residual amounts;
- if the issue price of the shares is not significantly below the stock market price and the exclusion of the pre-emptive subscription rights only extends to new shares, the arithmetical value of which does not exceed 10 % of the share capital, i.e. in total a maximum of EUR 196,780.00; with regard to the application of the 10 % limit, the exclusion of the pre-emptive subscription rights due to other authorizations under Section 186 (3) (4) AktG shall be taken into account;
- if required in order to grant the owners of convertible bonds, convertible participation rights, or option rights a subscription right to the extent to which they would be entitled after exercising the conversion right or option right as shareholder.

This resolution of the Annual General Meeting was registered with the commercial register on December 6, 2010. The approved capital 2010 at the balance sheet date was EUR 90,170.00.

<u>Conditional capital</u>
The subscribed capital of Travel24.com AG is the subject of a conditional increase. The conditional capital increase is carried out only insofar as the holders of warrants and conversion rights exercise their rights. In accordance with the commercial register entry dated December 7, 2010, the contingent capital 2004/II continues to amount to EUR 8,213.00.

Currently, no option certificates have been issued by the Company.

<u>Capital reserve</u>
The capital reserve includes the excess of paid-in capital on the issue of shares over the nominal amount.

<u>Authorizations to repurchase the Company's own shares</u>
The Company is authorized to purchase own shares in accordance with a resolution approved at the General Meeting of June 6, 2012. The authorization is limited to the purchase of own shares amounting to a proportionate amount of the share capital of up to EUR 203,358.50 in total. The authorization can be exercised once or several times within the framework of the above-mentioned overall volume, completely or in partial amounts. The authorization is valid until the expiry date of June 6, 2017.

Loss carried forward

Under German law, the dividend amount available for distribution to the shareholders depends on the equity total as reported in the separate financial statements of Travel24.com AG prepared in accordance with the German Commercial Code (Handelsgesetzbuch: "HGB"). Dividends may only be resolved and paid to the extent that there are distributable profits (after allocation to statutory reserves) available for that purpose. The balance sheet profit stated in the separate financial statements of Travel24.com AG prepared in accordance with the German commercial code regularly differs from the accumulated balance sheet profit in these consolidated financial statements prepared in accordance with IFRS. As of December 31, 2014, the separate financial statements of Travel24.com AG reports a cumulated loss amounting to EUR 591 thousand (previous year: EUR 1,751 thousand). In its separate financial statements, Travel24.com AG has made use of the optional accounting treatment provided for by Section 274 (1) (2) HGB and recognized deferred tax assets in the 2014 financial year amounting to EUR 232 thousand (previous year: EUR 996 thousand). As no deferred tax liabilities are recorded in the separate financial statements, a deduction is made from retained profits in the amount of deferred tax assets to arrive at the Company's distributable profits in accordance with Section 268 (8) (2) HGB.

Other components of equity (other comprehensive income)

Travel24.com AG does not have any items of other comprehensive income to report in either the current or the previous year. Accordingly, there are no income tax effects attributable to the individual components of other comprehensive income.

10. Non-current financial liabilities (corporate bond liabilities)

Non-current financial liabilities at the balance sheet date represent the discounted value of the corporate bond issued in the third quarter of 2012, which has a maturity of five years and an interest coupon of 7.5 % annually. The nominal volume subscribed amounts to EUR 25,000 thousand.

As a result of the transfer of 4,161 bonds held by the bond intermediary in the previous year of these bonds are regarded as issued in full for accounting purposes (previous year: EUR 4.161 thousand not issued). The bonds were recorded as additions at fair value based on quoted market prices (52.9 %) applying at the transfer date. The difference between the additions amount and the nominal value is unwound, successively increasing the liability in accordance with the effective interest method. In 2014 the liability was increased by EUR 188 thousand for the bonds newly regarded as having been issued and by EUR 100 thousand for the bonds already accounted for since 2012.

11. Tax liabilities

Tax liabilities primarily relate to liabilities for income taxes for periods prior to 2013 (EUR 2,204 thousand) and the current tax liabilities arising in Germany and in France. Interest is

recorded on the provisions consistent with the expected obligations and maturities. The interest is calculated on the basis of Section 233a of the Tax Administration Code (Abgabeordnung – "AO").
The liabilities are recorded as the Company is of the opinion that it cannot be regarded as sufficiently probable that the existing tax losses brought forward can be utilized. More information is provided in section IV note 4. "Deferred taxes". If there is a positive outcome the tax liabilities can be partially derecognized.

12. Provisions

The changes in current provisions in 2014 and 2013 were as follows:

In thousands of euro	Onerous contracts	Court costs	Potential fines	Legal disputes Internet segment	Legal disputes Hotels segment	Interest	Total
As of January 1, 2014	187	300	130	145	0	82	**844**
Additions				72	148	179	**399**
Releases	(187)		(41)			(11)	**(239)**
Utilization			(39)	(145)			**(184)**
As of December 31, 2014	**0**	**300**	**50**	**72**	**148**	**250**	**820**

In thousands of euro	Onerous contracts	Court costs	Potential fines	Legal disputes Internet segment	Provision for interest	Cancellation risks	Total
As of January 1, 2013	1,600	300	0	25	72	144	**2,141**
Additions			130	145	10		**285**
Releases	(1,413)					(144)	**(1,557)**
Utilization				(25)			**(25)**
As of December 31, 2013	**187**	**300**	**130**	**145**	**82**	**0**	**844**

The risks recorded for onerous contracts were released as a result of the complete disposal of the bonds by the bond intermediary in 2014.

The provision for court costs represents the risks associated with the accusations made against Travel24 by the authorities concerning flight services (EUR 300 thousand; previous year EUR 300 thousand). The amounts relate to potential payments of insurance tax and retrospective tax payments for value added taxes and associated interest. The provision amount was determined based on tax assessments received and internal calculations. The provision includes appropriate allowance for consultancy costs to resolve the legal issues arising.

In addition, there is a provision for legal disputes (EUR 220 thousand; previous year: EUR 145 thousand). This includes processes related to the Internet segment (EUR 72 thousand). At the balance sheet date there are a total of 36 open cases in which Travel24.com AG is either defendant or participant. In most instances, these cases concern the cessation of a specific behavior or requests from consumer organizations. In most cases the risk is only in the cost of administering the case, as in most cases there are no claims, but an attempt to require that certain behavior be discontinued. The amounts are determined based on the most probable amount, whereby the timing is uncertain. For this purpose we have taken into account estimates made by our legal department, which has estimated the administrative cost and potential payment amount based on experience of similar procedures.

In the Hotels segment, as the segment is still in the process of being established, the risk of legal disputes is typically limited to disputes concerning poor or non-performance in construction or planning service agreements with subcontractors. There are three disputes in total in this segment at the balance sheet date. The amounts are determined based on the most probable amount, whereby the timing is uncertain. In determining the provisions we consider the contractual arrangements, the claims raised by the subcontractor, and assessments of the construction work performed by internal and external experts. We have recorded a provision of EUR 148 thousand for unpaid claims made by a subcontractor. This represents 50 % of the amount claimed (including process costs) and represents the most likely outflow of resources. In a second case we have not recorded any provision as the amount already paid is significantly more than the contractual performance level. The contractual performance level was estimated by an expert for this purpose. Accordingly, we do not expect an outflow of resources. The final open case was resolved by agreement in 2015 without any further outflow of resources. No provision is required as a result.

The provision for potential fines includes expenses resulting from delayed publication (EUR 50 thousand; previous year: EUR 130 thousand). The costs of delayed publication take into account the duration of delay as well as the number of delayed reports.

In addition, provision has been made for expected interest charges on back taxes (EUR 250 thousand; previous year: EUR 82 thousand). The provision for interest relates to tax liabilities for the years prior to 2013 and is calculated based on the applicable interest rates and the respective elapsed time periods (see also section IV note 11 “Tax liabilities”).

We refer to the associated uncertainties associated with use of judgments and estimates which are discussed in section II note 4 “Use of judgments and estimates”.

Travel24 has no rights to receive reimbursements in respect of the matters discussed above.

13. Current financial liabilities

The current portion of bond liabilities reported in the consolidated balance sheet relates to interest accrued until the balance sheet date in advance of the next interest payment to bondholders (EUR 537 thousand). The latest interest payment was made in September 2014. The next interest payment is due in September 2015

Also included in this balance sheet position is the third party interest in limited partnerships relating to termination rights of the third party shareholders' interests in the limited partnerships in the consolidated financial statements of the companies "Hotel Köln Perlengraben GmbH & Co. KG, Leipzig" and "Hotel Leipzig Ringmessehaus GmbH & Co. KG, Leipzig". The potential compensation rights which could arise from the exercise of the termination rights (EUR 83 thousand) are reported within other financial liabilities. The compensation rights are shown as short-term liabilities as Travel24.com AG does not have the right to postpone payment of the liability arising from the exercise of the termination rights for at least twelve months.

Travel24.com AG calculates the liability on initial recognition as the fair value of the share of the non-controlling interest in the net assets of the respective company. Subsequently the obligation is valued at fair value through profit and loss.

14. Other current liabilities

As in the previous year, other current financial liabilities at the balance sheet date include liabilities to tax authorities for value added taxes. In addition, other current liabilities include accruals for outstanding invoices, annual reporting and audit costs, and personnel accruals which are no longer included in provisions, as these amounts are regarded as almost certain obligations.

	Financial year	
In thousands of euro	2014	2013
Tax liabilities	108	330
Outstanding invoices	310	615
Personnel costs	102	15
Receivables accounts in credit balance	90	14
Other	97	88
Total	**707**	**1062**

15. Additional disclosures on financial instruments

The following table shows the carrying amounts, measurement methods, and fair values of financial instruments as of December 31, 2014 and as of December 31, 2013 by measurement classification.

In thousands of euro	December 31, 2014					
	Valuation balance sheet under IAS 39					
	Measurement category under IAS 39	**Carrying amount**	Amortized costs	Fair value not affecting income	Fair value reported in income	**Fair value ***
Financial instruments originated by the Group						
Assets						
Loans to related companies	LaR	**5,600**	5,600	-	-	**5,600**
Trade receivables	LaR	**853**	853	-	-	**853**
Receivables from related companies	LaR	**2,729**	2,729	-	-	**2,729**
Other financial assets	LaR	**2,438**	2,438	-	-	**2,438**
Cash and cash equivalents	LaR	**1,002**	1,002	-	-	**1,002**
Liabilities						
Bond liabilities (current and non-current)	FLAC	**23,384**	23,384	-	-	**9,688**
Trade payables	FLAC	**699**	699	-	-	**699**
Liabilities to related parties	FLAC	**181**	181	-	-	**181**
Obligation from the potential termination of limited partner's interest	FLaFV	**83**	-	-	83	**83**
Thereof aggregated under measurement categories persuant to IAS 39						
Loans and receivables (LaR)		**12,622**	12,622	-	-	**12,622**
Financial liabilties measured at amortized cost (FLAC)		**24,265**	24,264	-	-	**10,568**
Financial Liabilties measured at fair value (FLaFV)		**83**	-	-	83	**83**

* If no fair value can be determined, the carrying amount is stated

In thousands of euro	31 December 2013 **Valuation balance sheet under IAS 39**					
	Measurement category under IAS 39	**Carrying amount**	Amortized costs	Fair value not affecting income	Fair value reported in income	**Fair value ***
Financial instruments originated by the Group						
Assets						
Loans	LaR	**4,731**	4,731	-	-	**4,731**
Trade receivables	LaR	**206**	206	-	-	**206**
Receivables from related companies	LaR	**2,318**	2,318	-	-	**2,318**
Other financial assets	LaR	**1,218**	1,218	-	-	**1,218**
Cash and cash equivalents	LaR	**1,326**	1,326	-	-	**1,326**
Liabilities						
Bond liabilities (current and non-current)	FLAC	**20,907**	20,907	-	-	**14,339**
Trade payables	FLAC	**570**	570	-	-	**570**
Liabilities to related parties	FLAC	**388**	388	-	-	**388**
Obligation from the potential termination of limited partner's interest	FLaFV	**0**	-	-	0	**0**
Thereof aggregated under measurement categories persuant to IAS 39						
Loans and receivables (LaR)		**9,799**	9,799	-	-	**9,799**
Financial liabilties measured at amortized cost (FLAC)		**21,865**	21,865	-	-	**15,297**
Financial Liabilties measured at fair value (FLaFV)		**0**	-	-	0	**0**

* If no fair value can be determined, the carrying amount is stated

There were no reclassifications between the individual categories of financial instruments in the financial year.

The following methods were used to determine the fair values of financial instruments measured at amortized cost:

Cash and cash equivalents, trade receivables, and other non-derivative financial assets:

As the financial assets reported at the balance sheet date are exclusively short term in nature it is assumed that their fair values are approximately equivalent to their carrying amounts. We discount non-interest bearing or low interest, long-term loans to third parties or employees to their present value based on their anticipated future cash flows. In doing so we apply the original effective interest rate which a borrower would have to pay for a similar loan with a financial institution. Following the conclusion of the IHBA contract, all loans within the Unister Group have been transferred to Unister Holding GmbH and been converted to a loan to Unister Holding GmbH which is repayable at any time. The loan carries interest at 7.5 %. An amount of EUR 8,000 thousand is excluded from this and subject to a defined repayment schedule of EUR 200 thousand/month. The interest rate on the loan is considered to be at arm's length. There are no other loans to related persons, third parties, or employees.

Financial liabilities from bonds:

The fair value of the bonds in issue differs from its carrying amount in the reporting period. The fair value of the bonds amounted to EUR 9,688 thousand at December 31, 2014. The fair value in the current reporting period was determined on the basis of the number of bonds in issue (25,000 bonds) and the closing market quotation at the balance sheet date (38.75 %) registered at the Frankfurt am Main stock exchange. At the end of the previous financial year the fair value of the bonds based on the closing market quotation was EUR 14.339 thousand. Further information is provided in section II "Accounting and measurement principles".

Trade payables and non-derivative financial liabilities (excluding bond liabilities):

Our non-derivative financial liabilities comprise financial debt and other non-derivative financial liabilities. As the trade payables, liabilities to related parties, and other non-derivative financial liabilities are mainly current in nature, we assume that their fair values are approximately equivalent to their carrying amounts.

Financial liabilities:

The financial obligations arising for the (possible) exercise of termination rights by limited partner shareholders in limited partnership subsidiaries are revalued annually. Changes in the fair value of the obligation are recorded in the statement of comprehensive income within other financial results. The valuation in the reporting period resulted in an increase in the reported liability of EUR 83 thousand, which resulted exclusively from the change in fair values of the limited partnership shareholdings in the financial year. These changes do not include changes in the own-credit risk associated with the liability, which is not significant to the fair value. There were no changes – for example, due to additions or disposals – in the underlying limited partnership shareholdings.

Different approaches were followed for the two valuation cases in Cologne and Leipzig.

Hotel Ringmessehaus Leipzig GmbH & Co. KG:
This company is the holding entity for the land and on-site buildings for the planned hotel in Leipzig, which is currently under construction. The limited partnership will not operate the hotel. Operations, which are planned from 2016 onwards, will be carried out by an operating company. The operating company is an indirect wholly-owned subsidiary of Travel24.

The value of the limited partnership is derived from the present value of the future cash flows to be generated from this ownership. In calculating future cash flows, an annual rental income of 6.5 % of the invested amount has been assumed. In addition, running costs and taxes were deducted. The liabilities of the limited partnership were deducted from the resulting total to arrive at the value of the limited partnership shares (EUR 438 thousand). A liability of EUR 22 thousand is derived for the share attributable to non-controlling minority shareholders after discounting (the termination notice period is six months).

The input factors used for the valuation are factors which are not capable of being derived from an active market (level 3 valuation). The determination of the input factors involved the use of estimates. A change to the input factors would result in a different value for the liability. An increase of the estimated rental income of the limited partnership (the most significant valuation assumption) by 0.1 % to 6.6 % would lead to an increase of the obligation, increasing it by EUR 12 thousand to EUR 34 thousand. A decrease of the estimated rental income of the limited partnership by 0.1 % to 6.4 % would lead to a decrease of the obligation, decreasing it from EUR 22 thousand to EUR 9 thousand. The valuation is not considered sensitive to the other assumptions used in the valuation.

Hotel Perlengraben Köln GmbH & Co. KG:
This company is also a holding entity for the land and on-site buildings. Travel24 plans to sell the land. Accordingly the asset is reported as an IFRS 5 asset. Therefore the limited partnership shares are not valued based on continued use, but on the basis of the expected sales proceeds. The liabilities of the limited partnership were deducted from the resulting total to arrive at the value of the limited partnership shares (EUR 1,195 thousand). A liability of EUR 61 thousand is derived for the share attributable to non-controlling minority shareholders after discounting (the termination notice period is six months).

The input factors used for the valuation are factors which are not capable of being derived from an active market (level 3 valuation). The determination of the input factors involved the use of estimates. A change in input factors would result in a different value. However, the value is not regarded as being sensitive to any of the assumptions made.

The following table shows the fair value measurement hierarchy in accordance with IFRS 13:

Valuation measurement hierarchy	**Financial instruments originated by the Group**	**Market value** (EUR tsd.)
Level 1	Bonds	9,688
Level 2	-	-
Level 3	Obligation from the potential termination of non-controlling shareholding in limited partnerships	83

The fair value of cash and cash equivalents, time deposits, current receivables, trade payables and other current liabilities is approximately equal to their carrying amounts due to the short term nature of these instruments.

The fair values of the corporate bonds are determined for disclosure purposes only; those for the limited partnership shareholdings are determined for balance sheet reporting purposes. Both valuations are recurring valuations.

The Group has no financial instruments in the categories “Held-to-Maturity” or “Available for Sale”.

Net results according to measurement category

The following schedule shows how interest income and expenses, the subsequent measurement of financial instruments at fair value, and gains and losses from currency translations and impairment allowances and write downs are distributed among the individual categories of financial instruments as defined by IAS 39, together with the respective net result by category.

Net result by valuation category

In thousands of euro		Interest	Subsequent measurement			Write offs	Reported directly in equity	Net result
			At fair value	Currency translation	Valuation allowance			
From loans and receivables	January 1, to December 31, 2014	438	n.a.	38	(47)	0	n.a.	429
	January 1, to December 31, 2013	299	n.a.	(9)	(790)	0	n.a.	(500)
From financial liabilities measured at amortized cost	January 1, to December 31, 2014	(2,056)	n.a.	0	n.a.	n.a.	n.a.	(2,056)
	January 1, to December 31, 2013	(2.148)	n.a.	0	n.a.	n.a.	n.a.	(2.148)
From financial liabilities measured at fair value	January 1, to December 31, 2014	0	(83)	0	0	0	0	(83)
	January 1, to December 31, 2013	0	0	0	0	0	0	0
Total	January 1, to December 31, 2014	**(1,618)**	**(83)**	**38**	**(47)**	**0**	**0**	**(1,710)**
	January 1, to December 31, 2013	**(1.849)**	**0**	**(9)**	**(790)**	**0**	**0**	**(2.648)**
Thereof affecting net income	January 1, to December 31, 2014	(1,618)	(83)	38	(47)	0	0	(1,710)
	January 1, to December 31, 2013	(1.849)	0	(9)	(790)	0	0	(2.648)

The interest from financial instruments is reported in interest income and/or interest expenses, respectively. The changes in the fair value of the limited partner's shareholdings are reported in other financial results. The other components of the net result are reported by Travel24 in other operating income and/or other operating expenses, respectively.

16. Non-current assets held for sale

The assets presented here comprise the land and associated buildings in Cologne known as "Perlengraben", purchased in 2012. The Supervisory Board approved the sale of this land at its March board meeting. As a result, the carrying values are expected to be recovered in a sale transaction, and are no longer expected to be recovered by their future use. The carrying amounts presented represent a single asset and not a discontinued activity, as the Company only plans to sell the property. The asset is attributed to the Hotels segment. The statement of comprehensive income includes no significant results attributable to the asset. A certified notary sale agreement was entered into for the sale of this property on December 30, 2014. Completion of this agreement is outstanding at the current time.

V Other disclosures

1. Impairment test for intangible assets with indefinite useful lives

Purchased intangible assets with indefinite useful lives and tangible assets were allocated to the Internet and Hotels cash generating units (CGUs) for impairment testing purposes. Impairment tests are required for tangible assets when there are indications that an impairment may have arisen. The Hotels CGU had not commenced operations in 2014 and accordingly has not yet generated revenues.

The CGUs are consistent with the segments before combination with other segments.

The trade marks are assets which are used jointly (corporate assets), which do not generate independent cash flows. Accordingly, their carrying values cannot be allocated to one of the two CGUs. As a result the trade marks are allocated to the CGUs on the basis of turnover. As the Hotels segment has not yet generated turnover in 2014, the carrying values of the trade marks were tested based on the Internet CGU.

In EUR tsd.	Internet CGU	Hotels CGU	Total
Trade marks	2,700	0	2,700

1.1. Information on the CGUs

<u>Internet CGU</u>

The Internet business segment operates in the travel and flight retail sector. This includes travel packages and last-minute travel offers as well as flight placement sales. All services can be booked via the internet or the booking hotline.

The CGU includes individual website portals (e.g. travel24.com, flug24.de, vols24.fr), through which customers are able to purchase tourism services in various European countries. The CGU is managed on a uniform basis.

The CGU represents the booking routes needed to process customer requests. A booking route is understood to mean a collection of assets needed to create cash flow income streams. In addition to the domain (e.g. travel24.com) these include software elements (the front-end or domain content software) which is visible to the customer, as well as non-visible software elements (known as the back-end software or the internet booking engine). The back-end software is identical in all material aspects for all domains operated by the Company, and is independent of the respective country-specific and customer visible software. Cash flows are generated by the sum of all these assets, as they must all be used in order to process customer requests.

The entire software used to process customer requests is provided by the Unister Group as a single software packet.

The Travel24.com Group performs an annual impairment test for the Internet CGU each December 31. The recoverable amount of the Internet CGU is determined based on a value in use basis using a DCF procedure. The assessment takes place based on medium-term plans approved by the management for a detailed period of one year (planned on a monthly basis) and annual planning for two further years. Growth rates for cash flow forecasts in excess thereof (terminal values) are determined using an assumed growth rate of 1.0 %. Nominal growth rates are determined based on long-term, market-specific inflation rates adjusted for segment-specific development expectations. The pre-tax discount rates are determined based on market data and amount to 9.09 % as of the reference date (December 31, 2014).

The carrying value of intangible assets with indefinite useful lives allocated to the Internet CGU amounted to EUR 3,281 thousand at the balance sheet date, including the apportioned share of corporate assets.

Impairment testing performed for the Internet CGU determined that no impairment write-downs were required.

Hotels CGU

The Hotels segment is in the start-up phase. At the current time the only activity pursued in this segment is the construction of a budget hotel in Leipzig city center. The hotel should be operational on completion from 2016. In future, the segment will operate further budget hotels.

The Travel24.com Group performed an annual impairment test for the Hotels CGU at December 31, 2014. The recoverable amount of the Hotels CGU is determined based on calculating a value in use on the basis of a DCF procedure. The assessment takes place based on medium-term plans approved by the management for a detailed period of one year (planned on a monthly basis) and annual planning for four further years. The longer planning period compared to the Internet CGU is explained by the fact that the Hotels CGU will first generate cash flows from operations from 2016 (i.e. in the second planning year). Once operational, the Hotels CGU will have successive increases in capacity utilization, first reaching a regular operative status in the fifth planning year (2019). Growth rates for cash flow forecasts in excess thereof (terminal values) are determined using an assumed growth rate of 1.0 %. Nominal growth rates are determined based on long-term, market-specific inflation rates adjusted for segment-specific development expectations. The pre-tax discount rates are determined based on market data and amount to 7.52 % as of the reference date (December 31, 2014).

The carrying value of intangible assets with indefinite useful lives allocated to the Hotels CGU amounted to EUR 960 thousand at the balance sheet date, including the apportioned share of corporate assets.

Impairment testing performed for the Hotels CGU determined that no impairment write-downs were required.

1.2. Basic assumptions for calculating the recoverable amounts

When calculating the value in use, fair values are determined using valuation procedures. Under consideration of the valuation method used and the assumptions made, the valuation is classified as a level 3 fair value estimate. Some of the input factors used are not observable in the market. The most significant input factors are presented separately by CGU. Thereafter, a sensitivity analysis based on these assumptions is provided.

Internet CGU

In calculating the value in use of the Internet CGU using (DCF techniques) the most important estimation uncertainties were as follows:

- Revenue trends, by website portal
- Discount factors (interest rates)
- Acquisition of customers and retention costs (margin)
- Growth rates used to extrapolate cash flows for periods beyond the budget period

We draw attention to the fact that the following assumptions were made as of December 31, 2014. The forecasts used here for future expected revenues differ from those presented in the management report, the difference being due to the fact that as of the date the management report is prepared, the revenues for the first weeks of 2015 were known. On the basis of these a downward adjustment of estimates of total revenues for the financial year 2015 as a whole was required. As noted in the management report, the fall in revenues is associated with a fall in marketing costs at least proportionate to the fall in revenues. As a result the effect of the fall in revenues used in these estimates on EBIT – and on the associated operating cash flows – is negligible for impairment testing purposes.

Revenue trends, by website portal – In estimating revenue trends, a differentiation is made between Germany-Austria-Switzerland and the international market at the website portal level. The assumptions made for the Germany-Austria-Switzerland website portals are based on historic experience and on management's estimates of future revenue trends. Based on this, the maximum revenue growth is assumed to be equivalent to the inflation rate. The planned annual revenue rate of growth for the significant portals (travel24.com and flug24.de) is 2 %.

In the international sector different assumptions are also made at the website portal level. For the international flight portals, annual growth rates of 15 % are assumed. Annual increases of 50 % are assumed for the French travel portal. For other international portals, 15 % annual growth rates are assumed in most cases. The differential between the French market and the other international portals is in response to the particular focus the Company is placing on this market. The higher growth rates estimated here compared to the Germany-Austria-Switzerland market are explained by the lower saturation level and the lower volume of revenues in 2014, as well as the intensification of market efforts in the respective markets. In addition, significant investments in know-how have been made in France, with the associated hiring of personnel there. Experience drawn from the Germany-Austria-Switzerland market has been used in estimating the increases.

Discount factors – The discount rate reflects current market expectations of the specific risks associated with the respective CGUs. The discount rate is based on the average weighted cost of capital ("WACC") typical in the industry. In addition, adjustments are made based on market estimates of all risks specific to the CGU to the extent that these are not reflected in adjustments to estimated future cash flows.

Acquisition of customers and retention costs – The investments made to acquire and retain customers are also estimated separately for the Germany-Austria-Switzerland region and for international markets. A level of investment in marketing consistent with the 2014 reporting year is assumed for the Germany-Austria-Switzerland area website portals. In accordance with the growth strategy, significant increases in marketing efforts are expected for the international portals, with the exception of flight placement in France which is already established. This is simpler to increase than in portals in the Germany-Austria-Switzerland market, due to the lower market share and potential. For this reason the advertising ratio in these markets is assumed to be significantly higher than in the Germany-Austria-Switzerland market (between 80 % and 93 %).
Growth rate – Management considers the effect of continuing technological change and the possible presence of new competitors as factors affecting the assumed growth rate. Overall, no negative effects are expected given the high level of marketing activities and the solid growth trends. A long-term growth rate of 1.0 % is assumed.

<u>Hotels CGU</u>
In calculating the value in use of the Hotels CGU using (DCF techniques) the most important estimation uncertainties were as follows:

- Capacity usage of hotels, and associated revenue projections
- Discount factors (interest rates)
- Hotel operating costs
- Growth rates used to extrapolate cash flows for periods beyond the budget period
- Future investment costs

Capacity usage of hotels, and associated revenue projections – The revenue trend is primarily dependent on the individual capacity usage in each case after project completion. For this purpose management has made assumptions concerning hotel capacity usage. A capacity usage of 54 % has been assumed for the first year of operations. A usage of 75 % of available rooms has been assumed for event days. The utilization rates then increase to terminal values of 74 % and 85 % respectively with increasing awareness.

Discount factors – The discount rate reflects current market expectations of the specific risks associated with the respective CGUs. The discount rate is based on the average weighted cost of capital ("WACC") typical in the industry. In addition, adjustments are made based on market estimates of all risks specific to the CGU to the extent that these are not reflected in adjustments to estimated future cash flows.

Hotel operating costs – The hotel running costs are primarily dependent on utilization. Here, management has made cost estimates dependent on the number of overnight stays achieved.

Growth rate – Management considers the effect of continuing technological change and the possible presence of further competitors as factors affecting the assumed growth rate. A long-term growth rate of 1.0 % is assumed.

Investment costs – As the hotel which will be operated is still under construction, the costs of completing the building and investments in internal fittings and fixtures represent significant cash outflows in the first planning year. For this purpose, detailed cash flow payment plans for 2015 have been drawn up on a monthly basis for the individual building activities. These are split up into 32 different building activities and are based, where available, on signed construction contracts for the individual activities and on offers or estimates prepared by the construction department. In total, payments of EUR 12,289 thousand are planned in 2015 (for buildings, fixtures, and fittings).

1.3. Sensitivity of the assumptions made

Internet CGU

The management is of the opinion that a reasonably possible change of any assumptions relevant to margins for customer acquisition and retention could result in the carrying amount of the CGU significantly exceeding the recoverable amount.

Hotels CGU

The sensitivity is presented in the following table. A respective change in the assumed variable would result in an impairment amount for the CGU as follows:

Variables	CGU carrying amount	Value in use	Difference
Scenario 1	EUR 5,725 thousand	EUR 243 thousand	EUR 5,482 thousand
Scenario 2	EUR 5,725 thousand	EUR 1,921 thousand	EUR 3,804 thousand
Scenario 3	EUR 5,725 thousand	EUR 4,079 thousand	EUR 1,646 thousand

Scenario 1 assumes an increase in WACC of 300 basis points to 10.52 %. The second scenario is calculated under the assumption that the capacity utilization of the hotel does not meet plan, resulting in a significantly lower level of revenues and a significantly lower EBIT. For scenario analysis purposes, a capacity utilization of 44 % on normal days and 65 % on event days is assumed, increasing to terminal values of 64 % and 75 % respectively. These rates are 10 % lower than planned at all times. In the final scenario analysis, a 25 % increase in the cost of construction and costs of fixtures and fittings is assumed. This (potential) increase wholly affects the cash outflows in the first planning year.

1.4. Jointly used assets

The Travel24 trade mark, an asset used jointly by both CGUs, has a carrying value of EUR 2,700 thousand. The calculation of the recoverable amount of both CGUs is significantly affected by the assumed discount rate. Details of how the discount rate is calculated are provided above. The discount rate is determined specifically for the CGU tested. Accordingly, the rates differ. However, some of the assumptions (for example, the risk-free rate) are the same. For this reason a sensitivity analysis was performed for all changes considered reasonably possible, determined by management based on judgment. The analysis shows that the total recoverable amount of both CGUs is above the carrying value of all assets allocated to them (including jointly used assets).

Other significant assets differ between the CGUs.

2. Information regarding the statement of cash flows

In accordance with IAS 7 (Statement of cash flows) the statement of cash flows shows how the cash and cash equivalents in the Group changed over the course of the year under review due to inflows and outflows of funds. The cash and cash equivalents exclusively comprise current account balances with a remaining time to maturity of up to three months. The cash flow statement differentiates between changes in cash flows from operating activities, investing, and financing activities.

There were no significant non-cash transactions affecting investing or financing activities in the financial year.

Information on investing activities
In 2014 EUR 1,004 thousand has been paid for investments and capitalized as a result of the continued construction activities. A significant non-cash transaction was recorded in the year, being the capitalization of borrowing costs of EUR 156 thousand in accordance with IAS 23. The cash flow from loans granted (EUR 1,000 thousand) represents only the cash flow amount. An increase of the loan with Unister Group results from non-cash transactions.

Information on financing activities
Payments by an intermediary (bond subscriber) in 2014 amounted to EUR 955 thousand. The associated nominal value was discounted and recorded as a liability in the previous year. A significant non-cash transactions in the reporting period occurred in the form of the disposal of the remaining bonds (EUR 2,201 thousand).

The cash and cash equivalents as reported in the cash flow statement are identical to the cash and cash equivalents reported in the balance sheet. There are no significant current account overdraft arrangements.

3. Contingencies and other financial obligations

Guarantees
As in the previous year, no comfort letters have been provided to third parties.

Legal disputes and arbitration proceedings
Travel24 Group is a party to several court or arbitration proceedings which, however, based on the Group’s assessment of the individual circumstances, cannot have significant influence on the overall economic situation of Travel24. Such proceedings are not threatened or to be expected as far as the Company knows.

Charges were submitted in January 2014 by the State Office of Criminal Investigation in Dresden against the Management Board and the Chairman of the Management Board of Travel24.com AG in connection with the investigations, which have been in progress since 2012. The charges concern the accusation of carrying out insurance business without the required permits, suspicion of tax avoidance in connection therewith, and criminal advertising. The court is now required to determine whether there are sufficient grounds for the charges. Adequate provisions have been made in these consolidated financial statements for the costs expected in connection with a continuing tax investigation. The provision covers the full amount of risk to which the Company is exposed, based on current knowledge, so that no further contingent liability arises.

The investigations by the State Office of Criminal Investigation in Dresden concerning “price differentials” initiated in 2013 were not completed in 2014. As a result, no charges have been made to date and none are to be expected until mid-2015 at the earliest. Travel24.com AG regards the accusations as unsustainable. The business practices described as “price differentials” were, and are, in our view common practice in the travel industry. The practices concerned were stopped immediately after they became known. The risk primarily is to Travel24’s service providers.

No charges have been made as of the current time in connection with the accusations made by Air France regarding profits made by Travel24.com AG not passed on to Air France. The risk assessment concerning the likelihood of charges being raised is considered small. As we have not been issued with charges it is not possible to estimate the amount of any possible contingent liability.

There are differences of opinion between the tax office and of Travel24.com AG concerning a possible property transfer tax obligation arising on the acquisition of the shareholding in Hotel Leipzig Ringmessehaus GmbH & Co. KG. The risks associated with our position are considered to be low. The resulting property transfer tax obligation amount is EUR 26 thousand. The timing of a resolution of this matter is uncertain.

In connection with construction issues described in the disclosure notes to provisions, there is a risk – regarded as not probable – of an outflow of resources of a further EUR 429 thousand.

Legal disputes and arbitration proceedings – contingent assets

Travel24.com AG has made claims against a subcontractor of EUR 100 thousand. These result from payments on account against invoices made by Travel24.com AG for which no compensating service has been received.

Operating lease arrangements

Operating lease agreements primarily govern rental expenses for office premises (until July 2014) and rental expense for technical equipment leased under contract with Unister GmbH/Unister Travel Betriebsgesellschaft mbH. For more detailed information regarding the contract, we refer to disclosures concerning related parties presented in section V note 6 “Transactions with related companies and persons”. As the contract has a term of only one year, the obligation amounts refer to a one-year period only.

A further rental contract concerning office space was entered into from June 2014. This contract has a term of at least three years, and includes an option exercisable by the Company for a further period of two years. There are no contingent lease payments.

Obligations under leasing arrangements at December 31, 2014 were as follows:

At December 31, 2014

In thousands of euro	Lease agreement for office premises	Technical equipment	**Total**
Up to one year	60	150	**210**
After more than one year	70	-	**70**
Total	130	150	**280**

At December 31, 2013

In thousands of euro	Lease agreement for office premises	Technical equipment	**Total**
Up to one year	51	150	**201**
Total	51	150	**201**

Leasing expenses of EUR 167 thousand were incurred in the reporting year under existing operating leases. These wholly represent lease rentals payable for the primary lease period. There are no contingent lease obligations or sublease arrangements at the balance sheet date. The lease contract for the Katharinenstraße 1-3 property has a duration of three years; the Company has an option to extend the lease for a further two years.

Other supplier arrangements

At the December 31, 2014 balance sheet date Travel24.com Group has commitments under service contracts with architects and other building contractors totaling EUR 1,552 thousand (previous year: EUR 810 thousand). These wholly concern agreements for services to be provided for the Ringmessehaus Leipzig project.

4. Collateral

Assets pledged as collateral

Travel24.com AG has pledged the shares in Travel24 Hotel AG to a trustee as collateral for the bond. Voting rights are not affected by this agreement. The pledging agreement provides that Travel24 may not undertake any actions, and commits to refrain from all actions, which could damage the value of the pledged assets. In particular, this includes entering into sale agreements, security arrangements, or legal agreements concerning shares. The pledged assets may be disposed of should Travel24 be in payment delay with respect to its bond obligations. No disclosure of the carrying value is required as the shares are eliminated on consolidation in the consolidated financial statements.

Assets received as collateral

Disposal rights have been obtained over some of Unister Holding GmbH's shareholdings in Travel24.com AG in connection with loans granted to Unister Holding GmbH, such rights being for the benefit of Travel24.com AG. In addition, the loans are secured by collateral charges on bonds subscribed for by Unister Holding GmbH. The fair value of this collateral security amounted to EUR 3,547 thousand, calculated by reference to current market prices. However, the affected bonds are reported in the Travel24 balance sheet at their amortized cost carrying values, not at fair value. Under consideration of the nominal value of the bonds provided as collateral security instead of the fair value, the security received has a value of EUR 4,744 thousand, whereby this continues to reflect the fair value of shares received based on market prices. No collateral was realized in the reporting period. The shares are held by a trustee for collateral purposes. The trustee is entitled to dispose of the collateral security in accordance with German lien law. The trustee receives a share of sale proceeds as remuneration for disposing of the collateral assets. The bonds are held by Travel24 as collateral and the collateral provider is obliged not to undertake any actions, and commits to refrain from all actions, which could damage the value of the pledged assets. The pledged assets may be disposed of should the debtor be in payment delay with respect to its IHBA obligations.

5. Segment reporting

In accordance with IFRS 8, the Group publishes its business segments based on information which is reported internally to the CEO, who is simultaneously the Chief Operating Decision Maker. The business segments correspond to the business areas of the Group. No segments are combined for segment reporting purposes. The Internet segment and the Hotels segment comprise all activities of Travel24.

The Internet segment mainly operates in the field of travel services and flight placement sales. The online sales business originated in Germany and was subsequently expanded to Switzerland, Austria and France during the past two years. The travel offerings include a large number of travel packages and last-minute travel offers, as well as numerous charter and low-budget flight providers. In addition, the Company also offers numerous additional tourism products (for example, rental cars, cruises, and travel insurance).

The Hotels segment remains in the start-up phase. In the future Travel24.com AG aims to expand on its business model in this sector by adding branded hotels in the Budget Design segment (two star and two star plus). A total of 25 hotels are planned by 2021.

For each of the business areas, internal management reports are analyzed by the CEO at least quarterly in order to make decisions on the allocation of resources and on performance.

	Internet		**Hotels**		**Total**	
In thousands of euro	12 Months		12 Months		12 Months	
	2014	2013	2014	2013	2014	2013
Revenues	25,190	29,067	0	0	25,190	29,067
Other income	166	170	219	1,414	385	1,584
Marketing expenses	(16,617)	(23,458)	0	0	(16,617)	(23,458)
Other revenue related expenses	(3,593)	(3,892)	0	(7)	(3,593)	(3,899)
Personnel expenses	(832)	(540)	(131)	0	(963)	(540)
Depreciation	(14)	0	0	0	(14)	0
Other	(910)	(1,298)	(288)	(1,133)	(1,198)	(2,431)
Earnings before interest and taxation	3,390	49	(200)	274	3,190	323
Reconciliation of comprehensive income of the segments to the comprehensive income for the period						
Comprehensive income of the segments					3,190	323
Consolidated result before interest and income taxes (EBIT)					3,190	323
Financial result					(1,818)	(1,849)
Consolidated result before income taxes					1,373	(1,526)
Income tax expenses					(952)	324
Consolidated result					421	(1,201)
Thereof attributable to:						
Shareholders of the parent					421	(1,201)

The segment data is based on IFRS data, and as a result the total of the segments corresponds to the overall values shown in the consolidated income statement. For this reason (except for the segment result) no reconciliation is necessary. There were no revenues generated between the segments. Explanations concerning the result before interest and income taxes and the consolidated result can be derived from the notes to the consolidated income statement.

Income and expenses reported in the Hotels segment in both the 2014 financial year and in the previous year did not affect cash flows. There were no significant non-cash items of income/expenses in the Internet segment.

A significant proportion of revenues (>10 %) in the Internet segment are generated on the basis of a contractual arrangement (fulfillment contract) between Travel24 and Unister GmbH, a related company (or Unister Travel Betriebsgesellschaft mbH, respectively). Further information on these revenues is provided in the disclosures concerning transactions with related parties. The segment revenues are primarily generated in Germany. In addition, revenues of EUR 8,082 thousand (previous year: EUR 6,206 thousand) were generated through the French website portals. Revenues are allocated to geographical regions based on the relevant domain, whereby the travel24.com domain is allocated to the Company's domestic market.

All material assets of the Hotels segment are located in Germany.

Segment assets were as follows:

	Internet		**Hotels**		**Total**	
In thousands of euro	December 31,		December 31,		December 31,	
	2014	2013	2014	2013	2014	2013
Intangible assets	581	581	950	950	1,531	1,531
Land	0	0	1,086	4,907	1,086	4,907
Furniture, fixtures, & office equipment	2	0	0	0	2	0
Construction in process	0	0	3,689	8,686	3,689	8,686
Trade receivables	853	206	0	0	853	206
Non-current assets held for sale	0	0	9,967	0	9,967	0
	1,436	787	15,693	14,543	17,129	15,330

Reconciliation of total assets of the segments to total assets:		
Total assets of the segments	17,129	15,330
Brand	2,700	2,700
Loans to related parties	5,600	4,731
Deferred tax assets	88	935
Receivables due from related companies	2,729	2,318
Other financial assets	2,438	1,218
Current tax assets	49	226
Other non-financial assets	570	707
Cash and cash equivalents	1,002	1,326
Total assets	32,305	29,490

6. Transactions with related companies and persons

Related companies and persons within the meaning of IAS 24 are legal or natural persons that may exercise an influence on Travel24.com AG and its subsidiaries, or who are subject to its control or significant influence. In particular, this includes legal or natural persons who, due to their shareholdings in Travel24.com AG, can exercise significant influence on Travel24.com AG and on Travel24.com AG's board members.

The members of the Management Board of Travel24.com AG do not receive any remuneration, fixed or variable, for the performance of their Management Board duties from the Company, or from any of its subsidiaries. The member of the Management Board is employed by Unister Holding GmbH, the Company's majority shareholder, and is remunerated on an overall basis for duties performed under his employment contract, including those associated with his responsibilities as a member of the Management Board. The expenses incurred by the Company's parent are not recharged to Travel24, either directly or indirectly. Accordingly the disclosures are made irrespective of the expense borne by Travel24. The parent has incurred remuneration costs totaling EUR 248 thousand.

Travel24.com AG's authorized signatory is an employee. However, given his function he does not exert influence on the management of the Company. The Management Board alone performs this function.

We refer to further information provided in section II. "Accounting and measurement principles".

Transactions with related parties as defined by IAS 24

The following transactions and outstanding balances result from various agreements with related companies:

In thousands of euro	Assets Dec. 31, 2014	Assets Dec. 31, 2013	Liabilities Dec. 31, 2014	Liabilities Dec. 31, 2013
Unister Holding GmbH:				
Long term loan	5,600	4,731	0	0
Short term loan	2,598	0	0	0
Current account	0	2,025	0	0
Bond liability	-	-	1,953	2,053
	8,198	**6,756**	**1,953**	**2,053**
AERUNI GmbH:				
Trade balances	**131**	**293**	**181**	**40**
Unister GmbH:				
Trade balances	**0**	**0**	**0**	**221**
Urlaubstours GmbH:				
Current account	**0**	**0**	**0**	**127**

In thousands of euro	Assets 2014	Assets 2013	Liabilities 2014	Liabilities 2013
Unister Holding GmbH:				
Interest	437	225	147	161
Group recharges	-	-	1	1
	437	**225**	**148**	**162**
AERUNI GmbH:	**8,885**	**7,987**	**1,784**	**982**
Unister GmbH:				
Fulfillment contract	8,501	16,752	14,235	25,681
Thereof management remuneration	-	-	*260*	*399*
Thereof rent and technical equipment	-	-	*140*	*201*
Interest	2	30	1	0
	8,503	**16,782**	**14,236**	**25,681**
Unister Travel Betriebsgesellschaft mbH:				
Fulfillment contract	2,901	-	4,412	-
Thereof management remuneration	-	-	130	-
Thereof rent and technical equipment	-	-	70	-
Interest	0	-	0	-
	2,901	**0**	**4,612**	**0**
U-Deals GmbH				
Fulfillment contract	2	0	0	0
	2	**0**	**0**	**0**

Transactions with Unister Holding GmbH (the Company's parent):

Unister Holding subscribed for corporate bonds totaling EUR 1,953 thousand. The IHBA agreement resulted in changes being made in 2014 to the 2012 loan contract. This change resulted in an increase to EUR 8,000 thousand (previous year: EUR 5,000 thousand). Bond interest expenses attributable to bonds held by Unister Holding GmbH amounted to EUR 146 thousand in 2014. At the date that bond interest payments were due in September 2014, an amount of EUR 146 thousand would have been payable to Unister Holding GmbH. In 2014 the In-house Bank Account (IHBA) contract was entered into with Unister Holding GmbH. Under this agreement, all receivables against affiliated companies within the Unister Group were assigned to Unister Holding GmbH. As a result Travel24 has a single receivable/payable account balance with Unister Holding GmbH. The balance carries interest on credit balances (from the perspective of Travel24) at 7.5 %, and interest is charged at 10.0 % for debit balances. Unister Holding GmbH has provided the Company with 1,953 bonds with a nominal value of EUR 1,000 each as collateral security for the receivable under the IHBA, and, in addition, has granted the Company disposal rights over a total of 909,180 shares in Travel24 held by Unister Holding GmbH. No other security or guarantees are provided. No impairment allowances have been recorded against these balances in the financial year.

The Company has entered into a Group recharge agreement with Unister Holding GmbH. Under the Group recharge agreement Unister Holding GmbH provides services to all members of the Unister Group. This includes functions carried out by the human resources and legal departments, the payroll department, and other commercial functions, as well as the Group's management. A flat-rate monthly fee of EUR 100 has been agreed for the services provided. The amount is to be amended should there be a significant change in the costs incurred. A total of EUR 1 thousand has been charged to Travel24 under this agreement in the financial year.

Transactions with Unister GmbH:

Until August 19, 2014 an agreement was in force between the Company and Unister GmbH which governed the placement sale of travel and flight services and the provision of management, fulfillment, and technical services.

- Revenues generated by Travel24 from the placement sale of package tours in the Germany-Austria-Switzerland market were generated as agent for Unister GmbH. Accordingly, the revenues generated under this agreement represent a significant element of Travel24's income. For fulfilling the agreement described above, Travel24 receives a remuneration based on the travel volumes placed.
- In particular, under this fulfillment agreement Unister GmbH processes bookings and customer service matters for the Company, including debt collection services for Travel24.com AG. Unister GmbH receives a fee of EUR 50 thousand monthly for this service.

- In addition, the Company sublets office premises (until July 2014) and technical equipment, under which rental expenses amounting to EUR 7 thousand for office premises and EUR 95 thousand for technical equipment were paid to Unister GmbH in 2014 (2013: office premises: EUR 11 thousand; technical equipment: EUR 150 thousand). On August 1, 2014 Travel24 relocated its headquarters to Katharinenstraße 1-3. From that date it has paid its rent expenses independently. The subsidiaries also canceled their rental agreements at the Dofourstraße address with effect from December 31, 2014 and relocated their headquarters to Katharinenstraße 1-3.

As a result of the IHBA agreement described above there are no unsettled balances from business transactions with Unister GmbH. No securities, guarantees, or impairments arose.

<u>Transactions with Unister Travel Betriebsgesellschaft mbH</u>

The travel business related contracts have been transferred from Unister GmbH to Unister Travel Betriebsgesellschaft mbH as individual legal successor with effect from August 20, 2014. As a consequence the placement and fulfillment contracts described above have also been transferred to Unister Travel Betriebsgesellschaft mbH. Travel24 now has the following commercial transactions with Unister Travel Betriebsgesellschaft mbH (in each case from August 20, 2014):

- Revenues generated by Travel24 from the placement sale of package tours in the Germany-Austria-Switzerland market are generated as agent for Unister Travel Betriebsgesellschaft mbH. Accordingly, the revenues generated under this agreement represent a significant element of Travel24's income. For fulfilling the agreement described above, Travel24 receives a remuneration based on the travel volumes placed.
- In particular, Unister Travel Betriebsgesellschaft mbH processes bookings and customer service matters for the Company under this fulfillment agreement, including debt collection services for Travel24.com AG. Unister Travel Betriebsgesellschaft mbH receives a fee of EUR 50 thousand monthly for this service.
- In addition, the Company sublets technical equipment, under which rental expenses amounting to EUR 55 thousand for technical equipment were paid to Unister Travel Betriebsgesellschaft mbH in 2014 (2013: none).

As a result of the IHBA agreement described above there are no unsettled balances from business transactions with Unister Travel Betriebsgesellschaft mbH. No securities, guarantees, or impairments arose.

Transactions with LOET Trading AG

A subscription agreement was entered into with this company in 2012 for the subscription of corporate bonds, and subsequently an amendment agreement was entered into in 2013. LOET Trading AG is not regarded as a related party in the reporting period due to the lack of a potential significant influence, despite the fact that it has a shareholding interest in approximately 16 % of the share capital of Travel24.com AG.

Notwithstanding, we report that the remaining bonds (4,161 bonds) were disposed of in 2014. The resulting liabilities were recorded at their market value on the date of transfer. A receivable was recorded against LOET Trading AG of the same amount (EUR 2,201 thousand). The receivable is reported as a current financial asset, as payment is expected in the near future under the terms of the agreement. On the other hand, bond interest claims of EUR 312 thousand arise against Travel24 in respect of LOET Trading AG in 2014.

In addition, a payment of EUR 955 thousand was made as settlement of receivables arising in connection with bond sales at the start of 2014.

7. Financial risk management

The Group operates financial risk management systems, which cover all subsidiaries and are organized centrally at Group level. The primary aim of the financial risk management is to provide the liquidity required by Group companies in business operations and to limit financial risks.

The Group is exposed to risks arising from the use of its financial instruments, in particular risks as a result of changes in interest rates and risks of default on the part of business partners.

The following sections provide a description of the exposure to each of the risks described above, together with the aims, strategies and procedures applied to manage them and the methods used to measure the risks. In addition, further information on the risk management system is provided in the risk report section of the management report. No changes have been made to these aims and strategies and the procedures used to manage them.

Market risk

Interest rate risk

Interest-bearing financial instruments primarily consist of bond liabilities, receivables, payables, and loans with affiliated companies.

An interest sensitivity analysis is based on the following assumptions: Changes in the market interest rates for fixed-interest primary financial instruments originated by the Group only have an effect on results for the period if these are carried at fair value. Accordingly, fixed-interest financial instruments carried at amortized cost are not subject to interest rate risk in the sense of IFRS 7.

The following schedule shows the portfolio of interest-bearing non-derivative financial instruments based on their carrying amounts.

In thousands of euro	December 31, 2014	December 31, 2013
Financial assets with variable interest rates	0	0
Financial assets with fixed interest rates	8,198	4,731
Total of interest bearing assets	**8,198**	**4,731**
Financial liabilities with variable interest rates	0	221
Financial liabilities with fixed interest rates	22,847	20,907
Total of interest bearing liabilities	**22,847**	**21,128**

A change in the average variable interest rates of 100 base points as of the balance sheet date would not have significantly influenced the reported financial results, principally because interest income in 2014 from variable rate sources amounted to only EUR 1 thousand.

The interest rate risk is addressed within the framework of the overall financial risk management by regularly monitoring significant items and their inherent interest rate risk exposure. The aim is to limit these risks where necessary. At present, this risk can be assessed as being insignificant.

Other price risks

IFRS 7 requires market risk disclosure information about the effects of hypothetical changes in risk variables on the prices of financial instruments. In particular, stock exchange prices or indices come into question as risk variables. As of December 31, 2014 – as in the previous year – there were no such significant risks within the Group.

Currency exchange risk

As the Group's operations are almost exclusively in the euro currency zone, no notable exchange rate risk arises. Accordingly, no sensitivity analysis is presented.

The Company has no significant market risk concentrations.

Credit risk

The Group is exposed to credit risk under its operations and financing activities. In order to minimize credit risk, collateral is requested for all financial instruments originated depending on the type and amount of the respective performance, or else the historical data available from previous business relations is used, in particular payment history data. Impairment allowances are recorded to the extent that there is evidence of default risks affecting individual financial assets. Management is regularly involved in decisions concerning risk allowances made. The carrying amount of the financial assets represents the maximum default risk. No significant change in default rates is expected in the future.

The trade receivables from the third parties category is of limited relevance to the Group, and accordingly no material impairment allowances were recorded at the previous balance sheet date. There were no significant defaults of receivable balances, as a fulfillment partner is responsible for the collection of a majority of receivables and bears any default in full under the terms of this agreement. The only receivables collected by the Company itself are receivables arising in the French package tour business. Allowances of EUR 47 thousand have been recorded at December 31, 2014 to reflect the potential default loss. In determining the potential default loss, allowances have been made against 50 % of outstanding receivables. The allowance rate takes account of the fact that the affected balances are almost all the result of cancellations where the customer has not taken up the travel service booked, and that a proportion of these receivables are collected by a debt collection agency. A track record for collections is not yet available as the French package tour business has only been operating at significant volumes since the current reporting period.

There is also a credit risk arising on receivables from companies which are related parties. It has not been considered necessary to record allowances against these as security has been provided (see section V note 4. “Collateral”).

Allowances of EUR 790 thousand have been recorded against other current financial liabilities, as in the previous year. These represent receivables due from LOET Trading AG. Allowances have been recorded as these amounts are more than one year overdue. Individual offsetting liability amounts were taken into account and reduced the amount of allowances required. It is reasonably probable new current financial liabilities recorded in the financial year will be settled shortly.

The remaining credit risks are presented based on the following aging analysis:

In thousands of euro	Balance sheet date	Carrying value	Thereof neither impaired nor past due as of the reporting date	Thereof not impaired as of the reporting date, although past due in the following time ranges				
				Up to 30 days	From 31 to 90 days	From 91 to 180 days	From 181 to 360 days	Over 360 days
Financial assets (loans)	December 31, 2014	5,600	5,600	-	-	-	-	-
	December 31, 2013	4,731	4,731	-	-	-	-	-
Trade receivables	December 31, 2014	853	853	111	80	413	13	-
	December 31, 2013	206	206	-	-	-	-	-
Receivables from related companies	December 31, 2014	2,729	2,729	-	-	-	-	-
	December 31, 2013	2,318	2,318	-	-	-	-	-
Other financial assets	December 31, 2014	2,438	2,438	-	-	-	-	-
	December 31, 2013	1,218	1,218	-	-	-	-	-
Cash and cash equivalents	December 31, 2014	1,002	1,002	-	-	-	-	-
	December 31, 2013	1,326	1,326	-	-	-	-	-

Credit risk concentration arises when receivable balances are concentrated with one party. This is always assumed to be the case when more than EUR 250 thousand (net) is outstanding with one creditor (or a related party thereof). Credit risk concentration for the company arises in connection with receivables totaling EUR 8,329 thousand payable by Unister Holding GmbH and its affiliates (previous year: EUR 7,049 thousand) and with LOET Trading AG of EUR 2,201 thousand previous year: EUR 263 thousand). Further information is provided in disclosures on related party transactions in section V note 6.

Liquidity risk

In order to ensure the Group's solvency and financial flexibility, Travel24 forecasts its financial requirements by means of liquidity forecasts within a fixed planning period, and maintains a corresponding cash liquidity reserve. Given the cash held by the Group and the Group's financing structure, the insolvency risk can at present be assessed as manageable.

Further information is provided in section IV note 10 "Non-current financial liabilities" on the liquidity risks associated with the bond issue.

At December 31, 2014 the maturities of the Group's financial liabilities were as follows:

In thousands of euro	Balance sheet date	Carrying amount	Total	Disclosure of undiscounted contractually agreed cash flows: Up to 30 days	From 31 to 90 days	From 91 to 180 days	From 181 to 360 days	Over 360 days
Financial liabilities (bond)	December 31, 2014	23,384	30,625	-	-	-	1,875	28,750
	December 31, 2013	20,907	28,339	-	-	-	1,875	26,464
Non-controlling shareholdings in limited partnerships	December 31, 2014	83	83	-	-	83	-	-
	December 31, 2013	0	0	-	-	-	-	-
Trade liabilities	December 31, 2014	699	699	699	-	-	-	-
	December 31, 2013	570	570	570	-	-	-	-
Liabilities to related companies	December 31, 2014	181	181	181	-	-	-	-
	December 31, 2013	388	388	388	-	-	-	-
Total	December 31, 2014	24,347	31,588	880	-	83	1,875	28,750
	December 31, 2013	21,477	28,909	570	-	-	1,875	26,464

Liquidity risk concentrations arise when a concentration of payments are due at a specific time or within a certain month. This is assumed to be the case when the total of payments due at a specific time or within a certain month exceed an amount which is half of the total of cash and cash equivalents available at that reporting date. The Company is exposed to liquidity risks in respect to liabilities for interest payments to bondholders (in September of each year) and with respect to the maturity of the bond, which is due for repayment in 2017. In addition, a liquidity concentration risk arises in connection with trade liabilities. However, this can be settled from cash inflows from trade receivables and from liquid funds on hand.

The liabilities reported at fair value through profit and loss can be terminated by the limited partner shareholders with a notice period of six months. The Group is not entitled to defer payment by a period of at least twelve months. Accordingly, these liabilities are short-term in nature.

8. Additional capital management disclosures

The Group's capital management objective is to minimize the capital costs of the Group while maintaining a balance between cash flow volatility and financial flexibility. In order to achieve this aim, the equity-debt ratio is to be optimized correspondingly. At present the Company is within the determined target corridor. The significant decisions regarding the financing structure are taken by the Management Board. The equity ratio and the net debt ratio are used as performance indicators for the equity-debt ratio. The equity ratio is defined as the percentage ratio of equity to managed capital. "Net debt" is derived as the Group's borrowings minus cash and any short-term financial investments. The Company is not subject to external minimum capital requirements. The following table presents the key ratios described above in the reporting period:

	As of	
In thousands of euro	December 31, 2014	December 31, 2013
Equity	3,699	3,278
Borrowings	22,847	20,317
Managed capital	26,545	23,595
Cash and cash equivalents	1,002	1,326
Equity ratio in %	13.9	13.9
Net debt	21,845	18,992

9. Events subsequent to the balance sheet date

In April 2015 an agreement was made for the repurchase of bonds with a nominal value of EUR 4,161 thousand. These bonds transferred by an intermediary and, as a result, were deemed to be issued for balance sheet purposes. Accordingly as a result of the repurchase of the bonds the Company has a holding of its own bond obligations of that amount which will reduce interest liabilities significantly. The bonds are to be transferred to a nominee account in the name of Travel24.

In addition, in April 2015 a loan of EUR 2,000 thousand has been made under a loan agreement for the same amount with LOET Trading AG. A property mortgage in the amount of the loan was provided as collateral security.

The receivable balance with Unister Holding GmbH has been reduced by the receipt of planned loan installments (EUR 600 thousand) and two unplanned additional repayments received totaling EUR 700 thousand.

The sale of the Cologne real estate was not completed as planned before the publication date. We expect that the final outstanding preconditions of the transaction will be completed in the second quarter, so that the disposal proceeds can be reported no later than in the third quarter.

10. Disclosures about subsidiaries pursuant to IFRS 12

The names, location, and proportionate shareholding interest held in each subsidiary company is disclosed in the list of holdings included in these explanatory notes to the financial statements. The only third party shareholdings in subsidiaries are shareholdings in Hotel Perlengraben Köln GmbH & Co. KG and in Hotel Leipzig Ringmessehaus GmbH & Co. KG. In both cases the external shareholders have a 5.1 % shareholding. In both cases the Companies are limited partnerships. As a result the share of results attributable to non-controlling shareholders is shown as current financial liabilities. The third party shareholders' share of voting rights corresponds to their holdings in the share capital of the respective companies. In the financial year both limited partnerships report a negative (statutory accounting) result, with the result that a loss of EUR 14 thousand is attributable to the third party shareholders.

The interests of non-controlling shareholders (reported as current financial liabilities) are valued at EUR 83 thousand at the end of the reporting period. No dividends or withdrawals were paid or approved in respect of the reporting year in respect of the third party interests.

The significant assets held by the two companies are the land they own together with the buildings erected on those sites with carrying values of EUR 4,775 thousand (Ringmessehaus) and EUR 9,968 thousand (Perlengraben) respectively. The Hotel Leipzig Ringmessehaus GmbH & Co. KG limited partnership is financed exclusively by means of a loan provided by Travel24 AG.com AG (EUR 4,895 thousand) and by outstanding creditors arising from construction activities, and has a negative equity in its statutory balance sheet of EUR 192 thousand at December 31, 2014. The Hotel Perlengraben Köln GmbH & Co. KG limited partnership is financed by means of a loan provided by Travel24.com AG (EUR 9,499 thousand) and by additional paid in capital (EUR 1,400 thousand), and has a positive equity balance in its statutory balance sheet of EUR 952 thousand at December 31, 2014.

The Hotel Perlengraben Köln GmbH & Co. KG limited partnership reports an EBIT loss of EUR 222 thousand in the reporting period. The EBIT reported by the Hotel Leipzig Ringmessehaus GmbH & Co. KG limited partnership is insignificant in the reporting period.

The Hotel Köln Perlengraben GmbH & Co KG limited partnership has no significant cash flows. Due to the continued construction activity the Hotel Leipzig Ringmessehaus GmbH & Co. KG limited partnership has a cash outflow from operating activities of EUR 926 thousand, which is primarily financed by Travel24.com AG.

There are no limitations on the exercise of Travel24.com AG's shareholder and share voting rights in respect of its shareholdings in the limited partnerships. However, there are limitations over the shareholding in Travel24 Hotel AG, which is the direct parent of both limited partnerships. This has been pledged as security for Travel24's bond liabilities with a nominal carrying amount of EUR 25,000 thousand. The pledging agreement provides that Travel24 does not undertake any actions, and commits to refrain from all actions, which could damage the value of the pledged assets.

11. Disclosures concerning the executive bodies of the parent entity

Management Board

The following persons were appointed and entered in the commercial register as members of the Travel24.com AG Management Board during the financial year 2014:

Members of the Management Board	Memberships of statutorily constituted Supervisory Boards and similar controlling bodies of German and non-German companies
Armin Schauer Chairman Commercial employee First appointed in 2011	None

The members of the Management Board of Travel24.com AG do not receive any remuneration, fixed or variable, for the performance of their Management Board duties from the Company, or from any of its subsidiaries. The member of the Management Board is employed by Unister Holding GmbH, the Company's parent, and is remunerated on an overall basis for duties performed under his employment contract, including those associated with his responsibilities as a member of the Management Board. Disclosures required under Section 314 (9) HGB are provided in the Group's management report.

Supervisory Board

The following persons were members of the Supervisory Board of Travel24.com AG in the 2014 financial year:

Members of the Supervisory Board	Memberships of statutorily constituted Supervisory Boards and similar controlling bodies of German and non-German companies
Daniel Kirchhof Chairman Commercial employee, Leipzig Member of the Supervisory Board since January 2, 2012	Chairman of the Supervisory Board, Travel24 Hotel AG, Leipzig Chairman of the Supervisory Board, Geld.de Holding AG, Leipzig Chairman of the Supervisory Board, Travel Viva AG, Aschaffenburg Chairman of the Supervisory Board, Travel Viva Holding AG, Aschaffenburg
Oliver Schilling Deputy chairman Commercial employee, Leipzig Member of the Supervisory Board since January 2, 2012	Deputy chairman of the Supervisory Board, Travel24 Hotel AG, Leipzig Deputy chairman of the Supervisory Board, Geld.de Holding AG, Leipzig
Detlef Kurt Schubert Management consultant, Leipzig Member of the Supervisory Board since January 2, 2012	None

No remuneration is paid to the members of the Supervisory Board by the Company or its subsidiaries.

Mr. Daniel Kirchhof and Mr. Oliver Schilling are also members of the Supervisory Board of Travel24 Hotel AG, Leipzig. Mr. Daniel Kirchhof acts as Chairman of the Supervisory Board of Travel24 Hotel AG, and Mr. Oliver Schilling as Deputy Chairman.
Mr. Daniel Kirchhof and Mr. Oliver Schilling were also members of the Supervisory Board of GELD.de Holding AG, Leipzig. Mr. Daniel Kirchhof acted as Chairman of the Supervisory Board of GELD.de Holding AG, and Mr. Oliver Schilling as Deputy Chairman. The Company was converted to

a GmbH (Gesellschaft mit beschränkter Haftung: a limited liability company) in 2014. As a result it no longer has a Supervisory Board.

Mr. Daniel Kirchhof was also a member of the Supervisory Board of Travel Viva AG and Travel Viva Holding AG, acting as Chairman of the Supervisory Board for both companies. Travel Viva AG and Travel Viva Holding AG were merged in 2014 with Travel Viva Holding AG as the continuing entity. As a result the Supervisory Board of the company was dissolved on merger. The legal form of Travel Viva Holding AG was converted to a GmbH (Gesellschaft mit beschränkter Haftung: a limited liability company) in 2014. As a result it no longer has a Supervisory Board.

Allowances, loans, and contingent liabilities assumed for the benefit of members of executive bodies

No allowances or loans were awarded to members of executive bodies. No contingent liabilities have been entered into for the benefit of members of the Management or Supervisory Boards.

12. Average number of employees (section 314 (1) (4) HGB)

The average number of persons employed by the Group in the reporting period was 13.4 (previous year: 13.3).

13. Auditor’s remuneration

The following analysis shows the total remuneration charged by the auditors in Germany:

	Financial year	
In thousands of euro	2014	2013
Audit fees	88	230
Other audit services	0	0
Tax consultancy services	0	0
Other services	0	0

14. Details of shareholdings (consolidated entities)

Name and registered office of the company	Share of voting rights (in %)
Trave24 Hotel AG	100.0
Travel24 Hotel Betriebs- und Verwaltungs GmbH, Leipzig	100.0
Travel24 Hotel Grundbesitz Holding GmbH, Leipzig	100.0
Hotel Köln Perlengraben GmbH & Co. KG, Leipzig	94.9
Perlengraben Besitz- und Verwaltungs GmbH, Leipzig	100.0
Hotel Leipzig Ringmessehaus GmbH & Co.KG, Leipzig	94.9
Hotel RMH Besitz- und Verwaltungs GmbH, Leipzig	100.0
Travel24 France SAS, Paris (France)	100.0

Hotel Köln Perlengraben GmbH & Co. KG, Leipzig is exempt from the commercial law obligation under the supplementary provisions for limited companies and certain partnerships to prepare annual financial statements and a management report, and to have those documents audited and published pursuant to section 264b HGB.

Hotel Leipzig Ringmessehaus GmbH & Co. KG, Leipzig is exempt from the commercial law obligation under the supplementary provisions for limited companies and certain partnerships to prepare annual financial statements and a management report, and to have those documents audited and published pursuant to section 264b HGB.

15. Statement pursuant to section 314 (1) (8) HGB

All voting right notifications can be inspected on the Company’s website at www.travel24.com.

16. German Corporate Governance Code/Declaration under section 161 AktG

The Group regards Corporate Governance as a matter which affects all areas of the Company. Transparent reporting and corporate management aligned to the interests of the shareholders is an object of corporate policy; responsible and trustworthy cooperation is the basis for corporate actions. In accordance with Section 161 of the German Stock Corporation Act (German Stock Corporation Act – Aktiengesetz: "AktG") the Travel24.com AG Management and Supervisory Boards declare that the recommendations of the "Government Commission regarding the German Corporate Governance Code", which the Federal Ministry of Justice announced on July 4, 2003 in the official section of the electronic version of the German Federal Gazette in the version of May 15, 2012, publicly announced on June 18, 2012, were complied with from the date of the last declaration of conformity until (and including) June 9, 2013, and that from June 10, 2013 the recommendations of the "Government Commission regarding the German Corporate Governance Code", which the Federal Ministry of Justice announced on June 10, 2013 in the electronic version of the German Federal Gazette in the version of May 13, 2013, have been and are complied with, and/or they make declaration of which recommendations were or are not applied.

This declaration – including explanation – is accessible on the website of Travel24.com AG at www.travel24.com on a permanent basis.

The same applies to the 2013 declaration regarding the German Corporate Governance Code 2013. However, this has not been made public on a timely basis, although this is not in connection with a limitation of scope in respect of the period covered by the declaration.

17. Date of publication

The Travel24.com AG Management Board has approved these IFRS consolidated financial statements on April 30, 2015 for submission to the Supervisory Board. The Supervisory Board is responsible for examining the consolidated financial statements and issuing a statement on their approval. If the Supervisory Board approves the annual financial statements, they are therewith adopted and issued for publication.

Leipzig, December 23, 2015
Travel24.com AG

Armin Schauer
Management Board

3.3 Responsibility statement by the legal representative

I confirm that, to the best of my knowledge, the consolidated financial statements of Travel24.com AG, in accordance with the applicable accounting standards, give a true and fair view of the assets, financial and earnings position of the Group, and that the Group management report presents a true and fair view of the course of business, including the Group's earnings and its situation, and a description of the main risks and opportunities of the Group's expected future development.

Leipzig, December 23, 2015
Travel24.com AG

Armin Schauer
Management Board

3.4 Auditor's disclaimer of opinion

We were engaged to audit the consolidated financial statements of Travel24.com AG, Leipzig — consisting of the balance sheet, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity, and the notes — together with the Group management report for the financial year from January 1, 2014 to December 31, 2014. The preparation of the consolidated financial statements and the Group management report in accordance with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to sec. 315a para. 1 of the HGB are the responsibility of the legal representatives of the parent company.

In concluding our audit we conclude that, after exhausting all reasonable means of resolving the issues, we were not in a position to express an audit opinion on the following grounds:

We were not provided with sufficient and appropriate audit evidence to assess the reasonableness of the assumption that the business can continue as a going concern. We were not able to verify the assumptions underlying the business planning presented to us with sufficient assurance.

In addition, we were not provided with a letter of representation by the legal representatives of Travel24.com AG.

Given the significance of the above limitations placed on our audit we do not express an audit opinion.

In view of the limitations placed on the audit it is not possible to express an opinion on whether the consolidated financial statements comply with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to sec. 315a para. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. On the same grounds it is not possible to determine whether the Group management report is consistent with the consolidated financial statements prepared in accordance with the statutory requirements, and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

In addition we draw attention to the fact that Travel24.com AG has made a correction in accordance with IAS 8.41 in its condensed interim consolidated financial statements for the period ended September 30, 2015 which were published on November 30, 2015. Transactions with LOET Trading AG reported in the financial statements since 2012 were not treated and reported as transactions with related parties. Subsequent to a change in assessment by the Management Board of Travel24.com AG the LOET Trading AG is a related party. To that extent the consolidated financial statements for the years ended December 31, 2012 and December 31, 2013 were misstated. Accordingly, this matter was corrected in the condensed consolidated financial statements as of September 30, 2015.

Leipzig, December 18, 2015

BDO AG
Wirtschaftsprüfungsgesellschaft

Signed: Hennig	Signed: ppa. Koch
Wirtschaftsprüferin	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

4. Key corporate announcements 2014

Ad hoc announcements pursuant to section 15 German Securities Trading Law

January 15, 2014	Charges issued against the Management Board and Chairman of the Supervisory Board
April 30, 2014	Postponement of the publication of the 2013 annual report
May 28, 2014	Change in revenue forecasts for the financial year 2013
July 7, 2014	Publication of errors in the 2013 consolidated financial statements as determined by the DPR (German Financial Enforcement Panel)

5. Financial calendar 2015

April 30, 2015	Publication of the 2014 annual report
June 1, 2015	Publication of the Q1/2015 report
August 28, 2015	Annual General Meeting
August 31, 2015	Publication of the 2015 half-year report
November 30, 2015	Publication of the Q3/2015 report

6. Legal notices

Published by

Travel24.com AG

Katharinenstraße 1-3

D- 04109 Leipzig

Security identification numbers of the shares

WKN: A0L 1NQ

ISIN: DE000 A0L 1NQ8

Security identification numbers of the bonds

WKN: A1PGRG

ISIN: DE 000 A1PGRG2

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