annualreport2016

lastminute.comgroup

lastminute.comgroup

lastminute.com

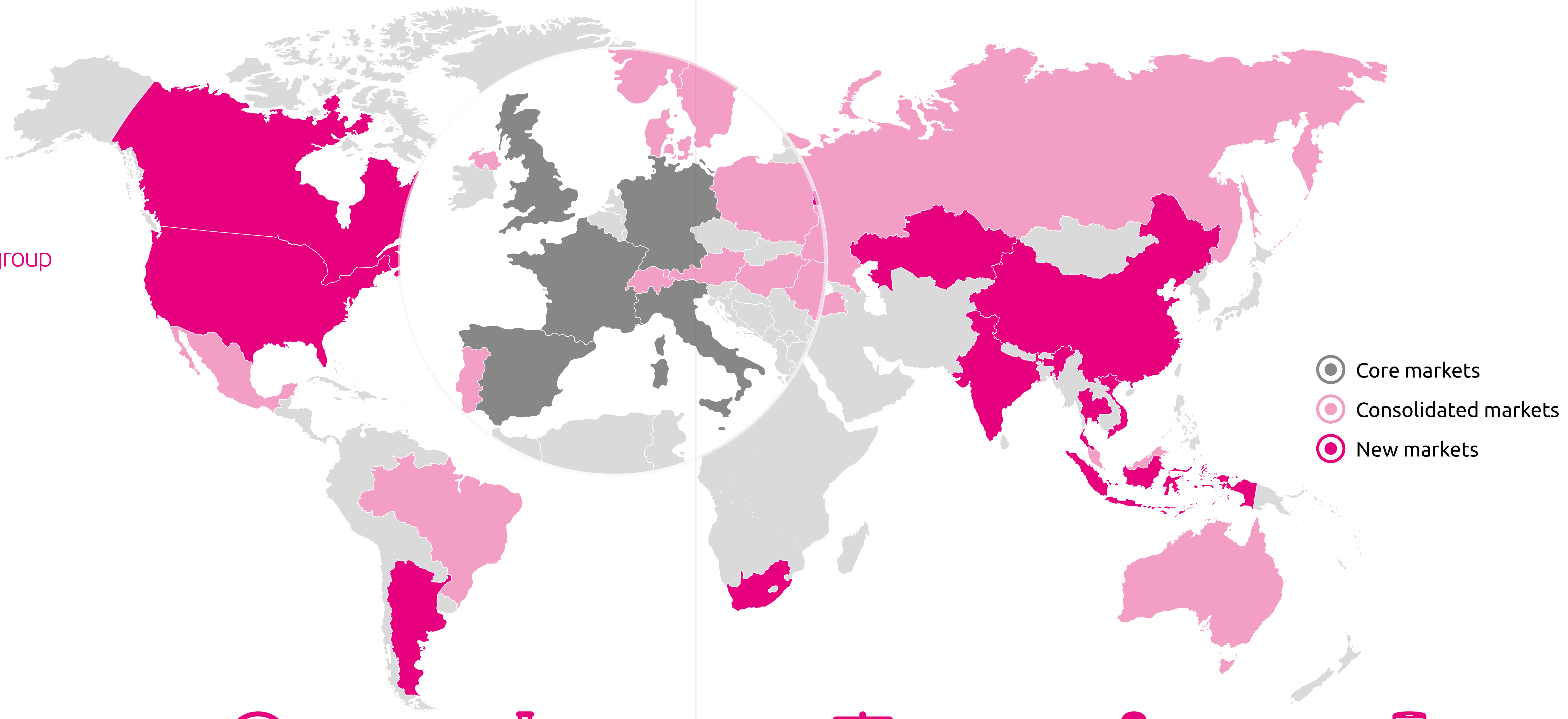
bravofly

rumbo

volagratis

wayn

Jetcost



40 countries

around 10 million passengers handled per year

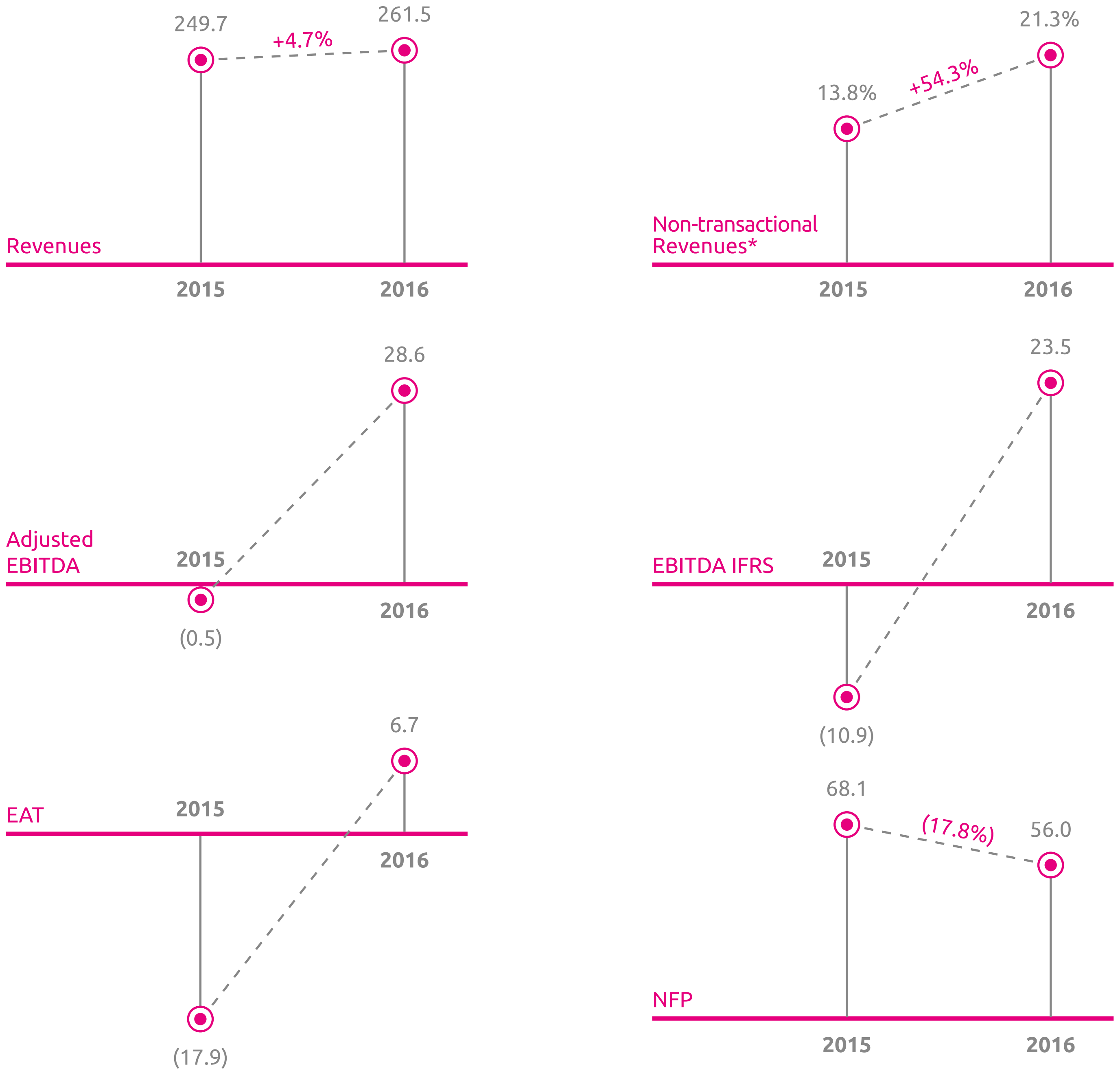
offering and services available in **17 languages**

1200 people in **12 countries**

nearly 5 million APP downloads

2016 Financial information at a glance

(in € million)



* Non-transactional Revenues include META and MEDIA Revenues.
Data in % versus total Revenue

Content

Main KPIs and segment reporting 2
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28% of mobile bookings

on total bookings (above industry average 21%*)

+100% vs 2014

+91.5% META

Revenue growth vs FY2015

23.3M daily searches

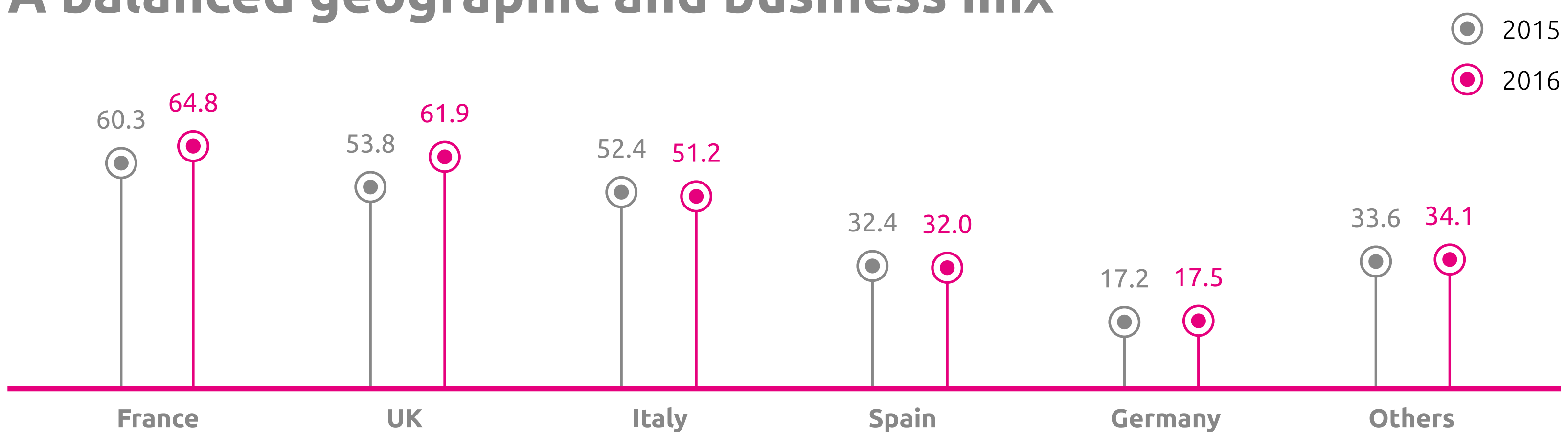
through our platforms

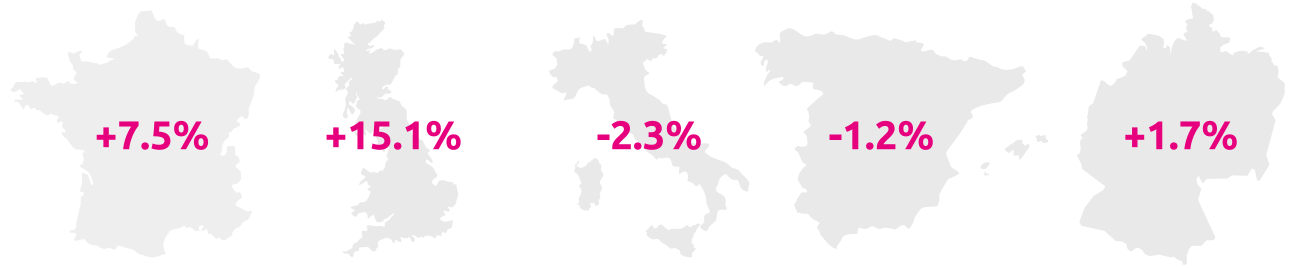
500M monthly

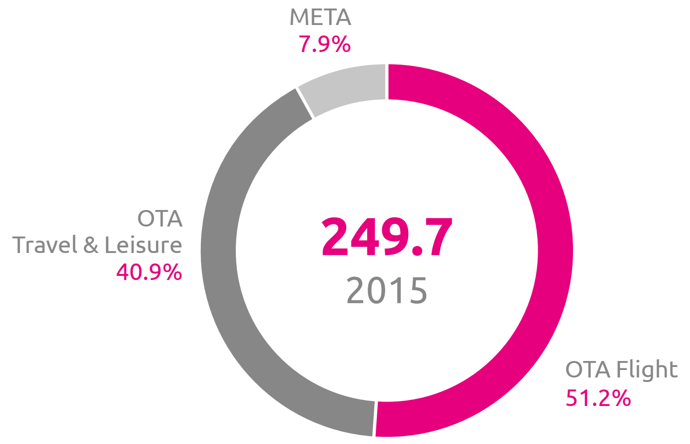
AD impressions

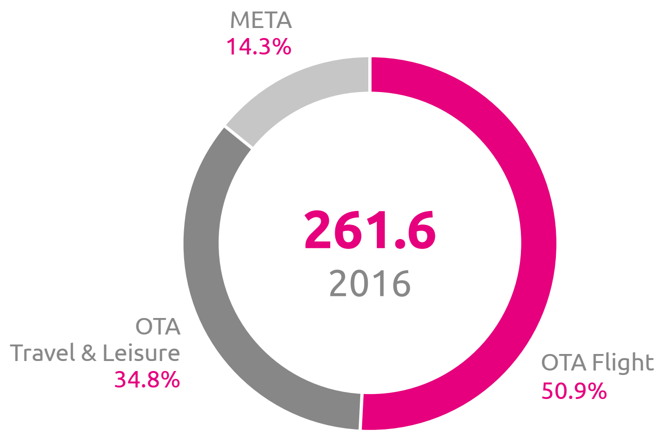
* Phocuswright, EU Online Travel Report 2016

A balanced geographic and business mix



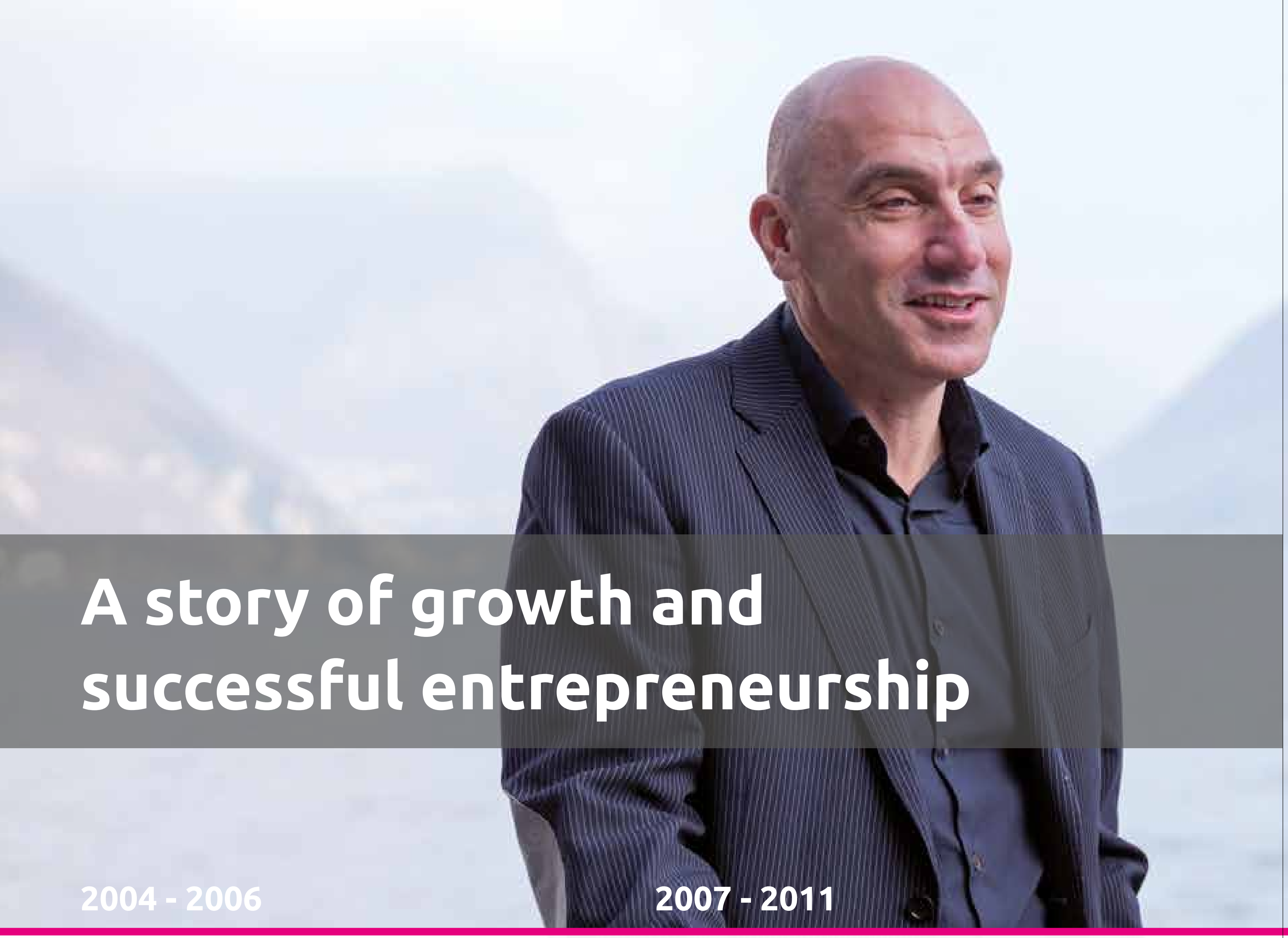






Footnote: data in €M


We aim to be the relevant and inspiring travel company committed to enriching the lives of travellers



A story of growth and successful entrepreneurship

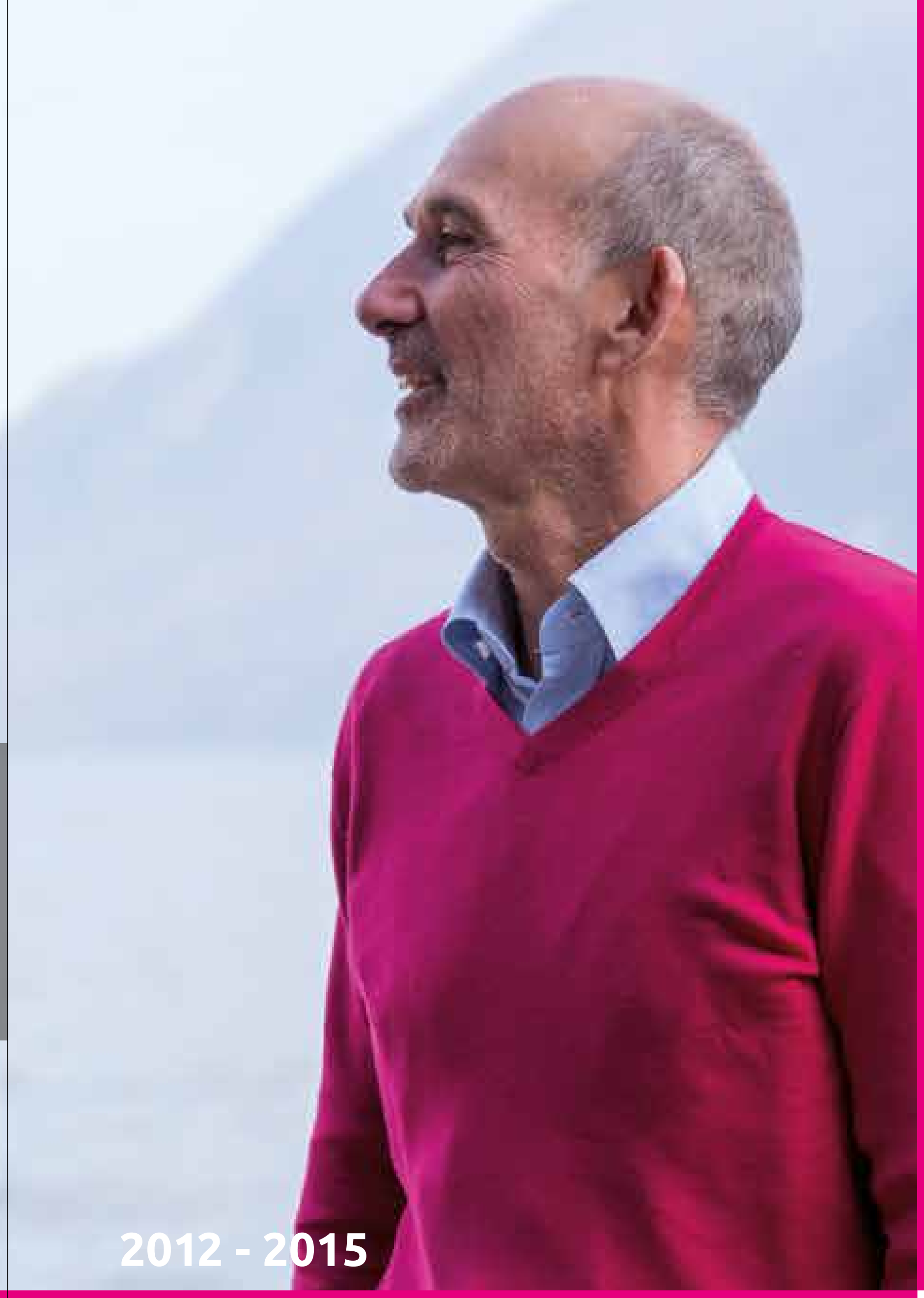
2004 - 2006

In 2004, Fabio Cannavale and Marco Corradino launched Volagratis, Italy's first search engine for low cost flights. In 2006 they established the headquarters in Chiasso (Switzerland) and rolled out websites in different languages under the Bravofly brand.

2007 - 2011

Leveraging on a strong Google-driven customer acquisition model, the Group achieved rapid organic growth. A pool of investors, including AXA Private Equity (re-named Ardian in 2013) and Micheli Associati, invested in the company, thereby consolidating the shareholding structure.

With a new state-of-the-art platform for dynamic vacation packages and the acquisition of Crocierissime, the Italian website specialising in cruises, the Group expanded the offering of non-flights products.



2012 - 2015

Between 2012 and 2015 the Group grew both organically and through transformational acquisitions to diversify its value proposition. In 2012 there was the acquisition of Rumbo, the leading OTA in the Spanish market. In 2013 the Group entered the fast-growing market of travel metasearch, acquiring Jetcost.

In April 2014, Bravofly Rumbo Group completed the IPO process, on the SIX Swiss Exchange.

In 2015 the Group acquired lastminute.com, and changed the name to lastminute.com N.V.

2016 and beyond

In 2016 the successful integration of lastminute.com and the implementation of a more resilient business model enabled lastminute.com group to achieve results above expectations.

The Group built a new organisation, fully customer-shaped, having a centralised governance with the concept of Audience at its core. Fabio Cannavale lead the company as CEO and the co-founder Marco Corradino came back into the business and was appointed Chief Operating Officer.

In order to boost the new media model and build a content factory within the Group, lastminute.com acquired WAYN, 'Where Are You Now', the world's largest social travel network.

Chairman's Letter

Dear stakeholders,
In line with our strategic key messages, 2016 was a year of consolidation after the transformational acquisition of lastminute.com in 2015. Despite extraordinary events partially affecting business performance, such as the depreciation of sterling, the Group delivered a solid set of results demonstrating the management's capacity to secure business and achieve a robust recovery in profitability.

The travel industry continues to show steady growth, and digitalisation is contributing further to make this a structural trend. The market is dominated by a small number of key players, that can leverage high spending power, global reach and strong brand awareness. However, smaller companies are identifying interesting niches, and differentiating and developing their value propositions. There are plenty of opportunities out there, including successful home-grown initiatives.

The Group took a bold decision to focus more on sustainable business development.
This underlines our commitment to continually invest for future growth over short-term, and short-lived gains.

We have a vision, and we set a strategy to achieve this vision, along with a plan to deliver our strategy. This is key to succeed in a such complex environment where innovation intensity is incredibly high and competition fierce.
Since the beginning of our story, and especially since 2012, when our phase of extraordinary development started with the acquisition of Rumbo, we have pursued a clear diversification strategy from business and brand perspectives.

Our decision was driven by the firm belief that, sooner or later, we would have all the assets and capabilities needed to give our customers whatever they needed "anytime anywhere". Now we can count on a scalable brand architecture, on a differentiated offering, on top-tier skills in marketing and IT, and definitively on a very comprehensive business model.

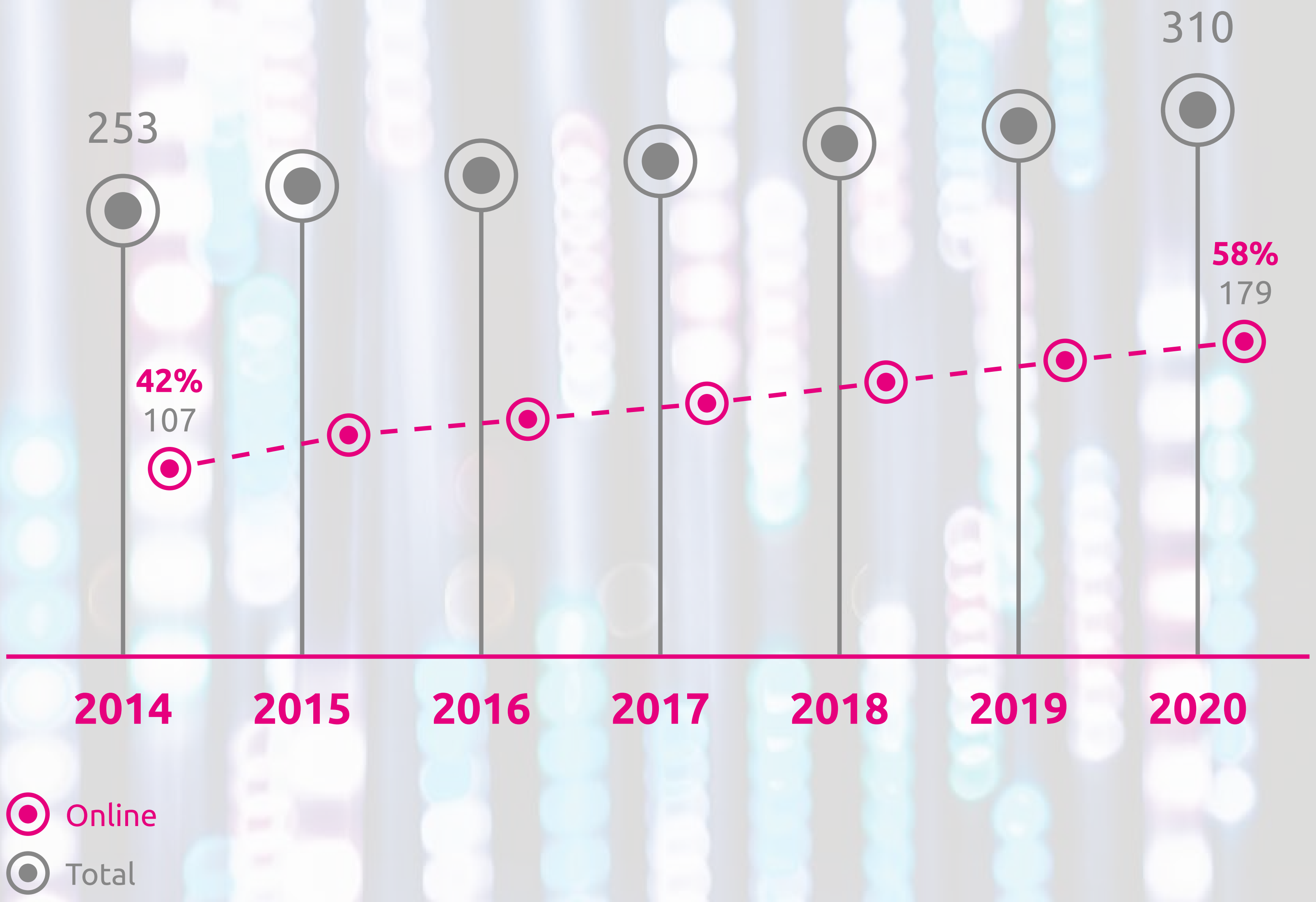
We have been recently witnessing of substantial acquisitions in the private sector while the industry registered sky-rocketing valuations based on business KPIs rather than financial measures. We decided to list to sustain credible entrepreneurial growth, and we believe that the market will see the value of what we are working towards.

The Group's two founders returned to take direct responsibility for the strategy and execution to enable it and to let the Group surf a new wave of growth.
With Fabio and Marco acting as entrepreneurs and managers, together with all our people committed to the ambitious objective of being "the relevant and inspirational travel company" we can feel truly confident that we will deliver substantial and sustainable value for all our stakeholders.

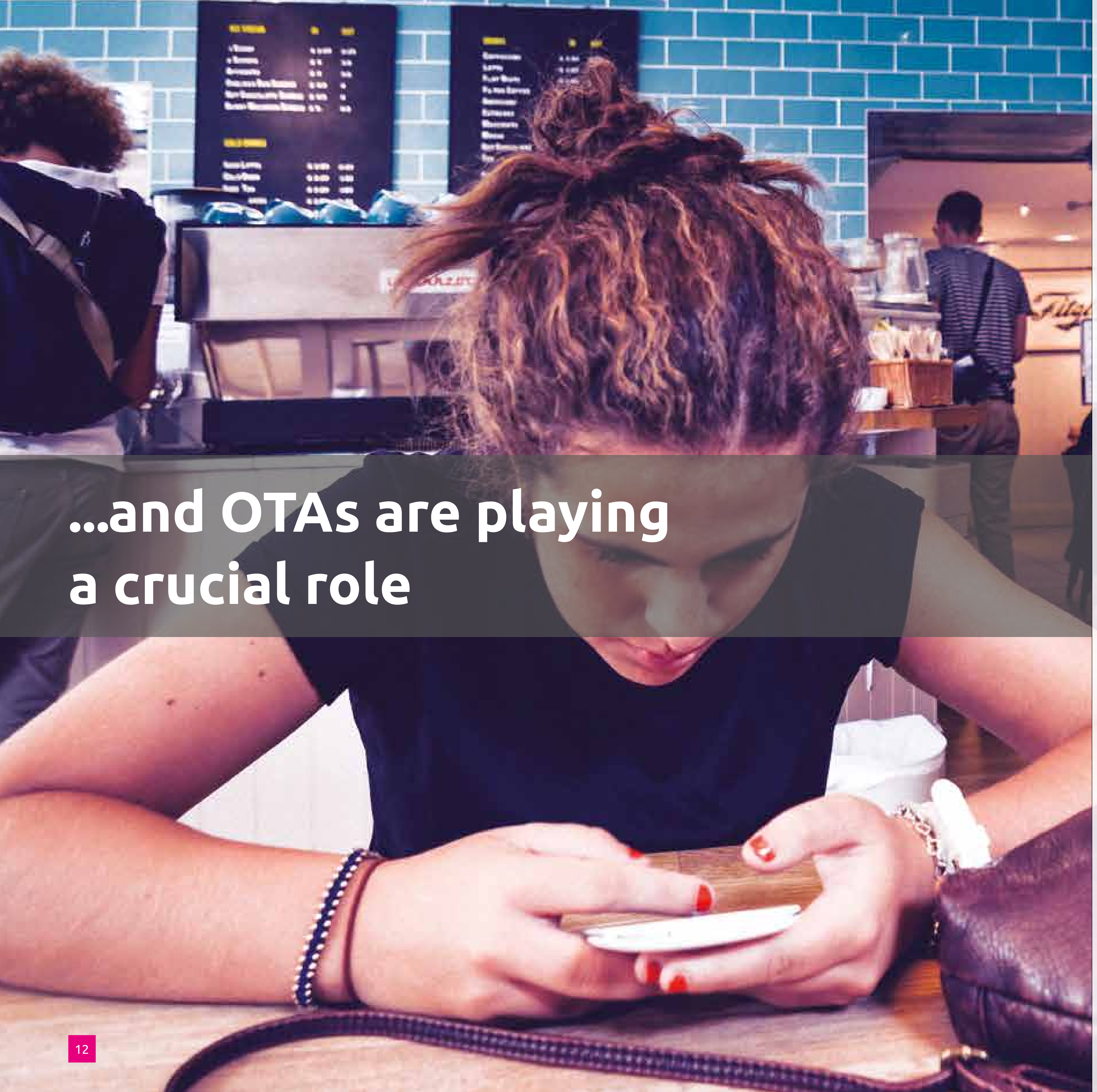
Ottonel Popesco
Chairman of the Board of Directors

Travel & Tourism is the fastest growing industry of the current era...

EU Total & Online Travel GTV* (€Bn)

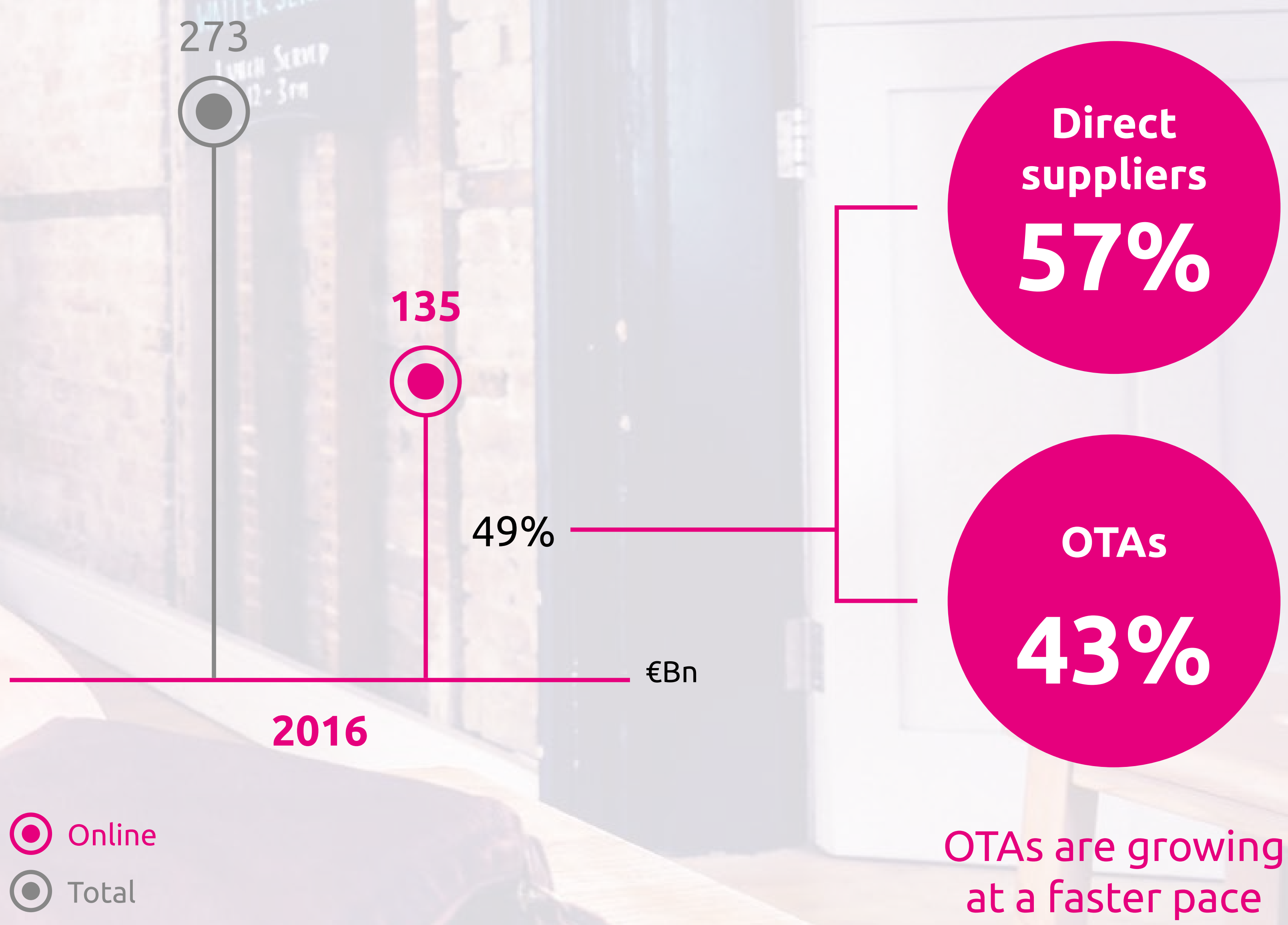


Footnotes: *GTV stands for Gross Travel Value
Sources: Phocuswright, EU OTA Report 2016



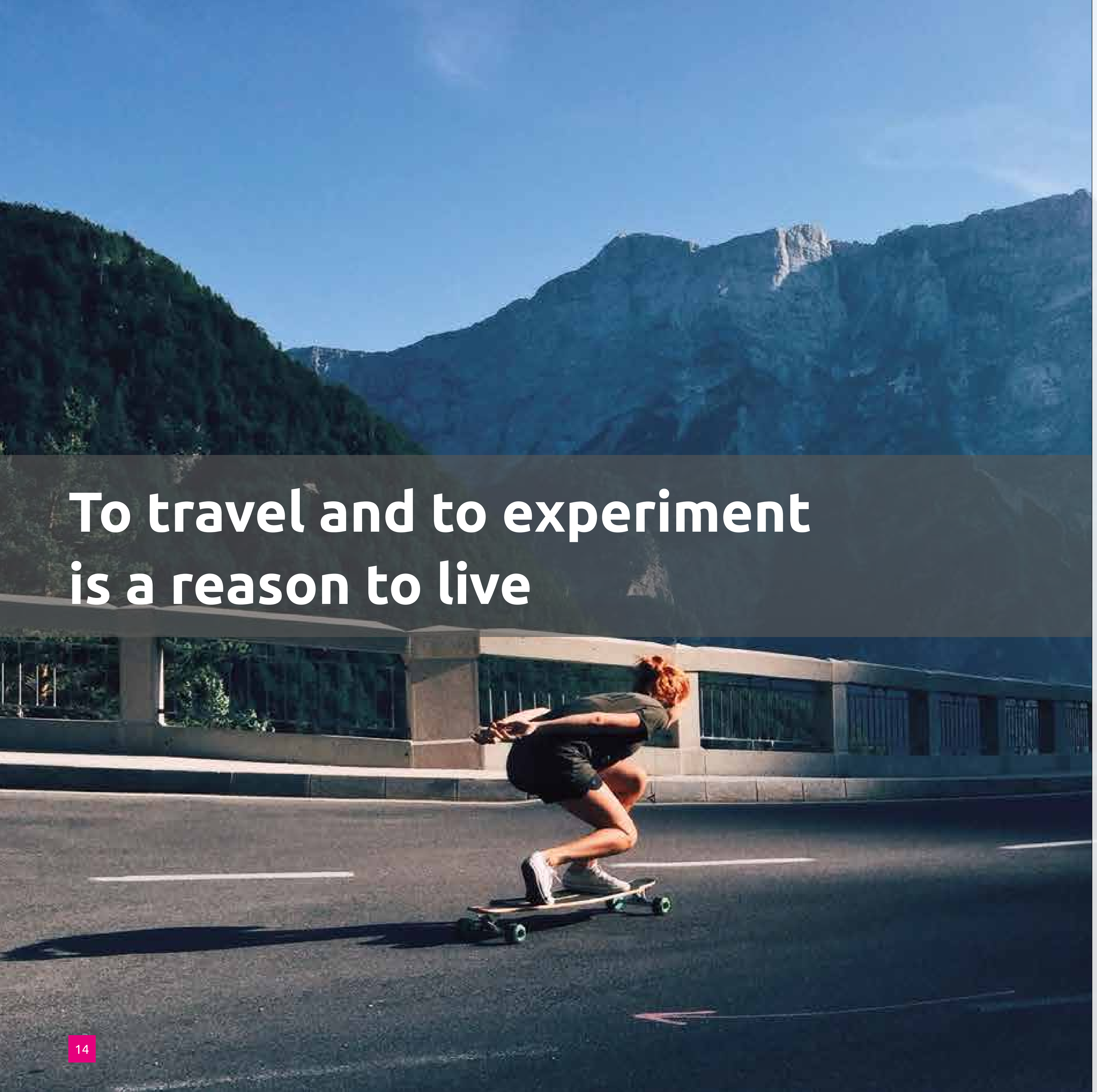
...and OTAs are playing a crucial role

2016 European GTV



OTAs are growing at a faster pace

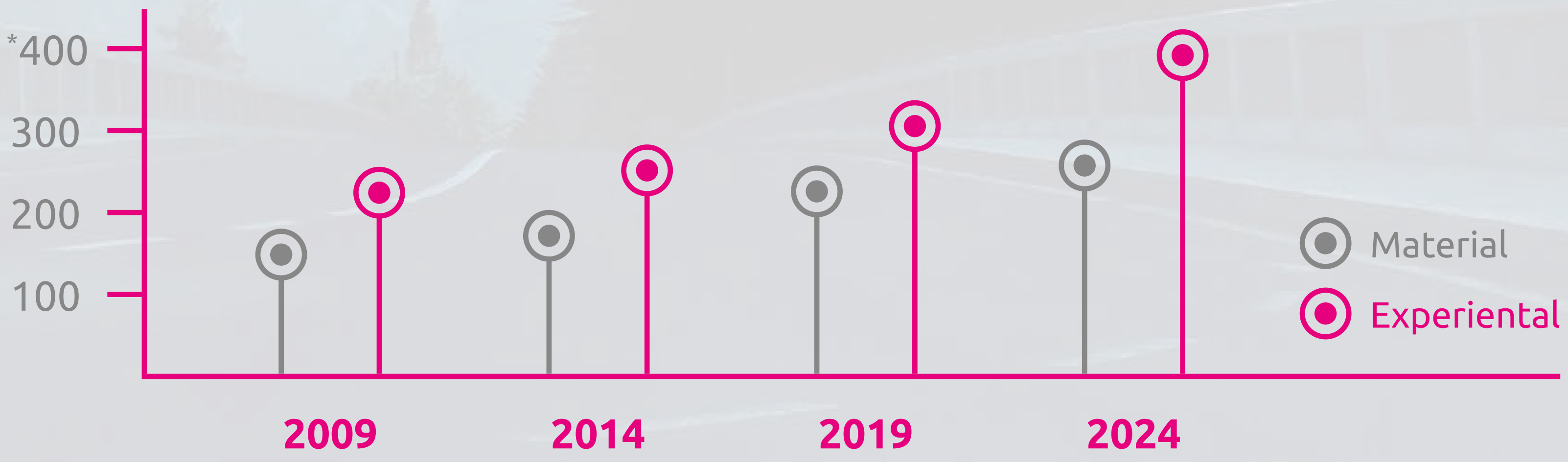
Source: phocuswright.com/European-Online-Travel-Overview-Twelfth-Edition
OTA = online travel agencies



To travel and to experiment is a reason to live

Millennial's priorities over the next 5yrs and what they are saving for

Experiential spending **is the biggest and widest market** of the current century



Footnotes: *€Bn Total annual expenditure on enrichment vs materials goods
Sources: Oxford Economics Forecast, 2014

CEO's Letter

Our people did an extraordinary job to fulfil the ambitious target of making lastminute.com significantly profitable in 2016. The acquisition of a loss-making company of the same size of Bravofly Rumbo Group in 2015 appeared challenging and in the short-term penalised our results.

But we always thought ahead and looked at the foundations and sustainability of the business model. Our actual results demonstrate that we were right.

At the end of 2015 we started a 360 degree process aimed at giving our people the vision, the tools and the support to shift from a pure booking centered model to a customer oriented approach. We concluded the year with the release of a new organisation designed around the pivotal function of the COO Marco Corradino.

Marco, co-founder of the company, visionary entrepreneur and manager with strong leadership attitude, has a clear idea of what to do to execute the strategy.

While he is fully focused on making the machine effective and efficient again and more than as it is today, we are still on the road of looking at potential investment opportunities. To me and for the Group, extraordinary deals have essentially two main rationales: a fast way to innovate and an opportunity to get scale.

On one hand, small-medium size acquisitions, enable the Group to rapidly integrate capabilities and functionalities within its business model and organisation leveraging already developed solutions.

On the other hand, large-transformational deals, move the Group to another scale and – after a inevitable period of turnaround – generate synergies and efficiencies at all levels.

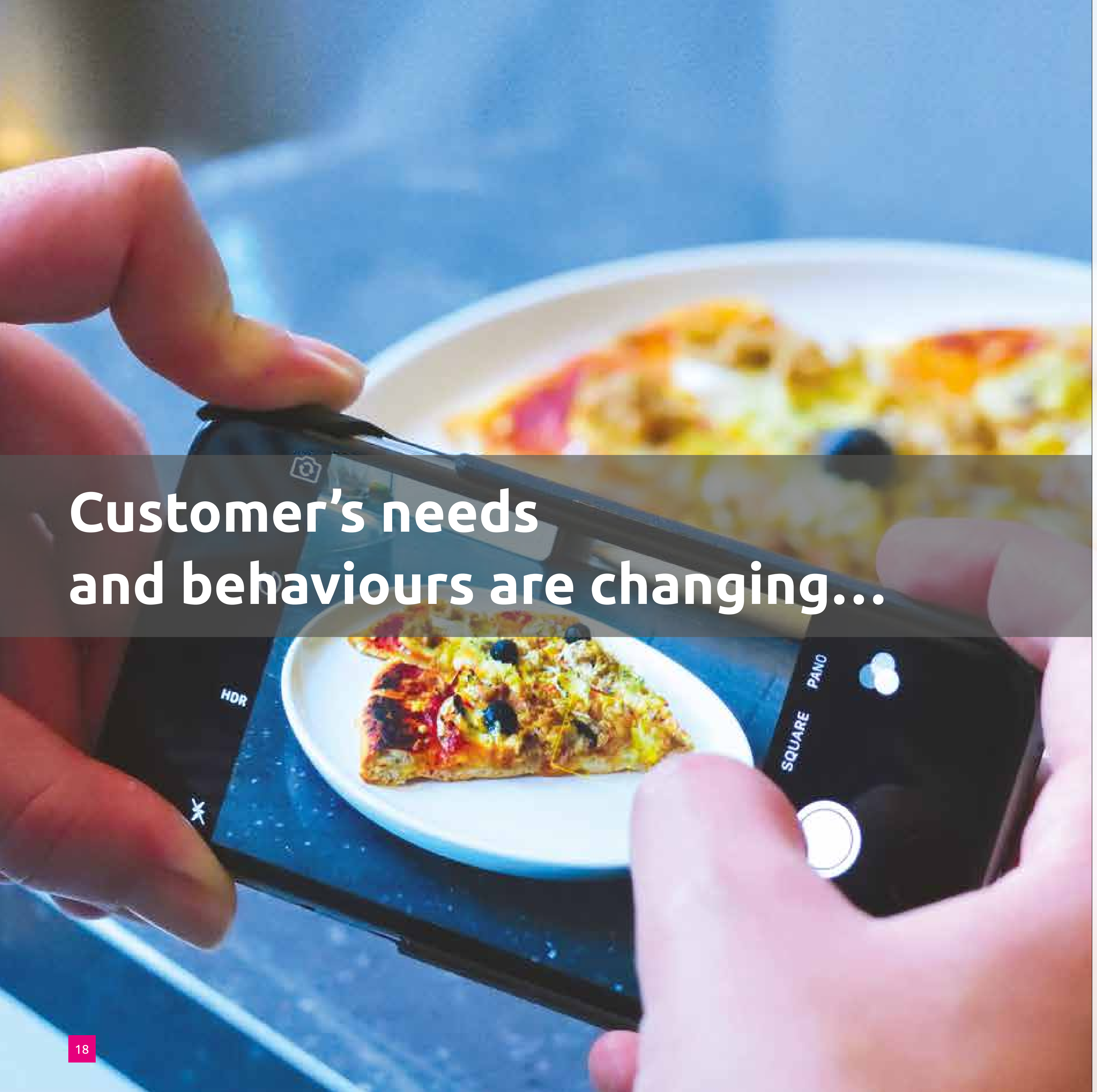
The Group is healthy and its positive Net Cash position is a value. We are in the condition to look at the future without short-term stress and build block-by-block the necessary framework to make our vision a reality. We are rigorous in the process of evaluating extraordinary investments and disciplined in budget allocations.

Moreover we have demonstrated careful management of our profit and loss. In 2016 it was important to secure a recovery of margins at a sufficient level and we did it ahead of expectations. It was a great signal which demonstrates how much the company is responsive and able to act and perform according to guidelines.

We consciously decided to optimise the marketing spending on OTA business, cutting the loss-making bookings to focus on profitable customers only and to push the META business where we saw greater opportunities. In the meantime we are continuously investing in technology and hiring people with specific competences in IT, Marketing and Media. Even if this approach contributes to maintaining our fixed costs relatively higher than competitors, we consider them the true asset of the Group and the foundation for a sustainable business model.

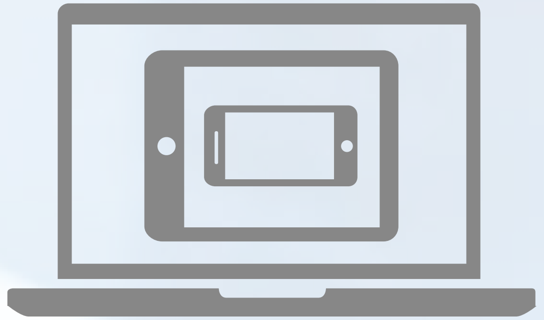
I feel confident that in such a complex and competitive scenario, to build a scalable and responsive organisation is a true asset that will enable the execution of our strategy and the fulfilment of our vision.

Fabio Cannavale
CEO



Customer's needs and behaviours are changing...

The digital shopping experience



Continuous interaction with **multiple devices**

90%
move between devices

65%
start on **smartphone**

84%
of all shopping experiences include mobile as **first or second interaction**

Travellers look for local

hot spots or **experiences** where they can interact with **local** people, enjoy the **local** cuisine and understand the **local** traditions.

...and our business model is evolving accordingly

Integrated customer oriented platform

COO's Letter

Customer behaviour is changing. The way they interact with online resources is continuous and based on the usage of mobile as a primary channel. We should be able then to offer relevant answers to different and unstructured requests. We shall provide flight options as well as destination info, ideas for tomorrow's short break or their next summer season holiday, opinions from other travelers, local tips and more. We must get closer to the concept of "overall experience" instead of "travel booking".

To operate in the online travel market today doesn't mean talking about OTA or META models in the traditional way anymore. What we are building is an integrated customer oriented platform where travel assets (both search and booking machines), content and media are managed consistently.

Most of the players in the field are adopting "inspiration" as a key word, but the real distinctive element is to be also "relevant". That's the logic behind the decision to launch LM Travelpeople early in 2016, to acquire WAYN last August, to design a new organisation where all functions will be working together and data analysis will be even more pivotal.

While we were historically focused on the functional side of our job, now we are connecting with travellers beyond just booking from dreaming to dream again. Across the whole circle we must understand what users are looking for and let them book or not book depending on their desire. It's about algorithms and machine to make this relevant for them and economical for the Group.
In that regards we are reshaping our landing pages, implementing new add-ons and functionalities, trying to converge OTA-META-MEDIA overtaking the limits of considering them as stand-alone business lines.

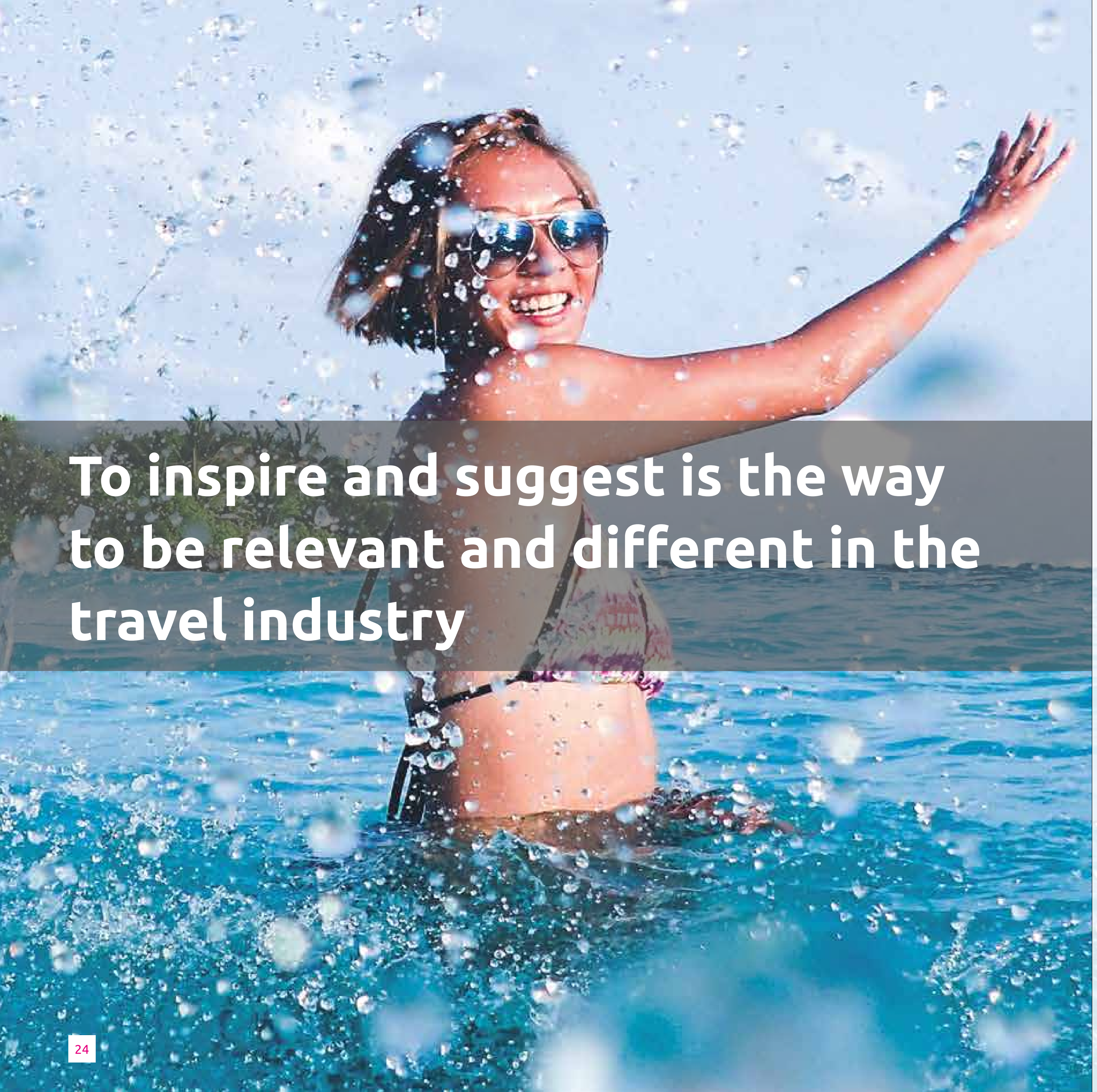
Customers are different by nature and must be treated as unique as they are. A huge effort has been put on audience analysis in order to assess the value proposition and the brand positioning in the most appropriate manner. In parallel we revamped the internal operating model entirely.
We think that having a distinctive multi-brand architecture to better target audiences across different markets is the right choice to leverage local strengths and to attract and engage people effectively.

It's in that direction that our initiatives in the UK and France, through lastminute.com brand and its partnership with The X Factor and FR Got Talent respectively, must be seen. In the same way, the offline campaigns launched early in 2017 for Volagratis in Italy and Rumbo in Spain.

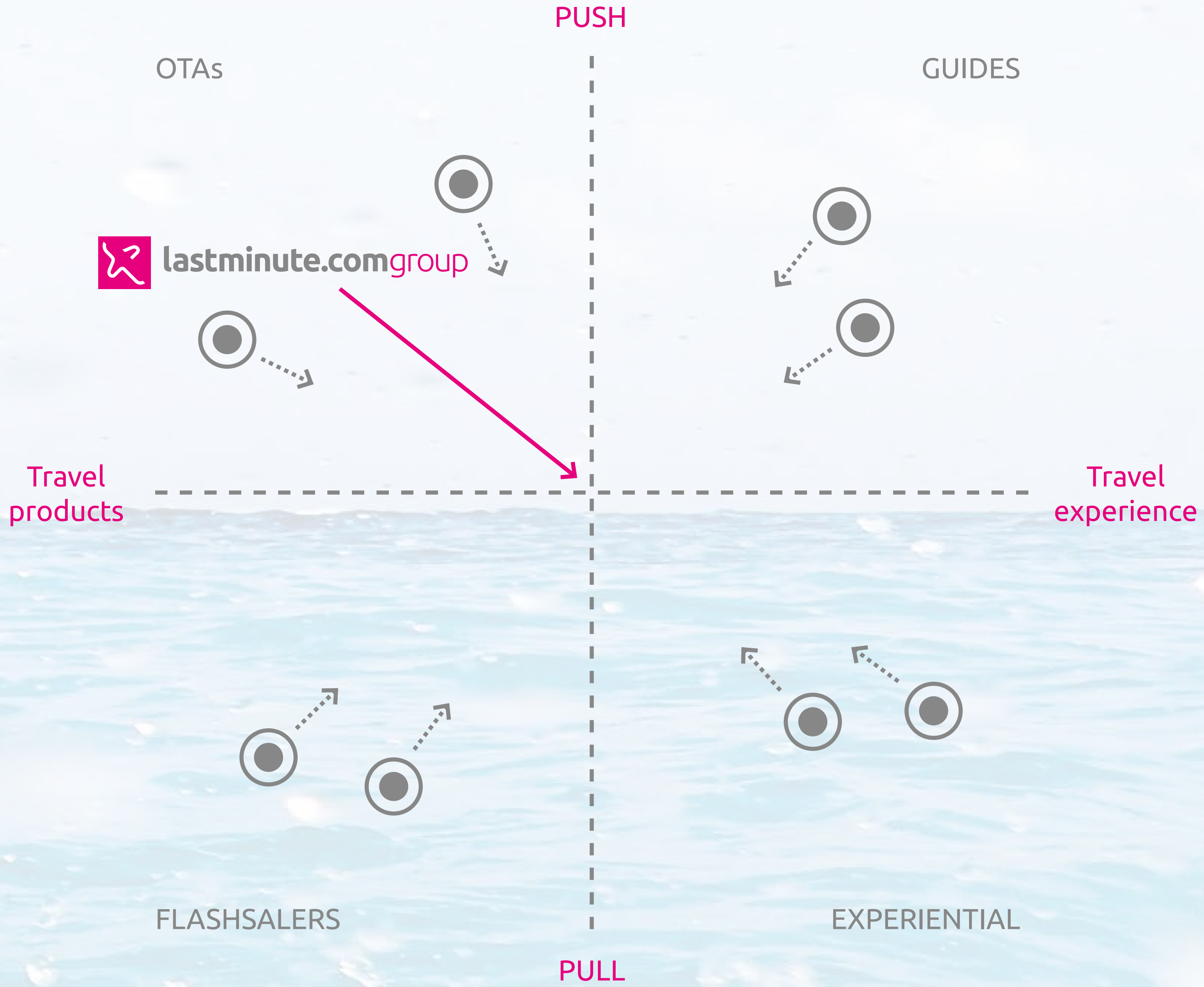
The main investment we sustain every year is still performance marketing. We are working hard to make this spending process more efficient through all channels and trying to adopt the most advanced and automatised ROI driven approach. In 2016 we reduced significantly the overall cost at P&L level from 48.9% to 42% on Revenue. This decision had a natural and predicted effect on volumes (GTV and bookings down) while it didn't affect so much the topline cause investments have been shifted from OTA to META where there was more room to further grow with still positive margins. Now non-transactional revenue represents more than 20% of the Group revenue.

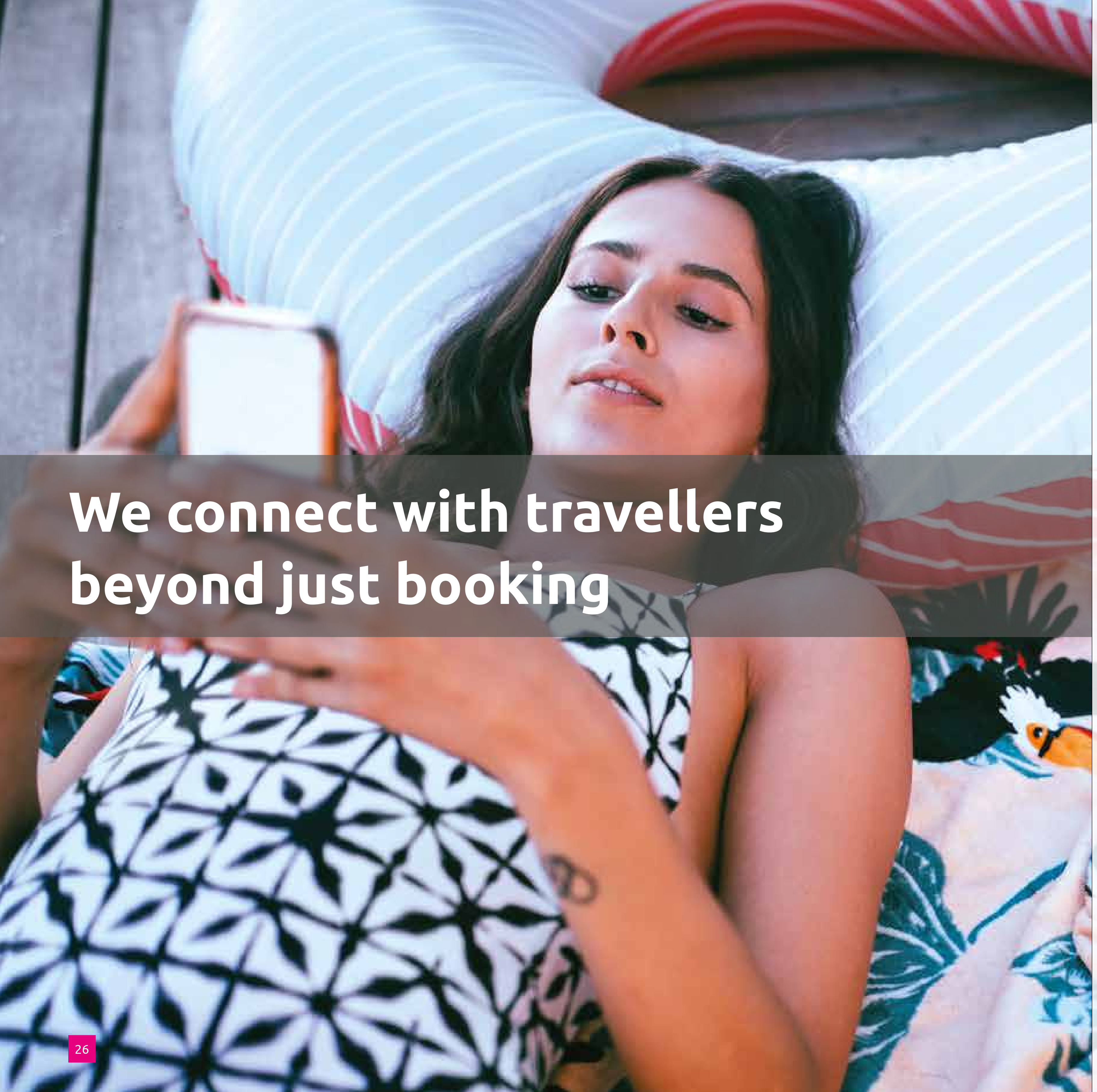
In 2016 we have worked hard in order to get the expected results from the integration of lastminute.com and seeded the ground for 2017 initiatives with the launch of all brand, media, content concepts. The goal is clear, the road is paved. We are all committed to our long-term objective and we see a great potential in what we are doing.

Marco Corradino
COO

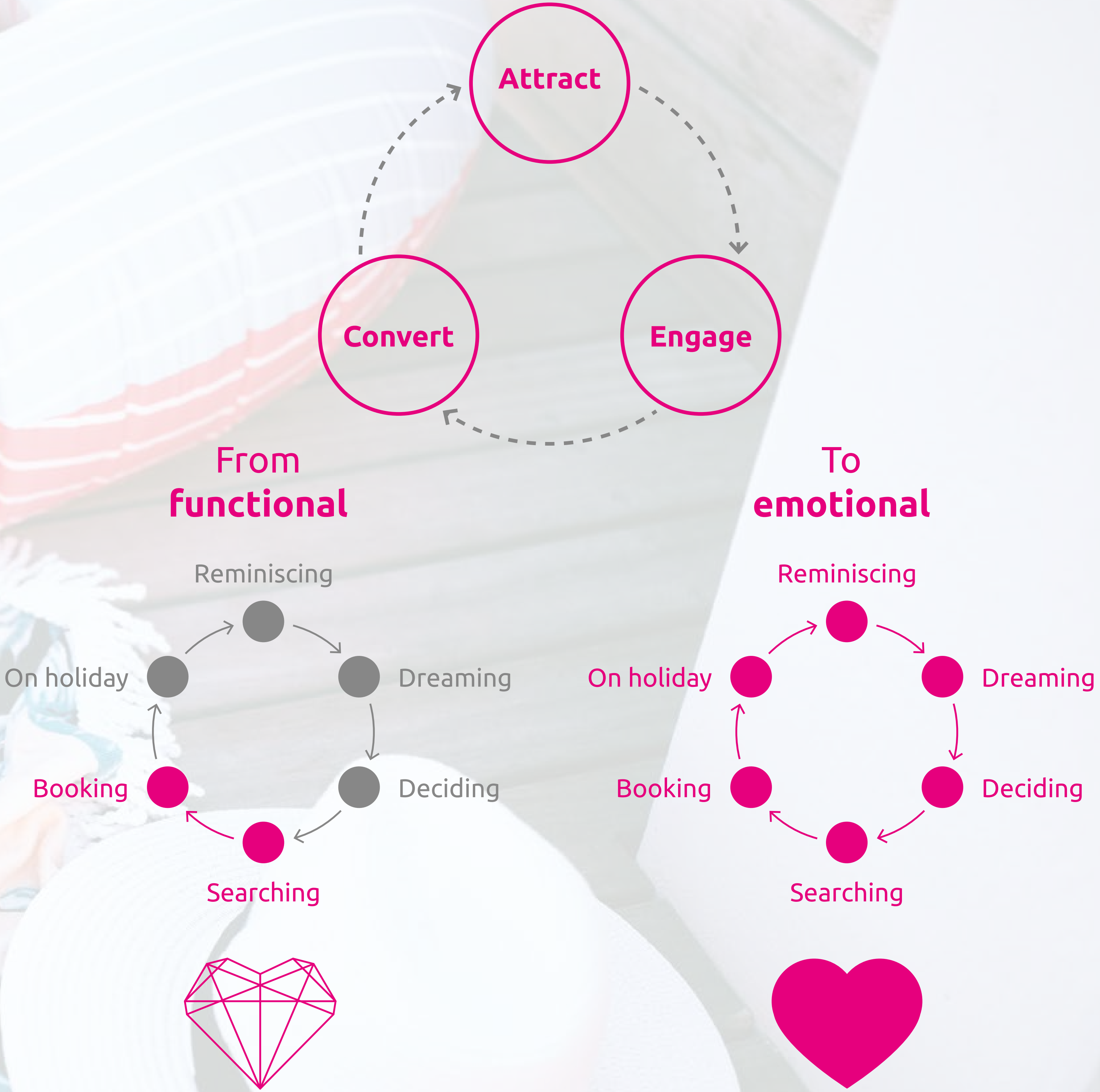


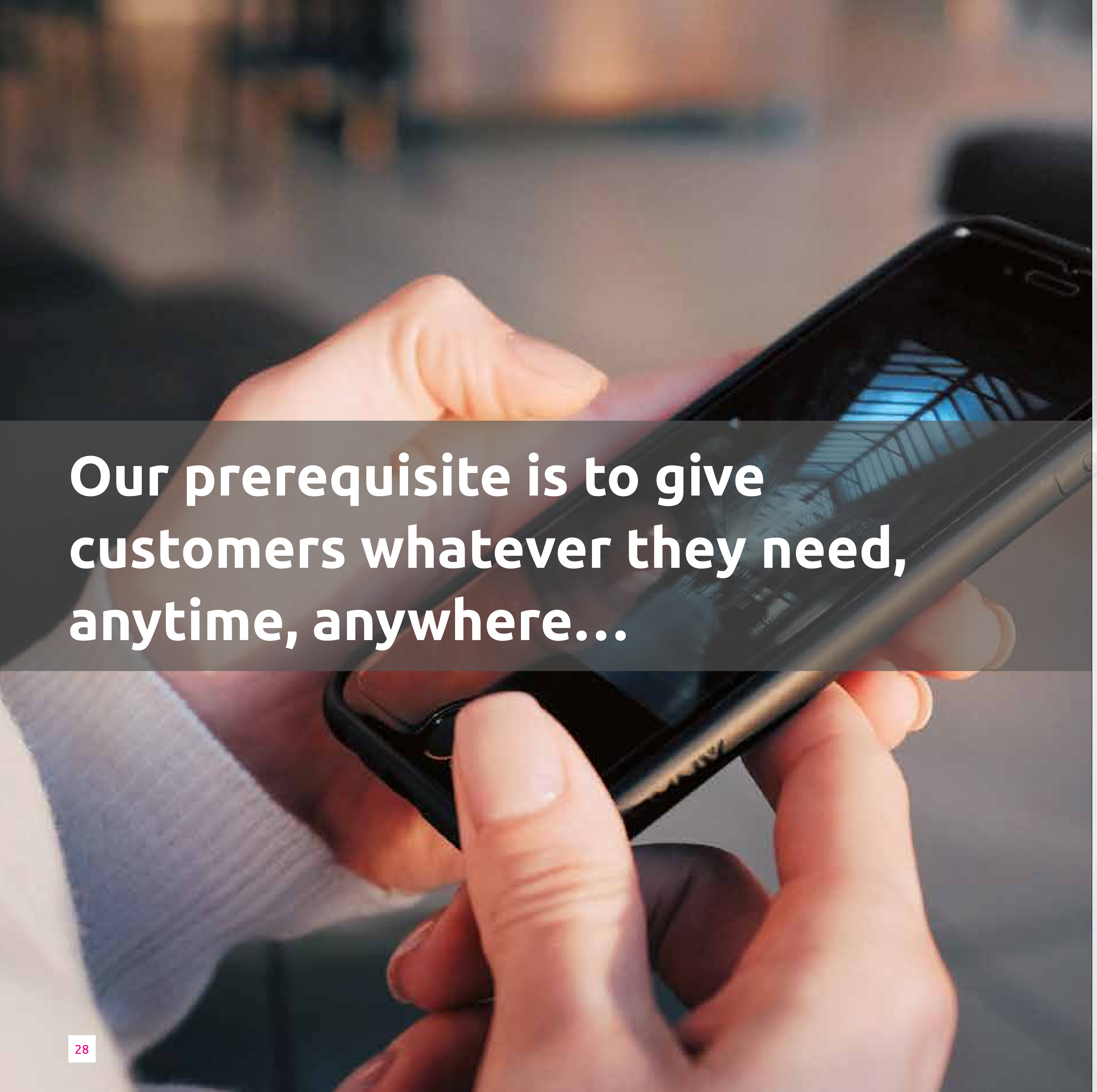
To inspire and suggest is the way to be relevant and different in the travel industry



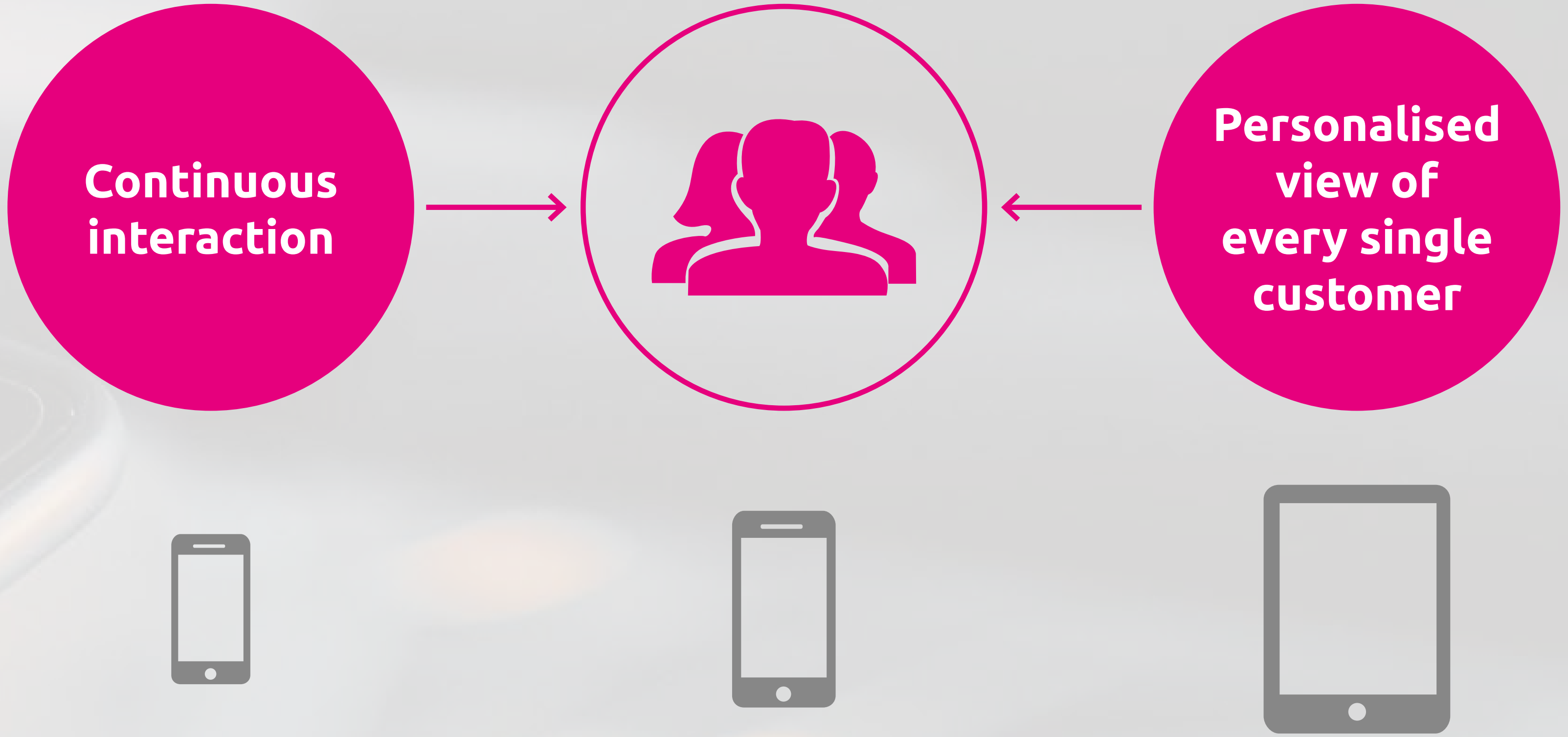


We connect with travellers beyond just booking





Our prerequisite is to give customers whatever they need, anytime, anywhere…



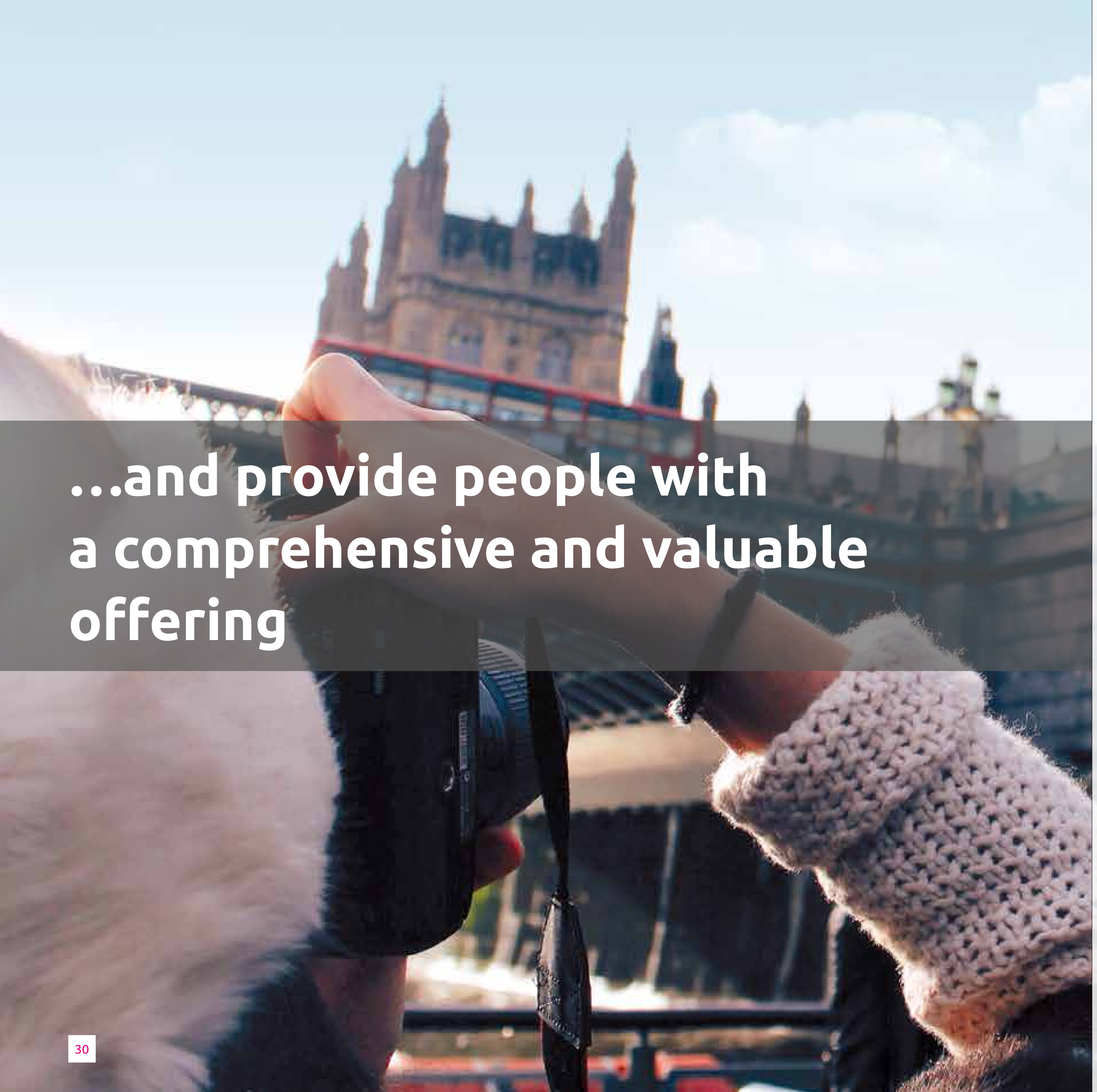
Pre-booking
- discovery engine
- content + opinion rank pages

Post-booking
- ask questions
- local tips

Pre-trip + in destination
- relevant content
- destination info + discussions

Post-trip
- share experiences (photos, opinions)
- ideas for next trip

Multi-device seamless experience



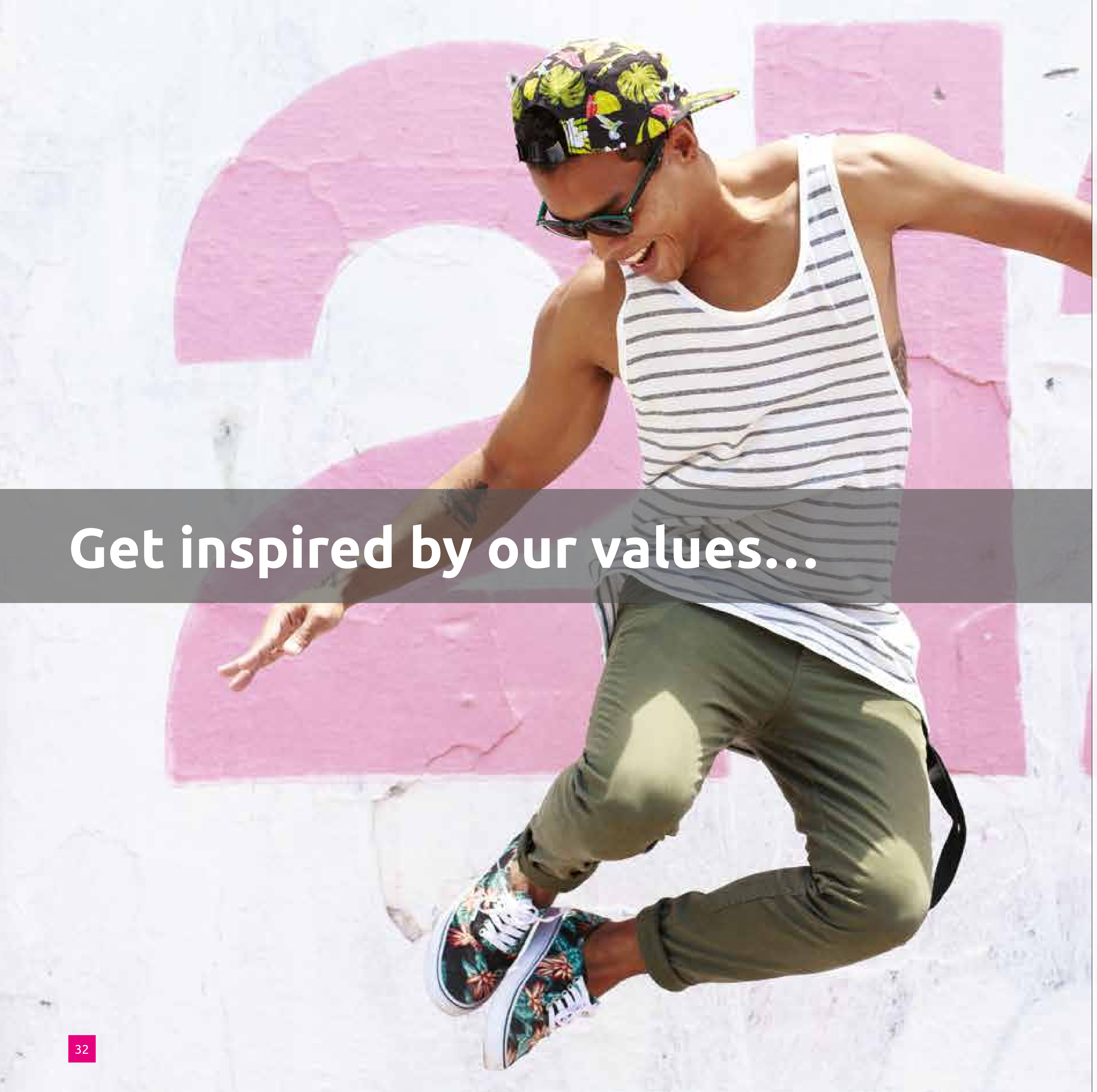
…and provide people with a comprehensive and valuable offering

Audience

Experience

- Flights
- Car rental
- Cruises
- Dynamic Packages
- Tour Operator
- Flash Sales
- Urban Mobility
- Lifestyle

Vertical business excellences



Get inspired by our values...

#Be**Yourself**

Strive for excellence with original thinking

#**Own**It

React with speed, rigour and always deliver

#Live**Bold**

Be bold, relevant and make it count

...and engaged by our brands

Giving each brand a strong identity supported by expressive storytelling and a cutting-edge content strategy

lastminute.com

rumbo

volagratis

A distinctive brand portfolio to better target audiences across different markets and match the needs of diverse customer segments leveraging local strengths

wayn

To help the Group brands manage, customise, and socialise their content

Jetcost

To expand our reach and grow internationally

bravofly

PrezziBenzina

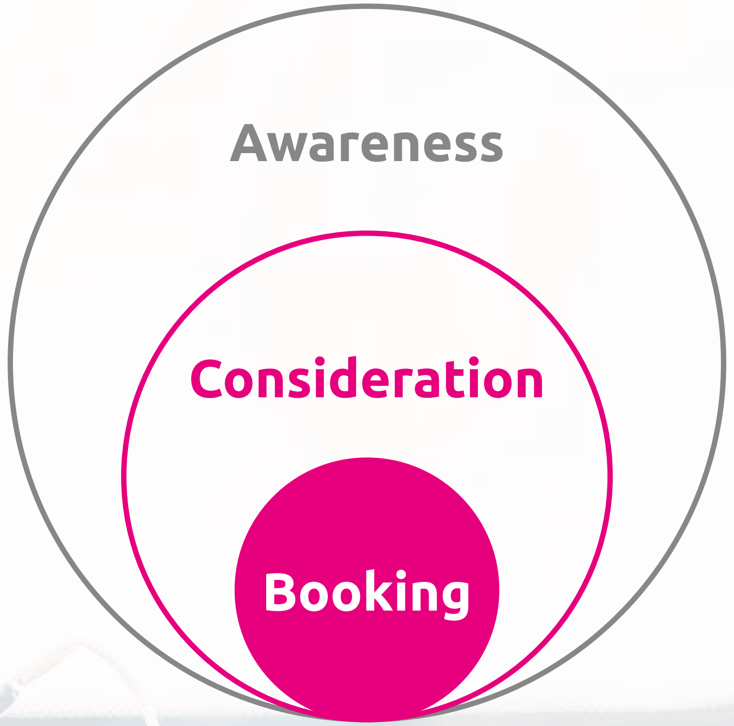
Scopri dove risparmiare!

urbi

crocierissime.it

We help brands to target by passion, for greater impact

Our savvy marketers, data scientists and creative designers help brands talk to inspiration-hungry travellers across Europe



lm travelpeople
ENGAGING AUDIENCES

Over **1200** campaigns

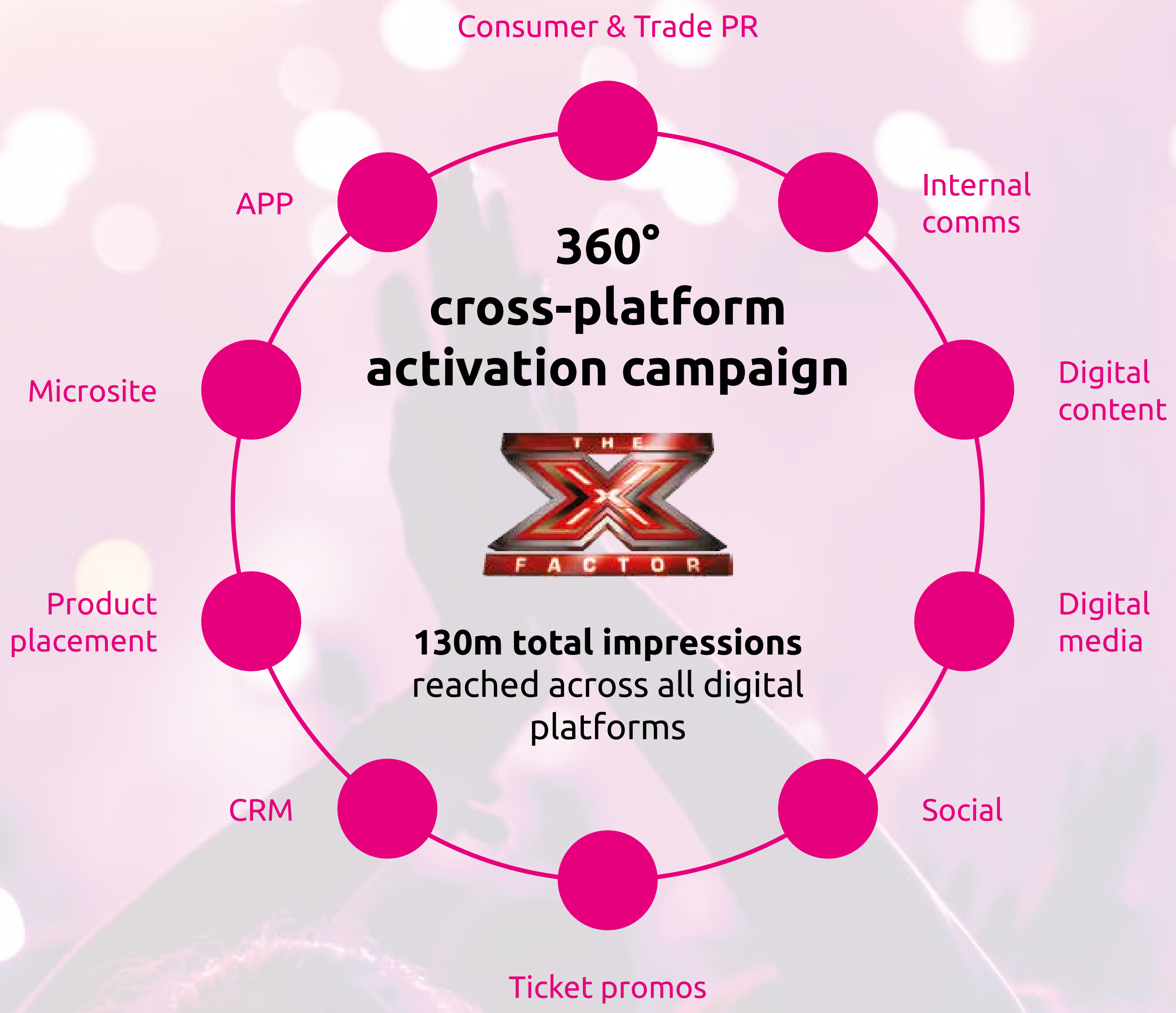
More than **300** clients

Revenue **+30%** yoy

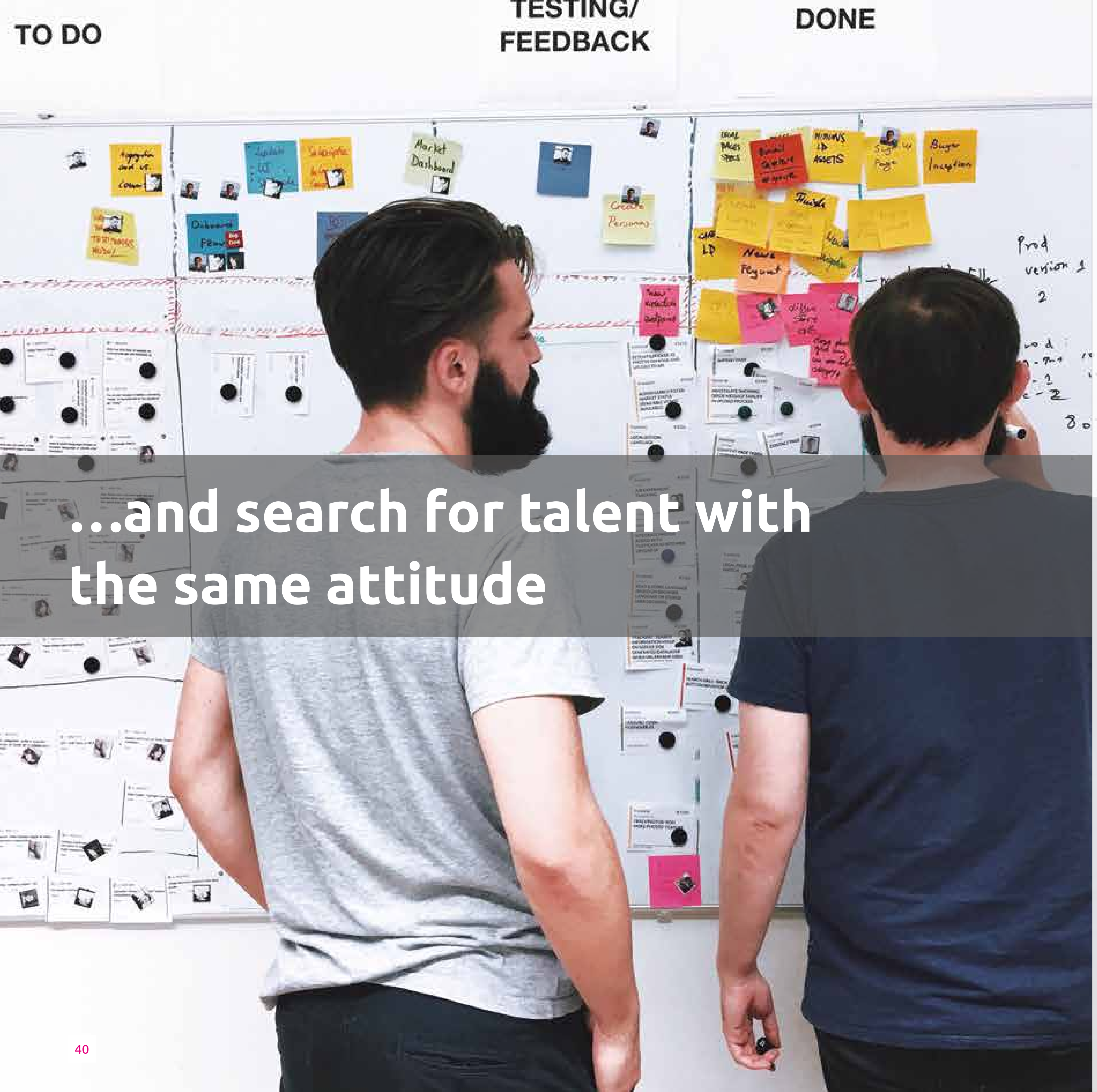
lastminute.com has the X-factor...

+15x social engagement
on new audiences acquired

+100% positive comments
gained on brand over the period



To mark the presence for the new audience and media model with a powerful content marketing shot. Partnering with one of the world's biggest media companies for one of the most successful TV shows in the UK.



...and search for talent with the same attitude

lm people

#Live**Bold**	It's a "right now" world
#Be**Yourself**	High performance is strength based
#**Own**It	It's a big data field

Our pillars

People are fundamental to the success of our company

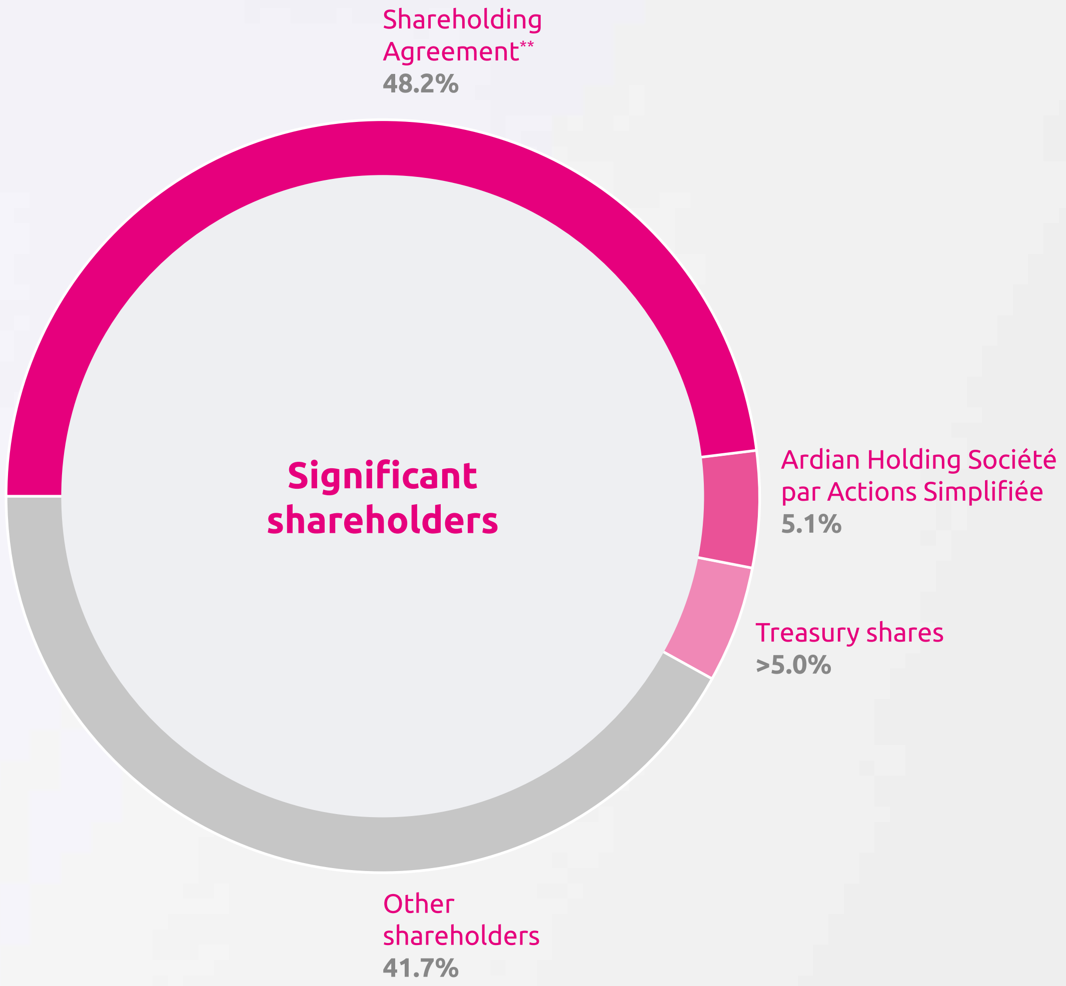
Focus on career progression, development & training

Recognise people for great work and manage poor performers

Niccolò Bossi
Head of Investor Relations and Corporate Affairs

Long-term oriented approach to build a sustainable model

Shareholders structure*



Footnotes: lastminute.com N.V. is a publicly traded company listed under the ticker symbol LMN on SIX Swiss Exchange.
* Ownership structure as of 31/12/2016.
** The shareholding agreement involves 18 entities, including Freesailors Cooperatief UA holding 35% of the total issued capital.
The shareholding agreement will remain in force till April 2020. Main shareholder is Freesailors Cooperatief SA holding 35% of the total issued capital.

Non-executive Directors

Dutch listed companies are encouraged to comply with the provisions of the Dutch Corporate Governance Code adopted by the Dutch Corporate Governance Committee on December 9, 2003, as amended and restated in December 2008. Group's Governance practices and procedures as well as the composition of The Board of Directors are fully compliant with such rules of conduct. The Board of Directors comprises seven members, only two executive Directors part of the executive management team, Mr Fabio Cannavale and Marco Corradino, and five non-executive.

Ottonel Popesco - Non-executive Chairman

Ottonel Popesco holds an MBA from Sorbonne University, an MSc in Economics from Bucharest Academy, an Ingénieur Professionnel de France Diploma from Societé Nationale des Ingénieurs Professionnels de France and a Diploma in Strategic Marketing Management from Harvard Business School. He is Group CEO and a member of the Board of Directors of Cavotec SA Switzerland, a Nasdaq OMX listed company, President of the Port Equipment Manufacturer Association (PEMA) Belgium and an Associated Member of the Engineering Committee of the American Association of Ports Authorities, USA.

Julia Bron - Non-executive Director

Julia Bron has been in financial services for over 16 years during which time she advised clients on numerous transactions and restructuring and concluded various audit engagements both locally and internationally. She held titles of Senior Manager at PWC, Amsterdam (2009) and Manager at Deloitte in Amsterdam, Ljubljana and Minsk (1998 to 2007). She worked on formation and management of companies, standardisation of corporate governance, compliance and administration as Commercial Director at TMF, Amsterdam (2010 to 2012) and as Senior Integration Manager at Citco Funds, Amsterdam (2007 to 2008). Julia has been a Partner at Lainsburgh since 2012, specialising in staffing and structuring operations for international companies in the Netherlands. She holds a Law degree from Belarus State University.

Minter Dial* - Non-executive Director

Minter Dial holds a BA in Trilingual Literature from Yale University and an MBA from INSEAD, Fontainebleau. He began his career in Product Marketing for Investment Bank Donaldson, Lufkin & Jenrette in New York and then joined The Myriad Group, a travel agency for entertainers in Washington DC. After an international career at L'Oreal, where he was Managing Director and member of the Worldwide L'Oréal PPD Executive Committee from 2006 to 2009, he created the Myndset Company. He is a professional speaker, coach and consultant on branding and digital strategy. Clients include Orange, Kering, Remy-Cointreau, Samsung, Crédit Agricole, BPCE, LVMH, L'Oréal, Total, Publicis and Tencent. He is also Associate and International Director at Netexplo, a worldwide observatory of new technology trends.

Roberto Italia - Non-executive Director

Roberto Italia graduated in Economics from LUISS University, Rome, Italy, and holds an MBA from INSEAD, Fontainebleau, France. He started working at Telecom Italia Group in 1990 and since 1994 has been active in private equity, initially with Warburg Pincus, then with Henderson Private Capital and more recently with Cinven, to which he is now a Senior Advisor. Roberto is a co-founder and director of Space Holding Srl, Chief Executive Officer of Space2 SpA, and a Board Member of Avio SpA, Red Black Capital SA, Cinven Luxco 1 SA, Cinven Luxco 2 SA, FCP Manco Sarl and Digivalue Media Sarl.

Fabio Selmoni* - Non-executive Director

Fabio Selmoni received an MBA from the Wharton School of the University of Pennsylvania in 1996 and a BA from the University of California at Berkeley in 1990. He was a Management Consultant at Booz Allen & Hamilton in New York and an Investment Banker at UBS Warburg in the Mergers and Acquisitions Group. He was the Director of International Business Development for Shopnow.com before becoming Managing Director of European Sales and Operations at Google. In this role, Fabio Selmoni spearheaded Google's entry into multiple European markets and contributed to Google web search partnerships with a number of notable European portals and websites. He has over a decade of experience as an entrepreneur in the internet world.

Footnotes:

* Minter Dial and Fabio Selmoni will not stand for re-election. Ms. Anna Zanardi Cappon and Ms. Anna Gatti have been proposed for election at the next AGM to be held on 28 April 2017 as non-executive Directors.

Executive Directors

Fabio Cannavale - Executive Director, CEO

Fabio Cannavale holds a Diploma in Engineering from Politecnico di Milano as well as an MBA from INSEAD, Fontainebleau, France. He co-founded Volagratis with Marco Corradino in 2004 and became Chairman of Bravofly Rumbo Group, now lastminute.com Group. He started his career as a Consultant, working between 1989 and 1996 for A. T. Kearney and McKinsey & Company. Between 1996 and 1998, he launched The Floating Village in Venezuela, an innovative concept of a holiday village built on boats. From 1999 to 2001 he was a part of the Management Team of eDreams, an online travel start-up, and from 2001 to 2004 worked for his family-owned businesses and collaborated with a not-for-profit entity. He is also a member of the Board of Directors of Cavotec SA, Nomina SA and Consortium Real Estate BV.

Marco Corradino - Executive Director, COO

In 2004, Marco Corradino co-founded Volagratis with Fabio Cannavale, the first search engine for low cost flights in Italy and the foundation for what was to become Bravofly Rumbo Group and subsequently lastminute.com Group. Marco Corradino, an entrepreneur and business angel, has held different positions within the Group and is now its Chief Operating Officer as well as being an Executive Board Member since 12 February 2016.

Executive Management Team

The Executive Management Team compirises three members, two of whom are also members of the Board of Directors, Fabio Cannavale and Marco Corradino. Stefano Biffi, who joined the company in January 2017 to stand in for Francesco Guidotti, CFO of the Group up until the publication of this document, will be part of the team effective from 17 March 2017.

Stefano Biffi - Chief Financial Officer

Stefano Biffi holds a diploma in Business Administration with specialisation in marketing as well as an MBA from INSEAD, Fontainebleau, France. He started working as a Senior Auditor in Deloitte and Touche S.N.C., in 1989. Three years later, he joined Reckitt Benkiser Group as Administration and Legal Manager. In 1994, he started working as Administration and Finance Director in I Viaggi del Ventaglio S.P.A.. From 2000 to 2008, he was the CFO and CEO of IKEA Italia Distribution S.P.A. as well a member of the IKEA Group board. Stefano Biffi was CFO of Media Market S.P.A. before joining lastminute.com group in March 2017.

Francesco Guidotti* - Chief Financial Officer

After graduating in Economics and Commerce from La Sapienza University of Rome, Francesco Guidotti became Financial Controller for Pirelli Bedding Benelux and in 1996 Financial Manager at Ethicon Endo-Surgery. He held different roles within subsidiaries of Louis Vuitton Möet Hennessy Group: from 1997 as CFO of the Italian subsidiary of TAG Heuer Italia S.p.A., from 1999 as Financial Controller for Europe, from 2000 as CFO at Zenith Italia S.p.A. and OMAS S.r.l. From 2001 to 2003 he was Financial Controller for Bulgari Group and until 2006 CFO of YOOX S.p.A. (listed on the Milan stock exchange), followed by CFO roles at PINKO Group and TAS Group. Francesco Guidotti was CFO of YOOX S.p.A. before joining lastminute.com group in 2015.

Footnotes:
* Leaving the Group on 17 March 2017.

Maria Teresa Rangheri
lastminute.com foundation

Be a HERO

lastminutefoundation

Bringing the lastminute.com approach to Nonprofit

lastminute foundation aims to change the Nonprofit sector in the same way the Group changed the travel market, **by aggregating and promoting the best existing projects**.

About us

Fabio Cannavale, CEO and co-founder of lastminute.com Group, decided to establish the foundation and support it both as Group CEO and personally.

lastminute foundation was founded in May 2016. It is based in Chiasso, has been registered, and received the fiscal exemption by the Swiss Authorities.

Our manifesto

The lastminute foundation shares the same values as our company and our customers:

#Be**Yourself:**	With fearless acts of spontaneity you can make a difference with all the people who trust you.
#Live**Bold:**	Be innovative and creative in finding unconventional and relevant solutions for old and new problems.
#**Own**It:	If you want to change the world you have to be rigorous and focused on implementation. And never take a no for an answer.

lastminute Heroes 100%

What we did

During 2016 lastminute foundation deployed the personal fundraising platform lastminuteheroes.org in 3 languages, English, Spanish and Italian.

Nonprofit organisations can use the platform to easily collect funds for free. The foundation covers all costs, offers support to the Organisations for the use of the platform and selects the most innovative and interesting projects to be actively promoted, with additional support from partners.

The platform is open to everyone, and anyone can donate or launch an appeal, involving their friends in the venture.

Two of the main pillars we strictly guarantee are:

100% of the funds go to the project
All the funds collected will be used to solve the problem. We do not keep anything, and there are no banking commissions or platform fees.

100% transparency
Each of the Nonprofit organisations must make a report of the funds received and update the fundraisers. And they must use 100% of the funds exclusively for the project and not for their management or marketing costs.

We think that our platform can offer the greatest possible effectiveness and the best service for nonprofit organisations, personal fundraisers and donors. It is also a great opportunity for companies that want to involve their customers or employees in initiatives with a positive social impact.

Our main projects

lastminute flylight

We are working to make the luggage transport service free of charge door to door for anyone with disabilities.

Viaggio Italia

We were partners of Viaggio Italia 2016, the first format to combine disability, sport, travel and innovation technology.

Endeavor Italia

The first step to support hi-impact entrepreneurship, thanks to our partnership with Endeavor Italia.

lastminute forest

A reforestation project and compensation of CO_2 at a high technological level to plant our forest in Kenya and see our trees grow every day.

TEDxMilano

To promote the spread of innovative ideas, lastminute foundation has chosen to be the partner of TEDxMilano, the Italian TED talks that took place in Milano on the 16th October 2016.

Fondazione Azione Posti Liberi

We supported the project "Legal Protection" aiming to guarantee legal assistance and protection for unaccompanied migrant minors and particular vulnerable people seeking asylum in the Canton Ticino.

Film Festival dei diritti umani di Lugano

We supported this international film festival aiming to sensitise the audience on the subject of human rights, through a quality film programme and discussion forum involving young generations.

Consolidated financial statements

Consolidated statement of profit or loss and other comprehensive income

in '000 EUR	Notes	2016	2015
Revenues	6	261,533	249,690
Marketing costs	7	(110,110)	(121,909)
Personnel costs	8	(51,121)	(58,997)
Other operating costs	9	(76,773)	(79,712)
Amortization and depreciation	16/17/18	(11,162)	(8,853)
Impairment	16/17/18	(351)	(935)
Operating Profit / (Loss)		**12,016**	**(20,716)**
Finance income	10	121	338
Finance costs	10	(3,207)	(1,843)
Share of result of equity-accounted investees	20	(66)	(64)
Profit / (Loss) before income tax		**8,864**	**(22,285)**
Income tax	11	(2,207)	4,383
Profit / (Loss) for the period		**6,657**	**(17,901)**
- thereof attributable to the Shareholders of lastminute.com N.V.	12	6,810	(18,015)
- thereof attributable to non-controlling interest		(153)	114
OTHER COMPREHENSIVE INCOME Items that will never be reclassified to profit or loss			
Remeasurements of the Employee benefits liability	13	217	(212)
Related tax	11	(24)	41
Items that will never be reclassified to profit or loss		**193**	**(171)**
Items that are or may be reclassified to profit or loss Foreign currency translation differences		**653**	**401**
Items that are or may be reclassified to profit or loss		**653**	**401**
Total other comprehensive income for the period, net of tax		**846**	**230**
Total comprehensive income		**7,503**	**(17,671)**
- thereof attributable to the Shareholders of lastminute.com N.V.		7,656	(17,785)
- thereof attributable to non-controlling interest		(153)	114
EARNINGS PER SHARE			
Basic earnings per share (in EURO)	12	0.49	(1.27)
Diluted earnings per share (in EURO)	12	0.49	(1.27)

Consolidated balance sheet

in '000 EUR	Notes	31 Dec 2016	31 Dec 2015
NON CURRENT ASSETS			
Property plant and equipment	16	3,593	3,296
Intangible assets	17	142,238	139,776
Goodwill	17/18	56,399	60,746
Non current financial assets	19	1,184	1,325
Investment in equity accounted investees	20	238	291
Deferred tax assets	11	7,477	8,777
TOTAL NON CURRENT ASSETS		**211,129**	**214,211**
CURRENT ASSETS			
Inventories		9	30
Current financial assets	19	2,210	1,251
Current tax assets	11	3,390	1,206
Trade and other receivables	21	49,749	46,406
Cash and cash equivalents	22	60,245	65,559
TOTAL CURRENT ASSETS		**115,603**	**114,452**
TOTAL ASSETS		**326,732**	**328,663**
Share capital	23	146	146
Capital reserves	23	127,751	127,751
Translation reserve	23	1,054	401
Treasury share reserve	23	(12,364)	(8,838)
Retained earnings	23	25,714	21,363
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF lastminute.com N.V.		**142,301**	**140,823**
Non-controlling interest	23	2,604	(36)
TOTAL EQUITY		**144,905**	**140,787**
NON CURRENT LIABILITIES			
Non current provisions	24	820	2,000
Employee benefits liabilities	13	5,052	2,766
Deferred tax liabilities	11	25,911	31,342
TOTAL NON CURRENT LIABILITIES		**31,783**	**36,108**

in '000 EUR	Notes	31 Dec 2016	31 Dec 2015
CURRENT LIABILITIES			
Current provisions	24	878	2,455
Short Term Financial Liabilities	25	7,680	-
Current tax liabilities	11	1,477	2,112
Trade and other payables	26	140,009	147,201
TOTAL CURRENT LIABILITIES		**150,044**	**151,768**
TOTAL LIABILITIES		**181,827**	**187,876**
TOTAL LIABILITIES AND EQUITY		**326,732**	**328,663**

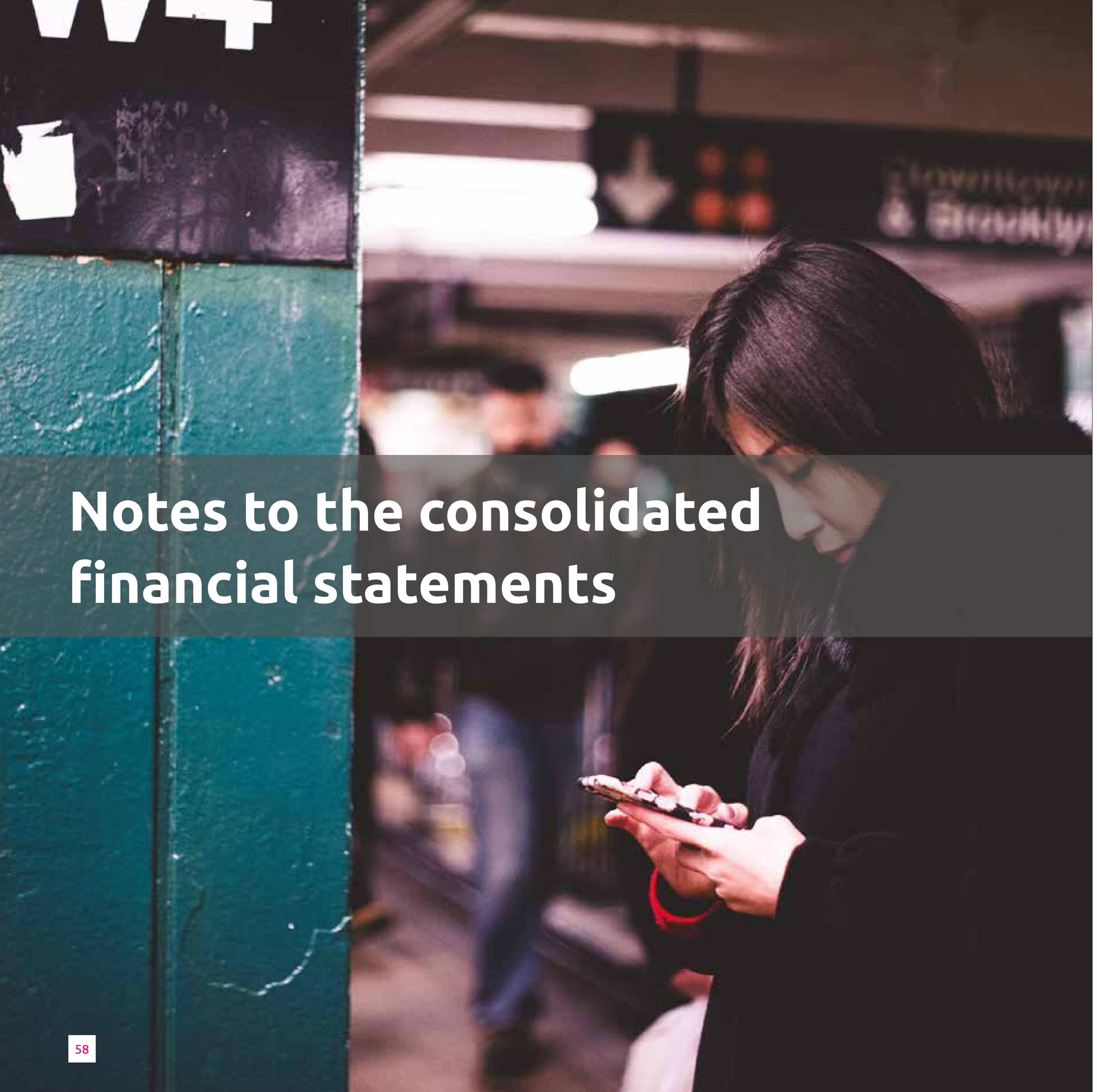
Consolidated statement of changes in equity

in '000 EUR	Notes	Share capital	Capital Reserves	Tran-slation Reserve	Treasury Share Reserve	Retained Earnings	Equity attributable to Shareholders of lastminute,com N,V,	Non-controlling interest	TOTAL EQUITY
Balance at 1 January 2016		**146**	**127,751**	**401**	**(8,838)**	**21,363**	**140,823**	**(36)**	**140,787**
Result for the period		-	-	-	-	6,810	6,810	(153)	6,657
Other comprehensive income									
- Remeasurements of the Employee benefits liability (net of tax)	11/13	-	-	-	-	193	193	-	193
- Foreign currency translation differences		-	-	653	-		653	-	653
Total other comprehensive income net of tax		**-**	**-**	**653**	**-**	**193**	**846**	**-**	**846**
Total comprehensive income net of tax		**-**	**-**	**653**	**-**	**7,003**	**7,656**	**(153)**	**7,503**
Transactions with shareholders									
- Share-buy back plan	23	-	-	-	(5,534)	-	(5,534)	-	(5,534)
- Share-based payments	23	-	-	-	2,008	(2,260)	(252)	-	(252)
- Acquisition/loss of control of subsidiaries with non-controlling interest	12	-	-	-	-	(392)	(392)	392	-
- Capital contribution of non-controlling interest	4	-	-	-	-	-	-	2,401	2,401
Total transactions with shareholders		**-**	**-**	**-**	**(3,526)**	**(2,652)**	**(6,178)**	**2,793**	**(3,385)**
Balance at 31 December 2016		**146**	**127,751**	**1,054**	**(12,364)**	**25,714**	**142,301**	**2,604**	**144,905**

in '000 EUR	Notes	Share capital	Capital Reserves	Tran-slation Reserve	Treasury Share Reserve	Retained Earnings	Equity attributable to Shareholders of lastminute.com N.V.	Non-controlling interest	TOTAL EQUITY
Balance at 1 January 2015		**146**	**127,751**	**-**	**(3,939)**	**39,385**	**163,343**	**(169)**	**163,174**
Result for the period		-	-	-	-	(18,015)	(18,015)	114	(17,901)
Other comprehensive income									
- Remeasurements of the Employee benefits liability (net of tax)	11/13	-	-	-	-	(171)	(171)	-	(171)
- Foreign currency translation differences	23	-	-	401	-	-	401	-	401
Total other comprehensive income net of tax		**-**	**-**	**401**	**-**	**(171)**	**230**	**-**	**230**
Total comprehensive income net of tax		**-**	**-**	**401**	**-**	**(18,186)**	**(17,785)**	**114**	**(17,671)**
Transactions with shareholders									
- Share-buy back plan	23	-	-	-	(4,899)	-	(4,899)	-	(4,899)
- Share-based payments	14	-	-	-	-	164	164	-	164
- Constitution of subsidiaries with non-controlling interest	4	-	-	-	-	-	-	19	19
Total transactions with shareholders		**-**	**-**	**-**	**(4,899)**	**164**	**(4,735)**	**19**	**(4,716)**
Balance at 31 December 2015		**146**	**127,751**	**401**	**(8,838)**	**21,363**	**140,823**	**(36)**	**140,787**

Consolidated cash flow statement

in '000 EUR	Notes	2016	2015
Cash flow from operating activities			
Profit / (Loss) for the period		6,657	(17,901)
Adjustments for:			
- Amortization and depreciation	16/17/18	11,162	8,853
- Impairment losses on intangible and tangible assets	17	351	935
- Net finance result	10	3,086	1,505
- Income tax expense	11	2,207	(4,383)
- Share-based payments	14	-	164
- Share of result of equity-accounted investees	20	66	64
Change in trade and other receivables	21	(3,343)	6,428
Change in inventories		21	(8)
Change in trade and other payables	26	(7,192)	(7,245)
Change in provisions	24	(2,757)	602
Change in employee benefit liability	13	2,503	270
Interest paid	10	(69)	(29)
Income tax (paid)/received		(6,561)	(3,475)
Net cash (used in) / from operating activities		**6,131**	**(14,220)**
Cash flow from investing activities			
Interest received	10	23	246
Purchase of property, plant and equipment	16	(1,799)	(2,530)
Proceeds from sale of property, plant and equipment	16	-	1
Purchase of intangible assets	17	(10,867)	(13,343)
Proceeds from sale of intangible assets	17	53	-
Acquisition of subsidiaries, net of cash acquired	4	(1,275)	11,945
Acquisition / (Proceeds) of financial assets	19	(818)	(1,124)
Net cash (used in) / from investing activities		**(14,683)**	**(4,805)**
Cash flow from financing activities			
Proceeds from borrowings	25	7,680	-
Proceeds from exercise of share options	14	1,240	-
Payment in exchange of share options	14	(1,492)	-
Share Buy back plan	23	(5,534)	(4,899)
Capital contribution from non controlling interests	23	2,376	-
Net cash (used in) / from financing activities		**4,270**	**(4,899)**
Net increase / (decrease) in cash and cash equivalents		**(4,282)**	**(23,924)**
Cash and cash equivalents at 1 January	22	65,559	89,316
Effects of currency translation on cash and cash equivalents		(1,032)	167
Cash and cash equivalents at 31 December	22	60,245	65,559



Notes to the consolidated financial statements

Note 1 - General Information

Lastminute.com N.V. (hereinafter referred to as the "Company") is a company domiciled in the Netherlands and inscribed in the Netherlands Chamber of Commerce. The address of the Company's registered office is Jan van Goyenkade 8, 1075 HP Amsterdam. The consolidated financial statements of the Company as at and for the year ended 31 December 2016 include the Company and its subsidiaries (together referred to as "lastminute.com Group", the "Group" or "LMN" and individually as "Group entities"). Following the acquisition of lastminute.com from Sabre Corporation made on 2 March 2015 (see Note 4), the Annual General Meeting of Shareholders held on 19 May 2015 approved the change of the Company name from Bravofly Rumbo Group N.V. to lastminute.com N.V. The Group is an online travel player providing consumers with online tools and technologies that allow them to easily search for, compare and book flights, vacation packages and cruises, hotel accommodations, car rentals and other travel products and services.

Note 2 - Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, except as explained in the paragraph that addresses adoption of new and revised standards and interpretations, and have been applied consistently by Group entities.
As a result of the acquisition of lastminute.com (see Note 4), the Group has foreign operations, consolidated as explained in the corresponding accounting policy below.

Basis of preparation

The consolidated financial statements have been prepared in accordance with "International Financial Reporting Standards" ("IFRSs") as endorsed by the European Union (EU).

The consolidated financial statements are presented in thousand of Euros and all amounts (including totals and subtotals) have been rounded according to normal commercial practice. Thus, an addition of the amounts presented can result in rounding differences.

The consolidated financial statements have been prepared on the historical cost basis, except for financial instruments at fair value through profit or loss, which are measured at fair value and the employee benefits liability, measured at the fair value of plan assets less the present value of the defined benefit obligation.
The consolidated financial statements were authorized for issue by the Board of Directors on 16 March 2017.

Adoption of new and revised standards and interpretations

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2016:

- Annual Improvements to IFRSs - 2010 - 2012 Cycle;
- Annual improvements to IFRSs - 2012 - 2014 Cycle;
- Amendments to IAS 1: Disclosure Initiative;
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation;
- Amendments to IAS 19: Defined Benefit Plans: Employee Contributions.

These revised standards did not have a significant impact on the Group's consolidated financial statements.

Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.
Information about critical judgments in applying accounting policies that have the most significant effect on

the amounts recognized in the consolidated financial statements as well as information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year affects mainly the following areas:

Capitalized development costs
As of 31 December 2016 and 2015 lastminute.com Group has capitalized development costs in the carrying amount of EUR 11,867 thousand and EUR 16,752 thousand, respectively (refer to note 17). As of 31 December 2016, capitalized development costs not yet available for use were EUR 2,150 thousand (2015: EUR 1,202 thousand). The Group has to make estimates and judgments about the technical feasibility of completing its development projects for improved features on the internet page and the future economic benefits of those projects. If the estimated outcome differs significantly from actual results, the consolidated financial statements could be materially affected.

Income taxes
As of 31 December 2016 the net asset for current taxes amounts to EUR 1,913 thousand (2015: EUR -906 thousand). The net liability for deferred taxes amounts to EUR 18,434 thousand at 31 December 2016 (2015: EUR 22,565 thousand, refer to Note 11). Significant estimates are required in determining the current and deferred tax assets and liabilities. Some of these estimates are based on interpretations of existing tax laws and regulations. Management believes that these estimates are reasonable and that the recognized liabilities for income tax-related uncertainties are adequate. Various internal and external factors may have favorable or unfavorable effects on the income tax assets and liabilities. These factors include, but are not limited to, changes in tax laws and regulations or their interpretation, and changes in tax rates. Any such changes that arise could impact the current and deferred income tax assets and liabilities recognized in the balance sheet in future periods. Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are offset only if certain criteria are met.
As of 31 December 2016 management recognised deferred tax assets on losses carried forward for EUR 6,403 thousand based on its estimates of future taxable profits. Management considered probable that future taxable profits will be available against which such losses can be used.

Provision and contingencies
The use of estimates and judgments is required in order to assess the amount and timing of future cash outflows to settle the present legal or constructive obligations. In case the estimates of Group's management differ significantly from effective cash outflows, the consolidated financial statements could be materially affected. Total provisions amount to EUR 3,524 thousand as of 31 December 2016 (EUR 4,455 thousand for 2015 - refer to note 24).

Business combinations
The Group initially recognizes the fair value of identifiable assets acquired, the liabilities assumed, any non-controlling interest and the consideration transferred in a business combination. Management judgment is particularly involved in the recognition and fair value measurement of intellectual property and contingent consideration. In making this assessment, management considers the underlying economic substance of the items concerned in addition to the contractual terms. This process impacts the amounts assigned to individually identifiable assets and liabilities, the most significant ones being intangible assets. As a result, the purchase price allocation impacts Group's reported assets and liabilities, future net earnings due to the impact on future depreciation and amortization expense and impairment tests.

Impairment
As of 31 December 2016 and 2015 the Group had respectively EUR 56,399 thousand and EUR 60,746 thousand in goodwill (see Note 18) and EUR 121,454 thousand and EUR 121,171 thousand in intangible assets with an indefinite useful life (see Note 17). Assets that have an indefinite useful life, such as trademarks owned by the Group, goodwill and intangible assets not yet available for use are not subject to amortization and are annually tested for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.
An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. To compute the recoverable amount the Group's management uses key assumptions, e.g. a discount rate reflecting the risk of the assets tested for impairment and future expected cash flows generated by these assets. Actual outcomes, e.g. cash flows, may vary significantly from those assumed by management. Factors such as the underperformance of the operating activities, worsening of market conditions, changes in discount rates and lower than anticipated revenues derived from the assets could lead to a significant impairment.

Basis of consolidation

The consolidated financial statements include the financial statements of the parent company lastminute.com N.V. and of the companies over which LMN has the right to exercise control, either directly or indirectly.

Business combinations
Business combinations are accounted for by applying the acquisition method. The Group measures goodwill as the fair value of the consideration transferred (including the fair value of any previously held equity interest in the acquiree) and the recognized amount of any non-controlling interests in the acquiree, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.
The Group elects on a transaction-by-transaction basis whether to measure non-controlling interests at their fair value or at their proportionate share of the recognized amount of the identifiable net assets, at the acquisition date.
Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, equity interests issued by the Group and the fair value of any contingent consideration. Transaction costs, other than those associated with the issue of debt or equity securities, incurred in connection with a business combination are expensed as incurred.

Subsidiaries
Control exists when lastminute.com N.V. is exposed, or has rights, to variable returns from its involvement with an investee and has the ability to affect those returns through its power over the investee.
The financial statements of subsidiaries that are controlled by the Group are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Transactions eliminated on consolidation
Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Changes in ownership interests in subsidiaries without change of control
Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions that is, as transactions with the owners acting in their capacity of owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Loss of control
When the Group ceases to have control over a subsidiary it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost. This value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset.

Interests in equity-accounted investees
The Group's interests in equity-accounted investees comprise interests in associates, which are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Interests in associates are accounted for using the equity method. They are recognized initially at cost. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence ceases.
Additional information regarding changes in the consolidation area is provided in Note 4 of the present document.

Functional and presentation currency

The financial statements of subsidiaries, associates and joint ventures are prepared in the currency of the primary economic environment in which they operate (the "functional currency"). The consolidated financial statements are presented in Euro (EUR), which is the functional currency of the parent company. In individual companies, transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into the functional currency at year-end rates. Any resulting exchange differences are recognized in profit or loss.
Foreign operations are consolidated as follows:

- the assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Euro at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Euro at the average exchange rates for the period when considered a reasonable approximation of the spot rate.
- foreign currency differences are recognised in Other Comprehensive Income and accumulated in the translation reserve, except to the extent that the translation difference is allocated to non-controlling interests.

Property, plant and equipment

Property, Plant and Equipment is stated at acquisition or construction cost less accumulated depreciation and impairment losses or reversals. Acquisition and construction cost includes all expenses directly attributable to the acquisition and necessary to bring the asset to working condition for its intended use.
Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate components of property, plant and equipment. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset will be capitalized as part of the acquisition cost of that asset. An asset is deemed to be a qualifying asset if a substantial amount of time is required to ensure that it is in the intended state ready for use or sale.

Subsequent costs
Subsequent expenditure are capitalized only when it is probable that the future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are expensed as incurred.

Depreciation
Depreciation is charged to profit or loss on a straight-line basis over the following estimated useful lives:

IT Equipment	5 years
Furniture	3-5 years
Other property, plant and equipment	4 years

Depreciation on property, plant and equipment begins when it is in the working condition intended by Management. The residual value and the useful economic life of property, plant and equipment are reviewed annually and adjusted where necessary. Gains and losses arising from the sale of property, plant and equipment are recognized in profit or loss.

Intangible assets

Intangible assets are stated at cost less any accumulated amortization and impairment losses.

Trademarks
Separately acquired trademarks are recognized at historical cost. Trademarks acquired in a business combination are recognized at fair value at the acquisition date. They are tested annually for impairment. Trademarks have been assumed to have an indefinite life upon the absence of a foreseeable limit to the period over which the assets are expected to generate net cash inflows. They are tested annually for impairment or whenever events or changes in circumstances indicate that trademarks may be impaired.

Capitalized development costs
The capitalized development costs of lastminute.com Group consist mainly of capitalized internal and external expenditures for the development of the websites of lastminute.com Group.
Internal and external development expenditures are capitalized if:

- they lead to new or substantially improved features on the internet page or other intangible assets;
- the finalization of the development is technically and commercially feasible;
- the Group has the intention to complete the project and the ability to use the new or substantially improved features;
- the Group has sufficient resources to complete the development; and
- the expenditure can be measured reliably.

Development expenditures that do not fulfil the above criteria are expensed as incurred.
The expenditure capitalized includes the cost of materials together with internal and external project costs as well as borrowing costs that are directly attributable to a development project.

Amortization
Amortization of intangible assets is charged to profit or loss on a straight-line basis over their estimated useful life. Amortization of intangible assets begins at the date they are available for use. Intangible assets with an indefinite useful life are not amortized. They are tested annually for impairment or whenever events or changes in circumstances indicate that trademarks may be impaired.
The estimated useful lives are as follows:

Capitalized development cost	2-3 years
Other intangible assets	2-4 years

The residual value and the useful economic life of intangible assets are reviewed annually and adjusted where necessary. Gains and losses arising from the sale of intangible assets are recognized in profit or loss.

Goodwill

At the date of acquisition and the date of control, the equity of the consolidated companies is determined by attributing to the individual assets and liabilities their fair value. The remaining difference, if any, compared to the cost of acquisition, if positive, is recorded in goodwill; if negative, after having remeasured the fair value of the acquired assets and liabilities, such difference is recognized in the income statement. Whenever the initial recognition of a business combination can be determined only provisionally, adjustments to the initially allocated values are recognized within 12 months from the acquisition date.
Goodwill is tested for impairment at least annually or more frequently whenever events or changes in circumstances indicate that goodwill may be impaired, as set forth in IAS 36 (Impairment of Assets); however, when the conditions that gave rise to an impairment loss no longer exist, the original amount of goodwill is not reinstated. The test is generally conducted at the end of every year so the date of testing is the year-end closing date of the consolidated financial statements. Goodwill acquired and allocated during the year is tested for impairment at the end of the year in which the acquisition and allocation took place.

Impairment of assets

The carrying amount of the Group's property, plant and equipment and intangible assets is reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's (or the respective cash-generating units) recoverable amount, being the higher of its fair value less cost of disposal and its value in use, is estimated. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Goodwill and intangible assets with indefinite useful lives are tested for impairment at least annually. Any impairment loss is recognized in the income statement whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.
Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reviewed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss in respect of goodwill is not reversed.

Leasing

The present value of finance lease obligations is recognized on the balance sheet if substantially all risks and rewards associated with ownership have been transferred to the Group entity.
Minimum lease payments made under finance leases are divided into an interest expense and a reduction of the outstanding liability based on the annuity method. The interest expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Assets held under finance leases are depreciated over the shorter of their estimated useful life and the lease term.
Operating lease instalments are charged to profit or loss on a straight-line basis over the lease term. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Financial instruments

Financial assets
Financial assets are initially recognized on the trade date at fair value plus any directly related transaction costs (unless held for trading purposes or designated at fair value through profit or loss). Subsequently, they are categorized and measured as follows:

- financial assets held for trading purposes or designated at fair value through profit or loss at fair value, whereby changes in the fair value are immediately recognized in profit or loss;
- loans and receivables at amortized cost, whereby the difference between the issue and repayment amount is recognized in profit or loss using the effective interest method over the period to maturity;

The classification of financial assets depends on the purpose for which they were acquired. Management determines the classification at initial recognition.

Impairment of Financial Assets
Financial assets are assessed at each reporting date to determine whether there is objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. The Group considers evidence of impairment for receivables at both a specific asset and collective level. In assessing collective impairment the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

Investments
Investments are measured at fair value with changes in their value recognized in profit or loss.

Trade and other receivables
Trade and other receivables are initially measured at fair value. Subsequent to initial recognition, they are measured at amortized cost, which generally corresponds to their nominal value.

Cash and cash equivalents
Cash and cash equivalents are stated at nominal value. They include cash on hand, bank accounts, debit balances on credit card accounts and fixed-term deposits with a term of less than 90 days from the date of acquisition.

Financial liabilities
Financial liabilities are initially recognized at fair value less any directly attributable transaction costs. They are subsequently stated at amortized cost, whereby the difference between the issue and repayment amount is recognized in profit or loss using the effective interest method over the period to maturity.

Trade and other payables
Trade and other payables are stated at amortized cost, which generally corresponds to their nominal value.

Inventories

Inventories are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated selling costs. The cost is calculated using the weighted average method. The cost includes expenditures incurred in acquiring the inventories and bringing them to their existing location and condition.

Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. If the effect of the time value is material, provisions are determined by discounting the expected future cash flows. In connection with flight ticket sales, lastminute.com Group offers its customers the possibility to acquire "Volaflex", which allows them to cancel the covered flight booking at their sole discretion. Provisions are made to cover related expected claims and other directly related costs using current assumptions.

Employee benefits

Post-employment plans

Post-employment plans for employees are maintained based on the respective legislation in each country. The plans in Switzerland, Italy and France are determined as defined benefit plans. The Swiss pension plan is financed by employer and employee contributions and the funds and foundation are financially independent from the Group. The Italian plan relates to the employee severance indemnity (TFR) that represents an unfunded defined benefit plan. In France employees benefit from the "Indemnités de Fin de Carrière" defined as defined benefit plan.
The present value of the defined benefit obligation is calculated using the projected unit credit method. The pension fund obligations and the related plan assets are assessed annually by a qualified actuary. Current service costs and net interest on the net defined benefit liability or asset are recognized as "Personnel costs". The Group determines the net interest expense by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability or asset.
Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses on the defined benefit obligation and the return on plan assets (excluding interest) are immediately recognized in other comprehensive income.
When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately as "Personnel costs". A net pension asset is recorded only to the extent that it does not exceed the present value of any economic benefits available in the form of any future refunds from the plan or reductions in the future contributions to the plan.

Share-Based Payment Transactions

The Group operates an equity-settled share-based compensation plan. One option gives the right to buy one share of the Company. The grant-date fair value of the options granted to employees is recognized as an employee expense over the vesting period, with a corresponding increase in equity over the same period. The amount recognized as an expense is adjusted to reflect the number of options for which the related service condition is expected to be met, such that the amount ultimately recognized as an expense is based on the number of options that meet the related service condition at the vesting date.
On 26 March 2015, the Group established a new cash-settled share-based payment arrangement. The fair value of the amount payable to employees in respect of the arrangement, which is settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the rights. Any changes in the liability are recognised in profit or loss.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of shares and options are shown in equity as a deduction, net of tax, from the proceeds.

Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, net of any tax effects, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity and the resulting surplus or deficit on the transaction is presented within Capital reserve.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for services rendered, stated net of discounts, cancellations and value added taxes. The Group recognizes revenue when the outcome of the underlying transaction can be estimated reliably. Revenue associated with the transaction is recognized by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred for the transaction and the costs to complete the transaction can be measured reliably. The Group bases its estimate of cancellations on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.
Revenue from the intermediation of travel services consists of revenue from the services offered on the websites of lastminute.com Group by which customers have the ability to compare and book flights, hotel rooms and car rentals, or the combination of those products, and from the sale of third party travel insurance.
When a customer posts a booking on the internet page of the companies of the Group, lastminute.com Group passes the booking to the travel supplier. Lastminute.com Group acts as an agent or broker. Revenue from the intermediation of travel services therefore consists of the commission that represents the difference between the total amount receivable from the customer and the amount payable to the travel supplier or the related commissions received from the travel supplier.
Revenues for flights bookings, hotel room bookings, cruise booking, holiday bookings, car rental bookings and travel insurance, are recognized when the booking is made, secured by credit card or other payment.
In connection with flight ticket sales, lastminute.com Group offers its customers the possibility to acquire "Volaflex", which allows them to cancel the covered flight booking at their sole discretion. When a customer cancels a flight booking covered by Volaflex, he or she obtains a voucher to be used for a replacement booking within a certain period of time of up to 18 months. The fees received for Volaflex are recognized at the time of booking adjusted for the related provision to cover related expected claims and other directly related costs using current assumptions.
Revenue from commissions paid by financial and commercial partners under specific revenue-sharing agreements, such as commissions received from telecom operators based on the volume of inbound calls to our premium customer service numbers, is recognized according to the information provided on their periodical statements.
Revenue from advertising services comprises revenue from providing sponsoring links and advertisements on the Group's companies websites. Revenue derived from the delivery of advertisements is recognized either at the time of display of each individual advertisement, or by reference to the stage of completion over the advertising delivery period, depending on the terms of the contract. Revenue generated from sponsoring links is recognized upon notification from the alliance partner that a transaction has occurred.

Income taxes

Income tax comprises current and deferred taxes. Income tax is recognized in profit or loss except to the extent that it relates to items recognized in other comprehensive income or directly in equity (i.e. transactions with shareholders), in which case it is recognized in other comprehensive income or equity.
Deferred taxes are determined using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future. The amount of deferred taxes is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.
Deferred tax assets resulting from temporary differences and tax loss carry-forwards are recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

New and revised standards and interpretations not yet applied

The following new and revised standards and interpretations have been issued but are not yet effective and are not applied early in these Consolidated Financial Statements. Their impact on the Consolidated Financial Statements has not been systematically analysed yet. The expected effects as disclosed in the table below reflect a first assessment by Group management:

New Standards or Interpretations	Effective date: annual period beginning on or after:	Mandatory application in the EU: annual period beginning on or after:
IFRS 15 Revenue from Contracts with Customers 3)	1 January 2018	Endorsed on 1 January 2018
IFRS 9 Financial Instruments 3)	1 January 2018	Endorsed on 1 January 2018
IFRS 16 Leases 3)	1 January 2019	Not Yet endorsed
IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration 2)	1 January 2018	Not Yet endorsed
Revisions and amendments of Standards and Interpretations	**Effective date**	**Mandatory application**
Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses 1)	1 January 2017	Not Yet endorsed
Amendments to IAS 7: Disclosure Initiative 1)	1 January 2017	Endorsed on 1 January 2017
Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions 2)	1 January 2018	Endorsed on 1 January 2018
Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts 2)	1 January 2018	Not Yet endorsed
Annual Improvements to IFRS Standards 2014-2016 Cycle 2)	1 January 2017 / 1 January 2018	Not Yet endorsed
Amendments to IAS 40: Transfers of Investment Property 2)	1 January 2018	Not Yet endorsed

1) The impacts on the Consolidated Financial Statements of the Group are expected to be additional disclosures or minor changes in presentation of items.

2) No or no significant impacts are expected on the Consolidated Financial Statements of the Group.

3) The impact on the Consolidated Financial Statements of the Group cannot yet be determined with sufficient reliability. The impact on the consolidated financial statements of some standards and interpretations has not yet been determined on a sufficiently reliable basis. Based on current analysis and with the exception of the application of IFRS 9, IFRS 15 and IFRS 16 LM does not expect any material impact on the Group's financial position and results of operations. With respect to IFRS 15 and IFRS 16 further analysis will be performed during 2017.

Note 3 - Financial Risk Management

Financial Instruments

The following table shows the Group's financial instruments arranged according to the categories defined in IAS 39:

in '000 EUR	31 Dec 2016	31 Dec 2015
Current financial assets (Investments)	33	33
Total financial assets at fair value through profit or loss	**33**	**33**
Non-current financial assets	1,184	1,325
Current financial assets (Deposits and other)	2,177	1,218
Trade and other receivables*	47,475	42,147
Cash and cash equivalents (excl, cash on hand)	60,229	65,554
Total loans and receivables	**111,065**	**110,244**
Short term financial liabilities	7,680	-
Trade and other payables*	134,611	146,877
Total Financial liabilities measured at amortised cost	**142,291**	**146,877**

** "Trade and other receivables/payables" do not include credit/debit VAT position, and other non-cash items at 31 December*

For further details refer to Note 19.
The carrying amounts of the above listed loans and receivables including cash and cash equivalents as well as of the financial liabilities measured at amortized cost approximate the estimated fair value of these financial instruments.

Measurement of fair values

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table shows the carrying amount of financial assets and liabilities measured at fair value, including their levels in the fair value hierarchy:

in '000 EUR	Fair value			
31 December 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value				
Investment funds	33	-	-	**33**

in '000 EUR	Fair value			
31 December 2015	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value				
Investment funds	33	-	-	**33**

As of 31 December 2016, the Group held investments funds for an amount of EUR 33 thousand (EUR 33 thousand in 2015) at fair value through profit or loss: their fair value was determined based on traded prices in an active market. There were no transfers among the Fair Value Levels during the period and no changes in valuation techniques during the period.

Financial risk management

Risk management is a fundamental element of the Group's business practice on all levels and encompasses different types of risks. At a group level risk management is an integral part of the business planning and controlling processes. Material risks are monitored and regularly discussed with the Executive management of the Company and particularly with Chief Financial Officer, the Chief Executive Officer and the Executive Chairman. Organizational and process measures have been designed to identify and mitigate risks at an early stage.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade and bank receivables.
Transactions with customers are to a large extent processed by secured credit card payments, where the Group takes no or only limited credit risk if a customer fails to pay. On the other hand, lastminute.com Group is exposed to credit risk concentration in connection with its receivables from credit card companies and from the collection of commissions from airlines. Flows from credit card transactions are managed through international leading banks. The creditworthiness of these institutions is reviewed periodically.
For any further information refer to Note 21.

Exposure to credit risk

The maximum credit risk exposure of the Group is limited to the carrying amounts of its financial and trade assets. The maximum exposure to credit risk at the reporting date was as follows:

in '000 EUR	31 Dec 2016	31 Dec 2015
Non-current financial assets	1,184	1,325
Current financial assets	2,210	1,251
Trade and other receivables*	47,475	42,147
Cash and cash equivalents (excl. cash on hand)	60,229	65,554
Total	**111,098**	**110,277**

* *"Trade and other receivables" do not include credit VAT position as at 31 December*

Liquidity risk

Liquidity risk is the risk that the Group will face difficulties to meet obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.
The Group meets its obligations from brokering services, in which it acts as an agent between the provider of the service and the customer, by credit card. The Group maintains credit lines to meet its obligations from such brokering transactions. For other transactions the Group maintains sufficient reserves of cash to meet its liquidity requirements at all times. The Group also applies cash-pooling for liquidity management purposes.
As of 31 December 2016, total amount of unused available cash credit lines for the Group was EUR 18,479 thousand (EUR 23,131 thousand at 31 December 2015). Trade and other payables are due within 90 days.
The table below shows the contractual maturities of the financial liabilities of the Group at reporting date:

in '000 EUR	31 Dec 2016			31 Dec 2015		
	Less than 1 year	Between 2 and 5 years	More than 5 years	Less than 1 year	Between 2 and 5 years	More than 5 years
Short term financial liabilities	7,680	-	-	-	-	-
Total Short term financial liabilities	**7,680**	**-**	**-**	**-**	**-**	**-**

Currency risk

The Group is not exposed to significant currency risk as the majority of all transactions and balances are either denominated in or immediately converted to EUR.
The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currencies of Group companies. The functional currencies of Group companies are primarily the Euro and British Pounds. The currencies in which these transactions are primarily denominated are Euro, British Pounds, Swiss Francs and US Dollars. The currency risk is mitigated by the fact that most of the transactions are immediately converted in Euro, which is the presentation currency of the Group.

On the other hand, some of the Group's costs and investments are based upon contractually agreed payments that are denominated in CHF, e.g. some of the lease payments for office spaces or some suppliers. The Swiss companies of the Group introduced EUR in their employment contracts reducing the Group's exposure to currency risk. As of 31 December 2016, the Group's balance sheet net exposure in CHF amounted to EUR 2,471 thousand (2015: EUR 2,162 thousand). As of 31 December 2016, the Group's balance sheet net exposure in GBP amounted to EUR 11,904 thousand (2015: EUR 13,112 thousand). As of 31 December 2016, the Group's balance sheet net exposure in USD amounted to EUR 1,803 thousand (2015: EUR 663 thousand).

A strengthening (weakening) of the EUR against the CHF, GBP and USD of 10% at 31 December would have affected profit or loss by the amounts shown in the table below:

in '000 EUR	2016		2015	
	Strenghtening	Weakening	Strenghtening	Weakening
Currency risk sensitivity in CHF	(225)	225	(196)	196
Currency risk sensitivity in GBP	(1,080)	1,080	(1,180)	1,180
Currency risk sensitivity in USD	(164)	164	(61)	61

This analysis is based on foreign currency exchange rate variances on the balance sheet position of year end the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Interest Rate Risk

The interest rate risk is the risk that changes in interest rates will affect Group's result. The impact on profit or loss of the changes in fair value of the fixed-rate bonds investments measured at fair value through profit or loss due to changes in interest rates is not material.
As of 31 December 2016 the Group has short term bank liabilities with variable interest rates for EUR 7,400 thousand (31 December 2015: EUR nil). See also note 25.
The Group further has cash and cash equivalents with variable interest rates in the amount of EUR 60,229 thousand (31 December 2015: 65,554 thousand). See also note 22.
As of 31 December 2016 the interest risk is limited to the cash and cash equivalents with variable interest. Taking into consideration the interest rates applied by the financial counterparts of the Group, a reasonable possible change in the interest rates of cash and cash equivalents, which is expected to be below 1%, would not have a material impact on profit or loss.

Price Risk

Price risk is considered not significant for the Group.

Estimation risk on future costs

In connection with flight ticket sales, lastminute.com Group offers its customers the possibility to acquire an option, which allows them to cancel the flight booking at their sole discretion and obtain a voucher to be used for a replacement booking within 12-18 months. In legal terms, this option is not an insurance product as they are subject to the sole discretion of the customer.
The estimation risk on future costs is the inherent uncertainty regarding the occurrence, amount or timing of cancellation of covered flight tickets. Lastminute.com Group currently does not cover such risk by reinsurance but uses different arrangements.
A provision is calculated to cover the best estimate of future costs with respect to the amount of the vouchers. Management's best estimate for the provision is based on, among other things, the latest available data, past cancellation experience and economic conditions that may affect the ultimate cost. However, it is inherent in the nature of the business that the ultimate liabilities may vary as a result of subsequent developments.
Total maximum exposure where the date of departure is after 31 December 2016 amounts to approximately EUR 1,032 thousand (2015: EUR 2,059 thousand). Hence, any reasonably possible change to management's best estimate for the provision would not have significantly impacted the Group's profit or loss and equity.

Note 4 - Changes in the Scope of Consolidation

Financial year 2016

Acquisition of Wayn

On 5 September 2016 the Group acquired WAYN 'Where Are You Now?' a social travel network. The acquisition which fall within the group's strategic "innovation budget" will further boost the ability to engage a young and captive audience with the addition of WAYN's 20 million registered members and 2 million monthly unique visitors. The social travel network helps B2B partners reach millions of European travellers through the Group's network of leading online brands, which include lastminute.com, Rumbo, Volagratis, Bravofly and Jetcost.
As of the date of approval of these financial statements the purchase price allocation has not been completed yet as the projections of WAYN's business cannot be reliably estimated at the current reporting date. In accordance with IFRS 3, the allocation process will be completed within a period not exceeding one year from the acquisition date. As of 31 December 2016, the excess of the purchase consideration over the provisional fair values of net assets acquired has been recognised as per the table below and subject to change following the completion of the purchase price allocation.

Consideration (in '000 EUR)	5 Sept 2016
Cash	1,275
Total consideration paid in cash	1,275
Customer list	1,043
Property plants and equipments	43
Trademarks	233
Deferred taxes liabilities	(209)
Fair value of total identifiable net assets acquired	**1,110**
Goodwill	165
Total consideration	**1,275**

The Group effectively gained control over Wayn business on 5 September 2016 and consolidated it from that date. The Group's transaction costs relating to the Wayn acquisition are not material to the consolidated financial statements.
Goodwill not yet allocated is mainly attributable to the assembled workforce, the Group and management's ability to generate future income and growth through the recognition of their trademarks and the opportunity for the Group to expand its footprint in new markets. It will not be deductible for tax purposes.
In 2016 the Group signed an incentive plan jointly with acquisition deal made with the former Wayn co-founders: the plan will cover next two years for the maximum amount payable of GBP 3 million. The amount payable to the former co-founders will be calculated on certain quantitative targets.
At of 31 December 2016 the assessment made by the Group showed that the likelihood of payment the contingent liability is remote. Hence no accrual was needed.

Constitution of Destination Italia SpA

On 28 September 2016, the Group launched a new company named "Destination Italia SpA" together with Intesa S.Paolo as minority shareholder (38% ownership) and Marco Ficarra (5% ownership), a senior travel industry executive, former CEO of Venere.com. The Group fully consolidate Destination Italia Spa. The aim of the project is to increase the current growth rate of international arrivals to Italy, that today is under that of direct world competitors, encouraging new flows from abroad, estimated as approximately 10 million additional arrivals. In terms of tourism, this will generate new business with higher turnovers and profits, thanks above all to the fact that a part of the turnover generated by the industry will be reinvested.

Constitution of Bravometa CH SA
On 18 August 2016 the Group constituted a new company named "Bravometa CH SA". The company operates in the Metasearch business. Revenues are mainly represented by commissions gained by directing traffic from the Group's websites to the sites of the On line Traffic Agencies (OTAs), airlines and other direct providers.

2Spaghi Srl
On 14 March 2016, the Group increased its stake in 2Spaghi Srl, a company operating as aggregator of restaurants and hotels reviews. The control changed from 62.5% to 100%. The Group acquired the non-controlling interest (NCI) by taking over the NCI's negative equity portion of EUR 392 thousand. No cash was transferred to the NCI of Spaghi Srl. As the total equity of 2Spaghi Srl was negative as of 31 December 2015, the transaction has led to a positive effect on the total NCI equity resulting in EUR 371 thousand as of 31 December 2016 (31 December 2015: EUR – 36 thousand).

Financial year 2015

Acquisition of lastminute.com
On 2 March 2015 the Group finalized the acquisition of lastminute.com from Sabre Corporation.
The Group acquired the lastminute.com's business through an asset deal, debt-cash free, for a total consideration of GBP 1.
The Group assumed the respective assets and liabilities, whereas the major item was represented by the negative working capital. In addition the Group signed a non-exclusive arm's length multi-annual agreement for the usage of Sabre's GDS' system.
Through the deal the Group acquired the lastminute.com's operations located in UK, France, Germany, Spain and Italy, establishing a leading position in all major European Countries.
The following table summarises the consideration paid for lastminute.com, and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date through the purchase price allocation exercise:

Consideration (in '000 EUR)	2 Mar 2015
Cash	1
Total consideration paid in cash*	1
Property plant and equipment	1,433
Capitalised development costs	3,533
Non current financial assets	800
Trade and other receivables	22,295
Cash and cash equivalents	11,946
Provisions	(1,136)
Employee benefits liabilities	(247)
Trade and other payables	(89,145)
Trademarks	44,655
Deferred taxes liabilities	(8,931)
Fair value of total identifiable net assets acquired	**(14,797)**
Goodwill	14,796
Total consideration	**1**

** Total consideration paid is 1 GBP > = 1 EUR*
Rounded up to the nearest EUR thousand.

The Group effectively gained control over lastminute.com on 2 March 2015 and consolidated it from that date. The Group's transaction costs relating to the LMN acquisition are not material to the consolidated financial statements.
The fair value of acquired trade receivables is EUR 22,295 thousand. The gross contractual amount for trade receivables due is EUR 23,057 thousand, of which EUR 762 thousand is expected to be uncollectible.
Goodwill not yet allocated is mainly attributable to the assembled workforce, the Group and management's ability to generate future income and growth through the recognition of their trademarks and the opportunity for the Group to expand its footprint in new markets. It will not be deductible for tax purposes.

Constitution of Sealine Investment LP
On 23 March 2015, the Group constituted Sealine Investment LP. The total capital paid was EUR 0.1 thousand. The new company is totally owned by the Group. The company is the vehicle used by the Group to run a new cash-settled share-based payment arrangement established on 26 March 2015 and it is consolidated. For further information reference should be made to Note 14.

Constitution of URBANnext SA
On 28 September 2015, the Group constituted URBANnext SA, a newco which operates a shared-use mobility aggregator app. The capital contribution initially paid was EUR 92 thousand. The company is managed in partnership with the co-founders of the acquired app called Batsharing, renamed by the Group as "Urbi". Under the terms of the agreement, lastminute.com group is the major shareholder owning the 80% of shares for a total of EUR 74 thousand. Sharing mobility represents the most relevant innovation in the world of urban mobility. Through this partnership, lastminute.com group will be able to offer its growing 10 million customer base solutions for all mobility requirements: from long-haul flights and train tickets, to now also travel and transport within a city.

Note 5 - Segment Information

As defined by IFRS 8, an operating segment is a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses;
- whose operating results are regularly reviewed at the entity's chief operating decision maker;
- for which discrete financial information is available.

Management is determining operating segments based on the information reviewed and managed by the Group CODM.
Starting from 2014, the Group modified its segment reporting to adapt itself to the acquisition of Jetcost (transaction completed at the end of 2013) and its new organizational structure. Jetcost is a separate and independent business for the Group and is managed and reported as such (as Metasearch), but it leverages on the Group in a number of non-commercial areas. The Group considers the Jetcost business as strategic and is monitoring it separately. The acquisition of lastminute.com made in 2015 has not changed the basis of segmentation as the business acquired was integrated into the OTA ("Online Travel Agency") segment of the Group.
On this basis, the Group has defined the following operating segments:

- **OTA ("Online Travel Agency")**, which represents the core and traditional business of the Group.
- **Metasearch**, which includes the business generated in the Group's websites focused on directing traffic, in exchange for a commission, to the sites of OTAs and airlines and other direct providers.

The Group CODM assesses the performance of the operating segments based on a measure of Adjusted EBITDA:

in '000 EUR	2016			2015		
	OTA	Metasearch	Total	OTA	Metasearch	Total
Consolidated Revenues	**224,000**	**37,533**	**261,533**	**230,093**	**19,597**	**249,690**
Total Revenues	225,218	47,128	272,346	230,565	28,032	258,597
Intersegment Revenues	(1,218)	(9,595)	(10,813)	(472)	(8,436)	(8,908)
Consolidated EBITDA Adjusted*	**19,015**	**9,571**	**28,586**	**(10,662)**	**10,190**	**(472)**
Non-cash impact of stock options			-			(164)
Extraordinary bonuses			(1,426)			-
Costs related to acquisition and integration of subsidiaries			(296)			(402)
Litigation, restructuring and other costs/income incidental to operating activities			(3,335)			(9,889)
Depreciation, Amortization and impairment			(11,513)			(9,788)
Operating profit			**12,016**			**(20,716)**

* *The Group defines "Adjusted EBITDA" as EBITDA (Profit before interest and income tax plus depreciation and amortisation) adjusted for the effects of stock option plans and income and costs considered by management as incidental to operating activities, such as those related to acquisitions, litigations, restructuring and IPO.*

Both operating segments generate revenues by selling services related to "flight" and "non-flight" products. Refer to Note 6 for further information about revenues, including geographical information. The table below analyzes the Group's non-current assets, excluding financial instruments and deferred taxes, based on the geographic location of the assets as of 31 December 2016 and 2015:

in '000 EUR	2016	2015
Spain	81,453	83,050
France	46,952	47,551
Switzerland	22,758	18,418
Others	14,396	14,595
UK	40,833	40,494
Total	**206,392**	**204,108**

Note 6 - Revenues

The table below shows Revenues for 2016 and 2015:

in '000 EUR	2016	2015
Revenue from sales of travel services	234,344	226,537
Revenue from advertising services	17,802	14,802
Revenue from premium number	1,553	2,805
Revenue from Volaflex	3,065	3,851
Other revenues	4,769	1,695
Total	**261,533**	**249,690**

In 2016 total revenues increased by EUR 11,843 thousand, or +4.7%, to EUR 261,533 thousand from EUR 249,690 thousand in 2015.
This increase is primarily due to i) an internal growth connected to the meta activity for the amount of EUR 17,936 thousand, ii) internal growth connected to the media and dynamic packages for the amount of EUR 6,917 thousand. This effect has been partially counterbalanced by a reduction in hotel and flight volumes for around EUR 13,010 thousand mainly due to the Group's strategy to focus more on bookings with higher profitability reducing the lower ones during 2016: this approach reduced volumes in 2016 in absolute terms benefiting Group's profitability.
A significant indicator for the Group is represented by Gross Travel Value defined as the value of the travel products purchased by the Group's clients using the Group's platforms, including agency fees, insurance and gross of any discounts and cancellations. Gross Travel Value amounted respectively to EUR 2,006 million in 2016 and EUR 2,355 million in 2015. This decrease is mainly due to the reason described above in term of volumes.

Revenues by products
The table below shows Revenues by product for 2016 and 2015:

in '000 EUR	2016	% of the total	2015	% of the total
Flight	154,692	59.1%	144,528	57.9%
Non Flight	106,841	40.9%	105,162	42.1%
Total	**261,533**	**100.0%**	**249,690**	**100.0%**

Flight revenue
In 2016, the Group's flight revenue increased by EUR 10,164 thousand, or +7.0%, to EUR 154,692 thousand from EUR 144,528 thousand in 2015. This increase is primarily due to i) a positive effect of meta revenues for EUR 15,386 thousand and ii) a negative effect in term of contraction of volumes for EUR 5,222 thousand due to a Group's strategy focused on bookings with higher profitability.

Non-flight revenue
In 2016, the Group's non-flight revenue increased by EUR 1,679 thousand, or +1.6%, to EUR 106,841 thousand from EUR 105,162 thousand in 2015. This increase is primarily due to a positive effect of i) meta revenues for EUR 2,550 thousand, ii) media revenues for EUR 4,117 thousand, iii) dynamic packages for EUR 2,800 thousand. This effect is counterbalanced by a reduction in volumes of hotel business for EUR 7,788 thousand.

Geographical Information

The Group categorizes its geographical markets by the countries for which its websites are localized through language and other elements. Because websites in a specific language can be accessed from any location, users outside a country can also use these websites. Products are not delivered to physical addresses, and the locations of users' ISPs and of the banks issuing customer's credit cards do not identify users' locations with certainty. Therefore a split of revenues based on customers' location is not available. However, Group management believes that the majority of customers booking through the Italian, UK, Spanish and French websites are located, respectively, in Italy, UK, Spain and France.
The table below shows Revenues from different countries based on website languages for 2016 and 2015:

in '000 EUR	2016	% of the total	2015	% of the total
Italy	51,212	19.6%	52,406	21.0%
Spain	32,017	12.2%	32,395	13.0%
UK	61,875	23.7%	53,767	21.5%
France	64,761	24.8%	60,299	24.1%
Germany	17,548	6.7%	17,246	6.9%
Netherlands	376	0.1%	841	0.3%
Others	33,744	12.9%	32,736	13.2%
Total	**261,533**	**100.0%**	**249,690**	**100.0%**

In 2016, lastminute.com Group recorded a growth in particular in UK, France, and in other regions. Growth in UK, France and other countries was driven mainly by the effects of lastminute.com's acquisition, whereas growth outside the core markets has been very strong both in Europe and in the Asia-Pacific region (APAC). During 2016 the Group has been able to respond efficiently to the higher competition for traffic and pressure on pricing, in particular in the paid marketing channels. In Italy the Group recorded a limited contraction of the revenues, due to the decrease of the business volumes.

Major Customers

Revenues of the Group are generated by numerous different transactions of limited value. The Group's largest customer accounts for less than 10% of total consolidated revenues.

Note 7 - Marketing Costs

The table below shows Marketing costs for the Group for 2016 and 2015:

in '000 EUR	2016	2015
Online costs	99,272	100,829
Offline costs	10,838	21,080
Total	**110,110**	**121,909**

Marketing costs decreased by EUR 11,799 thousand (-10%) from EUR 121,909 thousand in 2015 to EUR 110,110 thousand in 2016. Marketing costs as percentage of revenues decreased in 2016 compared to 2015 (42.1% vs 48.8%). This decrease is almost totally primarily due to the significant reduction of TV marketing campaigns in offline marketing for EUR 8,570 thousand (EUR 4,257 thousand in 2016 compared with EUR 12,827 thousand in 2015). Online marketing is substantially stable compared with previous year.

Note 8 - Personnel Costs

The table below shows Personnel costs for the Group for 2016 and 2015:

in '000 EUR	2016	2015
Wages and salaries	39,508	42,201
Social security charges	9,094	12,917
Expenses relating to defined benefit plans	1,153	861
Other personnel costs	1,366	2,854
Share-based payments	-	164
Total	**51,121**	**58,997**

Personnel costs decreased by EUR 7,876 thousand (-13.3%) from EUR 58,997 thousand in 2015 to EUR 51,121 thousand in 2016. Costs decreased mainly due to restructuring activity and general personnel optimization implemented in the second part of 2015, generating significant benefits in 2016. Personnel costs as percentage of revenues decreased in 2016 compared to 2015 (19.5% vs 23.6%).
Cost for wages and salaries of EUR 6,276 thousand (2015: EUR 9,947 thousand) have been capitalized as development costs (refer to Note 17 for further details). Wages and salaries capitalized as development costs refer specifically to employees working on such development.
Details about expenses relating to defined benefit plans are provided in Note 13.
Other personnel cost include other residual kind of costs related to employees' activity.
Share-based payments related to the existing stock option plans and further details are included in Note 14.
The average number of staff employed by the company in 2016 amounted to 1,157 headcounts (2015: 1,054).
The table below shows the Group's headcount split at the end of 2016 and 2015:

Units	2016	2015
Sales	201	100
IT	326	303
Operations	250	292
Marketing	216	235
Administration	169	187
Management	8	12
Total	**1,170**	**1,129**

Note 9 - Other Operating Costs

The table below shows Other operating costs for the Group for 2016 and 2015:

in '000 EUR	2016	2015
Credit card processing fee	16,438	21,096
Fees for advisory, legal and other services	11,597	8,818
Call Center operation costs	14,716	16,245
Expense for operating leases	8,789	11,091
Commissions paid to other travel service brokers	1,527	490
Other operation costs	23,706	21,972
Total	**76,773**	**79,712**

Other operating costs decreased by EUR 2,939 thousand (-3.7%) from EUR 79,712 thousand in 2015 to EUR 76,773 thousand in 2016.
The "other costs" includes costs mainly referred to business providers.
Other operating costs as percentage of revenues decreased in 2016 compared to 2015 (29.3% vs 31.9%).

Note 10 - Finance Result

The table below shows the Net Finance Result for the Group in 2016 and 2015:

in '000 EUR	2016	2015
Interest income	23	246
Others	98	92
Total Finance Income	**121**	**338**
Interest expenses	(69)	(29)
Net FX exchange costs	(3,124)	(1,800)
Others	(14)	(14)
Total Finance Costs	**(3,207)**	**(1,843)**
Total Net Finance Result	**(3,086)**	**(1,505)**

The net financial result declined by EUR 1,581 thousand (- 105%) from EUR -1,505 thousand in 2015 to EUR -3,086 thousand in 2016, mainly due to losses by negative effect on exchange rates for EUR 3,124 thousand driven by the loss of power of GBP after the Brexit event.

Note 11 - Income Taxes

Components of income tax expenses
The table below shows the composition of Income tax expenses / (income) for 2016 and 2015:

in '000 EUR	2016	2015
Current income taxes	3,742	4,284
Deferred taxes	(1,535)	(8,668)
Total	**2,207**	**(4,384)**

Income taxes recognised in other comprehensive income
The table below shows the composition of income taxes recognized in other comprehensive income for 2016 and 2015:

in '000 EUR	2016	2015
Income taxes on remeasurements of the Employee Benefits liability	(24)	41
Total income taxes recognised in the period in other comprehensive income	**(24)**	**41**

Income taxes on remeasurements of the employee benefit liability relate to the defined benefit plans of the Group. In 2016, the amount of taxes recognized directly in equity was nil (in 2015: nil).

Reconciliation of effective income tax expenses
The table below shows the Group tax rate reconciliation for 2016 and 2015:

in '000 EUR	2016 (%)	2016	2015 (%)	2015
Profit (loss) before taxes from continuing operations		8,864		(22,285)
The Group's expected weighted average rate is 25.2% (2014: 21.8%)				
Income tax based on the Group's expected weighted average tax rate	25.2%	2,236	21.8%	(4,847)
Current-year tax losses for which no deferred tax assets are recognized	11.0%	976	-1.3%	284
Effect of change in tax rate on deferred taxes	5.5%	490		
Non deductible expenses	10.8%	957	-3.2%	712
Tax-exempt income	-25.1%	(2,228)	2.4%	(533)
Recognition of previously unrecognised (derecognition of previously recognised) deductible temporary differences	-2.5%	(224)		
Income Tax expense (benefit) of the Group	**24.9%**	**2,207**	**19.7%**	**(4,384)**

In 2016 the Group's consolidated income tax expense amounted to EUR 2,207 thousand, compared with a benefit of EUR 4,384 thousand in 2015 with an increase of 6,591 EUR thousand, mainly due to the current-year tax losses for which no deferred tax assets are recognized, to the effect of non-deductible expenses in some of the countries with the higher nominal tax rates and to the effect of change in tax rates on deferred taxes. The Group's effective tax rate increased from the negative 19.7% in 2015 to 24.9% in 2016.
In respect of unrecognized deferred tax assets, as of 31 December 2016, tax losses carried forward of around EUR 2.8 million exist (2015: EUR 2 million). These losses can be offset against operating future profits, for the main portion, for the period of nine years after the year in which the losses did occur. Management has established that it is uncertain whether future taxable operating profits would be available against which these losses can be used, and therefore no deferred tax asset has been recognized.

Deferred tax assets and liabilities are attributable to the following:

in '000 EUR	31 Dec 2016		31 Dec 2015	
	Asset	Liabilities	Asset	Liabilities
Trade Receivables	422	-	117	-
Property, plant and equipment	27	-	44	-
Intangible assets	-	(25,911)	21	(31,242)
Employee benefits liability	596	-	454	-
Provision	17	-	42	(100)
Losses carry-forward	6,403	-	8,099	-
Other	12	-	-	-
Deferred Tax assets (liabilities)	**7,477**	**(25,911)**	**8,777**	**(31,342)**

In 2016 compared with 2015, deferred tax assets decreased by EUR 1,300 thousand due to the main following effects:

- decrease of EUR 1,696 thousand referred to the utilisation of the deferred taxes assets recognised during prior years losses with regard to carried forward on LMN entities. As a general rule, deferred tax assets resulting from temporary differences and tax loss carry-forward are recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.
- increase in employee benefit assets of EUR 142 thousand mainly attributable to French LMN entity;
- increase of EUR 305 thousand mainly referred to the difference between the statutory tax base for bad-debt provision and the IFRS value of the same of the Group's entities.

The main portion of DTA is related to losses may be carried forward indefinitely.
Deferred tax liabilities decreased during 2016 by EUR 5,431 thousand due to the main following effects:

- effect of the correction of previous years for EUR 4,162 thousand deemed to be not material by the Group; for further information reference should be made to Note 18;
- release in the profit and loss for an amount of EUR 1,547 thousand related to deferred tax liabilities on intangible assets;
- increase of deferred tax liability calculated on Wayn customer list arisen from the purchase price allocation currently based on a provisional accounting; for further information please see Note 4.

The movement in the net deferred tax asset / liability during 2016 and 2015 was as follows:

in '000 EUR	1 Jan 2016	Correction of previous years	Recognised in Profit or Loss	Recognised in OCI	Recognised directly in Equity	Business combination	Currency Translation Differences	31 Dec 2016
Net deferred tax assets/(liabilities)	(22,565)	4,162	1,535	(24)	-	(209)	(1,333)	(18,434)
Total	**(22,565)**	**4,162**	**1,535**	**(24)**	**-**	**(209)**	**(1,333)**	**(18,434)**

in '000 EUR	1 Jan 2015	Recognised in Profit or Loss	Recognised in OCI	Recognised directly in Equity	Business combination	Currency Translation Differences	31 Dec 2015
Net deferred tax assets/(liabilities)	(21,648)	8,668	41	-	(8,931)	(694)	(22,565)
Total	**(21,648)**	**8,668**	**41**	**-**	**(8,931)**	**(694)**	**(22,565)**

Current tax assets & liabilities

As of 31 December 2016, the total net position relating to "Current tax assets & liabilities" amounts to EUR 1,913 thousand (2015: EUR -906 thousand). In 2016, the net tax position of the Group increased by EUR 2,819 thousand compared to the previous year mainly due to the decrease of tax base of the French subsidiary during 2016. For further information please see comments on table "Reconciliation of effective income tax expenses" above.

Note 12 - Earnings per Share

Basic earnings per share

The table below shows basic earnings per share for 2016 and 2015:

in '000 EUR	2016	2015
Profit for the period attributable to the shareholders of lastminute.com N.V. (in EURO/000)	6,810	(18,015)
Weighted-average number of shares outstanding during the period (in thousand of units)	13,792	14,131
Basic earnings per share (in EUR)	**0.49**	**(1.27)**

Weighted-average number of ordinary shares (basic)

Number of shares (in thousand of units)	2016	2015
Issued ordinary shares at 1 January	14,623	14,623
Effect of share options exercise	(4)	-
Share buy back	(827)	(492)
Weighted-average number of shares (Basic) at 31 December	**13,792**	**14,131**

Diluted earnings per share

The table below shows diluted earnings per share for 2016 and 2015:

in '000 EUR	2016	2015
Profit for the period attributable to the shareholders of lastminute.com N.V. (in EURO/000)	6,810	(18,015)
Weighted-average number of shares outstanding during the period (in thousand of units)	13,867	14,131
Diluted earnings per share (in EUR)	**0.49**	**(1.27)**

The denominator used in the above computation has been calculated in the following way:

Number of shares (in thousand of units)	2016	2015
Weighted-average number of shares (Basic)	13,792	14,131
Effect of share options in issue	75	-
Weighted-average number of shares (Diluted) at 31 December	**13,867**	**14,131**

In 2015 the result of the Group was negative, hence the share options on issue were anti-dilutive and were ignored in the calculation of diluted earnings per share of 2015.

Note 13 - Employee Benefits

The table below shows Employee benefits liabilities as at 31 December 2016 and 2015 for the Group:

in '000 EUR	31 Dec 2016	31 Dec 2015
Net defined benefit liabilities	3,226	2,766
Cash-settled share-based payment liabilities	1,826	-
Total employee benefit liabilities	**5,052**	**2,766**

The increase of Cash-settled share-based payment liabilities is mainly related to the contribution of limited partnership made by the participants of the Cash settled share-based payments. See Note 14.
Net defined benefit liabilities are described as follow.

Characteristics of defined benefit plans and risks associated with them
The Swiss pension plan is governed by the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG), which stipulates that pension plans are to be managed by independent, legally autonomous units. The assets of the pension plan are held within a separate foundation and cannot revert to the employer. Pension plans are overseen by a regulator as well as by a state supervisory body.

The Swiss Group entity is affiliated to the "Sammelstiftung BVG der Allianz Suisse Lebensversicherungsgesellschaft", which is a collective foundation administering the pension plans of various unrelated employers. The pension plan of the Swiss Group entity is fully segregated from the ones of other participating employers.
The most senior governing body of the collective foundation is the Board of Trustees. All governing and administration bodies have an obligation to act in the interests of the plan participants.
Plan participants, their spouse and children are insured against the financial consequences of old age, disability and death. Their benefits are defined in pension plan rules compliant with the BVG, which is specifying the minimum benefits that are to be provided. Retirement benefits are based on the accumulated retirement capital which can either be drawn as a life-long annuity or as a lump sum payment. The annuity is calculated by multiplying the retirement capital with the currently applicable conversion rate. The accumulated retirement capital is made of the yearly contributions towards the old age risk by both employer and employee and the interest thereon until retirement. Contributions towards the old age risk are based on the rules defined by the Board of Trustees of the collective foundation. Minimum contributions and interest are defined by the BVG and the Swiss Parliament. In 2015 and 2016 the minimum interest was 1.25%.

According to IAS 19, the Swiss pension plan is classified as "defined benefit" plan. All actuarial risks of the plan, e.g. old age, invalidity and death or investment are fully covered by insurance. However the collective foundation is able to withdraw from the contract with the Group at any time, reason why the plan is classified as "defined benefit" plan. The insurance company bearing the investment risk is also making these investments on behalf of the collective foundation. As a result, the assets of the Swiss plan consist of a receivable from the insurance policy.
In France employees benefit from the "Indemnités de Fin de Carrière" defined in the "Convention Nationale Collective du Travail du personnel des Agences de Voyages et du Tourisme" (number 3061). The rights correspond to 15% of the monthly salary per year of seniority in the company. According to IAS 19, the French pension plan is classified as "defined benefit" plan.

In Italy employee severance indemnities are due under an Italian plan, the Trattamento di fine rapporto (TFR), which is mandatory for Italian companies and is an unfunded defined benefit plan. The deferred compensation

to be paid when an employee leaves the Italian entity is based on the employees' years of service and the taxable compensation earned by the employee during the service period, i.e. the accumulated retirement capital at the time when the employment ends. Benefits are payable in the event of retirement, death, disability or resignation. There were no special events, e.g. plan amendments, curtailments or settlements during the reporting period.

Movement in net defined benefit liability
The following tables present information about the net defined benefit liability and its components:

in '000 EUR	31 Dec 2016	31 Dec 2015
Funding of the defined benefit plan		
Present value of unfunded obligations	365	236
Present value of funded obligations	5,983	4,871
Total present value of obligations	**6,348**	**5,107**
Fair Value of plan assets	3,122	2,341
Pension liability recognised in the balance sheet	**3,226**	**2,766**

in '000 EUR	2016	2015
Reconciliation of the defined benefit obligation		
Defined Benefit Obligation at 1.1.	**5,107**	**3,408**
Current service cost (employer)	1,153	838
Past service cost	-	(6)
Interest cost	52	53
Contributions by plan participants	453	378
Administration cost	2	2
Benefits paid	(266)	(408)
Effect of business combination	-	286
Actuarial (gain) / loss on DBO	(210)	224
Exchange rate effect	57	332
Defined Benefit Obligation at 31.12.	**6,348**	**5,107**

in '000 EUR	2016	2015
Reconciliation of the fair value of plan assets		
Fair Value of plan assets at 1.1.	**2,341**	**1,657**
Interest income	24	26
Contributions by the employer	453	378
Contributions by plan participants	453	378
Benefits paid	(189)	(286)
Return on plan assets excl. interest income	7	13
Exchange rate effect	33	175
Fair Value of plan assets at 31.12.	**3,122**	**2,341**

in '000 EUR	2016	2015
Reconciliation of the recognised net pension liability		
Net liability at the beginning of the period	**2,766**	**1,751**
Expense recognised in profit or loss	1,207	1,018
Expense recognised in other comprehensive income	(217)	212
Contributions by the employer	(453)	(379)
Effect of business combination	-	286
Benefits paid by unfunded defined benefit plans	(77)	(122)
Net liability at the end of the period	**3,226**	**2,766**

in '000 EUR	2016	2015
Pension expense recognised in profit or loss		
Current service cost (employer)	1,153	838
Net interest cost	28	27
Administration cost	2	2
Past service costs	-	(6)
Exchange rate effect	24	157
Expense recognised in profit or loss	**1,207**	**1,018**
Amount recognised in other comprehensive income		
Return on plan assets excl. interest income	(7)	13
Remeasurements gain/(loss):		
Actuarial gain/(loss) arising from demographic assumptions	(630)	-
Actuarial gain/(loss) arising from financial assumptions	291	(135)
Actuarial gain/(loss) arising from experience adjustment	129	(90)
Total amount recognised in other comprehensive income	**(217)**	**(212)**

Actuarial assumptions for the defined benefit obligations
The following were the principal actuarial assumptions at the reporting date:

Swiss plan

Actuarial Assumptions	31 Dec 2016	31 Dec 2015
- Discount rate	0.70%	0.90%
- Future salary increases	1.00%	1.00%
- Mortality table	BVG 2015G	BVG 2010G

As of 31 December 2016, the weighted-average duration of the defined benefit obligation was 22 years (2015: 21 years).

French plan

Actuarial Assumptions	31 Dec 2016	31 Dec 2015
- Discount rate	1.35%	1.93%
- Future salary increases	3.00%	2.00%
- Future pension indexations	0.00%	0.00%
- Mortality table	THG05/TGF05	THG05/TGF05

As of 31 December 2016, the weighted-average duration of the defined benefit obligation was 20 years (2015: 20 years).

Sensitivity analysis
Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	2016		2015	
in '000 EUR	Increase	Decrease	Increase	Decrease
Discount rate (0.25%)	(305)	335	(249)	273
Future salary growth (0.25%)	116	(113)	100	(94)
Future mortality (1 year)	82	(83)	61	(61)

The disclosed sensitivities have been determined by changing the discount rate and the rate of salary increase by +/-0.25% resp. making an adjustment to the mortality so that the longevity increased/decreased by one year.The sensitivity analysis is based on realistically possible changes as of the end of the reporting period. Each change in a significant actuarial assumption was analyzed separately as part of the test. Interdependencies were not taken into account.

Plan assets
The fair value of plan assets for the Swiss plan as of 31 December 2016 of EUR 3,122 thousand (2015: EUR 2,341 thousand) consists of a receivable from the insurance company, see above.

Expected contributions in 2017
The Group expects to pay contributions to the defined benefit plans in the amount of EUR 646 thousand in 2017.

Note 14 - Share-Based Payment Arrangements

Employee share option plan
From 2011 to 2013, the Group granted options to top and middle management employees under the employee share option plan approved on 26 July 2011 by the shareholders. One option gives the right to buy one share of the Company, subject to a vesting period of 33 months. The options can only be exercised in the three year period following the vesting date. All options are to be settled by physical delivery of shares.
In 2016, no expense has been recognized as personnel costs for the share option plan (2015: EUR 164 thousand). The table below shows the share options costs for the Group for 2016 and 2015 with the split according to the respective granting dates:

in '000 EUR	2016	2015
Equity-settled share-based payment transactions		
Share options granted in 2013	-	164
Total	**-**	**164**

During 2016 the Group repurchased 268 thousand vested options. The re-purchase price amounted to the difference between the share market price and the exercise price of the respective options (EUR 8.02 on average). During 2016 154 thousand vested options have been exercises with an exercise price of EUR 8.02 on average. As of 31 December 2016 there are no more outstanding options related to 2011 plan.
The number of outstanding options under the option plan is as follows:

in thousands of options	2016 (in thousands of options)	Weighted average exercise price 2016 (EUR)	2015 (in thousands of options)	Weighted average exercise price 2015 (EUR)
Reconciliation of outstanding share options				
Oustanding at 1 January	622	9.17	622	9.17
Forfeited during the year	(2)	(8.00)	-	-
Exercised during the year	(154)	(8.20)		
Repurchased during the year	(268)	(8.20)	-	-
Oustanding at 31 December	**198**	**11.64**	**622**	**9.17**
Exercisable at 31 December	**198**	**11.64**	**581**	**8.56**

The weighted-average contractual life of the options outstanding at 31 December 2016 was 1.21 years (2015: 1.39 years).

Cash settled share-based plan
On 26 March 2015, the Group established a new cash-settled share-based payment arrangement. Directors and selected key employees were offered the opportunity to participate. Plan participants are required to make an equity co-investment contribution in cash ("the initial contribution") as limited partners of a limited partnership entity (Sealine Investment LP) which is consolidated by the Group. Under the terms of the plan, the Group contributes an amount equal to three times the initial contribution ("the LMN contribution"). The limited partnership entity which administers the arrangement purchases the LMN shares, and LMN shares equivalent is computed for both the initial and the LMN contribution. This equivalent number is equal to the contribution divided by the market price of an LMN share at the date of the initial contribution.

As at 31 December 2016, the total amount of the participants' initial contribution to the limited partnership entity amounted to EUR 1,826 thousand, while the amount of financed by the Group to limited partners amounted to EUR 1,028 thousand.

At the end of a 4-year-period from the date of the initial contribution ("qualifying period") the plan participants are entitled to a cash payment equal to the difference between the total value of the LMN shares equivalent corresponding to both the initial and LMN contribution at market price at the end of the qualifying period plus dividends on these shares accumulated during the qualifying period and the amount of the LMN contribution plus interest at LIBOR + 4.5% p.a. by way of redemption of the outgoing limited partner's membership.

No guarantee of refund of the initial contribution is provided to the plan participants by the Group. In case the total value of the LMN shares equivalent corresponding to both the initial and LMN contribution at market

price at the end of the qualifying period and the dividends on these shares accumulated during the qualifying period is lower than the amount of the LMN contribution plus interest at LIBOR + 4.5% p.a., a plan participant is not receiving any payment out of the plan.

If the employee or director stops working for the Group before the end of the qualifying period, he is entitled to a cash payment at the time of exit which is equal to the lower of his initial contribution with interests of 5% p.a. and the market value at the time of exit of the LMN shares equivalent corresponding to his initial contribution, plus the value of dividends accumulated on the LMN shares equivalent corresponding to his initial contribution from the date of the initial contribution until exit. The exit is made by way of redemption of the outgoing limited partner's membership.

Plan participants are offered the opportunity to extend their individual investment period beyond the qualifying period and request the cash settlement relating to the initial and LMN contributions computed using the same formula as at the end of the qualifying period (see above) at a later date. The later date is then used in the formula in lieu of the end date of the qualifying period.

As at 31 December 2016, the liability recorded in relation to the cash settled obligation in relation to the plan amounted to EUR 1,826 thousand (2015: EUR 1,631 thousand). As at 31 December 2016, the receivables recorder in relation to the financing part granted to limited partners amounted to EUR 1,028 thousand (2015: EUR 1,155 thousand). The liability value was assessed taking into consideration the fair value of the underlying shares considering the vesting period of 4 years and other conditions, as well as the required interest payable on the company's portion of the contribution. The Company performed a discounted cash flow model for the valuation of the scheme. Being the shares purchased under the terms of the plan exclusively lastminute.com shares, the overall value of the Group divided by the number of such shares can clearly represent the present value of the investment plan. Key assumptions used in the assessment are based on the management's best estimates over a 5 years business plan, a WACC of 10.5% (2015: 11.3%) and perpetual growth rate of 1.7% (2015: 1.8%).

No amount was recorded as expense for the period, given that there was no variation in the liability from the value of the initial contribution.

Treasury shares held by the Group to hedge its potential obligation arising from the cash-settled share-based payment arrangement amount to around 948 thousand shares for a total investment of around EUR 12.4 million (see note 23 for additional details).

Note 15 - Leasing

The future minimum lease payments under non-cancellable operating leases are as follows:

in '000 EUR	31 Dec 2016	31 Dec 2015
Less than one year	8,320	2,850
Between one and five years	2,710	6,775
More than five years	2,577	3,511
Total	**13,607**	**13,136**

The Group leases a number of cars and office spaces under operating leases. The leases typically ran for a period between 1 and 4 year. The Group will face future payments of operating leases for more than five year mainly related to lastminute.com UK offices with long term agreements.
The leases of office spaces contain a renewal option.

Note 16 - Property Plant and Equipment

The tables below show Property, Plant & Equipment movements during 2016 and 2015:

in '000 EUR	Furniture	IT Equipment	Other	Total
Historical Cost				
Balance at 1 January 2016	**551**	**5,057**	**1,263**	**6,871**
Additions	126	1,288	385	1,799
Acquisition from business combination	-	46	-	46
Currency translation differences	(2)	31	(4)	25
Balance at 31 December 2016	**675**	**6,422**	**1,644**	**8,741**
Accumulated depreciation				
Balance at 1 January 2016	**241**	**2,331**	**1,003**	**3,575**
Depreciation for the year	139	1,038	368	1,545
Currency translation differences	-	30	(2)	28
Balance at 31 December 2016	**380**	**3,399**	**1,369**	**5,148**
Carrying amounts				
At 1 January 2016	**310**	**2,726**	**260**	**3,296**
At 31 December 2016	**295**	**3,023**	**275**	**3,593**

in '000 EUR	Furniture	IT Equipment	Other	Total
Historical Cost				
Balance at 1 January 2015	**203**	**2,519**	**252**	**2,974**
Additions	38	2,492	-	2,530
Acquisitions from business combinations	313	103	1,017	1,433
Impairment	-	(58)	-	(58)
Currency translation differences	(3)	-	(6)	(9)
Balance at 31 December 2015	**551**	**5,057**	**1,263**	**6,871**
Accumulated depreciation				
Balance at 1 January 2015	**139**	**1,705**	**194**	**2,038**
Depreciation for the year	102	642	823	1,567
Impairment for the year	-	(16)	-	(16)
Currency translation differences	-	-	(14)	(14)
Balance at 31 December 2015	**241**	**2,331**	**1,003**	**3,575**
At 1 January 2015	**65**	**814**	**58**	**937**
At 31 December 2015	**310**	**2,726**	**260**	**3,296**

Investments in 2016 and 2015

In 2016 and 2015 the Group made additions to Property plant and equipment respectively for EUR 1,799 thousand and 2,530: the additions in 2016 were mainly relating to IT equipment for EUR 1,288 thousand.

Capital Commitments

There are no capital commitments for the acquisition of property, plant and equipment.

Note 17 - Intangible Assets

The tables below shows Intangibles and Goodwill movements during 2016 and 2015:

in '000 EUR	Capitalised development cost	Other intangible assets	Trademarks	Total intangible assets	Goodwill	Total
Historical Cost						
Balance at 1 January 2016	**37,902**	**2,836**	**121,236**	**161,974**	**60,746**	**222,720**
Acquisitions - internally developed	6,276	-	-	6,276	-	6,276
Acquisitions - external supplier	5,591	-	-	5,591	-	5,591
Acquisitions from business combinations	-	1,043	233	1,276	166	1,442
Adjustment				-	(4,162)	(4,162)
Impairment	-	-	-	-	(351)	(351)
Disposals	-	(53)	-	(53)	-	(53)
Currency translation differences	(602)	(394)	(15)	(1,011)	-	(1,011)
Balance at 31 December 2016	**49,167**	**3,432**	**121,454**	**174,053**	**56,399**	**230,452**
Accumulated amortization and impairment						
Balance at 1 January 2016	**21,185**	**948**	**65**	**22,198**	**-**	**22,198**
Amortization for the period	9,468	149	-	9,617	-	9,617
Acquisitions from business combinations	-		-	-	-	-
Reclassifications	-	65	(65)	-	-	-
Balance at 31 December 2016	**30,653**	**1,162**	**-**	**31,815**	**-**	**31,815**
Carrying amounts						
At 1 January 2016	**16,717**	**1,888**	**121,171**	**139,776**	**60,746**	**200,522**
At 31 December 2016	**18,514**	**2,270**	**121,454**	**142,238**	**56,399**	**198,637**

in '000 EUR	Capitalised development cost	Other intangible assets	Trademarks	Total intangible assets	Goodwill	Total
Historical Cost						
Balance at 1 January 2015	**22,232**	**2,728**	**76,518**	**101,478**	**45,949**	**147,426**
Acquisitions - internally developed	9,947	124	-	10,071	-	10,071
Acquisitions - external supplier	3,272	-	-	3,272	-	3,272
Acquisitions from business combinations	3,533	-	44,655	48,187	14,796	62,983
Impairment	(1,002)	-	-	(1,002)	-	(1,002)
Currency translation differences	(80)	(16)	64	(32)	1	(31)
Balance at 31 December 2015	**37,902**	**2,836**	**121,236**	**161,974**	**60,746**	**222,720**
Accumulated amortisation and impairment						
Balance at 1 January 2015	**14,155**	**855**	**-**	**15,010**	**-**	**15,010**
Amortisation for the period	7,135	87	65	7,287	-	7,287
Impairment for the year	(109)	-	-	(109)	-	(109)
Currency translation differences	4	6	-	10	-	10
Balance at 31 December 2015	**21,185**	**948**	**65**	**22,198**	**-**	**22,198**
Carrying amounts						
At 1 January 2015	**8,077**	**1,873**	**76,518**	**86,468**	**45,949**	**132,417**
At 31 December 2015	**16,717**	**1,888**	**121,171**	**139,776**	**60,746**	**200,522**

Investments in 2016 and 2015
During 2016, additions have mainly related to capitalized development cost for a total amount of EUR 11,867 thousand (2015: EUR 16,752 thousand).

Capitalised development costs
The capitalized development costs relate to internal and external expenditures in connection with the development of significantly improved features on the webpages of the Group. There are no impairment indicators for 2016.

Trademarks
Rumbo trademark (Rumbo)
The impairment test for the brand "Rumbo" and "Viajar" with carrying amounts of EUR 55,150 thousand and EUR 3,750 thousand respectively as of 31 December 2016 and 2015 was performed together with Rumbo goodwill on OTA level, using the model and assumptions described in Note 18 and did not result in the recognition of any impairment losses.

Jetcost trademark
The impairment test for the brand "Jetcost" with a carrying amount of EUR 15,385 thousand as of 31 December 2016 and 2015 was performed together with the Jetcost goodwill on Metasearch level, using the model and assumptions described in Note 18 and did not result in the recognition of any impairment losses.

Pigi trademark ("Crocierissime")
The impairment test for the brand "Crocierissime" with a carrying amount of EUR 2,232 thousand as of 31 December 2016 and 2015 was performed together with the Pigi Shipping Srl goodwill on OTA level, using the model and assumptions described in Note 18 and did not result in the recognition of any impairment losses.

lastminute.com trademark
The impairment test for the brand "lastminute.com" with a carrying amount of EUR 44,704 thousand as of 31 December 2016 and 2015 was performed together with the lastminute.com goodwill on OTA level, using the model and assumptions described in Note 18 and did not result in the recognition of any impairment losses.

Wayn Trademark
The impairment test for the brand "lastminute.com" with a carrying amount of EUR 233 thousand as of 31 December 2016 was performed together with the lastminute.com goodwill on OTA level, using the model and assumptions described in Note 18 and did not result in the recognition of any impairment losses.

Other intangible assets
In 2016, additions in "other intangible assets" were related to the customer list coming from the Wayn acquisition for EUR 1,043 thousand. In 2015 the additions were mainly related to IT software to be used for business for EUR 124 thousand.

Capital Commitments
There are no capital commitments for the acquisition of intangible assets.

Note 18 - Goodwill

For the purpose of impairment testing, goodwill is allocated to the cash generating unit OTA and to the cash generating unit Metasearch. The aggregate amount of goodwill allocated to each cash generating unit is as follows at each reporting date:

in '000 EUR	CGU	31 Dec 2016	31 Dec 2015
	OTA	36,223	40,570
	Metasearch	20,176	20,176
Total		**56,399**	**60,746**

The balance as of 31 December 2016 amounts to EUR 56,399 thousand (EUR 60,746 thousand in 2015).
The Group performed the impairment analysis for both CGUs that contain indefinite life intangible assets and goodwill as of 31 December 2016 and 2015. It was determined that no losses are to be recognised in the consolidated financial statements as of 31 December 2016 and 2015.
The adjustment of goodwill of EUR 4,162 thousand against deferred tax liability refers to the acquisition of lastminute.com in 2015. Based on the local tax declarations available in the course of 2016, it was recognized that the initial tax base was higher and consequently the deferred tax liability accounted for against goodwill was overstated by EUR 4,162. Management considered this correction as not material.

OTA
Goodwill arising from these acquisitions amounts to EUR 36,223 thousand in total, see details in table above. The impairment test was based on an estimate of value in use and did not result in any recognition of impairment losses. The value in use was determined based on a DCF-calculation. Key assumptions used in the calculation of the recoverable amount are the discount rate (WACC), the perpetuity growth rate and the revenues growth rate: the values assigned to the key assumptions represent management's assessment of the future trends. The key assumptions were as follows:

	31 Dec 2016	31 Dec 2015
Weighted average cost of capital (WACC)	10.5%	11.0%
Perpetuity growth rate	1.7%	1.9%
Revenues growth rate (average of next five years)	2.4%	7.7%
EBITDA growth rate (average of next five years)	18.1%	25.7%

Five years of cash flow were included in the DCF model. A long-term growth rate into perpetuity was determined based on management's best estimate of the long-term compound annual growth rate in Revenues. Revenues were based on future expected outcomes taking into account past experience.
At the end of the 2016 Group management has made an assessment over the 2Spaghi business and they decided to liquidate the company. Hence, the goodwill coming from the acquisition of 2Spaghi Srl has been completed written off for an amount of EUR 351 thousand.

Sensitivity analysis
A sensitivity table to the discount rate and terminal growth rate is shown below. Reasonably possible changes at the reporting date to the discount rate and long-terminal growth rate, holding other assumptions constant, would have affected the surplus by the amounts shown below.

	Eur/mil	LONG-TERM GROWTH RATE				
		0.7%	1.2%	1.7%	2.2%	2.7%
WACC	9.5%	87.1	96.4	106.8	118.7	132.4
	10.0%	78.7	87.0	96.3	106.7	118.6
	10.5%	71.2	78.6	**86.9**	96.1	106.5
	11.0%	64.5	71.1	78.5	86.7	96.0
	11.5%	58.3	64.3	71.0	78.4	86.6

Metasearch
Goodwill arising from the acquisition amounts to EUR 20,176 thousand. The impairment test was based on an estimate of value in use and did not result in any recognition of impairment losses.
The value in use was determined based on a DCF-calculation. Key assumptions used in the calculation of the recoverable amount are the discount rate (WACC), the perpetuity growth rate and the revenues growth rate: the values assigned to the key assumptions represent management's assessment of the future trends. The key assumptions were as follows:

	31 Dec 2016	31 Dec 2015
Weighted average cost of capital (WACC)	12.0%	12.0%
Perpetuity growth rate	1.7%	1.5%
Revenues growth rate (average of next five years)	5.9%	1.3%
EBITDA growth rate (average of next five years)	7.1%	1.5%

Five years of cash flow were included in the DCF model: a longer period compared with previous year (4 years) has been adopted to have a better representation to reflect the improved forecasting process in the valuation model used.
A long-term growth rate into perpetuity was determined based on management's best estimate of the long-term compound annual growth rate in revenues.

Sensitivity analysis
A sensitivity table to the discount rate and terminal growth rate is shown below. Reasonably possible changes at the reporting date to the discount rate and long-terminal growth rate, holding other assumptions constant, would have affected the surplus by the amounts shown below:

	Eur/mil	LONG-TERM GROWTH RATE				
		0.7%	1.2%	1.7%	2.2%	2.7%
WACC	11.0%	101.4	105.3	109.7	114.6	120.1
	11.5%	96.8	100.3	104.3	108.6	113.5
	12.0%	92.6	95.8	**99.3**	103.2	107.5
	12.5%	88.8	91.7	94.9	98.4	102.2
	13.0%	85.3	87.9	90.8	93.9	97.4

Note 19 - Financial Assets

The table below shows Financial assets for the Group as of 31 December 2016 and 2015:

in '000 EUR	31 Dec 2016	31 Dec 2015
Long-term Deposits	1,184	1,325
Total non-current financial assets	**1,184**	**1,325**
Short-term Deposits	1,717	758
Receivables from shareholder	460	460
Other investments	33	33
Total current financial assets	**2,210**	**1,251**

Non Current financial assets
Long-term deposits of EUR 1,184 thousand (2015: EUR 1,325 thousand), mainly related to deposits for renting of the UK and French offices for the amount of EUR 939 thousand.

Current financial assets
Short-term deposits of EUR 1,717 thousand (2015: EUR 758 thousand) is mainly related to real estate and utilities agreements.
Receivables from shareholders of EUR 460 thousand include an advance in cash made in 2016. For further information refer to Note 28.
As of 31 December 2016, as in previous year, "Other investments" mainly included investments funds with a primary French bank for the amount of EUR 21 thousand.

Note 20 - Investment In Equity Accounted Investees

"Investment in equity accounted investees" amounted as of 31 December 2016 and 2015 respectively to EUR 238 thousand and EUR 291 thousand.
The table below shows a summary of financial information for the Group's investment in equity accounted investees (not adjusted for the percentage ownership held by the Group):

in '000 EUR	2016	2015
	Hotelyo SA	Hotelyo SA
Percentage ownership interest	*49%*	*49%*
Non-current assets	75	72
Current assets	1,150	818
Non-current liabilities	-	-
Current liabilities	(668)	(224)
Net assets (100%)	**557**	**666**
Revenues	360	362
Costs	(456)	(443)
Amortisation and depreciation	(38)	(50)
Finance income / (costs)	1	3
Income taxes	(2)	(2)
Profit or Loss	**(135)**	**(130)**
Effects of OCI adjustment	-	-
Total comprehensive income	**(135)**	**(130)**

Total effects with equity method have been included in profit and loss in "Share of result of equity-accounted investees" line for the total amount of EUR -66 thousand (2015: EUR -64 thousand).

Note 21 - Trade and other Receivables

The table below shows Trade and other receivables as at 31 December 2016 and 2015 for the Group:

in '000 EUR	31 Dec 2016	31 Dec 2015
Trade receivables	42,591	41,143
Receivables from shareholders	1	-
Other receivables	4,940	4,123
Accrued income and deferred expenses	2,217	1,140
Total	**49,749**	**46,406**

The two most significant debtors of the Group included in the total trade receivables at 31 December 2016 had an open balance amounting respectively to EUR 5,841 thousand (13%) (2015: EUR 2,772 thousand (5.9%)) and EUR 2,213 thousand (5%) (2015: EUR 2,632 thousand (5.7%)).

The movement in the allowance for doubtful debts in respect of trade receivables during the year has been as follows:

in '000 EUR	2016	2015
Balance at 1 January	1,408	767
Additions during the year	1,437	1,214
Used during the year	(484)	(509)
Currency Translation Differences	(41)	-
Released during the year	(586)	(64)
Balance at 31 December	**1,734**	**1,408**

Impairments are established on an individual basis. All of the receivables concerned are fully impaired as they are considered to be not recoverable. Individually impaired trade receivables relate to specific punctual analysis on recoverability of receivables past due 91 days and over; except for specific cases, all receivables past due 365 days are written down. Based on historic default rates, the Group believes that, apart from the above, no additional impairment allowance is necessary in respect of not individually impaired trade receivables.

Note 22 - Cash and Cash Equivalents

The table below shows Cash and cash equivalents as of 31 December 2016 and 2015:

in '000 EUR	31 Dec 2016	31 Dec 2015
Cash on hand	16	5
Bank accounts	52,956	54,766
Credit Card accounts	7,273	10,788
Total	**60,245**	**65,559**

Bank accounts

The Group's bank accounts are interest bearing with variable interest rates between 0% and 0.1% (2015: 0 % and 0.9%). Bank overdrafts bear variable interest rates between 0.25% and 3.50% (2015: 2.60 % and 3.20%). For further information refer to the Consolidated Cash Flow Statement and Note 25.

Credit card accounts

This position contains all credit card accounts with debit balances that are used for payments in the daily business. The decrease compared to the previous year of EUR 3,515 thousand is mainly related to Group's choice to privilege the credit lines instead of credit cards.

Note 23 - Shareholders' Equity

The table below shows Equity as of 31 December 2016 and 2015:

Share capital

	31 Dec 2016	31 Dec 2015
Share capital and reserves		
Share capital	146	146
Capital reserves	127,751	127,751
Translation reserve	1,054	401
Treasury share reserve	(12,364)	(8,838)
Retained earnings	25,714	21,363
Equity attributable to shareholders of lastminute.com NV	**142,301**	**140,823**
Non-controlling interest	2,604	(36)
Total equity	**144,905**	**140,787**

As of 31 December 2016 the number of ordinary shares is 14,622,631 (2015: 14,622,631) for a nominal value per share of EUR 0.01 (2015: EUR 0.01).
On 15 April 2014, the Group completed its Initial Public Offering ("IPO") on SIX Swiss Exchange. Upon the approval of the IPO, the preferred shares transformed into ordinary shares. Following the IPO, the parent company increased its capital by 2,261 thousand additional ordinary shares with a nominal value per share of EUR 0.01.
The Group completed its IPO at a price of CHF 48.00 per share. A syndicate of banks consisting of Credit Suisse, Morgan Stanley and UBS as Joint Global Coordinators and Joint Bookrunners, and Mediobanca as Joint Bookrunner, placed 2,187,500 newly-issued shares on behalf of the Group as well as 3,145,000 existing shares on behalf of the selling shareholders to the public in Switzerland and to selected private and institutional investors outside Switzerland. In addition, the syndicate of banks partially exercised its over-allotment option and, as a result, additional 73,920 bearer shares of the Group were issued at a price of CHF 48.00 per share.
Including the shares placed in connection with the over-allotment option, a total of 5,406,420 offered shares were sold, corresponding to 37% of the share capital (after the partial exercise of the over-allotment option). The offer size of the IPO (after the partial exercise of the over-allotment option) therefore amounted to EUR 212.5 million, of which gross proceeds from the primary shares issued amounted to EUR 88.9 million. The aggregate number of shares in issue after the partial exercise of the over- allotment option was 14,622,631 bearer shares.
The difference on Non controlling interests, from EUR -36 thousand in 2015 to EUR 2,604 thousand in 2016 in mainly related to the constitution of Destination Italia SpA of which the group holds 57%, for further details please see the note 4 "Change in the scope of consolidation".

The table below shows the number of shares and total issued capital as of 31 December 2016 and 2015:

Issued Capital	31 Dec 2016	31 Dec 2015
Number of ordinary shares	14,622,631	14,622,631
Nominal value per share (EUR)	0.01	0.01
Total amount (EUR)	**146,226**	**146,226**

Capital reserves
As of 31 December 2016 capital reserves, including share premium reserves, amount to EUR 127,751 thousand (2015: EUR 127,751 thousand).
In 2014 the share premium relating to the IPO described above was posted net of the following costs:

- fees for the joint global coordinators that supported the Group in the IPO process amounting to EUR 2,667 thousand;
- additional listing costs amounting to EUR 430 thousand (net of the tax effect). The remaining listing costs, amounting to EUR 2,849 thousand, were recognized in profit or loss, within marketing costs and other operating costs.

Translation reserve
The translation reserve comprises all foreign currency differences arising from the translation of the subsidiaries with functional currencies different from the presentation currency (EUR).

Treasury share reserve
The reserve for the Group's treasury share comprises the cost of the shares held by the lastminute.com Group. At 31 December 2016, the Group held 948 thousand shares for the total value of EUR 12,364 thousand (609 thousand shares as of 31 December 2015 for a total value of EUR 8,838): during 2016 the Group bought treasury shares for a total of 493 thousand for the total value of EUR 5,534 thousand. The Group sold 154 thousand treasury shares to employees who exercised their stock option for an amount of EUR 2,008 thousand. For further information refer to note 14.
On 13 August 2014, the Group announced officially a share buy-back plan to purchase bearer shares of lastminute.com N.V. for a maximum amount of EUR 10 million. Such maximum amount has been increased up to EUR 18 million through resolution taken by the Board of Directors on 16 June 2015. This maximum amount could be increased from time to time upon resolution by the Board of Directors, but shall keep under the maximum buyback volume limit of 9,390 bearer shares per day in accordance with art. 55b para. 1 lit c SESTO.
The bearer shares repurchased are to be used for Group's employee stock option 2011–2013 plans and/or to finance acquisitions. Starting from 2015 bearer shares were repurchased in connection with the new cash-settled share-based payment arrangement. For more information refer to Note 14. The Group's bearer shares are listed in the main standard of SIX Swiss Exchange AG; no separate trading line has been opened for the share buy-back. The share buy-back started on 17 September 2014 and will end no later than 4 November 2017.

Retained Earnings
Retained earnings as of 31 December 2016 amounted to EUR 25,714 thousand (2015: EUR 21,363 thousand) and contain the profit relating to current year and accumulated results obtained in previous years generated by the Group and not distributed to shareholders as well as amounts booked in relation to the remeasurements of the employee benefits liability and share-based payments.
As of 31 December 2016 retained earnings included a debit entry for EUR 2,261 thousand to reflect the effect of the buy-back of share options from employees and the difference between the fair value of shares sold to employees and the exercise price of option exercised.

Dividends
In 2016 and 2015 no dividends were paid by the Group.

Capital Management
The capital managed by the Company consists of the consolidated equity. The Group's goal is to maintain a strong capital base so as to sustain future development of the business and to maximize long-term shareholder value.

Note 24 - Provisions

The table below shows the movements in Provisions for 2016:

in '000 EUR	01 Jan 2016	Reversals	Use	Additions	31 Dec 2016
Provision for fraudulent credit card transactions	559	(50)	(303)	518	724
Provision Volaflex	210	-	(2,158)	1,983	35
Redundancy provision	1,254	-	(1,254)	-	-
Other provisions	2,432	(1,382)	(597)	486	939
Total	**4,455**	**(1,432)**	**(4,312)**	**2,987**	**1,698**
Non-current	2,000				820
Current	2,455				878
	4,455				**1,698**

Provision "Volaflex"
The provision for Volaflex represents the best estimate of future payments under the Volaflex program. This includes the costs with respect to unused vouchers resulting from flight cancellations before the balance sheet date. Based on the liability adequacy tests performed, no fee deficiency provision is required. Further information on Volaflex is provided in Note 2.

Redundancy Provision
The redundancy provision recognised last year for an amount of EUR 1,254 thousand related to restructuring costs after lastminute.com acquisition was entirely used during 2016.

Other
As of 31 December 2016, non-current provisions amounted to EUR 820 thousand is relating to tax risks deriving from prior years. During the 2016 an amount of EUR 1,180 thousand related to tax risks for past years has been released. For further information see Note 2.

Note 25 - Net Financial Position

The table below represents the net financial position for the Group as of 31 December 2016 and 2015:

in '000 EUR	31 Dec 2016	31 Dec 2015
Current financial assets	2,210	1,251
Cash and cash equivalents	60,245	65,559
Short term financial liabilities	(7,680)	-
Net Financial Position within 12 months	**54,775**	**66,810**
Non current financial assets	1,184	1,325
Net Financial Position over 12 months	**1,184**	**1,325**
Total Net Financial Position	**55,959**	**68,135**

The Net Financial Position for the Group was EUR 55,959 thousand in 2016, compared to EUR 68,135 thousand in 2015. The changes in the composition of the net financial position as of 31 December 2016 compared to December 2015 can be mainly explained by the following factors:

- a lower cash and cash equivalents by EUR 5,314 thousand mainly due to the changes of payments terms from different suppliers;

Short term liabilities are related to the opening of a short term loan granted by a primary bank of the Group with no impact of the net financial position.
For further information see the Consolidated Cash Flow Statement.

Note 26 - Trade and other Payables

The table below shows “Trade and other payables” as of 31 December 2016 and 2015:

in '000 EUR	31 Dec 2016	31 Dec 2015
Trade payables	86,654	95,281
Credit card payables	38,636	38,498
Other payables	9,066	7,242
Accrued expenses and deferred income	5,653	6,181
Total	**140,009**	**147,201**

The two most significant creditors of the Group included in the total trade payables at 31 December 2016 had an open balance amounting respectively to EUR 5,805 thousand, referred to the Group’s major supplier (7%) (2015: EUR 10,221 thousand (6.9%)), and EUR 4,343 thousand (5%) (2015: EUR 8,099 (5.5%)).

Credit card payables
The credit card payables are post-paid credit card accounts, which are used to make payments in the daily business. The amount of 2016 is in line compared to the previous year. At 31 December 2016, the Group had agreed credit card plafonds for a total amount of EUR 88,290 thousand (2015: EUR 83,855 thousand).

Other payables
Other payables mainly include payables relating to taxes, social security and amounts due to personnel for the annual bonus: the amount in 2016 increased by EUR 1,824 thousand compared to 2015.

Note 27 - Contingent Liabilities

Proceedings against Ryanair Ltd
Ryanair Ltd claimed in 2008 against a company previously belonging to the Group for alleged breach of access to Ryanair’s website. Ryanair Ltd went to court in Ireland, asking for an injunction preventing the former Group company from accessing its website and additionally suing for damages. In 2009, Bravofly SA claimed in Switzerland to reach an assessment that its activity was not violating any right of Ryanair Ltd, whereas the latter claimed to reach an assessment that Bravofly SA was acting illicitly and additionally sued for damages. At the balance sheet date, it is not possible to form an opinion as to the outcome of the cases and it is not possible to quantify any liability for costs and potential damages that may arise. Based on legal advice and, according to case law in similar cases, the likelihood of success for Ryanair Ltd is remote.
In 2010, Viaggiare Srl brought a civil proceeding against Ryanair Ltd, before the Court of Milan: in the claim the defendant is trying to prevent Viaggiare from performing its online travel agency activities in respect of such airline flights. Viaggiare has asked the Court to acknowledge and declare that: (a) such airline is culpable of acts of unfair competition to the plaintiff’s detriment (along with other torts, such as abuse of its dominant position on the market of sale of air flight tickets and relating services); and, conversely (b) Viaggiare is entitled to perform its OTA activity also in respect of such airline flights. The first instance court accepted Viaggiare’s request and ordered the airline to pay damages and judicial costs for the first instance proceeding. The judgment was appealed by the airline on July 31st, 2013. In July 2015 the second instance court decided in favour of Viaggiare even if Ryanair has not been recognized as dominant in the market. In 2016 the second instance judgment has been appealed by Viaggiare before the Cassazione Court.
In 2009, Lastminute.com SRL brought a civil proceeding against Ryanair Ltd, before the Court of Milan: in the claim the defendant is trying to prevent Lastminute.com from performing its online travel agency activities in respect of such airline flights. Lastminute.com has asked the Court to acknowledge and declare that: (a) such airline is culpable of acts of unfair competition to the plaintiff’s detriment (along with other torts, such as abuse of its dominant position on the market of sale of air flight tickets and relating services); and, conversely (b) Lastminute.com is entitled to perform its OTA activity also in respect of such airline flights. The first instance court accepted Lastminute.com’s request and ordered the airline to pay damages and judicial costs for the first instance proceeding. The judgment was appealed by the airline on June 2013. In March 2015 The proceeding has been transferred to lmnext CH sa due the transfer of going concern between lastminute.com Srl and Lmnext CH SA. In July 2015 the second instance court decided in favour of Lmnext CH even if Ryanair has not been recognized as dominant in the market. In 2016 the second instance judgment has been appealed by lmnext CH before the Cassazione Court.
Voyages Sur Misure (VMS) initiated a legal proceeding against Ryanair before the Paris Court of First Instance in May 2012 seeking a declaration that VSM’s scraping of Ryanair content for display on the French website does not constitute an infringement of Ryanair’s intellectual property rights or provide any other grounds for Ryanair to lawfully refuse booking via VMS. Ryanair submitted pleading challenging jurisdiction of French courts. In March 2013 Court held that matter should be heard before the Paris Commercial Court rejecting Ryanair claim to have proceedings transferred to Ireland. In March 2015 Lmnext FR has taken over to VSM’s in the trial. The parties are waiting for the court to set date for first hearing. At the balance sheet date, it is not possible to form an opinion as to the outcome of the cases and it is not possible to quantify any liability for costs and potential damages that may arise. Based on legal advice and, according to case law in similar cases, the likelihood of success for Ryanair Ltd is remote.

Note 28 - Related Parties

The Group is controlled by Freesailors Cooperative (incorporated in the Netherlands), which is controlled by Mr. Fabio Cannavale. Freesailors Cooperative controls the Shareholders' Agreement owning 47.5% (2015: 47.5%) of the shares of the Company and controls it. The remaining 52.5% (2015: 52.5%) of the shares are widely held. Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making operating and financial decisions. Parties are also considered to be related if they are subject to common control or common significant influence. The Group has a related party relationship with its major shareholder, its subsidiaries, its associates, its post employment benefit plans as well as with its key management personnel. The Group's operations involve operating activities between the parent company and its subsidiaries and between the subsidiaries due to the nature of business: these kind of operations are "recurring" transactions eliminated on consolidation basis.

Receivables from shareholders
The table below shows Receivables from shareholders as of 31 December 2016 and 2016:

in '000 EUR	31 Dec 2016	31 Dec 2015
Financial receivables	460	460
Total	**460**	**460**

In 2015 the Group granted an advance in cash to one of the shareholders for an amount of EUR 460 thousand included in "current financial assets". No interest is payable by the shareholder.

Key management personnel compensation
The key management personnel compensation for 2016 and 2015 is presented in the table below:

in '000 EUR	31 Dec 2016	31 Dec 2015
Short-term employee benefits	2,552	2,992
Termination benefits	555	-
Total	**3,107**	**2,992**

In 2016, the composition of key management changed following a new simplified structure, reducing the number of members from 12 in 2015 to 8 in 2016.

Rent
In 2016 no offices are rented by the Group from related parties (2015: nil).

Other transactions
In 2016 the Group paid a bonus to a minority shareholder's of a subsidiary for a total amount of EUR 120 thousand. In 2016 a former member of Board of Directors exercised 150 thousand stock options and cashed in another 50 thousand stock options for EUR 258 thousand. The same person exited from the cash-settled share-based payment plan for a total value of cash of EUR 85 thousand.
No other transactions occurred in 2016. In 2015 the amount of other transactions with related parties was equal to EUR 169 thousand and it was referred to consultancy costs paid to one former board member.

Note 29 - Bank Guarantees

As of 31 December 2016, financial institutions had issued bank guarantees to third parties on behalf of the Group for a total amount equal to EUR 45.8 million (2015: EUR 39.3 million), of which EUR 3.7 million related to a bank guarantee to a Spanish GDS airline and EUR 42.8 million relate to a bank guarantee for the IATA, ABTA and ATOL.

Note 30 - Group Companies

The table below shows the Group 's structure as of 31 December 2016 and 2015:

Name	Country	Consolidated for 2016	Ownership interest	
			2016	2015
lastminute.com N.V.	Netherlands	-	Parent Company	Parent Company
Bravonext SA	Switzerland	Fully	100.0%	100.0%
Viaggiare S.r.l.	Italy	Fully	100.0%	100.0%
Satintour Services	UK	Fully	99.8%	99.8%
LMnext US INC	USA	Fully	100.0%	100.0%
LMnext DE Gmbh	Germany	Fully	100.0%	100.0%
LMnext Services Ltd	UK	Fully	100.0%	100.0%
LMnext UK Ltd	UK	Fully	100.0%	100.0%
Bravoventure India Private lmt	India	Fully	100.0%	100.0%
Sealine Investments LP	UK	Fully	100.0%	100.0%
Blue Sas - JetCost	France	Fully	100.0%	100.0%
2Spaghi S.r.l. in liquidazione	Italy	Fully	100.0%	62.5%
Bravojet SA	Switzerland	Fully	60.0%	60.0%
Bravomedia S.r.l.	Italy	Fully	100.0%	100.0%
Pigi Shipping & Consulting S.r.l.	Italy	Fully	100.0%	100.0%
Prezzi Benzina S.r.l.	Italy	Fully	50.1%	50.1%
Bravoventure Spain SLU	Spain	Fully	100.0%	100.0%
Hotelyo SA	Switzerland	Equity	49.0%	49.0%
Vivigratis SA	Switzerland	Fully	51.0%	51.0%
Rumbo SA	Spain	Fully	100.0%	100.0%
Rede Universal de Viagens Ltda	Brazil	Fully	100.0%	100.0%
Webnext Limited	Malta	Fully	100.0%	100.0%
LMnext CH SA	Switzerland	Fully	100.0%	100.0%
URBANnext SA	Switzerland	Fully	80.0%	80.0%
Cruiseland S.r.l.	Italy	Fully	100.0%	100.0%
LMnext FR SASU	France	Fully	100.0%	100.0%
Bravometa CH SA	Switzerland	Fully	100.0%	0%
Thetford spółka z ograniczoną odpowiedzialnością	Poland	Fully	100.0%	0%
Destination Italia SpA	Italy	Fully	57.0%	0%
Destination 2 Italia Srl	Italy	Fully	57.0%	0%

Note 31 - Subsequent Events

Business agreement with Gartour

On 8 February 2017 the Group entered a contractual agreement with Holding Travel System S.r.l. (HTS), an Italian leading incoming tour operator which has been trading under the brand Gartour. The agreement gives the possibility to manage the business Gartour, under the form of a business lease for 12 months, renewable and subjected to possibility to step-out at the end of the contract, as a bridge solution aiming at the future acquisition of the Company. The deal has been signed by the controlled entity "Destination Italia" (see note 4 for further information). Gartour, which is active in providing travel intermediaries around the world with distinctive lodging, mobility and guided tour services for their clients visiting Italy, fits the Destination Italia main goal of establishing a large and well positioned player to drive and further promote incoming tourism into Italy, through both online distribution to consumers and offline and online services provided to professional intermediaries.

No other subsequent events occurred since balance sheet date, which would change the financial position of the Group or which would require adjustment of disclosure in the annual accounts presented.

Auditor's report

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Independent Auditor's Report

To the Board of Directors of lastminute.com N.V., Amsterdam

Opinion

We have audited the consolidated financial statements of lastminute.com N.V., Amsterdam and its subsidiaries (the Group), which comprise the consolidated statement of profit or loss and other comprehensive income for the year then ended, the consolidated balance sheet as at 31 December 2016, the consolidated statement of changes in equity and consolidated cash flow statement for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the consolidated financial statements (pages 53 to 104) give a true and fair view of the consolidated financial position of the Group as at 31 December 2016, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the IESBA Code of Ethics for Professional Accountants as well as the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Key Audit Matters

Valuation of goodwill and trademarks

Existence, accuracy and valuation of capitalized development cost

Existence and presentation of revenue from sales of travel services

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Valuation of goodwill and trademarks

Key Audit Matter	Our response
As of 31 December 2016 the Group presented in their consolidated financial statements EUR 56.4 million (2015: EUR 60.7 million) - or 17% of the total assets - goodwill and EUR 121.5 million (2015: EUR 121.2 million) - or 37% of the total assets - trademarks arising from past business combinations and recognized as intangible assets with an indefinite useful life. Under IFRS, the Group is required to test the amount of goodwill and intangible assets with an indefinite useful life for impairment on an annual basis. The determination of the recoverable amount is based on the value in use by estimating future cash flows of both cash generating units (CGUs) Online Travel Agency (OTA) and Metasearch. The value in use was determined based on a Discounted Cash Flow calculation (DCF). Key assumptions used in the calculation of the recoverable amount are the discount rate (WACC) and the revenues growth rate. The key assumptions represent management's assessment of the future trends in the online travel and leisure industry. Given the Group's continued development, the rapid technology change as well as the relevance of estimates used, there is an inherent risk of uncertainty in assessing the recoverable amount.	Our audit procedures included, amongst others, evaluating the methodical and mathematical accuracy of the model used for the impairment tests, the appropriateness of the assumptions used, and the methodology used by management to prepare its cash flow forecasts. We used our own valuation specialists to support our procedures. For both CGUs OTA and Metasearch we performed the following audit procedures: — assessing the reasonableness of the plans and forecasts by back-testing historical forecasts to actual results; — comparing business plan data against the latest Board approved plans and management approved forecasts; — comparing key assumptions by benchmarking with independent data and market expectations; — challenging the robustness of the key assumptions used to determine the recoverable amount, including identification of the CGUs, forecast cash flows, long-term growth rates and the discount rates based on our understanding of the commercial prospects of the related assets and by comparing them with publicly available data; — challenging sensitivity analysis, taking into account the historical forecasting accuracy of the Group; — comparing the sum of projected discounted cash flows to the market capitalisation of the Group; — recalculating the difference between the carrying value and the recoverable amount to assess the headroom; and — assessing the adequacy of the disclosures (Note 17 and Note 18) of the financial statements.

For further information on goodwill and trademarks refer to the following:

— Notes to the consolidated financial statements no. 2, 17 and 18

Existence, accuracy and valuation of capitalized development cost

Key Audit Matter	Our response
As an online travel service provider, one of the Group's core businesses includes the development of online technology platforms. As of 31 December 2016 the Group capitalized EUR 18.5 million (2015: EUR 16.7 million) - or 6% of the total assets - related to internal and external expenditures in connection with the development of its webpages and technology	We performed a walkthrough regarding the design and implementation of key controls performed by the management in respect to the capitalization and the approval of investment projects. We performed substantive audit procedures including:

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platforms.

The Group recognizes such expenditures as capitalized development costs when it is probable that the expected future economic benefits that are attributable to the asset will flow to the company and the cost of the asset can be measured reliably. Capitalized development costs, available and not yet available for use, are allocated to the CGUs OTA and Metasearch, which are tested for impairment annually.

Given the significant management judgement required in determination of the eligibility of the costs for capitalization, the measurement of the cost incurred and the impact of the rapid technology change on the useful life of the capitalized costs, there is an inherent risk that capitalized development costs are overstated.

— challenging the assessment of the eligibility of the development costs for capitalization as intangible asset;
— test of detail on a sample basis by vouching the capitalized development cost additions during the year with supporting documents and assessing if the capitalization criteria were met
— evaluating the estimates made by management of future economic benefits, based on the assessment of the implementation and recoverability of expenditures regarding the developed webpages and technology platforms of the development on the websites of the Group;
— evaluating the amortization considering the estimated useful lives taking into account any indication for impairment based on the result of the impairment test described under Key Audit Matter valuation of goodwill and trademarks.

For further information on capitalized development cost refer to the following:

— Notes to the consolidated financial statements no. 2 and 17

Existence and presentation of revenue from sales of travel services

Key Audit Matter

As of 31 December 2016 the Group recognized EUR 234.3 million of revenue from sales of travel services (2015: EUR 226.5 million).

The Group acts as an agent. Revenue from the placing of travel services consists of the commission that represents the difference between the total amount receivable from the customer and the amount payable to the travel supplier or the related commission received from the travel supplier.

Given the significant volume of IT based transactions that characterizes the online travel business, the existence and presentation of revenue is therefore highly dependent on the complexity of IT systems.

Our response

Our audit procedures included assessing the appropriateness of the Group's accounting policies on revenue recognition, in particular those relating to net inflows presentation applicable to an agency relationship.

We performed detailed sample-based audit procedures to establish whether revenue recognition criteria have been met. We verified whether revenue recognized corresponds to invoices and whether payments are received based on bank statements. We verified that only margin is recognized as revenue based on a reconciliation of cash received from clients and cash paid to service providers. In addition for the audit of correct cut-off of revenue at year-end, we carried out audit procedures relating to credit notes sent after year-end.

On a sample basis we tested manual journal entries affecting revenues, in particular those related to commissions received from travel suppliers and credit card providers.

We performed centralized procedures on general IT controls over operating and accounting systems, in particular those affecting data- and program-access as well as program changes. We tested the effectiveness of the Group's key controls over revenue, in particular application controls relating to interfaces between

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operating system, accounting system and cash in- and outflows, and we re-performed the reconciliation between operating system and accounting system.

We evaluated whether the financial statement disclosures were in accordance with the relevant accounting standards.

For further information on revenue recognition refer to the following:

— Notes to the consolidated financial statements no. 2 and 6

Other Information in the Annual Report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements of the Company and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of the Board of Directors for the Consolidated Financial Statements

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

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

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

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

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

— Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;
— Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
— Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
— Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

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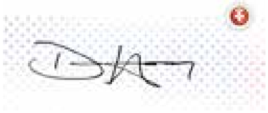

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Lugano, 16 March 2017

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