Voluntarily prepared consolidated financial statements for the years 2012, 2013 and 2014

windeln.de GmbH, München

Consolidated statement of financial position

Assets

in kEUR	Notes	31 December 2014	31 December 2013	31 December 2012	1 January 2012
NON-CURRENT ASSETS					
Intangible assets	8.1	4.043	3.547	749	241
Fixed assets	8.2	480	430	112	29
Other financial assets	8.3	0	0	0	0
Other non-financial assets	8.3	-	717	-	-
Total non-current assets		**4.523**	**4.694**	**861**	**270**
CURRENT ASSETS					
Inventories	8.4	10.754	7.260	3.242	1.539
Prepayments	8.5	285	17	6	-
Trade receivables	8.6	1.725	1.171	1.005	190
Income tax receivables	8.16	-	6	10	3
Other financial assets	8.7	3.939	1.445	888	47
Other non-financial assets	8.7	1.988	1.560	255	206
Cash and cash equivalents	8.8	33.830	267	411	7.517
Total current assets		**52.521**	**11.726**	**5.817**	**9.502**
TOTAL ASSETS		**57.044**	**16.420**	**6.678**	**9.772**

Equity and liabilities

in kEUR	Notes	31 December 2014	31 December 2013	31 December 2012	1 January 2012
EQUITY					
Issued capital	8.9	163	124	101	100
Share premium	8.9	68.911	27.587	13.559	13.431
Accumulated loss		-34.488	-24.661	-12.386	-5.082
Cumulated other comprehensive income		35	-9	-	-
Total equity		**34.621**	**3.041**	**1.274**	**8.449**
NON-CURRENT LIABILITIES					
Defined benefit obligations and other accrued employee benefits	8.10	6.406	2.993	1.271	314
Financial liabilities	8.12	85	51	2	-
Deferred tax liabilities		322	273	-	-
Total non-current liabilities		**6.813**	**3.317**	**1.273**	**314**
CURRENT LIABILITIES					
Other Provisions	8.11	1.246	875	125	43
Financial liabilities	8.12	1.532	1.920	1	-
Trade payables	8.13	8.830	5.219	3.127	837
Deferred revenue	8.14	1.985	794	317	41
Income tax payables	8.16	5	5	-	-
Other financial liabilities	8.15	1.629	786	499	75
Other non-financial liabilities	8.15	383	463	62	13
Total current liabilities		**15.610**	**10.062**	**4.131**	**1.009**
TOTAL EQUITY AND LIABILITIES		**57.044**	**16.420**	**6.678**	**9.772**

Consolidated statement of profit and loss and other comprehensive income

in kEUR	Notes	2014	2013	2012
Revenues	9.1	101.324	49.438	21.542
Cost of sales	9.2	-77.869	-39.106	-17.476
Gross profit		**23.455**	**10.332**	**4.066**
Selling and distribution expenses	9.3	-26.668	-17.138	-8.557
Administrative expenses	9.4	-8.678	-5.402	-2.873
Other operating income	9.5	267	25	48
Other operating expenses	9.5	-99	-40	-
Earnings before interest and taxes (EBIT)		**-11.723**	**-12.223**	**-7.316**
Financial income	9.6	2.223	5	24
Financial expenses	9.6	-85	-28	-1
Financial result		**2.138**	**-23**	**23**
Earnings before taxes (EBT)		**-9.585**	**-12.246**	**-7.293**
Income taxes	8.16	-242	-28	-11
Profit or loss for the period		**-9.827**	**-12.274**	**-7.304**
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:				
Actuarial gains/losses from remeasurement of defined benefit pension plans	8.10	14	-1	-
Deferred taxes relating to items that will not be reclassified	8.16	-3	-	-
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of foreign operations	4.4	33	-8	-
Other comprehensive income, net of tax		**44**	**-9**	**-**
TOTAL COMPREHENSIVE INCOME, net of tax		**-9.783**	**-12.283**	**-7.304**

Consolidated statement of cash flows

in kEUR	**2014**	**2013**	**2012**
Profit or loss for the period	-9.827	-12.274	-7.304
Amortisation (+)/write-up (-) of intangible assets	594	341	71
Depreciation (+)/write-up (-) of fixed assets	191	106	62
Increase (+)/decrease (-) in defined benefit obligations and other accrued employee benefits	3.413	1.666	957
Increase (+)/decrease (-) in other current provisions	371	750	82
Other non-cash expenses (+)/income (-) items	26	-1	-6
Increase (-)/decrease (+) in inventories	-3.494	-3.555	-1.704
Increase (-)/decrease (+) in prepayments	-268	-11	-7
Increase (-)/decrease (+) in trade receivables	-554	-25	-815
Increase (-)/decrease (+) in other assets	-2.240	-1.070	-873
Increase (+)/decrease (-) in trade payables	3.456	1.734	2.290
Increase (+)/decrease (-) in deferred revenue	1.191	477	276
Increase (+)/decrease (-) in other liabilities	763	619	473
Interest expenses (-)/ income (+)	73	23	-23
Income tax expenses (+) /income (-)	242	28	11
Income tax paid (-) /received (+)	-1	-1	-
Net cash flows from / used in operating activities	**-6.064**	**-11.193**	**-6.510**
Purchase (-) of intangible assets	-1.090	-841	-579
Purchase (-) of fixed assets	-149	-207	-141
Payments (-) for investment in financial assets	-	-	-17
Interest received (+)	5	5	24
Net cash flows from / used in investing activities	**-1.234**	**-1.043**	**-713**
Proceeds (+) from issue of shares	41.632	10.277	152
Transaction cost (-) on issue of shares	-272	-73	-34
Repayment (-) of finance-lease liabilities	-21	-8	-
Proceeds (+) from financial liabilities	1.520	1.920	-
Repayment (-) of financial liabilities	-1.920	-	-
Interest paid (-)	-78	-28	-1
Net cash flows from / used in financing activities	**40.861**	**12.088**	**117**
Cash and cash equivalents at the beginning of the period	267	411	7.517
Net increase/decrease in cash and cash equivalents	33.563	-148	-7.106
Change in cash and cash equivalents due to changes in group structure	-	4	-
Cash and cash equivalents at the end of the period	**33.830**	**267**	**411**

Consolidated statement of changes in equity

in kEUR	Issued capital	Share premium	Accumulated loss	Actuarial gains/losses from remeasurement of defined benefit pension plans	Exchange differences on translation of foreign operations	Other comprehensive income	Total Equity
As at 1 January 2012	**100**	**13.431**	**-5.082**	**-**	**-**	**-**	**8.449**
Total comprehensive income for the period	-	-	-7.304	-	-	-	-7.304
Issue of share capital	1	150	-	-	-	-	151
Transaction costs	-	-22	-	-	-	-	-22
Transfers	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-
As at 31 January 2012	**101**	**13.559**	**-12.386**	**-**	**-**	**-**	**1.274**
As at 1 January 2013	**101**	**13.559**	**-12.386**	**-**	**-**	**-**	**1.274**
Total comprehensive income for the period	-	-	-12.274	-1	-8	-9	-12.283
Issue of share capital	23	12.644	-	-	-	-	12.666
Transaction costs	-	-50	-	-	-	-	-50
Share-based payments	-	1.434	-	-	-	-	1.434
Transfers	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-
As at 31 January 2013	**124**	**27.587**	**-24.661**	**-1**	**-8**	**-9**	**3.041**
As at 1 January 2014	**124**	**27.587**	**-24.661**	**-1**	**-8**	**-9**	**3.041**
Total comprehensive income for the period	-	-	-9.827	11	33	44	-9.783
Issue of share capital	39	41.593	-	-	-	-	41.632
Transaction costs	-	-269	-	-	-	-	-269
Transfers	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-
As at 31 January 2014	**163**	**68.911**	**-34.488**	**10**	**25**	**35**	**34.621**

1. General information

windeln.de GmbH (hereinafter referred to as the 'Company') is a limited liability company established in accordance with German law and was founded under the name Urban-Brand GmbH with effect from 21 January 2010 and entered into the German trade register (Handelsregister) on 1 February 2010. The Company is registered at Munich District Court, Germany, under the number HRB 183852. The Company is headquartered in Grünwald, Aurikelstrasse 1, Germany.

On the basis of a shareholders' resolution from 17 October 2013 and a trade register entry from 21 October 2013, the Company was renamed from Urban-Brand GmbH to windeln.de GmbH.
windeln.de GmbH and its subsidiaries are active in the e-commerce of baby and toddler items in Germany and other European countries. Business is conducted over the Internet as well as via two retail shops in Germany and Switzerland.

2. General principles

windeln.de GmbH is the parent company of the windeln.de Group (hereinafter also referred to as 'windeln.de' or the 'Group'). As of 31 December 2013, the windeln.de Group stayed below the size criteria pursuant to § 293 para. 1 of the German Commercial Code (HGB). Therefore the Company is also, as of 31 December 2014, released from its duty defined by national law to prepare consolidated financial statements and a group management report. On 31 December 2014, the Company voluntarily prepared consolidated financial statements for the first time according to the International Financial Reporting Standards (IFRS) as adopted in the EU.

The comparative figures for the consolidated financial statements as of 31 December 2014 were derived on the basis of an IFRS opening balance as of 1 January 2012. The consolidated financial statements take into account all issued IFRS as of the balance sheet date and adopted in the European Union. By adhering to the Standards and Interpretations, a true and fair representation of the net asset, financial income position of windeln.de GmbH is obtained.

Management has prepared and approved the consolidated financial statements on 13 March 2015 and has forwarded the financial statements to the shareholders meeting according to IAS 10.

3. Explanation of transition to IFRS

windeln.de GmbH prepares its separate financial statements in accordance with the national accounting principles as set out in the German Commercial Code (HGB). In previous reporting periods, the Group has not prepared consolidated financial statements in accordance with national accounting principles.

windeln.de GmbH has voluntarily prepared as of 31 December 2014 consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) as adopted in the EU for the first time. The consolidated financial statements are in accordance with all IFRS which must be applied as of 31 December 2014. The use of individual IFRS standards is described in more detail under the bullet point "Summary of significant balance sheet and evaluation methods".

IFRS 1 "First-time Adoption of International Financial Reporting Standards" allows first-time adopters certain exceptions from the principles according to which the IFRS which are in force as of 31 December 2014 must be applied retrospectively. The Group has not applied any of these exceptions.

Since the Company has previously not prepared any consolidated financial statements according to national accounting principles and therefore no comparable information is available, a reconciliation is not necessary pursuant to IFRS 1.

The material differences between the Group companies' individual financial statements required under commercial law and the IFRS consolidated financial statements are outlined below:

- In the local financial statements of the German Company, the option to capitalise internally developed intangible assets was exercised in 2013 for the first time. This capitalisation was already included in the IFRS consolidated financial statements in 2012, since all recognition criteria pursuant to IAS 38 were met.
- In the IFRS consolidated financial statements, contracts were classified as financial leases, whereas the contracts in the local consolidated financial statements were classified as operating leases.
- In the local financial statements a provision for returns was recorded, whereas in the IFRS consolidated financial statements a liability was presented as a gross figure, i.e. a claim against customers for returns of goods was recognised, along with an obligation to refund the consideration to customers.
- According to IFRS, the Swiss companies' pension commitments are an obligation that must be recognised since they are classified as defined benefit plans, whereas there is no obligation to recognise those in the local financial statements since these schemes are classified locally as defined contribution plans.

4. Summary of significant accounting and valuation methods

4.1 Basis of preparation of financial statements

The consolidated financial statements are prepared on the basis of the recognition of assets and liabilities at amortised costs, reduced by the measurement of specific financial assets and financial liabilities at fair value through profit or loss. The assets and liabilities are recognised according to the reporting and evaluation principles of the relevant IAS or IFRS, which are described in detail in the following section of this chapter.

The Company presents its consolidated statement of profit and loss and other comprehensive income in a single statement using the cost of sales method.

The consolidated statement of financial position is classified based on the maturity of assets and liabilities. Assets which can be sold within twelve months or used or settled in normal business transactions are classified as current. Liabilities are classified as current provided they are settled within twelve months following the balance sheet date. Assets and liabilities with a maturity of more than one year are classified as non-current. Deferred tax assets and liabilities are classified according to IAS 1.56 as non-current assets or liabilities.
The consolidated financial statements have been prepared in Euros (EUR), which represents the functional and reporting currency of windeln.de GmbH. Unless otherwise indicated, all figures in the notes to the consolidated financial statements are rounded up or down to the nearest thousand (kEUR). In the tables in the notes to the consolidated financial statements, therefore, rounding differences may occur.

The financial year comprises one calendar year for all Group companies except of stub financial years in the year of founding.

Preparing consolidated financial statements in accordance with IFRS requires estimates to be made. In addition, applying the Company-wide accounting and evaluation methods requires estimates on the part of management. Areas involving a broader scope of assessment or increased complexity or areas in which assumptions and estimates are of crucial importance to the consolidated financial statements are mentioned under the section 'Significant accounting judgements, estimates and assumptions'.

4.2 New IASB accounting principles

Principles of accounting according to IFRS are, in accordance with EU Regulation No. 1606/2002, those IASB accounting standards adopted by the Commission of the European Community within the framework of the endorsement process for the European Union. The IFRS recently published by the IASB and the amendments to the IFRS are to become mandatory following a respective resolution by the EU Commission as part of the endorsement process.

The following Standards and Interpretations which were issued by the IASB have either not yet been adopted by the EU or are not yet effective and therefore have not been applied by the Group.

Standard	Effective date	Predicted effect on consolidated financial statements
Amendment to IAS 19, Defined Benefits Plans: Employee Contributions	1 January 2015	No significant effects
Annual Improvements to IFRSs 2010–2012 Cycle	1 July 2014	No effects
Annual Improvements to IFRSs 2011–2013 Cycle	1 July 2014	No effects
Amendment to IFRS 11, Accounting for Acquisitions of Interests in Joint Operations	1 January 2016	No effects
Amendment to IAS 16 and IAS 38, Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016	No significant effects
Amendment to IAS 16 and IAS 41, Agriculture: Bearer Plants	1 January 2016	No effects
IFRS 15 Revenue from Contracts with Customers	1 January 2017	No significant effects for the net asset financial and income position of the Group. The new standard stipulates comprehensive additional disclosures.
Amendment to IAS 27, Equity Method in Separate Financial Statements	1 January 2016	No effects
Amendment to IFRS 10 and IAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016	No effects
Annual Improvements to IFRSs 2012–2014 Cycle	1 January 2016	No effects
IFRS 14 Regulatory Deferral Accounts	1 January 2016	No effects
IFRS 9 Financial Instruments	1 January 2018	No significant effects
Amendment to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception	1 January 2016	No effects
Amendment to IAS 1: Disclosure Initiative	1 January 2016	No significant effects

No standards or Interpretations, as issued by the IASB, were applied voluntarily prior to the mandatory first effective dates, nor does the Company intend in the future to apply standards prior to their mandatory effective dates.

4.3 Consolidation principles

The financial statements of the consolidated companies (the parent company and two subsidiaries) have been prepared in accordance with the accounting and evaluation methods of the parent company. No joint ventures or associated companies have been consolidated. The ultimate parent of the Group, windeln.de GmbH, has control over all the subsidiaries included in the consolidated financial statements by holding majorities of the voting rights with respect to those companies.

All intra-Group balances, transactions, and unrealised gains and losses from intra-Group transactions are eliminated in full within the consolidation process. Group-internal receivables and liabilities are offset. Offsetting differences are recognised in profit or loss, provided they occurred during the reporting period. Intra-Group income and expenses are eliminated in the income consolidation. Intercompany profits and losses are eliminated. In accordance with IFRS 10 in conjunction with IFRS 3, the capital consolidation is carried out by offsetting the investment book value against the revalued equity share of the subsidiary company at the date of acquisition (revaluation method).

Business combinations are accounted for by applying the acquisition method. The consideration transferred (costs of acquisition of a company) corresponds to the sum of the assets acquired, as measured at fair value, equity instruments issued, and liabilities taken over at the time of acquisition, as well as those assets and liabilities measured at fair value which are the result of a contingent consideration. Assets, liabilities and contingent liabilities identified within a business combination are measured at fair value at the time of acquisition. Costs arising within a business combination are recorded as expenses. Goodwill is measured at cost at the acquisition date as excess of the consideration transferred over the identified assets and liabilities acquired. If this consideration is below the fair value of the acquired net assets, the difference (badwill) will be recorded directly through profit or loss.

Contingent purchase price components are included in the calculation of the purchase price with their fair value at the time of acquisition. Contingent purchase price components can be both equity instruments and also financial liabilities or assets. Subsequent amendments to the fair value of a contingent consideration classified as an asset or liability are measured pursuant to IAS 39 or IAS 37, and a profit or loss resulting from this is recorded either as profit or loss, or as other comprehensive income. A contingent consideration which is classified as equity will not be remeasured subsequently and its settlement is reported in equity.

A profit or loss from the disposal of subsidiaries is recorded through profit or loss in the statement of profit and loss and other comprehensive income.

4.4 Currency translation

The Group companies prepare their financial statements in the currency of their primary economic environment (functional currency). Foreign currency transactions are translated initially at the applicable spot rate into the functional currency at the transaction date. Monetary assets and liabilities in foreign currency are translated into the functional currency using the closing rate at the balance sheet date. The respective translation differences are generally recognised in profit or loss.

Furthermore, non-monetary items measured at fair value are translated using the spot rate on the day of measurement at fair value.
For the purposes of preparing consolidated financial statements, assets and liabilities of subsidiaries not using the Euro as a functional currency are translated into Euro at the closing rate at the balance sheet date. Items in the statement of profit and loss and other comprehensive income are translated into Euro at the average rate for the respective financial year. The equity of subsidiaries is translated at the corresponding historical rate. The currency differences resulting from currency translations are recognised in other comprehensive income as exchange differences on translation of foreign operations.

The exchange rates for significant currencies taken as the basis for the currency translation have developed as follows (equivalent value for EUR 1):

Country	Currency		Average rate			Closing rate		
	1 Euro =	2014	2013	2012	31.12.2014	31.12.2013	31.12.2012	01.01.2012
Switzerland	CHF	1.2146	1.2311	1.2053	1.2024	1.2276	1.2072	1.2156
Denmark	DKK	7.4548	7.4579	7.4437	7.4453	7.4593	7.4610	7.4342
Great Britain	GBP	0.8061	0.8492	0.8109	0.7789	0.8337	0.8161	0.8353
Norway	NOK	8.3544	7.8066	7.4751	9.0420	8.3630	7.3483	7.7540
Sweden	SEK	9.0985	8.6508	8.7041	9.3930	8.8591	8.5820	8.9120
United States	USD	1.3285	1.3282	1.2848	1.2141	1.3791	1.3194	1.2939

4.5 Intangible assets

Software licences

Acquired software licences are capitalized on the basis of those costs which arise during acquisition as well as for preparing the software for its intended use. These costs are amortised on a straight-line basis over an estimated useful life of three years. The net book values, useful lives and amortisation methods are verified at each balance sheet date and prospectively adjusted where appropriate. If the recoverable amount of an asset is less than its carrying amount, the carrying amount is reduced to the recoverable amount in accordance with IAS 36. An appreciation in value up to amortised cost is recorded if an indication that a previously recorded impairment loss may no longer exist.

Self-developed software

Costs for internally generated intangible assets are recognised in profit or loss, with the exception of development costs which can be capitalised. Development costs of a single project are only capitalised as an intangible asset if the following criteria pursuant to IAS 38 have been met:

- Newly developed software is an identifiable asset.
- Completing the intangible asset is technically feasible.
- The management intends to complete and use the software product.
- It is probable that the software product will generate future economic benefits.

- Adequate technical, financial, and other resources are available so that the development can be completed and the software product can be used.
- The expenditure during development can be reliably measured.

Those costs directly attributable to the software product include personnel costs for members of staff involved in the development process, an appropriate part of the corresponding overhead costs and costs for external resources used.

Subsequent acquisition or manufacturing costs are only capitalised as part of the acquisition or manufacturing costs of the asset or as a separate asset if it is likely that this will result in economic benefits for the Group in the future and the costs of the asset can be measured reliably.

Development costs already recorded as expenditure are not capitalised in a subsequent period.

Capitalised development costs for software are amortised on a straight-line basis over the period of expected future benefit (generally three years). Amortisation of the asset begins when development is complete and the asset is available for use. The net book values, economic useful lives and amortisation methods are verified at each balance sheet date and prospectively adjusted where appropriate. If the recoverable amount of an asset is less than its carrying amount, the carrying amount is reduced to the recoverable amount in accordance with IAS 36. An appreciation in value up to amortised cost is recorded if there is an indication that a previously recorded impairment loss may no longer exist.

During the period of development, the asset is tested for impairment at the balance sheet date.

Research costs are expensed as incurred.

Domains

Acquired domains are capitalised as intangible assets with indefinite useful lives and are not amortised.

The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An impairment test is carried out at least once a year for each individual domain or at the level of the cash-generating unit. If the recoverable amount of an asset is less than its carrying amount, the carrying amount is reduced to the recoverable amount in accordance with IAS 36. An appreciation in value up to amortised cost is recorded if there is an indication that a previously recorded impairment loss may no longer exist.

Intangible assets acquired within a business combination

The acquisition costs of intangible assets acquired within a business combination correspond to the fair value at the acquisition date.

The Group has capitalised an acquired customer list. This will be amortised on a straight-line basis over the expected useful life of five years.

Furthermore, the Group has acquired the domains toys.ch and kindertraum.ch as a result of the acquisition of windeln.ch AG (formerly: Kindertraum.ch AG). These domains have been recognised at

their fair value at the acquisition date as intangible assets with an indefinite useful life. For their subsequent measurement, see "Domains" section above.

Goodwill

Goodwill is not amortised but subject to an annual impairment test in accordance with IAS 36 (impairment only approach).

Goodwill is allocated to cash-generating units (CGU) for the purpose of the impairment test. Goodwill is allocated to those CGUs or groups of CGUs that can be expected to benefit from the goodwill acquired in a business combination. Each CGU or group of CGUs to which the goodwill is allocated represents the lowest level within the Company at which goodwill is monitored for internal management purposes.
Goodwill is monitored at the level of the business segment.

An assessment of whether an impairment of goodwill has occurred is undertaken once a year on 31 December. In case there is any triggering event during the financial year that indicates that the acquired goodwill may be impaired, the goodwill is then tested for impairment. The carrying amount of the goodwill is compared to the recoverable amount, i.e. the higher of fair value less costs of disposal and the value in use. An impairment loss is recognised immediately in profit or loss and will not be reversed in subsequent periods.

4.6 Fixed assets

All fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The costs of the fixed assets contain all costs directly attributable to the acquisition and costs directly attributable to bringing the asset to a condition necessary for it to be capable of operating. Discounts, incentives and rebates are deducted from the purchase price.

All subsequent costs which cannot be capitalised as well as maintenance costs are recognised in profit or loss in the period in which they occur.

Borrowing costs have not been capitalised, since no borrowing costs that can be capitalised have been incurred pursuant to IAS 23.

Advance payments for undelivered fixed assets or incomplete assets are recognised under fixed assets.
They are depreciated on a straight-line basis over the estimated economic useful life. The following useful lives are expected:

- Operating and office equipment 3–14 years

The assessment of net book values, economic useful lives and depreciation methods are tested at each balance sheet date and prospectively adjusted where appropriate. If the recoverable amount of an asset is less than its carrying amount, the carrying amount is reduced to the recoverable amount in accordance with IAS 36. The reduction is recorded as an impairment loss through profit or loss. An

appreciation in value up to amortised cost is carried out provided there is an indication that a previously recorded impairment loss may no longer exist or may have decreased.

A fixed asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

Profit or loss resulting from the disposal of assets are recorded as the difference between net disposal proceeds and the net book value of the fixed assets and are recognised in other operating income or other operating expenses in the period in which the asset is derecognised.

4.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset.

When calculating the amount of the borrowing costs that can be capitalised in a period, all income from financial investments, that have been temporarily invested until used for the qualifying asset, is deducted from the borrowing costs arising. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of capital. All other borrowing costs are expensed in the period in which they occur.

So far, no borrowing costs have been capitalised pursuant to IAS 23.

4.8 Financial assets including trade receivables

Definition of 'financial instrument'
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition and measurement
Financial assets as defined in IAS 39 are classified into the following categories, with their classification depending on the purpose for which the financial assets have been acquired:

- Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss are financial assets which are held for trading or which have initially been designated by the management as 'financial assets measured at fair value through profit or loss'. A financial asset is assigned to this category if, in principle, it has been acquired with the intention to sell in the short term or has been designated as such by the management. Derivatives also belong in this category unless they are designated as hedging instruments in effective hedging relationships. Financial assets from this category are shown as current assets if they are to be expected to be settled within twelve months. All other assets are classified as non-current.
In the financial year 2012, there were no financial assets in this category (financial assets held for trading) and Management did not exercise its right to assign financial assets to this category on initial

recognition (financial assets at fair value through profit and loss). In 2013 and 2014 the Group held a financial asset of this category in form of a contingent consideration arising from a business combination (financial assets held for trading). Management did not designate financial assets to the category financial assets at fair value through profit or loss on initial recognition.

- Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not listed in an active market. They are classified as current assets provided that their maturities do not exceed twelve months following the balance sheet date. The latter are presented as non-current assets. Loans and receivables of the Group are classified in the balance sheet as 'trade receivables' and 'other current financial assets'. Trade receivables include receivables due resulting from the sale of goods in the course of normal business activities.

- Held-to-maturity financial assets

Held-to-maturity investments are non-derivative financial assets with fixed or definable payments and fixed retention periods which the Group management is able to and intends to hold to maturity. There were no financial assets assigned to this category for the financial years 2014, 2013 and 2012.

- Available-for-sale financial assets

Available-for-sale financial assets are non-derivative assets which were assigned to this category or not assigned to any of the other categories. They are assigned to non-current assets provided the management does not intend to sell them within twelve months from the balance sheet date and the asset is not due in this period. The available-for-sale financial assets are recognised in the balance sheet under 'other non-current financial assets'.
The management defines the classification of the financial assets at initial recognition.

Financial assets are classified initially at fair value including transaction costs with the exception of those assets which are classified at fair value through profit or loss. Financial assets which are initially classified at fair value through profit or loss are measured at fair value and corresponding transaction costs are recognised in profit or loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets is dependent on classification.

- Financial assets classified at fair value through profit or loss

In the statement of financial position financial assets at fair value through profit or loss are recognised at fair value with net changes in fair value presented as financial expenses or financial income.

- Loans and receivables

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment, if any. Amortised cost is calculated by

taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in financial income in the statement of profit or loss. The losses arising from impairment are recognised in profit or loss.

The amortised cost of trade receivables, due to their short term maturity, in general matches their fair values, taking into account any impairment losses.

- Held-to-maturity financial assets

After initial measurement, held to maturity investments are measured at amortised cost using the EIR method, less impairment, if any. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as financial income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss as financial expenses.

- Available-for-sale financial assets

After initial measurement, available-for-sale financial assets are subsequently measured at fair value with unrealised gains or losses recognised in OCI and credited in the available-for-sale reserve.
Translation differences of monetary assets which are registered in foreign currency and are classified as available for sale are recorded in profit or loss, whereas translation differences resulting from non-monetary assets in this category are recorded in other comprehensive income/loss not affecting net income. If such an asset is derecognised, the cumulative gain or loss is recognised in financial result. If an asset is impaired, the cumulative loss is reclassified from the available-for-sale reserve to the statement of profit or loss in financial expenses.
The Management evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and the management has no intention sell these assets in the near term, the Group may elect to reclassify these financial assets. Reclassifying to the category of loans and receivables is allowed if the financial asset meets the criteria of loans and receivables and the management has the ability and intention to hold the assets for the foreseeable future or until maturity. Reclassification to the category held-to-maturity is only allowed if the management has the ability and intention to hold the financial asset according to this classification.

Impairment of financial assets

At each balance sheet date, the carrying amount of financial assets which are not measured at fair value through profit or loss, the Group assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. Objective evidence can be, for example, considerable financial difficulties on the part of the debtor, a breach of contract such as a default or delay in paying interest or repayments, increased likelihood that the borrower will declare insolvency or other restructuring activities, the discontinuation of an active market, and significant changes to the technological, market-related, economic, or legal environment. For equity instruments which were categorised as available for sale, a significant or longer-lasting decrease of the fair value is objective evidence of impairment. A loss of at least 20% of the initial cost is seen as significant, and a time frame will be defined as longer lasting if it lasts-longer than six months.

- Financial assets carried at amortised cost

The amount of an impairment loss for a financial asset carried at amortised cost is measured as the difference between the carrying amount and the present value of estimated future cash flows excluding future expected credit losses that have not yet been incurred. The present value of the

estimated future cash flows is discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss. If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is reduced by adjusting the allowance account. An appreciation in value cannot be higher than the amortised cost.
Trade receivables are included in a group of financial assets with similar credit risk characteristics and collectively assessed for impairment. Historic credit risk is calculated on the basis of the type of payment method used and days overdue. Impairment losses are recognised in profit or loss.

- Available-for-sale financial assets

If the impairment loss of an available-for-sale financial asset has been so far recorded directly in other comprehensive income/loss (recognised as cumulative amount in equity), these impairment losses recognised in equity will be derecognised through profit or loss as soon as there exists objective evidence for impairment.
The amount of the impairment loss is measured as the difference between the acquisition cost (less repayments and amortisation) and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised in OCI.
If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

Derecognition of financial assets

Financial assets are derecognised if the rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset to a third party and has, in effect, transferred all risks and opportunities associated with this ownership.
In the case of a complete derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration obtained or to be obtained and all cumulated profits and losses which have been recorded in other comprehensive income/loss and accrued in equity is to be recorded through profit or loss.

Receivables are derecognised including associated impairment losses if they are classified as uncollectable. If a derecognised receivable is later reclassified as collectable on the basis of an event that has occurred after it was derecognised, then the corresponding amount is recorded directly in other operating income.

The Group sells uncollectable trade receivables and trade receivables with the associated payment method "invoice" to various service companies. Financial assets sold in this way are derecognised at the selling date, provided all risks and opportunities are essentially transferred to the acquirer. If essentially all risks and opportunities have not been transferred nor retained, the financial assets will be derecognised at the selling date only, if it is certain that the acquirer obtains control over the financial assets. If essentially all risks and opportunities remain with the Group, the financial assets will continue to be recognised as collateral for a recorded liability.

4.9 Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The method of recording profits and losses depends on whether the derivative financial instrument was designated as a hedging instrument and, if so, what the nature of the hedged item is. The Group will designate certain derivative financial instruments either as:

- hedging of fair value for a recognised asset, a liability, or an off-balance, fixed obligation (fair value hedge);
- hedging against certain risks arising from volatile cash flows (cash flow hedge) connected with a recognised asset or liability or an expected transaction that is more likely to occur in the future; or
- hedging of a net investment in a foreign operation (net investment hedge).

No derivative financial instruments or hedges were present in the financial years 2012. In the financial years 2013 and 2014, the Group recognised a derivate, with regards to the contingent consideration from the acquisition of windeln.ch AG (formerly: Kindertraum.ch AG) within other financial assets. See section 7 for further details.

4.10 Inventories and prepayments

Purchased merchandise recognised as inventories is, in accordance with IAS 2, reported at the lower of cost and net realisable value. The costs are calculated using the average cost and comprise the acquisition price plus directly allocable incidental acquisition costs less any deductions. They do not include any borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated unavoidable variable sales costs. Inventory risks, which are the result of storage duration, reduced usability or similar circumstances, are taken into consideration in the allowance. Provided the reasons for impairment losses recorded in earlier periods are no longer present, appreciations are carried out up to the amount of the original acquisition costs.

4.11 Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits, other current, highly liquid financial assets with an original maturity of three months or less, and bank overdrafts. They are valued according to their nominal value. Utilised bank overdrafts are recognised as liabilities to banks under the balance sheet item ‘current financial liabilities’.

4.12 Financial liabilities including trade payables

Recognition and measurement

Financial liabilities regularly lead to a contractual obligation to deliver cash or another financial asset and are classified pursuant to IAS 39 as follows:

- Financial liabilities classified at fair value through profit or loss

Financial liabilities classified at fair value through profit or loss are financial liabilities held for trading purposes and other financial liabilities classified upon initial recognition at fair value through profit or loss. A financial liability is assigned to this category if, in principle, it has been acquired with the intention to settle in the short term. Derivatives also belong in this category unless they are designated as hedging instruments in hedging relationships pursuant to IAS 39. Financial liabilities from this category are presented as current liabilities if it is expected that they will be settled within twelve months. All other liabilities are classified as non-current. The Group has so far not classified any financial liabilities as held-for-trading purposes and has not exercised its right to designate financial liabilities upon initial recognition in this category.

- Financial liabilities measured at amortised cost

Financial liabilities measured at amortised cost include trade payables, liabilities to banks and other financial liabilities not held for trading purposes. Trade payables are payment obligations for goods and services acquired in the course of normal business activities. Other financial liabilities are recognised as current liabilities if the payment obligation is due within one year or less. Otherwise they will be classified as non-current liabilities. The Group's financial liabilities measured at amortised cost are recognised as 'trade payables', 'financial liabilities' and 'other financial liabilities'.

The management will define the classification of financial liabilities at initial recognition.

All financial liabilities are measured at fair value upon initial recognition, and in the case of liabilities to banks, less the transaction costs directly allocable to the acquisition.

According to IAS 32 the Group can only record equity, if no obligation exists to repay the capital or, alternatively, to deliver other financial assets. An obligation to repay company assets may arise if a shareholder has a right to terminate and if, at the same time, exercising this right would form the basis for compensation claims from the Group.

Subsequent measurement

The subsequent evaluation of financial liabilities is dependent on their classification.

- Financial liabilities classified at fair value through profit or loss

Financial liabilities in this category are measured upon their first recognition at fair value until they are derecognised. The profits and losses from a change in fair value are recorded in profit or loss in the period in which they occur. Profits and losses include both realised gains and losses which arise when disposing of the financial liabilities and also unrealised gains and losses which result from the subsequent measurement of financial liabilities.

- Financial liabilities measured at amortised cost

In order to simplify the subsequent measurement, current trade payables as well as other current financial liabilities are measured using their settlement amount. Non-current financial liabilities as well as bank liabilities are carried at amortised cost according to the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate (EIR) amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as financial expenses in the statement of profit or loss.

Derecognition

A financial liability is derecognised if the Group's corresponding obligation is settled, revoked or expired. The difference between the carrying amount of the financial obligation derecognised and the consideration obtained or to be obtained is recognised in profit or loss.

When an existing financial liability is replaced through the same lender by another financial liability with substantially different contractual terms, or the terms of an existing liability are materially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Financial guarantees

Financial guarantees are those contracts that require a payment to be made to reimburse the holder for a loss he incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument.

Obligations from financial guarantees are determined upon acquisition at their fair value and, if not measured at fair value through profit or loss, are valued subsequently at the higher amount resulting from the value calculated pursuant to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' for the contractual obligation and resulting from the originally calculated amount less the cumulated amortisation.

No financial guarantees were present in the financial years 2014, 2013 or 2012.

4.13 Provisions

Provisions are recognised pursuant to IAS 37 provided the following conditions have been cumulatively met:

- The Group has an existent legal or factual obligation.
- This obligation is the result of a past event.
- It is more likely than not that the settling of this obligation will lead to an outflow of resources.

- The provision amount can be reliably measured.

No provisions will be recognised for future operational losses.

The provision amount is estimated as best as possible to take into consideration all recognisable risks that may arise from the obligation. In principle, the amount repayable with the highest likelihood of occurring will be assumed. Non-current provisions with a maturity of more than one year are discounted to the balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. The increase in the provision due to the unwinding of the discount is recognised as financial expenses in profit or loss.

If a number of identical obligations exist, the likelihood of an outflow of resources will be measured for the group of these obligations. A provision will also be recognised if the likelihood of an outflow of resources in relation to individual obligations within this group is remote.

Asset retirement obligation

Provisions are recognised for asset retirement obligations for fixtures built into rented spaces. The provision will be calculated as present value of the expected costs to settle the obligation. The obligations will be capitalised at the corresponding amount as part of the cost of the particular asset. The estimated cash flows are discounted at a current pre-tax rate that reflects the risks specific to the asset retirement obligation. The unwinding of the discount is expensed as incurred and recognised as financial expenses in profit or loss.

There were no asset retirement obligations present for the financial years 2014, 2013 and 2012.

4.14 Employee benefits

Bonus schemes

For bonus payments after the end of the respective financial year for the preceding financial year, an obligation is recognised and the corresponding expenses are recognised as personnel expenses. The amount of the obligation is measured individually for each employee for whom either a contractual bonus obligation or a factual obligation due to past practice exists.

Share-based payments

Selected management team members receive share-based payments for work carried out in form of a cash settlement.

Pursuant to IFRS 2, cash-settled transactions are recognised at fair value at the time they are granted. A Monte Carlo simulation is used for this purpose within the Group. The fair value is spread and recognised in profit or loss over the period in which services are rendered by the beneficiaries, the so-called vesting period, and recorded with a corresponding liability. Up until the liability is settled, the liability will be recalculated at every balance sheet date and at the date of settlement. Changes to fair value are recorded through profit or loss.

In addition, shares were issued in the context of a business combination with a conditional obligation to return these shares. This conditional obligation is accounted for in line with IFRS 2. For further details see section 7.

Defined benefit obligations

The defined benefit obligation in connection with the company's pension plan was calculated based on actuarial values according to the projected unit credit method prescribed in IAS 19 (Employee Benefits), wherein an actuarial valuation is carried out at each balance sheet date. The projected unit credit method takes into consideration both the retirements known and entitlements earned as of the balance sheet date, as well as future anticipated salary and pension increases. These assumptions may change and are subject to estimation, since their future development is not foreseeable. Actuarial gains or losses calculated at year-end between the pension obligations and the pension plan assets, both calculated according to schedule, are recorded directly in other comprehensive income/loss not affecting profit or loss. Recognising actuarial gains and losses recognised in other comprehensive income/loss in subsequent periods in profit or loss is not permitted. The difference between the expected net interest results and the actual profit is also to be recognised in other comprehensive income/loss not affecting profit or loss. The interest portion of the increase of the provision recognised as pension expenses (actuarial interest rate is applied to the liability and the plan asset) is to be shown as a net figure (net interest result) as financial expenses in profit or loss. The pension provision (net pension obligation) in the statement of financial position is calculated as the fair value of the defined benefit obligation at the balance sheet date less the fair value of the plan asset, and where appropriate taking into consideration the rules regarding the upper value limit of a surplus of the plan asset over the obligation (so-called asset ceiling).

Payments resulting from the termination of employment relationships

Payments resulting from the termination of employment relationships are made if employees are released from a Group company before standard retirement age under payment of a severance package or if employees voluntarily leave the employment relationship, waving their right to a severance package. The Group records severance package services when there is a demonstrable obligation to terminate the employment relationship of current employees according to a detailed formal plan which cannot be retracted, or when the Group is demonstrably to provide severance packages upon voluntary termination of the employment relationship on the part of the employee. Payments due more than twelve months after the balance sheet date are discounted to their present value.

4.15 Income taxes and deferred taxes

The tax expenditure for the period consists of current and deferred taxes. Taxes are recognised in the statement of profit or loss, unless they relate to items that are recognised directly in equity or other comprehensive income/loss. In this case, the related taxes are also recorded in equity or other comprehensive income/loss.

Current tax expense is calculated on the basis of the tax regulations applicable on the balance sheet date in those countries in which the subsidiaries are operating and generate taxable income. The management regularly checks tax declarations, particularly with regards to matters which leave room

for interpretation, and, if appropriate, recognises provisions based on the amounts that are likely to be payable to the tax authorities.

Deferred taxes are measured using the tax rates (and tax regulations) that apply or have been substantively enacted on the balance sheet date and are expected to apply at the time the deferred tax asset is realised or the deferred tax liability is settled.

Deferred taxes are recognised for all temporary differences between the tax base of the assets and liabilities and their carrying amount in the IFRS consolidated financial statements, as well as for losses carried forward (liability method).

If, however, in the context of a transaction which does not represent a business combination, a deferred tax results from the initial measurement of an asset or liability, which at the time of the transaction has no effect on either the IFRS or the taxable profit or loss, then no deferred taxes will be recognised at the time of the initial measurement and thereafter. Moreover, no deferred tax liabilities are recognised upon the initial recognition of goodwill. Deferred tax liabilities which arise from temporary differences associated with investments in subsidiaries are recognised, unless the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future based on this influence. Deferred tax assets on temporary differences and losses carried forward are only recognised if their recoverability seems adequately assured in the near future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authority.

Default interest or interest on arrears on delayed payments of income tax or supplementary income tax which are not tax-deductible are recognised in the income tax result.

4.16 Recognition of income and expenses

Revenue and other operating income is recognised pursuant to IAS 18 at the time the service has been rendered, provided the amount of revenue or income can be measured reliably and it is probable that the economic benefits will flow to the Group. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. Sales deductions reduce the revenue recognised.
Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is recognised net, e.g. of VAT, returns, trade discounts, customer bonuses and rebates.

When rendering services, revenues are recognised over the period during which the service is rendered. Services mainly comprise of flyers provided for a charge and online advertising (banner insertions).

Expected returns of goods

The company generally grants customers a 14-day return period for goods delivered.
The expected volume of returns after the balance sheet date is recognised as a gross figure in the statement of profit and loss and other comprehensive income. Revenues are reduced by the expected amount of consideration to be repaid on the basis of historic return figures. The expenses recognised in connection with delivered goods are corrected to reflect the estimated volume of returns. The Group's claim for the return of delivered goods is recognised as other current non-financial asset and an obligation to refund the purchase price to the customer is recognised as other current financial liability.

Loyalty points programme

The Group operates a self-contained and self-issued loyalty points programme ("family bonus programme") which allows customers to accumulate points when they purchase products in the Group's online shops as well as when they successfully recommend it to a friend.
Collected bonus points can be used to get discounts on future purchases. The reward obtained is allocated between the products sold and the points issued, the reward is allocated to the points according to their fair value.

The points' fair value is measured on the basis of the rewards granted when redeeming the bonus points, taking into consideration historic redemption rates. The fair value of the issued points is recognised as other provision while reducing revenues, and is only recognised as revenue once the points have actually been redeemed.

Savings plan

The Group offers its customers the opportunity to obtain a "Pampers Savings Plan" for a fixed amount. This savings plan gives the customer an allocable discount (percentage on normal sale price) on future purchases of Pampers over a contractually determined period of time. The revenues generated from the sales of savings plans are accrued as deferred revenue in the statement of financial position, and recognised in revenues over the validity period of the individual savings plan.

The Management has analysed its business relationships in order to assess whether the Group operates as a Principal or an Agent. The Management has come to the conclusion that the Group operates as a Principal in all revenue transactions.

Operating expenses are recognised at the point at which the service is rendered, the delivery received or at the date they are incurred.

Interest income and expenses - using the effective interest method - are recognised as income or expense in the period in which they are incurred.

4.17 Leasing

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease. All other lease arrangements are classified as operating lease.

Rented assets which can be considered as acquired assets with long-term financing are categorised as financial lease. Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. The corresponding liability is recognised in the consolidated statement of financial position as a financial liability.

Currently the Group has finance lease agreements for office equipment such as printers and copiers. None of these agreements are deemed as individually material for the Group.

The leased asset is not capitalised in a case of an operating leasing. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term. Significant operating leasing relationships within the Group concern the renting of office spaces and logistics properties.

4.18 Fair value measurement

The Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.
The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows:

- Level 1: Quoted unadjusted market prices in active markets for identical assets or liabilities;
- Level 2: directly or indirectly observable input factors, which are not categorised in level 1;
- Level 3: Unobservable input factors.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The fair value of financial assets traded on an active market is based on the quoted market price as of the balance sheet date. A market is considered active if listed prices on a stock exchange are easily and regularly obtainable for a trader, broker, industry group, price calculation service, or supervisory authority and these prices reflect current and regularly occurring market transactions such as those between independent third parties. For assets held by the Group, the proper quoted market price corresponds to the bid price offered by the acquirer.

The fair value of financial instruments not traded on an active market is determined by applying valuation methods. The fair value is therefore measured on the basis of the results of a valuation process which relies as much as possible on market data and as little as possible on company-specific data. If all data necessary for the fair value measurement can be observed, the instrument is assigned to Level 2. Should one or more significant input factors not be based on observable market data, the instrument is assigned to Level 3.

Specific valuation processes used for the fair value measurement of financial instruments contain mainly present value models based on market data valid as of the balance sheet date.

4.19 Events after the reporting period

Business transactions which became known after the balance sheet date, but arose economically on or before the reporting date, are included in the consolidated annual financial statements. Essential business transactions which arose economically after the balance sheet date are explained.

5. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires the Management to make accounting judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the balance sheet date. The estimates and assumptions each underlie respective parameters based on current information available. In particular, circumstances present at the time of preparing the consolidated financial statements as well as rationally assumed future developments in the industry were used as a basis with regards to the expected future development of the business.

The uncertainty connected with these assumptions and estimates and the developments of the framework conditions that are outside the influence of the Management could lead to results which will in future periods require considerable adjustments to the book value of the assets or liabilities affected.

The key assumptions affecting future periods and other key sources of estimation uncertainty at the balance sheet date that carry significant risk of causing a substantial adjustment to the book values of assets and liabilities within the next financial year are discussed below.

5.1 Business combinations

When an acquired company is consolidated for the first time, all identifiable assets, liabilities and contingent liabilities are to be recognised at their fair value at the acquisition date. One of the main estimates relates to the determination of the fair value of these assets and liabilities acquisition date as well as contingent consideration.

If intangible assets are identified, depending on the type of intangible asset and the complexity of determining the fair value, either the independent opinion of an external reviewer is used or the fair value is determined internally by using an appropriate valuation technique, which is usually based on a forecast of the total expected cash flows. These valuations are closely linked to assumptions that the Management has made regarding the future development of the respective assets as well as to the development of the applied discount rate.

5.2 Goodwill

As a result of an acquisition, goodwill will be recognised in the consolidated statement of financial positions. The Group reviews at least once a year whether the goodwill is impaired. Therefore, the recoverable amount of the Cash Generating Unit is calculated. This corresponds to the higher fair value less costs of disposal and value in use. The measurement of the value in use includes adjustments and estimates regarding the forecasting and discounting of future cash flows. The cash flow forecast on the basis of these estimates is influenced by, for example, factors such as a successful integration of acquired companies, volatility of the capital markets, interest rate developments, fluctuations in the exchange rates as well as general economic developments. The discounted cash flows are based on five-year forecasts derived from financial planning. The cash flow

forecasts take into account past experiences and are based on the management's best estimates of future developments. Cash flows beyond the planning period are extrapolated using individual growth rates. The most important assumptions used for calculating the fair value, less costs of disposal and value in use comprise estimated growth rates, weighted average cost of capital and tax rates. These estimates, as well as the method to be used as a basis for these, have in each instance a significant influence on the respective values and ultimately on the amount by which goodwill may be impaired. Although the Management beliefs that the assumptions used for calculating the recoverable amount are appropriate, various unforeseeable changes to these assumptions could lead to an impairment loss which could influence the net asset, financial and income position negatively.

The Group tested the recognised goodwill resulting from the acquisition of windeln.ch AG and did not identify any need for recording an impairment loss. For more information see section 8.1.

5.3 Assets

Fixed assets and intangible assets

At each balance sheet date, the Group has to estimate whether there exists evidence that the carrying amount of fixed assets or intangible assets could be impaired. In this case, as well as annually in the case of an indefinite useful life of an asset, the recoverable amount of the asset in question will be estimated. This corresponds to the higher of fair value less costs of disposal and the value in use. The discounted future cash flows of the asset affected are to be estimated in order to calculate the value in use. The estimation of the discounted future cash flows is based on essential assumptions such as, in particular, those regarding future sales prices and sales volumes, as well as costs and the interest rates used for discounting. Although the Management assumes that the estimates of the relevant expected useful life, the assumptions regarding the general state of the economy, and regarding the development of the e-commerce business, as well as those estimates of the discounted future cash flows are appropriate, an adjustment of the analyses could become necessary if any changes to the underlying assumptions or circumstances would occur. This could result in future additional impairment losses or appreciation, should the trends identified by the Management reverse or if the assumptions and estimates turn out to be false.

For more information see sections 8.1 and 8.2.

Inventories

At each balance sheet date, the Management reviews the recoverability of the inventories on stock. Here, amongst other things, assumptions are made regarding the future achievable sales prices and the necessary costs of goods sold.

At 31 December 2014, the total allowance on inventories amounted to kEUR 601 and kEUR 308 as of 31 December 2013, kEUR 136 as of 31 December 2012 and kEUR 0 as of 1 January 2012.

Trade receivables

The allowance for trade receivables is calculated as a collective allowance for each group of receivables with similar credit risk. This credit risk is based on the payment method used and days overdue.

At 31 December 2014, the total allowance on trade receivables amounted to kEUR 325 or kEUR 179 as of 31 December 2013, kEUR 96 as of 31 December 2012 and kEUR 21 as of 1 January 2012.

5.4 Provisions

Determining provisions is to a significant extent dependent on estimates. It may therefore be necessary to adjust the amount of provisions based on new developments and changes to the underlying estimates. Amendments to estimates and assumptions over time can have a significant effect on the future income position. It cannot be ruled out that further expenditure, which has a significant effect on the net asset, financial and income position of the Group, may arise for the company in addition to the provisions already recorded. For further information regarding provisions see section 8.11.

Loyalty points programme

The valuation of the liabilities from the loyalty points programme is based on various assumptions. According to IFRIC 13 "Customer Loyalty Programmes", issued and not yet redeemed loyalty points are deferred at fair value. The fair value of a loyalty point is calculated on the basis of the sales price of the awarded products. Loyalty points likely to expire are not deferred. Estimating the loyalty points likely to expire is done on the basis of previously observed redemption rates, taking into account the current terms and conditions for the loyalty points programme. The assumptions and processes used for the estimation of the loyalty points programme are described in section 8.11.

At 31 December 2014 the fair value of the deferred loyalty points added up to kEUR 1,246 or kEUR 765 as of 31 December 2013, kEUR 125 as of 31 December 2012 and kEUR 43 as of 1 January 2012.

5.5 Returns

To estimate the expected returns of goods after the balance sheet date, the revenue expected within the 14-day return period was estimated and measured under consideration of historic return rates.

At 31 December 2014 the deferred revenue added up to kEUR 402 or kEUR 220 as of 31 December 2013 and kEUR 84 as of 31 December 2012.

5.6 Employee benefits

Share-based payments

Costs resulting from cash-settled share-based payments to the management team members are measured using the fair value of the liabilities at the grant date. For estimating the fair value of share-based payments, the appropriate valuation method must be determined. The choice of a valuation method depends on the conditions under which the share-based payments are granted. For this estimate, one also needs to decide on an input parameter suitable to be incorporated into this valuation method. This includes, in particular, the expected option term, volatility and risk-free interest rate, and the corresponding assumptions. The assumptions and processes used for this valuation of the fair value of share-based payments are described in section 8.10.

At 31 December 2014 the provision for share-based payments added up to kEUR 6,349 or kEUR 2,930 as of 31 December 2013, kEUR 1,271 as of 31 December 2012 and kEUR 314 as of 1 January 2012.

At 31 December 2014 the most significant input factor used with regards to the measurement of the share-based payment obligation is the current share price of windeln.de GmbH. An increase or decrease of this share price by 10 % would result in a kEUR 635 higher or lower share-based payment obligation as of 31 December 2014 (31 December 2013: kEUR 293, 31 December 2012: kEUR 127, 1 January 2012: kEUR 31).

Pension obligations

Pensions are accounted for in accordance with actuarial valuation methods. These valuation methods are based on statistical and other factors in order to anticipate future events. These actuarial assumptions may deviate significantly from actual developments due to altered market and economic conditions and therefore may lead to a significant change in pension obligations as well as the expenses.

At 31 December 2014 the pension provisions amounted to kEUR 56 (31 December 2013 kEUR 62). As of 31 December 2012 or 1 January 2012, no pension obligations existed.

For more information see Section 8.10.

5.7 Deferred taxes

Deferred tax assets on taxable losses carried forward are only recognised up to an expected taxable income and only if their recoverability seems adequately assured in the near future. A considerable degree of discretionary judgement is required from the Management to determine the amount of deferred tax assets that can be recognised, based on the expected timing and level of income to be taxed in the future together with future tax planning strategies.

The Group carries forward domestic corporate tax losses of kEUR 38,001 (31 December 2013: kEUR 25,559, 31 December 2012: kEUR 11,338, 1 January 2012: kEUR 4,807), domestic trade tax losses of kEUR 37,374 (31 December 2013: kEUR 25,238, 31 December 2012: kEUR 11,252, 1 January 2012: kEUR 4,803) as well as foreign losses of kEUR 224 (31 December 2013: kEUR 443). Due to the positive income development in accordance with business planning and the accumulated losses carried forward, the Management assumes that these losses carried forward can in fact be realised in their entirety. The domestic losses carried forward have no temporal restriction and do not expire. The foreign losses carried forward can only be used within a limited period of seven years. If the actual results deviate from these estimates by the Management, this could have a negative impact on the net asset, financial and income position. Due to the history of losses of windeln.de GmbH, however, deferred tax assets on losses carried forward are only recognised to the amount at which deferred tax liabilities are recorded. Further details on deferred taxes are given under section 8.16.

5.8 Fair value measurement and valuation methods

Some of the Group's assets and liabilities are measured for the purposes of financial reporting at fair value. As far as possible, the Group uses observable market data to determine the fair value of assets and liabilities. If such input parameters at Level 1 are not available, the fair value is determined at Levels 2 and 3 using generally accepted valuation methods.

For a description of the fundamental input factors and valuation methods used for the contingent consideration, see section 7. For the related sensitivity analysis, see section 8.7.

For more information with regards to the fair value hierarchy see section 10.4.

6. Segment disclosure

A business segment in the sense of IFRS 8 is a unit of a business which conducts business activities which produce financial income and expenses, the operating results of which are regularly reviewed by the company's chief operating decision maker with regards to decisions on allocating resources to this sector and the assessment of profitability and for which there exists corresponding financial information.

For management purposes, the group is organised into business units based on its different online-shops since financial year 2013 and has three reportable business segments, as follows:

- The business segment "windeln.de" operates the online-shop windeln.de.
- The business segment "windelbar" operates the online-shop windelbar.de, which offers its services as part of a free subscription to an online shopping club.
- The business segment "windeln.ch" operates the online-shops windeln.ch, kindertraum.ch and toys.ch.

No operating segments have been aggregated to form the above reportable operating segments.

The management monitors the revenues and adjusted operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements. Depreciation, amortisation, financial result, income taxes and rental expenses are managed on a Group basis and are not allocated to operating segments.
The performance measure "EBIT contribution" per business segment consists of gross profit less allocated selling, distribution and administrative expenses as well as the proportional other operating income and expenses.
The business departments Human Resources, IT, Finance as well as the management team render services to the group (shared services). These expenses are not allocated to the different business segments and are disclosed in the position "Corporate" below. Of the total amount of kEUR 8,249 (31 December 2013: kEUR 4,981) allocated to the position "Corporate" an amount of kEUR 6,496 (31 December 2013: kEUR 3,839) respresents personnel expenses.

In financial year 2012 the business unit "Corporate" was fully allocated to the business segment windeln.de.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

2014

	windeln.de	windelbar.de	windeln.ch	Other/Elim.	Total
Revenues	**88,768**	**8,780**	**3,776**	**0**	**101,324**
EBIT contribution	1,793	-2,753	-1,850	-665	-3,475
Adjustment VSOP	*123*	*152*	*190*	-	*465*
adjusted EBIT contribution	**1,916**	**-2,601**	**-1,660**	**-665**	**-3,010**
in%	*2.2%*	*-29.6%*	*-43.9%*		*-3.0%*
Corporate					-8,248
Earnings before interest and taxes (EBIT)					**-11,723**
Financial result					2,138
Income taxes					-242
Profit or loss for the period					**-9,827**

2013

	windeln.de	windelbar.de	windeln.ch	Other/Elim.	Total
Revenues	**45,029**	**4,090**	**319**	**-0**	**49,438**
EBIT contribution	-4,436	-2,209	-584	-13	**-7,242**
Adjustment VSOP	*98*	-	*64*	-	*162*
adjusted EBIT contribution	**-4,338**	**-2,209**	**-520**	**-13**	**-7,080**
in%	*-9.6%*	*-54.0%*	*-163.0%*		*-14.3%*
Corporate					-4,981
Earnings before interest and taxes (EBIT)					**-12,223**
Financial result					-23
Income taxes					-28
Profit or loss for the period					**-12,274**

	2012				
	windeln.de	**windelbar.de**	**windeln.ch**	**Other/Elim.**	**Total**
Revenues	**21,542**	**-**	**-**	**0**	**21,542**
EBIT contribution	**-7,316**	**-**	**-**	**0**	**-7,316**
Adjustment VSOP	-	-	-	-	-
adjusted EBIT contribution	**-7,316**	**-**	**-**	**0**	**-7,316**
in%	*-34.0%*				*-34.0%*
Corporate					-
Earnings before interest and taxes (EBIT)					**-7,316**
Financial result					23
Income taxes					-11
Profit or loss for the period					**-7,304**

No individual customer accounts for more than 10 % of the Group's total revenues.

The revenues by geographic region and type are shown in section 9.1. The Group's significant non-current assets are held by business segment windeln.de and windeln.ch.

7. Group information and business combinations

The Group's scope of full consolidation includes windeln.de GmbH and the following subsidiaries:

Name	Share in equity	Share-based equity (IFRS) in kEUR as of 31 December 2014	Purpose of the Company:
Urban-Brand Schweiz GmbH, Männedorf, Switzerland	100%	32	Service company of the Group. The company was founded by means of a founding contract on 21 December 2012 and entered into the Trade Register on 16 January 2013.
windeln.ch AG (until 23 January 2014) Kindertraum.ch AG), Uster, Switzerland	100%	267	Rendering of services in the area of international e-commerce. The company was acquired on 12 December 2013.

The subsidiaries are incorporated into the consolidated financial statements from the point in time at which the Group assumed control of the subsidiary. They are deconsolidated at the time at which this control ends.

The wholly owned subsidiary Urban-Brand Management Ltd., Wakefield, Great Britain, founded in 2011 with an equity of EUR 1 is not incorporated into the consolidated financial statements. The company has so far not carried out any business activities and will not be incorporated into the consolidated financial statements due to its subordinate significance.

Business combinations

No additional subsidiaries were acquired in the financial year 2014.

In the financial year 2013, windeln.de GmbH acquired 100% of the shares in windeln.ch AG (formerly: Kindertraum.ch AG) as of 12 December 2013. In the context of a capital increase 100% of the shares in windeln.ch AG (formerly: Kindertraum.ch AG) as well as receivables in the form of two shareholder loans were incorporated into the capital reserves of windeln.de GmbH. The Kindertraum business consists of sale of, amongst others, baby items and toys under the internet domains toys.ch and kindertraum.ch. Access to the Swiss market should be strengthened with the acquisition of this company.

Kindertraum.ch AG was renamed in windeln.ch AG effective with the registration in the Trade Register (Handelsregister) on 23 January 2014 in order to unify, and to strengthen the brand.

At acquisition date, the fair value of the identified assets and liabilities of windeln.ch AG (formerly: Kindertraum.ch AG) is as follows:

kEUR	Fair value at acquisition date
Purchase price	
Shares of windeln.de GmbH transferred	2,395
Receivables against existing shareholders transferred	-400
Cash received for transferred share (nominal value)	-5
Fair value of contingent consideration	0
Total consideration transferred	**1,990**
Fair value of assets and liabilities acquired	
Intangible assets	1,827
Fixed assets	148
Contingent consideration	-
Inventories	465
Trade receivables	142
Deferred tax assets	106
Other assets	84
Cash and cash equivalents	4
Pension obligations	-56
Trade payables	-360
Other liabilities	-470
Deferred tax liabilities	-382
Identifiable net assets at fair value	**1,508**
Goodwill from business combination	482
	1,990
Prepayment for share-based payments	1,434

The allocation of the purchase price described above for windeln.ch AG (formerly: Kindertraum.ch AG) results in a goodwill. Basis for this goodwill are the expected synergies resulting from the combined business activities, the strengthened access to the Swiss market, and other intangibles which do not meet the recognition criteria.

The consideration transferred for the acquisition is composed of shares in windeln.de GmbH and of a contingent consideration. Details regarding these purchase price components and their fair value at acquisition date are described below:

Shares in windeln.de GmbH:
The Group has issued 5,568 new shares in the nominal value of EUR 1 for 100% share in Kindertraum.ch AG. The fair value of these shares at the acquisition date amounts to kEUR 3,829 and is calculated under consideration of a company valuation carried out at the end of the financial year 2013 which resulted in a value of EUR 767.73 per share. Of this fair value an amount of kEUR 1,434 is deducted and allocated to the share-based payments part (see below).

Contingent consideration
As part of the purchase agreement which was closed with the previous owners of windeln.ch AG (formerly: Kindertraum.ch AG) in the financial year 2013, a conditional consideration component was agreed upon. According to this, a return of up to 2,784 shares to windeln.de GmbH (this amounts to 50% of the shares originally issued) by the former owners may become necessary under certain conditions. The conditions of this conditional reimbursement are described in detail below:

If the cumulated revenues and the cumulated EBITDA of the combined Swiss business activities in the financial years 2014 and 2015 do not reach the contractually defined target values, the former owners are obliged, at the end of 2015, to sell and return a variable amount of shares for a price of EUR 1 (nominal value). The number of shares to be returned depends on the actual deviation between the contractually defined target values (cumulated revenues and cumulated EBITDA) and the audited actual figures.

At the time of acquisition, the fair value of the contingent consideration was measured at kEUR 0, as the management expected the achievement of the targets agreed upon and no shares to be returned based on that expectation.

Fair value is determined using a two-step process. This involves first measuring the fair value of a share in windeln.de GmbH, then separately calculating the likely number of shares to be returned, before finally multiplying these two figures:

- First, the fair value of the individual share is calculated using a Monte Carlo Simulation involving the strike price 1 and the remaining term until 31 December 2015. Alongside the strike price and remaining term, the key input factors for the relevant valuation date are the current value of the shares, their anticipated volatility and the risk-free interest rate.
  In the Monte Carlo Simulation, the stochastic process which describes the market price performance is simulated with a large number of repetitions. This stochastic process is given by a geometric Brownian motion for which the current share price is the starting price. Volatility is determined on the basis of the peer group average. The drift corresponds to the risk-free interest rate. The random component consists of a Wiener process which can be simulated with the aid of random numbers. For a sufficiently large number of realisations (paths) of the corresponding geometric Brownian motion obtained by simulation, it is possible to make reliable probability statements regarding interesting target parameters. This applies in particular to the value of the option, i.e. max(share price at time of exercise - exercise price, 0). Provided there is a sufficiently large numbers of repetitions, the expected value of this target variable under the distribution simulated by Monte Carlo asymptotically

approximates the value of the Black Scholes Mertin Formula. However, it is possible with Monte Carlo to make many more statements, indeed by this means one can make probability statements about any possible value of the option. This means in particular that degrees of uncertainty in relation to forecasts can be better estimated.

- Finally the estimated number of shares to be returned can be calculated, by estimating the cumulated revenue and EBITDA of the combined swiss business and by comparing these estimated amounts to the targets agreed upon.

  The revenue and EBITDA forecasting method is based on an autoregressive integrated moving average time series model (ARIMA). Out of the extensive class of all ARIMA models, an ARIMA(0,1,0) model based on the Akaike Information Criterion (AIC) has been found to provide the best revenue forecast. This corresponds to a random walk with drift. For EBITDA an ARIMA(0,0,0) model was used. This involves a temporally constant expected value plus random noise. After selecting these ARIMA models they were used to run a Monte Carlo simulation of the associated processes for the revenue and EBITDA in order to thereby determine the distributions of the target variables. These constitute the cumulative revenue and cumulative EBITDA. Each is composed of both the known and simulated figures.

Share-based payments

In addition, the contingent consideration for one original shareholder employed in the Group since the acquisition date is subject to a reimbursement obligation if this person should leave the company within two years. This results in a separate asset “prepayment for share-based payments” pursuant to IFRS 2 which is recognised as other non-financial asset and is allocated to administrative expenses on a straight line basis from January 2014 to December 2015.

On the basis of the Monte Carlo Simulation described above, the fair value for the share-based payments was calculated stochastically at the acquisition date in the amount of kEUR 1,434. The calculated amount of share-based payments reduces the consideration transferred in the course of the acquisition of windeln.ch AG (formerly: Kindertraum.ch AG).

The transaction costs related to the acquisition of windeln.ch AG (formerly: Kindertraum.ch AG) in the amount of kEUR 77 were recorded in administrative expenses in 2013.

From 12 December 2013 to 31 December 2013 windeln.ch AG (formerly: Kindertraum.ch AG) contributed to the Group revenues an amount of kEUR 185 and losses in the amount of kEUR 57.
The company was founded by means of a carve out shortly before the acquisition in November 2013. For the stub financial year, revenues according to local accounting principles amounted to kEUR 563 (kCHF 693), whilst losses totalled kEUR 173 (kCHF 214).

Foundation of companies

No companies were founded in the financial year 2014.

Disposal of companies

So far, no companies have been disposed of.

8. Notes to the consolidated statement of financial position

8.1 Intangible assets

The development of intangible assets is as follows:

kEUR	Goodwill	Software, licences, patents and similar rights	Capitalised development costs	Domains	Customer base	Total
Cost						
At 1 January 2014	**482**	**38**	**1,291**	**1,806**	**223**	**3,841**
Changes in group structure	-	-	-	-	-	**-**
Exchange differences	-	-	-	33	5	**38**
Additions	-	4	1,048	-	-	**1,052**
Disposals	-	-	128	-	-	**128**
At 31 December 2014	**482**	**42**	**2,211**	**1,840**	**228**	**4,803**
Depreciation and impairment						
At 1 January 2014	**-**	**22**	**272**	**-**	**-**	**294**
Changes in group structure	-	-	-	-	-	**-**
Exchange differences	-	-	-	-	-	**-**
Additions	-	11	461	-	44	**516**
Additions (impairment)	-	-	79	-	-	**79**
Disposals	-	-	128	-	-	**128**
At 31 December 2014	**-**	**33**	**683**	**-**	**44**	**760**
Book value	-	-	-	-	-	-
At 31 December 2013	**482**	**16**	**1,019**	**1,806**	**223**	**3,547**
At 31 December 2014	**482**	**9**	**1,528**	**1,840**	**184**	**4,043**

kEUR	Goodwill	Software, licences, patents and similar rights	Capitalised development costs	Domains	Customer base	Total
Cost						
At 1 January 2013	**-**	**118**	**518**	**207**	**-**	**843**
Changes in group structure	482	-	-	1,602	224	**2,299**
Exchange differences	-	-	-	-8	-1	**-**
Additions	-	5	831	6	-	**841**
Disposals	-	84	58	-	-	**142**
At 31 December 2013	**482**	**38**	**1,291**	**1,806**	**223**	**3,841**
Depreciation and impairment						
At 1 January 2013	**-**	**48**	**46**	**-**	**-**	**94**
Changes in group structure	-	-	-	-	-	**-**
Exchange differences	-	-	-	-	-	**-**
Additions	-	12	259	-	-	**271**
Additions (impairment)	-	46	24	-	-	**70**
Disposals	-	84	58	-	-	**142**
At 31 December 2013	**-**	**22**	**272**	**-**	**-**	**294**
Book value	-	-	-	-	-	-
At 31 December 2012	**-**	**70**	**472**	**207**	**-**	**749**
At 31 December 2013	**482**	**16**	**1,019**	**1,806**	**223**	**3,547**

kEUR	Goodwill	Software, licences, patents and similar rights	Capitalised development costs	Domains	Customer base	Total
Cost						
At 1 January 2012	**-**	**103**	**-**	**160**	**-**	**264**
Changes in group structure	-	-	-	-	-	**-**
Exchange differences	-	-	-	-	-	**-**
Additions	-	14	518	46	-	**579**
Disposals	-	-	-	-	-	**-**
At 31 December 2012	**-**	**118**	**518**	**207**	**-**	**843**
Depreciation and impairment						
At 1 January 2012	**-**	**23**	**-**	**-**	**-**	**23**
Changes in group structure	-	-	-	-	-	**-**
Exchange differences	-	-	-	-	-	**-**
Additions	-	25	46	-	-	**71**
Additions (impairment)	-	-	-	-	-	**-**
Disposals	-	-	-	-	-	**-**
At 31 December 2012	**-**	**48**	**46**	**-**	**-**	**94**
Book value	-	-	-	-	-	-
At 1 January 2012	**-**	**80**	**-**	**160**	**-**	**241**
At 31 December 2012	**-**	**70**	**472**	**207**	**-**	**749**

The intangible assets include, along development costs for self-developed software, internet domains, software, licenses, brand rights, a customer base, and goodwill.

The amortisation of development costs recorded in profit or loss during the financial year 2014 amounts to kEUR 461 (financial year 2013: kEUR 259, financial year 2012: kEUR 46). In the financial year 2014, kEUR 1,048 of development costs at windeln.de GmbH were capitalised (2013: kEUR 831, 2012: kEUR 518). Research costs have not been capitalised.

Amortisation of intangible assets for the financial year 2014 were recorded in cost of sales at a total of kEUR 1 (2013: kEUR 0, 2012: kEUR 0), in selling and distribution expenses at kEUR 592 (2013: kEUR 341, 2012: kEUR 71), and in administrative expenses at kEUR 2 (2013: kEUR 0, 2012: kEUR 0).

Own work capitalised in the financial year amounted to kEUR 1,528 (2013: kEUR 1,019, 2012: kEUR 472) and consists only of development costs for 2014 and prior years.

The group holds intangible assets with indefinite useful lives in form of domains in the amount of kEUR 1,840 (31 December 2013: kEUR 1,806, 31 December 2012: kEUR 207, 1 January 2012: kEUR 160) as well as in form of goodwill amounting to kEUR 482 (31 December 2013: kEUR 482, 31 December 2012: kEUR -, 1 January 2012: kEUR -).

For intangible assets, there exist no restrictions on rights of disposal. No intangible assets were pledged as collateral for liabilities.

Indications of an impairment pursuant to IAS 36 were not present at the date of these financial statements.

The impairment test performed for goodwill, for development projects not yet finished, and for domains did not result in a need for recording an impairment loss, since the values in use were above the respective book values.

Notes concerning the annual impairment tests

The goodwill of kEUR 482 acquired in a business combination, as well as acquired domains with an indefinite useful life in the amount of kEUR 1,724, were allocated for impairment testing purposes to the cash-generating unit (CGU) windeln.ch which is also a reportable segment.

The Group conducted its annual impairment test as of 31 December 2014. The recoverable amount of CGU windeln.ch as of 31 December 2014 was calculated on the basis of the value in use, duly taking into account the cash flow forecasts based on the business plan approved by management for a five-year period. The discount rate before taxes applied to the cash flow forecasts is 26.1%. Cash flows after the five-year period have been extrapolated applying a growth rate of 1%. The test showed that the value in use exceeded the book value of the CGU windeln.ch. Accordingly, on the basis of our knowledge and expectations as of 31 December 2014 no impairment potential arises for the goodwill acquired in a business combination and for internet domains with indefinite useful lives.

For impairment testing purposes software development projects in progress were allocated to the CGU windeln.de and windelbar. The recoverable amount of those software projects as of 31 December 2014 was calculated on the basis of the value in use, duly taking into account the cash flow forecasts based on the business plan approved by management for a five-year period. The pre-

tax discount rates applied are 52.3% and 41.2%. The impairment test revealed no impairment potential for software development projects in progress as of 31 December 2014.

Internet domains allocated to the CGU windeln.de were also tested for impairment. As of 31 December 2014 no impairment potential was identified.

Estimates used to measure recoverable amounts

Applying the discounted cash flow approach, growth rates and discount rates are the major assumptions to determine the value in use. Revenue growth over the course of the business plan was estimated considering experience from previous years. Basis for the growth rates is the anticipated development of business with existing and new customers. The applied discount rates reflect market risks of the CGUs.

The calculation of the appropriate discount rates accounts for factors specific to the company and its business units. It is based on industry specific weighted average costs of capital (WACC). This discount rate was further adjusted in order to account for market expectations concerning and risks associated with the CGU windeln.ch and which are not reflected in the cash flows.

The major assumptions for the calculation of value in use for the software development projects are discount rates and generated value. The latter comprises in one case an increase in efficiency in human resources; in a second case it comprises the revenue growth with customers using mobile interfaces.

Sensitivity analysis of applied estimates

Management growth expectations, as applied in the business plan for the next five years, assume revenue growth rates ranging from 17.5% to 117.7%. Beyond the five year forecast period a long term growth rate of 1% was assumed.

No plausible variation in the long term growth rate would result in an impairment. A risk premium incorporated in the costs of capital (WACC) reflects the risk of not achieving the forecast revenues.

An increase of the pre tax discount rate above 30.5% would result in an impairment for the goodwill.

An increase of the pre tax discount rate above 66.0% and 57.3% respectively would result in impairments of the software development projects.

8.2 Fixed assets

The development of fixed assets is as follows:

kEUR

	Other equipment	thereof finance-leases
Cost		
At 1 January 2014	**622**	**74**
Changes in group structure	-	-
Exchange differences	2	-
Additions	239	67
Disposals	-	-
At 31 December 2014	**863**	**140**
Depreciation and impairment		
At 1 January 2014	**192**	**8**
Changes in group structure	-	-
Exchange differences	-	-
Additions	191	21
Additions (impairment)	-	-
Disposals	-	-
At 31 December 2014	**383**	**30**
Book value	-	-
At 31 December 2013	**430**	**65**
At 31 December 2014	**480**	**111**

kEUR

	Other equipment	thereof finance-leases
Cost		
At 1 January 2013	**199**	**3**
Changes in group structure	147	-
Exchange differences	-	-
Additions	277	70
Disposals	1	-
At 31 December 2013	**622**	**74**
Depreciation and impairment		
At 1 January 2013	**87**	**0**
Changes in group structure	-	-
Exchange differences	-	-
Additions	106	8
Additions (impairment)	-	-
Disposals	1	-
At 31 December 2013	**192**	**8**
Book value	-	-
At 31 December 2012	**112**	**3**
At 31 December 2013	**430**	**65**

kEUR

	Other equipment	thereof finance-leases
Cost		
At 1 January 2012	**55**	**-**
Changes in group structure	-	-
Exchange differences	-	-
Additions	145	3
Disposals	-	-
At 31 December 2012	**199**	**3**
Depreciation and impairment		
At 1 January 2012	**26**	**-**
Changes in group structure	-	-
Exchange differences	-	-
Additions	62	0
Additions (impairment)	-	-
Disposals	-	-
At 31 December 2012	**87**	**0**
Book value	-	-
At 1 January 2012	**29**	**-**

At 31 December 2012	112	3

The fixed assets exclusively comprise operating and business equipment.

The fixed assets contain capitalised finance leases (fixtures and furnishings) amounting to kEUR 111 (31 December 2013: kEUR 65, 31 December 2012: kEUR 3, 1 January 2012: kEUR -) which are to be allocated to the Group as financial owner due to the nature of the leasing contracts present.

Indications of an impairment pursuant to IAS 36 were not present at the date of these financial statements.

The depreciation of fixed assets with a total value of kEUR 191 (2013: kEUR 106, 2012: kEUR 62) are recorded in cost of sales in the amount of kEUR 8 (2013: kEUR 0, 2012: kEUR 3), in selling and distribution expenses in the amount of kEUR 150 (2013: kEUR 0, 2012: kEUR 42) and in administrative expenses in the amount of kEUR 33 (2013: kEUR 106, 2012: kEUR 18k).

8.3 Other non-current assets

The other non-current financial assets are composed of the following:

kEUR	31 Dec 2014	31 Dec 2013	31 Dec 2012	1 Jan 2012
Prepayment for share-based payments	-	717	-	-
Non-financial assets	**-**	**717**	**-**	**-**
Investments	0	0	0	0
Contingent consideration	-	0	-	-
Financial assets	**0**	**0**	**0**	**0**
Other non-current assets	**0**	**717**	**0**	**0**

The wholly owned subsidiary Urban-Brand Management Ltd, Wakefield, UK, was founded in 2011 with equity of EUR 1 and has so far not carried out any business activities. The shares are categorised as available-for-sale financial assets in the sense of IAS 39 and carried at cost (EUR 1), since no active market is present with publicly available market prices and the fair value cannot be determined in any other way. There is no intention to sell the shares.

For information on the development of the provisory reimbursement and prepayment of share-based payments, see section 8.7.

8.4 Inventories

Inventories consist of the following:

kEUR	31 Dec 2014	31 Dec 2013	31 Dec 2012	1 Jan 2012
Merchandise	10,754	7,260	3,242	1,539
Inventories	**10,754**	**7,260**	**3,242**	**1,539**

The increase in inventories in the financial year 2014 by kEUR 3,494 was the result of the increased volume of business and the accompanying need for a more comprehensive inventory.

As of 31 December 2014, due to a decreased realisable value, an allowance for merchandise in the amount of kEUR 601 (31 December 2013: kEUR 308, 31 December 2012: kEUR 136, 1 January 2012: kEUR 0) was recorded.

Inventories in the amount of kEUR 6,190 (31 December 2013: kEUR 6,587, 31 December 2012: kEUR 1,546, 1 January 2012: kEUR -) were assigned as collateral for the credit line.

8.5 Prepayments

Prepayments comprise only of prepayments for future deliveries of inventories.

8.6 Trade receivables

Trade receivables are primarily receivables from customers of windeln.de GmbH.

All trade receivables are due within one year, and are not interest bearing. The accounts receivable are in general due immediately, whilst for sales on credit a payment period of up to 7 days is granted. There are no limitations of any kind on rights of disposal.

An analysis of the maturity structure of the trade accounts receivable is as follows:

			Past due but not impaired			
kEUR	Acquisition cost	Neither past due nor impaired	< 30 days	30-90 days	> 90 days	Past due and impaired
31 Dec 2014	2,049	684	820	-	18	527
31 Dec 2013	1,350	350	743	26	-	231
31 Dec 2012	1,102	234	721	-	-	147
1 Jan 2012	211	42	135	9	-	25

As of 31 December 2014, due to credit risks, an allowance was recorded in the amount of kEUR 325 (31 December 2013: kEUR 179, 31 December 2012: kEUR 96, 1 January 2012: kEUR 21). When calculating the allowance for trade receivables, the company uses aging bands to which the receivables are allocated based on their age. Past due maturity bands are impaired using a percentage based on historical loss rates and based on the payment method used. For neither past due nor impaired receivables there is no indication of impairment.

The development of the allowance is as follows:

kEUR	2014	2013	2012
At 1 January	**179**	**96**	**21**
Additions	325	179	96
Utilised	179	96	21
At 31 December	**325**	**179**	**96**

The losses recorded for uncollectable accounts receivable in the financial year 2014 amount to kEUR 432 (2013: kEUR 324, 2012: kEUR 340).

In the financial year 2014, accounts receivable overdue and impaired with a nominal value of kEUR 440 (2013: kEUR 404, 2012: kEUR 387) were sold and derecognised. From this, the Group achieved a net income of kEUR 150 (2013: kEUR 114, 2012: kEUR 145). In addition neither past due nor impaired receivables with a nominal value of kEUR 7,099 (2013: kEUR -, 2012: kEUR -) were sold and derecognised. From this, the Group achieved a net income of kEUR 6,918 (2013: kEUR -, 2012: kEUR -).

In the context of these sales of accounts receivable, the Group retains no material obligations. These include, above all, the rendering of customer services with regards to goods sold, such as answering general customer queries and handling returns and refunds. Risks in connection with these obligations remaining within the Group are accounted for in the consolidated financial statements regardless of the sale of accounts receivable.

8.7 Other current assets

The other current assets consist of the following:

kEUR	31 Dec 2014	31 Dec 2013	31 Dec 2012	1 Jan 2012
VAT receivables	797	656	179	175
Prepayment for share-based payments	717	717	-	-
Claims for return of goods	300	176	73	20
Deferred expenses	168	11	3	11
Other	6	-	-	0
Non-financial assets	**1,988**	**1,560**	**255**	**206**
Contingent consideration	2,211	-	-	-
Accrued advertising subsidies	1,158	1,166	745	38
Creditors with debit balances	303	135	116	-
Other	267	144	27	9
Financial assets	**3,939**	**1,445**	**888**	**47**
Other current assets	**5,927**	**3,005**	**1,143**	**253**

The claims for return of goods relate to estimated return figures after the balance sheet date.

The items contained in deferred expenses relate to payments made for services not rendered until after the balance sheet date.

The creditors with debit balances consist of reimbursement claims against suppliers and service providers, e.g. due to overpayment or underdelivery.

Accrued advertising subsidies relate to claims against suppliers due to advertising or marketing activities carried out in the financial year as well as bonuses dependent on purchase volume.

All other non-current assets are due within one year after the balance sheet date.

The other non-financial asset "Prepayment for share-based payments" is written-off on a straight-line basis over the vesting period of two years. The depreciation is recorded as personnel expenses in administrative expenses.

kEUR	31 Dec 2014	31 Dec 2013
Non-current	-	717
Current	717	717

kEUR	2014	2013
Personnel expenses	717	-

The financial asset "Contingent consideration" is measured at fair value. Changes to fair value are recorded as financial income or financial expenses.

If the cumulated revenues and the cumulated EBITDA of the combined Swiss business activities in the financial years 2014 and 2015 do not reach the contractually defined target values, the former owners are obliged, at the end of 2015, to sell and return a variable amount of shares. As of 31 December 2014 the company expects an amount of 929 shares to be returned based on current revenue forecasts (31 December 2013: 0). A variation of the forecast of 10% would lead to an increase or decrease of the fair value of the contingent consideration in the amount of kEUR 442. As of 31 December 2013 an increase of the forecast of 10% would not lead to a change in fair value of the contingent consideration. A decrease of the forecast of 10% would lead to an increase in fair value of the contingent consideration in the amount of kEUR 178.

The calculation of the fair value of the contingent consideration as of 31 December 2014 is based on a share price of the shares expected to be returned. An increase or decrease of 10% of this share price would lead to an increase or decrease of the fair value in the amount of kEUR 221 (31 December 2013: kEUR 0), respectively.

kEUR	31 Dec 2014	31 Dec 2013
Non-current	-	-
Current	2,211	-

kEUR	2014	2013
Financial income	2,211	-

8.8 Cash and cash equivalents

kEUR	31 Dec 2014	31 Dec 2013	31 Dec 2012	1 Jan 2012

Cash on hand	17	4	-	**-**
Cash at banks and cash equivalents	33,813	263	411	**7,517**
Total	**33,830**	**267**	**411**	**7,517**

Interest is paid on cash at banks using variable interest rates for daily rescindable credit.

8.9 Equity

The issued capital of the parent company was increased in the financial year 2014 by a total of kEUR 39 (2013: kEUR 23, 2012: kEUR 1) and has been paid in full. In total, the Company has issued 162,557 shares (31 December 2013: 123,742 , 31 December 2012: 100,900 , 1 January 2012: 100,408) with a nominal value of EUR 1.

The share premium contains premium payments of the shareholders (premiums in connection with financing rounds). In the financial year 2014, a share premium of kEUR 41,593 (2013: kEUR 12,644, 2012: kEUR 150) was paid. Transaction costs in connection with equity transactions are accounted for as a deduction from equity, net of tax. In the financial year 2014 these transaction costs amounted to kEUR -269 (2013: kEUR -50, 2012: kEUR -22). In addition, share-based payments in the amount of kEUR 1,434 increased the share premium in accordance with IFRS 2. Also see section 7 for further details.

The accumulated loss is the result of losses carried forward from the previous reporting period as well as from the loss for the period 2014.

For information on the development of equity, we refer to the consolidated statement of changes in equity.

8.10 Defined benefit obligations and other accrued employee benefits

a) Defined benefit obligations

The Group has defined benefit pension plans for its employees in Switzerland.

These retirement plans are based on the two pillars of the state retirement plan and are performance-oriented (funded insurance).

The retirement services in these plans for windeln.ch AG and Urban-Brand Schweiz GmbH are based on a defined benefit plan with a guaranteed minimum interest rate and fixed conversion rates, benefits in cases of death and invalidity are defined as percentages of the insured salary.

The retirement plan guarantees benefits which exceed the legal minimum benefits according to the Federal Old Age Insurance Law of Switzerland (BVG). This law stipulates, amongst others, the following framework conditions: Annual salary up to CHF 84,240 (as of 2013/2014) must be insured. The contributions to pension benefits are age-dependent and increase with age from 7% to 18% of the salary insured. The conversion rate for pension funds amounts to at least 6.8% at standard retirement age (65 for men and 64 for women).
The retirement plan must be completely funded on the basis of a statistical valuation pursuant to the stipulations of the BVG. In the case of underfunding, the retirement fund must take remedial action, such as making additional employee and employer contributions or reducing the benefits.
The Group joined the collective fund "Vita" for the purpose of funding retirement benefits. The retirement fund has a separate legal entity. The retirement fund is responsible for managing the retirement plan. The foundation board ("Stiftungsrat") consists of an even number of representatives of the employer and employees, who are elected by the associated firms.
The retirement fund has passed regulations which define, in particular, the asset management policies.

The plan usually exposes the Group to the following risks:

- Investment risk
  The present value of the defined benefit obligation from this plan is calculated using a discount rate which is defined on the basis of the returns of first-rank, fixed-interest company bonds. Provided the returns from this plan asset are lower than the interest rate, this will not lead to the plan being underfunded.
- Interest rate risk
  A decline in the interest rate of bonds will lead to increased plan obligations, although this will be compensated for in part by an increased return on fixed-interest debt instruments.
- Longevity risk
  The present value of the defined benefit obligation from the plan is calculated on the basis of the best possible estimate of the likelihood that the covered employee will die both during his/her working life as well as after the termination thereof. An increase in the covered employee's life expectancy will lead to an increased plan obligation.
- Salary risk
  The present value of the defined benefit obligation from the plan is calculated on the basis of future salaries of the covered employees. Hence, raises for the covered employee lead to a increased plan obligation.

The Group is exposed to a possible concentration risk due to the fact that the plan asset is invested in various classes of investment.

As of 31 December 2014, the provision for pensions recorded by windeln.ch AG amounted to kEUR 56 (31 December 2013: kEUR 62).

The employees of Urban-Brand Schweiz GmbH have, as of 31 December 2013, been transferred into windeln.ch AG and the pension obligations have been transferred accordingly.

No pension obligations existed as of 31 December 2012 and 1 January 2012.

The present value of the defined benefit obligation can be reconciled to the net liability as follows:

Net liability of defined benefit obligation

kEUR	31 Dec 2014	31 Dec 2013
Defined benefit obligation	514	306
Fair value of plan assets	458	244
Funded status / Net liability of defined benefit obligation	**56**	**62**

The net liability of the defined benefit obligation has developed as follows:

kEUR	Defined benefit obligation	Fair value of plan assets	Total
At 1 January 2013	**-**	**-**	**-**
Current service cost	16	-	16
Interest expense /(income)	0	0	0
Transferred obligations	292	226	66
Remeasurements			
Return on plan assets (excluding interest income)	-	1	-1
Effect of changes in financial assumptions	-7	-	-7
Effect of experience adjustments	-3	-	-3
Other	0	0	0
Contributions:	-	-	-
Employer	-	10	-10
Participants	10	10	-
Insurance premiums	-2	-2	-0
Administrative expenses	-	-1	1
At 31 December 2013	**306**	**244**	**62**

kEUR	Defined benefit obligation	Fair value of plan assets	Total
At 1 January 2014	**306**	**244**	**62**
Current service cost	38	-	38
Interest expense /(income)	7	6	1
Remeasurements			
Return on plan assets (excluding interest income)	-	31	-31
Effect of changes in financial assumptions	31	-	31
Effect of experience adjustments	-14	-	-14
Other	8	7	1
Contributions:	-	-	-
Employer	-	36	-36
Participants	36	36	-
Other contributions	111	111	-
Insurance premiums	-9	-9	-
Administrative expenses	-	-4	4
At 31 December 2014	**514**	**458**	**56**

The losses from the changes in financial assumptions in financial year 2014 are caused by a decrease of the discount rate from 2.25% to 1.00%

Defined benefit expenses are expected in the amount of kEUR 47 for the financial year 2015.

The average duration of the defined benefit obligation as of 31 December 2014 was 21.6 years.

Assumptions

The fair value of defined benefit and similar obligations is assessed annually using actuarial methods. The following assumptions formed the basis for calculating actuarial obligations for the pension plans:

In %	31 Dec 2014	31 Dec 2013
Discount rate	1.00%	2.25%
Rate of salary increase	1.50%	1.50%
Rate for the projection of savings capital	1.00%	2.25%
Rate of pension increase	0.00%	0.00%

The likelihood of an employee retiring, dying or becoming disabled was calculated according to specific age and gender (pursuant to the BVG 2010, Generation Life Tables - Generationentafeln).

Sensitivity analysis

The sensitivity analysis presented below is based on the variation of one assumption at a time, whereas the other assumptions remain unaffected, i.e. possible correlation effects between the individual assumptions are not taken into account.

The sensitivity of the defined benefit obligation to essential actuarial assumptions is as follows:

Defined benefit obligation in kEUR	Change in actuarial assumptions	Effect on defined benefit obligation	
		Defined benefit obligation	Change in %
Discount rate	Increase of 0,50%	489	-5.0%
	Decrease of 0,50%	547	6.3%
Rate of salary increase	Increase of 0,50%	518	0.7%
	Decrease of 0,50%	511	-0.6%
Rate of pension increase	Increase of 0,50%	527	2.5%
	Decrease of 0,50%	503	-2.2%
Mortality	Increase of 1 year	517	0.6%
	Decrease of 1 year	511	-0.6%

Composition of plan asset

The plan asset is composed as follows:

	kEUR	Share in %
Equity instruments	122	26.6%
Debt instruments	218	47.6%
Real estate	48	10.5%
Other	64	14.1%
Cash and cash-equivalents	6	1.2%
Total plan assets	**458**	
thereof valued at quoted prices	410	

b) Share-based payments

windeln.de GmbH has so far issued five virtual stock option programmes (VSOP) to motivate and retain important employees (full-time employees and freelancers). As of 31 December 2014, a total of nine employees have been assigned virtual options. This option programme gives these employees the opportunity to take part in future increases in the company value of the business. The company grants those entitled to options the right to receive cash if certain vesting conditions are satisfied.

The virtual stock options are granted in 48 tranches over a period of four years from a date of issue set by the Company. In the case one of the vesting conditions is satisfied, the options of four employees are immediately deemed as fully vested (accelerated vesting), provided the beneficiary is currently employed by the company.

Options not yet fully vested expire if the service or working relationship ends before a vesting condition is met. Fully vested options expire if the service or working relationship ends before such an event due to termination. The options expire at latest fifteen years after the date of issue.

Successful execution of one of the following transactions is defined as a vesting condition:

- The sale or transfer of all shares of the Company ("Share Deal exit").
- The sale or transfer of all assets of the Company ("Asset Deal exit").
- The listing of the company on a stock exchange ("IPO exit").

The cash-settlement of a beneficiary is calculated for each option granted as the difference between the proceeds from one of the exit events per share and the strike price of the option. In total, 8,515 options were issued as of 31 December 2014 (31 December 2013: 8,015, 31 December 2012: 5,515, 1 January 2012: 2,503) as part of five option programmes. As of 31 December 2014, 2013 or 2012, no virtual options were fully vested.

The virtual stock option programmes issued are accounted for as cash settled share-based payment transactions in accordance with IFRS 2.

As of 31 December 2014, the fair value of the liability from virtual stock options amounts to kEUR 6,349 (31 December 2013: kEUR 2,930, 31 December 2012: kEUR 1,271, 1 January 2012: kEUR 314). The obligation is recognised as a non-current liability.

The expenses recorded for share-based payments in the financial year 2014 amount to kEUR 3,419 (2013: kEUR 1,659, 2012: kEUR 957).

The obligation arising from the virtual stock option programme is calculated using a Monte Carlo Simulation.
In the Monte Carlo Simulation, the stochastic process which describes the market price performance is simulated with a large number of repetitions. This stochastic process is given by a geometric Brownian motion for which the current share price is the starting price. Volatility is determined on the basis of the peer group average. The drift corresponds to the risk-free interest rate. The random component consists of a Wiener process which can be simulated with the aid of random numbers. For a sufficiently large number of realisations (paths) of the corresponding geometric Brownian motion obtained by simulation, it is possible to make reliable probability statements regarding interesting target parameters. This applies in particular to the value of the option, i.e. max(share price at time of exercise - exercise price, 0). Provided there is a sufficiently large numbers of repetitions, the expected value of this target variable under the distribution simulated by Monte Carlo asymptotically approximates the value of the Black Scholes Merton Formula. However, it is possible with Monte Carlo to make many more statements, indeed by this means one can make probability statements about any possible value of the option. This means in particular that degrees of uncertainty in relation to forecasts can be better estimated.
The following input parameters were used in the Monte Carlo Simulation:

	31 Dec 2014	**31 Dec 2013**	**31 Dec 2012**	**1 Jan 2012**
Expected volatility (%)	10.54%	10.80%	11.30%	13.30%
Risk-free rate (%)	0.00%	0.19%	0.04%	0.57%
Anticipated maturity of options (years)	1.25	2.25	3.25	4.25

In addition, a share-based compensation agreement was entered in the context of the acquisition of windeln.ch AG. The valuation model is described in section 7.

Since the beneficiary has the obligation to return a certain number of shares in case the person leaves the Group within two years, an other non-financial asset was recognised. As of 31 December 2014, the book value of the asset amounts to kEUR 717 and at 31 December 2013 at kEUR 1,434, see sections 8.3 and 8.7.

8.11 Provisions

	Current		Non-current		
kEUR	**Loyalty points**	**Other**	**Share-based payments**	**Pensions**	**Total**
At 1 January 2012	43	-	314	-	**357**
Additions	125	-	957	-	**1,082**
Release	-	-	-	-	**-**
Utilisation	43	-	-	-	**43**
At 31 December 2012	125	-	1,271	-	**1,396**
At 1 January 2013	125	-	1,271	-	**1,396**
Additions	720	110	1,659	62	**2,551**
Release	-	-	-	-	**-**
Utilisation	80	-	-	-	**80**
At 31 December 2013	765	110	2,930	62	**3,867**
At 1 January 2014	765	110	2,930	62	**3,867**
Additions	696	-	3,419	-	**4,115**
Release	25	-	-	5	**30**
Utilisation	190	110	-	-	**300**
At 31 December 2014	1,246	-	6,349	57	**7,652**

The provision for loyalty points (not yet redeemed and still redeemable according to the terms and conditions) was calculated at the respective balance sheet date based on historic redemption rates and the fair value of one loyalty point. The increase is mainly caused by the growth of the Company.

The other provisions comprise provisions related to legal disputes with employees.

For all current provisions a cash outflow is expected within the subsequent financial year.

8.12 Financial liabilities

Financial liabilites consist of the following:

kEUR	31 Dec 2014	31 Dec 2013	31 Dec 2012	1 Jan 2012
Credit facility	1,475	1,906	-	-
Other financial liabilities	30	-	-	-
Finance-lease liabilities	27	14	1	-
Current financial liabilities	**1,532**	**1,920**	**1**	**-**
Finance-lease liabilities	85	51	2	-
Non-current financial liabilities	**85**	**51**	**2**	**-**
Financial liabilities	**1,617**	**1,971**	**3**	**-**

Since 2012, the Group has had access to a credit facility of up to kEUR 5,000 with a maturity pending further notice and therefore is classified as current financial liability. The line of credit is based on the value of inventories on stock, reduced by ownership reservations and a risk deduction.

As of 31 December 2014 the credit facility was drawn in the amount of kEUR 1,475 (31 December 2013: kEUR 1,906, 31 December 2012: kEUR -, 1 January 2012: kEUR -). In addition guarantees were drawn under the credit facility in the amount of kEUR 72 (31 December 2013: kEUR 72, 31 December 2012: kEUR 21, 1 January 2012: kEUR -). The interest rate has been fixed upon further notice and a fixed commission rate for guarantees has also been agreed. As common, the credit facility is collateralised by certain defined warehouses as well as by current and future cash deposits at banks involved. In addition an equity covenant was agreed.

The other financial liabilities on 31 December 2014 totalling kEUR 30 arise from bank overdrafts.

Financial liabilities include liabilities from financing leases, which are recognised at the present value of the minimum future lease payments. Liabilities with a remaining term of more than one year are recognised under non-current liabilities.

8.13 Trade payables

Trade payables become due within one year and do not bear interest. The item also includes all trade payables not invoiced as of the balance sheet date. They generally become due for payment within 0 to 60 days.

8.14 Deferred revenue

Deferred revenue contains customer credits from prepayments as well as from sold vouchers.

8.15 Other current liabilities

The other current liabilities as of 31 December 2014 are composed as follows:

kEUR	31 Dec 2014	31 Dec 2013	31 Dec 2012	1 Jan 2012
Social security obligations	178	117	53	13
VAT payables	148	296	9	-
Deferred income	55	46	-	-
Other	2	4	-	-
Non-financial liabilities	**383**	**463**	**62**	**13**
Other personnel-related liabilities	454	185	82	18
Bonus	383	277	298	29
Refund obligations from returns	365	206	75	16
Customers with credit balances	250	74	25	4
Audit services and tax advice	77	43	19	8
Other	100	1	-	-
Financial liabilities	**1,629**	**786**	**499**	**75**
Other current liabilities	**2,012**	**1,249**	**561**	**89**

The other current liabilities have a maturity of up to one year and are not charged interest.

Credit balances of customers are related to overpayments or returned goods. Pampers savings plans which have already been sold to customers but are not yet used are recorded as deferred income.

8.16 Income taxes and deferred taxes

The significant components of income tax expenses for the financial years 2014, 2013 and 2012 are composed as follows:

kEUR	2014	2013	2012
Actual income taxes			
Current income taxes	2	6	-
Subtotal	**2**	**6**	**-**
Deferred taxes			
From temporary differences	85	203	-
From released deferred taxes on losses carried forward	201	24	11
From losses carried forward	-46	-205	-
Subtotal	**240**	**22**	**11**
Total	**242**	**28**	**11**

In calculating current taxes in Germany a uniform corporation tax rate based on distributed and retained profits incl. the solidary surcharge of 15.83 %is applied (2013: 15.83 %, 2012: 15.83 %). In addition to corporation tax, trade tax is levied on profits generated in Germany. Given that trade tax is a non-deductible business expense, an average trade tax rate of 17.15 % (2013: 17.15 %, 2012: 17.15 %) has been applied, so that the total domestic tax rate amounts to 32.98 % (2013: 32.98 %, 2012: 32.98 %). In calculating deferred tax assets and liabilities the tax rates valid at the time of realising the asset or repaying the liability are applied. windeln.de GmbH's deferred tax assets and liabilities were measured on the basis of the total tax rate of 32.98 % (31 December 2013: 32.98 %, 31 December 2012: 32.98 %, 1 January 2012: 32.98 %).
For the calculation of the current taxes as well as deferred tax assets and liabilities for Switzerland, tax rates between 20.02 % and 20.67 % were applied.

The reconciliation between income tax expenses and the product of the recognised profit of the period and the applicable Group tax rate for the 2014, 2013 and 2012 financial years is as follows:

kEUR	2014	2013	2012
Profit before taxes	**-9,585**	**-12,246**	**-7,293**
Expected income tax expense	-3,159	-4,035	-2,405
Unrecognised deferred tax assets on losses carried forward	3,985	4,029	2,151
Unrecognised deferred tax assets on temporary differences	-	-	261
Other non-deductable operating expenses	294	42	15
Non-taxable income	-729	-	-
Deferred taxes recorded through equity	-177	-13	-11
Other deviations	28	5	0
Effective income tax expense	**242**	**28**	**11**

Expected income tax rate (in %)	32.96%	32.95%	32.98%
Effective income tax rate (in %)	-2.53%	-0.23%	-0.15%

The non-taxable income in 2014 relates to the contingent consideration. For details of this see section 8.7.

The expected Group tax rate for a given year is determined by averaging out of the individual tax rates to which all the companies included in the consolidated financial statements are subject.

Deferred income tax at the balance sheet dates is as follows:

kEUR	31 Dec 2014	31 Dec 2013	31 Dec 2012	1 Jan 2012
Deferred tax assets				
Costs recognised in equity	201	24	11	-
Losses carried forward	12,470	8,467	3,724	1,584
Defined benefit obligations and other accrued employee benefits	9	13	419	104
Trade receivables	9	27	13	1
Other current provisions	-	42	41	0
Other current non-financial liabilities	-	15	-	-
Inventories	-	-	81	15
Other	0	9	6	-
Subtotal	**12,689**	**8,597**	**4,295**	**1,704**
Deferred tax liabilities				
Intangible assets	882	716	156	-
Other	-	9	24	-
Subtotal	**882**	**725**	**180**	**-**
After netting:				
Deferred tax assets (net)	**12,129**	**8,144**	**4,115**	**1,704**
Deferred tax liabilities (net)	**322**	**273**	**-**	**-**
Thereof recognised in statement of financial position (deferred tax assets)	-	-	-	-
Thereof recognised in statement of financial position (deferred tax liabilities)	322	273	-	-

In total, the Group has domestic corporation taxable losses carried forward amounting to kEUR 38,001 (31 December 2013: kEUR 25,559, 31 December 2012: kEUR 11,338, 1 January 2012; kEUR 4,807), domestic trade tax loss carryforwards of kEUR 37,374 (31 December 2013: kEUR 25,238, 31 December 2012: kEUR 11,252, 1 January 2012: kEUR 4,803) as well as foreign loss carryforwards of kEUR 224 (31 December 2013: kEUR 443).

As the Company has no history of profits, domestic losses carried forward were only recognised as deferred tax assets up to the amount of the recognised deferred tax liabilities. On 31 December 2014 deferred tax assets from losses carried forward totalling kEUR 12.129 (31 December 2013: kEUR 8,144, 31 December 2012: kEUR 3,735, 1 January 2012: kEUR 1,584) were not recognised. The losses carried forward are available for use indefinitely.

On 31 December 2014, deferred tax assets of kEUR 47 were recognised on foreign losses carried forward (31 December 2013: kEUR 94). In each year these were offset against deferred tax liabilities.

No deferred tax liabilities were recognised for temporary differences related to shares in subsidiaries. In case of recognition there would be a deferred tax liability of kEUR 52 as of December 31 2014 (31. December 2013: kEUR 56).

9. Notes to the consolidated statement of profit and loss

9.1 Revenues

Revenues by type:

kEUR	2014	2013	2012
Revenues from sale of goods	100,375	49,357	21,494
Revenues from other services	949	81	48
Revenues	**101,324**	**49,438**	**21,542**

The Group's revenues stem mainly from the sale of items for babies and toddlers in Germany, Switzerland and China. In the past three financial years the Group companies were able to achieve significant growth in revenues in all target countries. In particular exports to China contributed significantly to the accelerated growth from the financial year 2013 onwards.

The Group also earns other revenues from advertising cost subsidies which are paid as consideration for services rendered. This is mainly related to flyers and online advertisements (banners).

Revenues by geographic region:

kEUR	2014	2013	2012
DACH	44,040	23,981	14,397
China	55,666	24,734	7,079
Other / rest of Europe	1,618	723	66
Revenues	**101,324**	**49,438**	**21,542**

9.2 Cost of sales

kEUR	2014	2013	2012
Cost of goods sold	77,203	38,772	17,337
Personnel expenses	590	281	124
Depreciation and amortisation	9	-	3
Other cost of sales	67	53	12
Cost of sales	**77,869**	**39,106**	**17,476**

Cost of sales mainly includes cost of goods sold, personnel expenses as well as depreciation and amortisation. Cost of sales in the financial year 2014 in comparison to those in the financial years 2013 and 2012, in light of the significant growth of the company, have risen significantly and are developing at a slightly slower rate than the revenues due to improved delivery conditions.

9.3 Selling and distribution expenses

kEUR	**2014**	**2013**	**2012**
Logistics	8,511	5,131	2,255
Personnel expenses	6,212	3,859	1,495
Marketing	5,208	4,117	3,003
Rental expenses	2,600	1,989	844
Payment processing	2,513	858	322
Depreciation and amortisation	744	308	113
Losses on trade receivables / allowances	587	397	415
Other selling and distribution expenses	293	479	110
Selling and distribution expenses	**26,668**	**17,138**	**8,557**

Selling and distribution expenses essentially contain the expenses for personnel, marketing and logistics as well as for depreciation and amortisation. The significant increase in selling and distribution costs compared to the previous years is due to the significant growth of the Group.

Rental expense include warehouse rental expenses in the amount of kEUR 2,045 (2013: kEUR 1,734, 2012: kEUR 781) and rental expenses for office space in the amount of kEUR 555 (2013: kEUR 255, 2012: kEUR 63).

9.4 Administrative expenses

kEUR	2014	2013	2012
Personnel expenses	6,101	3,492	1,650
Freelancer	1,293	979	726
Legal and consulting expenses	340	182	72
IT environment	221	66	43
Recruiting	176	0	-
Travel expenses	131	72	41
Rental expenses	90	63	19
Audit	64	42	20
Depreciation and amortisation	32	106	18
Other administrative expenses	230	400	284
Administrative expenses	**8,678**	**5,402**	**2,873**

The administrative expenses mainly consist of expenses for personnel, legal and consulting services, rent and depreciation and amortisation. The significant increase in administrative costs compared to the previous years is connected with the further establishment of structures and resources in the course of increased company growth.

9.5 Other operating income and expenses

kEUR	2014	2013	2012
Income from subletting contracts	175	16	-
Foreign exchange income	63	2	-
Other	29	7	48
Other operating income	**267**	**25**	**48**
Losses from disposal of non-current assets	-	34	-
Foreign exchange expenses	99	6	-
Other	0	0	-
Other operating expenses	**99**	**40**	**-**

Income and expenditure from changes in the exchange rate contain, in essence, profit or loss from changes to exchange rates between the time the foreign currency receivables and liabilities arose and the time they were paid.

9.6 Financial result

kEUR	2014	2013	2012
Interest and other income	5	5	24
Income from change in fair value of derivatives	2,218	-	-
Financial income	**2,223**	**5**	**24**
Interest and other expenses	59	26	1
Financing costs from finance-leases	5	2	0
Other	21	-	-
Financial expenses	**85**	**28**	**1**
Financial result	**2,138**	**-23**	**23**

The income from change in fair value of derivatives in the financial year 2014 relates solely to the contingent consideration, see section 8.7.

Financial expenses mainly consist of interest expenses resulting from credit facilities and expenses related to finance lease contracts.

9.7 Personnel expenses

kEUR	2014	2013	2012
Wages and salaries	7,996	5,395	2,218
Share-based payments	3,650	1,410	714
Social security expenses	1,256	827	337
Personnel expenses	**12,902**	**7,633**	**3,269**

In the financial year 2014, the Group employed an average of 234 employees (2013: 148 , 2012: 41) as well as 102 working students (2013: 96 , 2012: 58) and by that continues its growth as in previous years.

Social security expenses amount to kEUR 712 (2013: kEUR 464, 2012: kEUR 164).

In the past, the Company has issued virtual stock options share-based payment components to various employees, see section 8.10.

10. Financial risk management and financial instruments

10.1 Financial risk factors

Due to its business activities, the Group is exposed to various financial risks (the market risk resulting from currency risks and interest risks, the credit risk, and the liquidity risk).

The Group's risk management is focused on the unpredictability of the development on the financial markets and aims to minimise potentially negative effects on the financial position of the Group.

Risk management is carried out by the central finance department according to guidelines set out by the Management. The Group's finance department identifies and assesses financial risks in close co-operation with the Group's operative units. The Management provides both the principles for cross-divisional risk management and guidelines for specific risks, such as exposure to foreign currency risks, interest and credit risks, the use of derivative and non-derivative financial instruments, and investments of liquidity surpluses.

The significant financial liabilities used by the Group incorporate interest-bearing financial liabilities, trade accounts payable and other liabilities. The primary purpose of these financial liabilities is to finance the Group's business activities and retention of these activities. The Group has access to trade accounts receivable and other receivables, as well as currency and currency equivalents, which result directly from its business activities as well as from payments made by the shareholders.

So far the Group has refrained from using derivative financial instruments to hedge certain risks.

a) Market risk

The market risk is understood as the risk that the fair value or the future cash flow of a financial instrument fluctuates due to changes in the market prices. Market risks include interest risks, currency risks and other price risks.

Currency risk

The currency risk can be split into two types - translation risk and transaction risk.

The translation risk describes the risk from changes to the balance sheet and income statement items of a subsidiary due to changes to the exchange rates when converting local individual financial statements into Group's presentation currency. The changes caused by currency fluctuations when translating balance sheet items are recognised in equity. The windeln.de Group is currently exposed to such a risk with two subsidiaries, though this risk is minimal due to the size of these companies. There is correspondingly no hedging of this risk.

The transaction risk is the risk that the value of future foreign currency payments may change due to exchange rate fluctuations. The Group trades internationally and is subsequently exposed to a foreign currency risk, which is based on changes to the exchange rate of various foreign currencies, primarily that of the Swiss Franc (CHF). The Group is increasingly attempting to limit the CHF foreign currency risk through so-called natural hedging, i.e. local product purchases in CHF as well as limiting the sale of goods to Swiss customers in CHF. Furthermore, the windeln.de Group is carrying out purchases in currently minor amounts in other foreign currencies such as the British Pound (GBP) or

the US Dollar (USD). The Group monitors the volume of these purchases through regular assessments. Sales, including to Chinese customers, take place only in EUR and CHF.

To reflect market risks, IFRS 7 requires sensitivity analyses that demonstrate the effects of hypothetical changes of relevant risk variables on the profit for the period and the equity. The following observation is one-dimensional and does not take into account the effect of taxes. The table shows the positive and negative effects, if the Euro had depreciated or appreciated by 10 % in value in comparison to the displayed currencies, provided all other variables had remained constant. Here, currency profits and losses from trade accounts payable based on foreign currency exert an influence on the Group's profit, which has an equal effect on equity. Apart from the Group's profit, there exist no other effects on equity resulting from changes in exchange rates.

Currency	1 EUR = 1 CU FC Rate per 31 Dec 2014	Effect on group profit and loss 2014 at + 10 % kEUR	Effect on group profit and loss 2014 at - 10 % kEUR
CHF	1.2024	1	-2
GBP	0.7789	1	-2
USD	1.2141	5	-6

The risk for the Group from exchange rate fluctuations for all other currencies not presented here is insignificant.

Since foreign exchange transactions for hedging cash flows and net investments in foreign subsidiaries is not concluded, there exist no effects on equity on the basis of the sensitivity analysis.

Interest rate risk

The interest rate risk includes the influence of positive and negative changes to interest rates on the profit, equity, or cash flow in the current or a future reporting period. Interest rate risks from financial instruments can arise within the windeln.de Group mainly in connection with financial liabilities.

The parent company has incurred an overdraft facility with a fixed interest rate and is therefore currently not subject to any risks from interest rate changes with regards to financial liabilities. A change in the market risk at reporting date by 100 BP, would have no effect on the Group profit or equity.

b) Credit risk

The credit risk, also known as risk of default, is the risk that a business partner will not fulfil his/her obligations in the framework of a financial instrument or customer contract and that this will lead to a financial loss. The extent of this credit risk for the windeln.de Group corresponds to the sum of trade receivables, as well as other financial assets and cash or cash equivalents. The maximum credit risk in case of a counterparty defaulting corresponds for all classes of financial asset to the book

value on the balance sheet date in each case. There do not exist any significant concentration risks for the windeln.de Group.

Risks of default will arise for the windeln.de Group mainly from trade receivables from customers. Credit limits are set for all customers based on internal risk classification guidelines. Outstanding receivables from customers are monitored regularly and put through a three-step collection procedure. In order to reduce the credit risk, collective allowance is recorded, taking into consideration the age structure of the receivables. Overdue and unsuccessfully collected receivables are sold at a fixed rate and the remaining uncollectible amount is recorded through profit and loss.

In addition, there exists a risk of default for cash and cash equivalents to the effect that financial institutions can no longer fulfil their obligations. This risk of default is confined by carrying out this investment at various banking institutions with good ratings.

c) Liquidity risk

The liquidity risk includes the risk that the Group is not in the position to settle its assumed financial liabilities upon their maturity. This is why a significant aim of the liquidity management is to ensure that payment is possible at all times. The Group constantly monitors the risk of liquidity shortfalls by using a liquidity planning tool. This takes account of payments in and out of the financial assets and financial liabilities as well as expected cash flows from business activities. The cash flow predictions are prepared at Group level.

The Group's aim is to maintain a balance between the continuous covering of the required financial resources and to ensure flexibility by using a credit facility. The Group uses cash pooling techniques for effective liquidity management. Possibly remaining short-term liquidity peaks are balanced out by using credit facilities. At the balance sheet date, there were available credit limits of kEUR 2,580 (31 December 2013: kEUR 2,414; 31 December 2012: kEUR 1,010; 1 January 2012: kEUR -) at two independent banking institutions. The Group is therefore currently not subject to any liquidity risks.

The following table shows the Group's financial liabilities according to class of maturity, based on the remaining maturity at the balance sheet date in each case and related to the contractually agreed, non-discounted cash flows. Financial liabilities payable at any time are always to be allocated to the earliest possible time of payment. Variable interest payments from the financial instruments have, where applicable, been calculated on the basis of the last interest rate fixed before the balance sheet date in each case.

kEUR	Up to 3 Months	3 Months up to 1 year	Above 1 year
At 31 December 2014	**12,356**	**27**	**106**
Financial liabilities	1,514	27	106
Trade payables	8,830	-	-
Other liabilities	2,012	-	-
At 31 December 2013	**8,380**	**13**	**58**
Financial liabilities	1,911	13	58
Trade payables	5,219	-	-
Other liabilities	1,250	-	-
At 31 December 2012	**3,689**	**1**	**3**
Financial liabilities	1	1	3
Trade payables	3,127	-	-
Other liabilities	561	-	-
At 1 January 2012	**925**	**-**	**-**
Financial liabilities	-	-	-
Trade payables	837	-	-
Other liabilities	88	-	-

10.2 Capital management

The aims of the Group with regards to capital management lie essentially in maintaining and ensuring an optimum capital structure to continue financing the growth plan and the long-term management of the company's value. Here, particular focus is put on the reduction of capital costs, the generation of liquid funds and the active management of the net working assets, as well as on compliance to financial covenants.

The Company is not subject to any statutory capital requirements. External minimum capital requirements arise from the financial covenants of the credit facility, see section 8.12.

The Group manages its capital structure on the basis of various figures, such as the equity ratio, and makes adjustments where appropriate, taking into account changes to the general state of the economy. Just as in previous years, the Group's strategy for the year 2014 consisted of maintaining the equity ratio at a minimum of 25%. At the end of the financial year 2014, the Group's equity ratio amounted to 60.7% following 18.5% in the previous year (31 December 2012: 19.1%, 1 January 2012: 86.5%).

kEUR	31 Dec 2014	31 Dec 2013	31 Dec 2012	1 Jan 2012
Equity	34,621	3,041	1,274	8,449
Total Equity and Liabilities	57,044	16,420	6,678	9,772
Equity ratio in %	**60.7%**	**18.5%**	**19.1%**	**86.5%**

10.3 Additional disclosures on financial instruments

The following table shows book values and fair values of all financial instruments recorded in the consolidated financial statements and how the assets and liabilities or parts of the totals of each category are classified into the valuation categories according to IAS 39 or IAS 17:

kEUR	Category acc. to IAS 39	**Book value 31 Dec 2014**	Measurement acc. to IAS 39: At cost	Measurement acc. to IAS 39: Fair value (through equity)	Measurement acc. to IAS 39: Fair value (through p&l)	**Measurement acc. to IAS 17**	**Fair Value 31 Dec 2014**
Financial assets							
Other non-current financial assets	afs	0	0	-	-	-	**0**
Trade receivables	LaR	1,725	1,725	-	-	-	**1,725**
Other current financial assets	LaR / afs / hft	3,939	1,728	-	2,211	-	**3,939**
Cash and cash equivalents	LaR	33,830	33,830	-	-	-	**33,830**
Financial liabilities							
Non-current finance-lease liabilities	n.a.	85	-	-	-	85	**85**
Trade payables	FLAC	8,830	8,830	-	-	-	**8,830**
Current financial liabilities	FLAC	1,532	1,532	-	-	-	**1,532**
Current finance-lease liabilities	n.a.	26	-	-	-	26	**26**
Other current financial liabilities	FLAC	1,629	1,629	-	-	-	**1,629**
Totals per category acc. to IAS 39							
Available for sale (afs)	afs	4	4	-	-	-	**4**
Financial asset held for trading (hft)	hft	2,211	-	-	2,211	-	**2,211**
Loans and receivables (LaR)	LaR	37,279	37,279	-	-	-	**37,279**
Financial liabilities measured at amortised cost (FLAC)	FLAC	11,991	11,991	-	-	-	**11,991**

kEUR	Category acc. to IAS 39	**Book value 31 Dec 2013**	At cost	Fair value (through equity)	Fair value (through p&l)	**Measurement acc. to IAS 17**	**Fair Value 31 Dec 2013**
			Measurement acc. to IAS 39				
Financial assets							
Other non-current financial assets	afs	0	0	-	-	-	**0**
Trade receivables	LaR	1,171	1,171	-	-	-	**1,171**
Other current financial assets	LaR / afs / hft	1,445	1,445	-	-	-	**1,445**
Cash and cash equivalents	LaR	267	267	-	-	-	**267**
Financial liabilities							
Non-current finance-lease liabilities	n.a.	51	-	-	-	51	**51**
Trade payables	FLAC	5,219	5,219	-	-	-	**5,219**
Current financial liabilities	FLAC	1,920	1,920	-	-	-	**1,920**
Current finance-lease liabilities	n.a.	14	-	-	-	14	**14**
Other current financial liabilities	FLAC	786	786	-	-	-	**786**
Totals per category acc. to IAS 39							
Available for sale (afs)	afs	4	4	-	-	-	**4**
Financial asset held for trading (hft)	hft	-	-	-	-	-	**-**
Loans and receivables (LaR)	LaR	2,879	2,879	-	-	-	**2,879**
Financial liabilities measured at amortised cost (FLAC)	FLAC	7,926	7,926	-	-	-	**7,926**

kEUR	Category acc. to IAS 39	**Book value 31 Dec 2012**	Measurement acc. to IAS 39: At cost	Fair value (through equity)	Fair value (through p&l)	**Measurement acc. to IAS 17**	**Fair Value 31 Dec 2012**
Financial assets							
Other non-current financial assets	afs	0	0	-	-	-	**0**
Trade receivables	LaR	1,005	1,005	-	-	-	**1,005**
Other current financial assets	LaR / afs	888	888	-	-	-	**888**
Cash and cash equivalents	LaR	411	411	-	-	-	**411**
Financial liabilities							
Non-current finance-lease liabilities	n.a.	2	-	-	-	2	**2**
Trade payables	FLAC	3,127	3,127	-	-	-	**3,127**
Current financial liabilities	FLAC	1	1	-	-	-	**1**
Current finance-lease liabilities	n.a.	1	-	-	-	1	**1**
Other current financial liabilities	FLAC	499	499	-	-	-	**499**
Totals per category acc. to IAS 39							
Available for sale (afs)	afs	1	1	-	-	-	**1**
Loans and receivables (LaR)	LaR	2,303	2,303	-	-	-	**2,303**
Financial liabilities measured at amortised cost (FLAC)	FLAC	3,627	3,627	-	-	-	**3,627**

Due to the short maturity of the cash and cash equivalents, trade receivables and payables as well as other current financial assets and other current financial liabilities, it is assumed for these items, that the fair values correspond with the book values.

In other non-current financial assets, the investment in the Urban-Brand Management Ltd. is included with a value of EUR 1 (as in the previous years with EUR 1). In other non-current financial assets, members' shares in a cooperative in the amount of kEUR 4 are included (31 December 2013:

kEUR 4; 31 December 2012: kEUR 2). Both financial assets are classified as "available for sale". Because the fair value cannot be reliably measured they are measured "at cost".

The fair values of the current financial liabilities correspond with their book values, since the contractually agreed interest rates do not deviate significantly from the market-standard interest rates.

The following tables show the net results of financial assets and financial liabilities per fiscal year.

			From subsequent measurement through profit and loss					
kEUR	**Interest income**	**Interest expense**	At fair value	Foreign exchange	Impairment	**through equity from subsequent measurement**	**through profit and loss from derecognition**	**Net result**
Available for sale (afs)	-	-	-	-	-	-	-	-
Financial asset held for trading (hft)	-	-	2,211	-	-	-	-	2,211
Loans and receivables (LaR)	5	-	-	-34	-756	-	-471	- 1,256
Financial liabilities measured at amortised cost (FLAC)	-	-65	-	3	-	-	-	-61
Total for fiscal year 2014	**5**	**-65**	**2,211**	**-31**	**-756**	**-**	**-471**	**894**

			From subsequent measurement through profit and loss					
kEUR	**Interest income**	**Interest expense**	At fair value	Foreign exchange	Impairment	**through equity from subsequent measurement**	**through profit and loss from derecognition**	**Net result**
Available for sale (afs)	-	-	-	-	-	-	-	-
Financial asset held for trading (hft)	-	-	-	-	-	-	-	-
Loans and receivables (LaR)	5	-	-	-5	-503	-	-291	-794
Financial liabilities measured at amortised cost (FLAC)	-	-28	-	1	-	-	-	-27
Total for fiscal year 2013	**5**	**-**	**-**	**-4**	**-503**	**-**	**-291**	**-821**

kEUR	Interest income	Interest expense	From subsequent measurement through profit and loss: At fair value	Foreign exchange	Impairment	through equity from subsequent measurement	through profit and loss from derecognition	Net result
Available for sale (afs)	-	-	-	-	-	-	-	-
Financial Asset Held for Trading (hft)	-	-	-	-	-	-	-	-
Loans and receivables (LaR)	24	-	-	-	-436	-	-242	-654
Financial liabilities measured at amortised cost (FLAC)	-	-1	-	-	-	-	-	-1
Total for fiscal year 2012	**24**	**-**	**-**	**-**	**-436**	**-**	**-242**	**-655**

10.4 Fair value hierarchy

Below, financial instruments measured at fair value are analysed and categorised according to the levels of the fair value hierarchy described under section 4.18.

The following table shows the assets and liabilities measured at fair value as of 31 December 2014:

kEUR	Level 1	Level 2	Level 3
Assets measured at fair value			
Contingent consideration	-	-	2,211
Liabilities for which fair values are disclosed			
Obligation under finance lease	-	112	-

The following table shows the assets and liabilities measured at fair value as of 31 December 2013:

kEUR	Level 1	Level 2	Level 3
Assets measured at fair value			
Contingent consideration	-	-	0
Liabilities for which fair values are disclosed			
Obligation under finance lease	-	65	-

The following table shows the assets and liabilities measured at fair value as of 31 December 2012:

kEUR	Level 1	Level 2	Level 3
Liabilities for which fair values are disclosed			
Obligation under finance lease	-	3	-

As of 1 January 2012 no assets or liabilities were recognised and measured at fair value.

The fair value of the contingent consideration is measured on a quarterly basis. The valuation approach used for this estimation is described in detail in section 7 and was applied consistently during the reporting period.

This financial instrument is classified as Level 3, since future estimated revenues and EBITDA values are used in the calculation of the fair value. As of 31 December 2014 cumulated revenues of kEUR 11,600 and a cumulated EBITDA under kEUR -1,575 is expected for the relevant business sector and the relevant time span.

As of 31 December 2013, the fair value of the contingent consideration amounted to kEUR 0 compared to kEUR 2,211 as of 31 December 2014.

Changes to the fair value are recognised in financial income or financial expenses in profit or loss. In 2014, due to changes in the fair value of the financial instrument, financial income is recorded in the amount of kEUR 2,211.

With regards to future revenues and EBITDA for the business sector, statistical models were used for these calculations. The actual development of the revenues and EBITDA may deviate from the assumptions made. A deviation would lead to a lower (return of 0 shares) or higher (return of maximum 2,784 shares) reimbursement.

If a financial instrument is to be classified as Level 3, the Management is to decide which valuation process is to be used. In order to help with the decision-making process, the Management will be presented with various alternatives by the in-house valuation department. After having selected a valuation process, this will be used continuously with regards to this financial instrument. The fair value will be measured at least quarterly.

There were no reclassifications between the different levels during the reporting period. If circumstances arise which require a change in classification, the affected financial instruments will be reclassified quarterly.

11. Other disclosures

11.1 Notes to the consolidated statement of cash flows

The consolidated statement of cash flows was prepared in accordance with IAS 7 Cash flow statements and shows the during the course of the reporting year occuring changes to the Group's cash and cash equivalents position due to cash in- and outflow.

According to IAS 7, the cash flows are recognised separately based on origin and use between the operative sector and the cash flow from the investment and financing activities. The cash inflow and outflow from operating activities are indirectly inferred from the annual profit and losses by the Group. Cash inflow and outflow from investing and financing activities are derived directly. The funds in the consolidated cash flow statement correspond to the value of cash and cash equivalents in the consolidated statement of financial position. Cash and cash equivalents include the freely available cash deposits and deposits with financial institutions.

The negative cash flow from operating activities results from the correction of the annual deficit by non-cash effects. The growth of the windeln.de Group is equally reflected in a significantly increased stock of goods as well as a high amount trade receivables and payables.

The negative cash flow from the investment activities derives predominantly from investments in intangible assets. Here, investments have been made in particular in developing the Group's own online shop. In addition, investments have been made in other software as well as in plant and equipment.

The cash flow from financing activities consists in essence of payments from shareholders into the equity of windeln.de GmbH, through which the intended growth has been financed upfront and with which the liquidity of the Group was guaranteed at all times.

In total, the cash and cash equivalents increased compared to the previous year by kEUR 33,563 to kEUR 33,830.

11.2 Other financial obligations and contigent liabilities

a) Obligations from Operating-Leases – group as lessee

The Group has closed leasing contracts for office spaces as well as various vehicles and operating and business equipment. The average maturity of these leasing contracts is between one and five years, but renew automatically for a period of one to five years if not terminated. The leasing contracts do not allow for the possibility of contract extensions. As a lessee, the Group is not subjected to any limitations by the leasing agreements.

In the reporting period expenses from operating leases amount to kEUR 1,066 (2013: kEUR 791, 2012: kEUR 136).

At 31 December, following future minimum leasing obligations from non-cancellable operating leases exist:

kEUR	2014	2013	2012
Up to 1 year	1,042	768	240
Above 1 year and up to 5 years	3,103	833	499
Above 5 years	201	-	-
Total	**4,346**	**1,601**	**739**

At 31 December 2014, the Company has receivables on future minimum leasing payments from non-cancellable operating leases for sub-let office spaces to the amount of kEUR 26 (31 December 2013: kEUR 32). All receivables are due within one year. Before 2013, the Group had no sub-letting commitments.

b) Obligations from finance-leases and hire purchase contracts

The Group has closed various finance leases and hire purchase contracts for operating and business equipment. The contracts do not allow for extensions or purchase options, and do not contain price adjustment clauses, but renew automatically for a period of one to five years if not terminated. The future minimum leasing payments from finance leases and hire purchase contracts can be valued in cash as follows:

		2014		2013		2012
kEUR	**Minimum lease payments**	**Present value of minimum lease payments**	**Minimum lease payments**	**Present value of minimum lease payments**	**Minimum lease payments**	**Present value of minimum lease payments**
Up to 1 year	36	29	18	14	1	1
Above 1 year and up to 5 years	105	94	57	50	3	2
Above 5 years	1	1	1	1	-	-
Total minimum lease payments	**142**	**124**	**76**	**65**	**4**	**3**
Less interest	-18	-	-11	-	-1	-
Present value of minimum lease payments	**124**	**124**	**65**	**65**	**3**	**3**

d) Other financial obligations

Obligations

At 31 December 2014, there exist future obligations from yet undelivered orders to the amount of kEUR 6,945 (31 December 2013: kEUR 4,000, 31 December 2012: kEUR 2,119, 1 January 2012: kEUR 720).

Litigations

At 31 December 2014, there exist no significant, unresolved litigations.

Guarantees

At 31 December 2014, no guarantees had been provided.

Contingent liabilities

At 31 December 2014 and the balance sheet dates of 31 December 2013, 31 December 2012 and 1 January 2012, no contingent liabilities existed.

11.3 Collateral

At 31 December 2014 and the balance sheet dates of 31 December 2013, 31 December 2012 and 1 January 2012, the Group does not hold any collateral.

Regarding the inventory assigned as collateral, see section 8.4.

11.4 Related party disclosures

A person or entity is considered related to the Group when those persons and entities have control of or significant influence over the Group.

Information on Group structure and subsidiaries can be found in section 7. windeln.de GmbH is the ultimate parent company.

Terms and conditions of transactions with related parties

Sales to and purchases by related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2014, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2013: kEUR -, 2012: kEUR -). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Transactions with key management personnel

The members of the management team of windeln.de GmbH and one member of the management of windeln.ch AG have been identified as related party to the Group according to IAS 24. The members of the management team and their compensation are described in section 11.5.

windeln.ch AG has closed a subletting agreement with carry n cash AG for office spaces. Under this agreement windeln.ch AG received rent in the amount of kEUR 126 for financial year 2014 (2013: kEUR 11), there were no open receivables as of 31 December 2014 (31 December 2013: kEUR 11). One member of management has a key position in carry n cash AG.

windeln.ch AG rents office spaces from Hesta Services AG. In financial year 2014 windeln.ch AG paid rent for these office spaces in the amount of kEUR 253 (2013: kEUR 21). Payables in the amount of kEUR 21 are outstanding as of 31 December 2014 (31 December 2013: kEUR 21). One member of management has a key position in Hesta Services AG.

windeln.de GmbH has closed a subletting agreement with shopstar GmbH for office spaces. Under this agreement windeln.de GmbH received rent in the amount of kEUR 2 in financial year 2014 (2013: kEUR 2). There were no receivables outstanding as of 31 December 2014 (31 December 2013: kEUR -). In addition windeln.de GmbH has purchased office equipment from shopstar GmbH in the amount of kEUR 2 in financial year 2014. One member of the management team has a key position in shopstar GmbH.

In financial year 2014 the group sold merchandise in the amount of kEUR 3 (2013: kEUR -) to key management personnel in the course of the ordinary business activities. As of 31 December 2014 there were receivables outstanding in the amount of kEUR 0 (31 December 2013: kEUR -) from key management personnel.

One member of the management team has a key position in Yorxs AG and also a key position in mybet AG.

A contingent consideration of kEUR 2,211 (31 December 2013: kEUR 0) was granted to a member of the management team in connection with the acquisition of windeln.ch AG. In addition, a prepayment for share-based payments in the amount of kEUR 717 (31 December 2013: kEUR 1,434) was granted to a member of the management team. For details refer to section 7 and 8.7.

Other transactions

In financial year 2014 the Group sold merchandise to family members of key management personnel in the amount of kEUR 3 (2013: kEUR 3, 2012: kEUR 2) in the course of the ordinary business activities. As of 31 December 2014 there were receivables outstanding in the amount of kEUR 0 (31 December 2013: kEUR -, 31 December 2012: kEUR -) from family members of key management personnel.

In financial year 2014, 2013 and 2012 no loans were granted to or received from shareholders or other related parties.

11.5 Bodies

Members of the Management:

Name	Residence	Occupation
Alexander Brand (since 1 February 2010)	Grünwald	Managing director
Konstantin Urban (since 1 December 2010)	Gräfelfing	Managing director

The members of the Management are only compensated due to their function as a person in a key position.

Remuneration of persons in key positions in the Group

kEUR	2014	2013	2012
Fixed salary components	311	300	276
Variable salary components	119	130	90
Benefits in kind	0	-	-
Total remuneration	430	430	366

In the 2014 financial year directors occupying key positions within the Group were granted total remuneration amounting to kEUR 430 (2013: kEUR 430, 2012: kEUR 366). This does not include any share-based payment commitments. The Group paid the premium for a life insurance policy for Mr. Urban, a leased vehicle was made available for Mr. Brand. In addition, a D&O insurance policy with no excess was taken out for the directors of windeln.de GmbH.

During the past year the entity's advisory board consisted of the following members:

- Nenad Marovac
- Christoph Braun
- Fausto Boni (since 29 January 2013)
- Jochen Gutbrod (resigned on 5. November 2014)
- Hans Schreck (since 21 February 2014, resigned 5 November 2014)
- Tomasz Czechowicz (since 29 January 2013, resigned 5. November 2014)
- David Reis (since 5. November 2014)
- Francesco Rigamonti (since 5. November 2014)

Members of the Advisory Board are reimbursed the travel costs and other expenses incurred during the course of their Advisory Board duties. Advisory Board members do not receive any other remuneration.

11.6 Events after the reporting period

No reportable events occurred after the reporting period.

Grünwald, 13 March 2015

Alexander Brand Konstantin Urban