

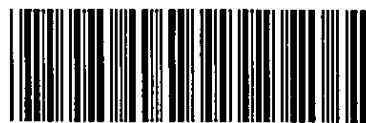
Company Registration No. 4051797

Opodo Limited

Report and Financial Statements

31 December 2010

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Opodo Limited

Report and financial statements 2010

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Opodo Limited

Report and financial statements 2010

Officers and professional advisers

Directors

P Chérèque

J Laforge

L Maroto

F Perez-Lozao (appointed 9 June 2010)

Secretary

G Faundez

Registered Office

Waterfront Hammersmith Embankment

Chancellors Road

London W6 9RU

Bankers

Barclays Bank PLC

Deutsche Bank AG

Solicitors

Rawlison Butler LLP

London

Auditor

Deloitte LLP

Chartered Accountants

London

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Opodo Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2010

Principal activity

The principal activity of Opodo Limited ('the Company') and its subsidiaries ('the Group') continues to be the operation of online travel websites, providing travel agency services including the marketing and distribution of airline seats, hotel bookings, car hire and travel insurance. The Group operates websites in the United Kingdom, France, Belgium, Switzerland, Germany, Austria, Italy, Spain, Sweden, Norway, Denmark, Finland and Poland.

Review of developments

During 2010, the Company continued developing new booking engines with particular emphasis on the hotel and dynamic packaging ("DP") platforms. A second phase of developments was started based on further enhancements of the user interface and the creation of the Opodo unique ID for hotels, this development is the foundation stone to create the Company's own hotel repository that will allow it to manipulate third party content and, ultimately, to include own contracted inventory when available. This is also expected to have a healthy impact on the DP booking engine.

During the year the Company launched two main projects related to back office functions. The first supports call centre activities and bookings management, allowing further automation and including new tools that will drive efficiency and create new areas for business and improve client relationship management. The second project relates to the implementation of a new finance system, Antares/Axapta, that will facilitate further integration of current platforms and improve the efficiency of our finance functions.

The Company has started to implement the virtualisation of all local servers, including call centre management software. This project is designed to improve the speed of response, and provide a fully backed-up disaster recovery system with two resilient centres mirroring each other, in Berlin and London.

The Company achieved another year of double digit growth in sales and very good performance in terms of EBITDA and cash flow, maintaining a very strong position in both areas.

The Group uses Booked Gross Sales Value as its Key Performance Indicator. This represents the total transaction value of all products sold. Under IFRS, net revenue recognisable represents only the revenue directly attributable to the Group. Booked Gross Sales Value was €1,544 million, an increase of 12% on the prior year (2009 - €1,376 million).

Results

The Group prepares its results in euros.

Group revenue was €146.7 million (2009 – €103.1 million), an increase of 42.3%, largely attributable to an increase in DP sales where the Group acts as principal in the transaction with the customer. The Group's DP revenues increased from €4.4 million in 2009 to €35.7 million in 2010. Other revenues, where the Group acts as agent, increased by 12.5% from €98.7 million in 2009 to €111.0 million in 2010.

The Group generated a profit before tax of €26.7 million, an increase of 9.6% over the prior year. This was due to increased gross margins, reflecting the increase in revenue, offset by higher selling, general and administrative expenses, due to increased marketing expenditure and employee costs.

Opodo Limited

Directors' report (continued)

The Group generated a profit from continuing operations of €80.4 million (2009 – profit of €30.6 million), as a result of the aforementioned higher profit before tax and the recognition of deferred tax assets on trading losses of €55.8 million not previously recognised. The directors do not recommend a dividend for the year ended 31 December 2010 (2009 – €nil).

Financial position

The balance sheet on page 14 of the financial statements shows the Group's financial position at the end of the year. The net asset position of the Group has improved from €11.4 million at 31 December 2009 to €92.6 million at 31 December 2010, principally due to the increase in deferred tax assets discussed above.

Current assets have risen from €88.6 million to €128.5 million, principally due to an increase in trade and other receivables from €70.5 million to €108.4 million. This is largely attributable to an intercompany receivable balance of €76.1 million that has resulted from monies advanced to Amadeus as a short-term loan.

Non-current assets have increased from €7.6 million at 31 December 2009 to €65.2 million at 31 December 2010 due to the recognition of further deferred tax assets as discussed above.

Current liabilities have risen from €84.8 million to €99.6 million. Trade payables have increased by €23.7 million due to an increase in flight and tour operator payables, whilst accruals and deferred income fell by €6.9 million.

The Group had net cash of €16.9 million at 31 December 2010 (2009 net cash of €13.9 million). The Group continues to manage its working capital by way of its existing cash resources.

Cash flow

Net cash inflow for 2010 from continuing operating activities was €2.6 million, €3.5 million lower than 2009. Investing activities resulted in a net inflow of €0.2 million mainly due to a reduction in restricted cash deposits, offset by increased expenditure on intangible assets. Financing cash outflows were €0.5 million relating to financial expenses paid.

Capital structure

Details of the authorised and issued share capital are shown in note 16. The company has one class of ordinary shares which carry no right to fixed income. Each share carries the right to one vote at general meetings of the company.

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The directors are not aware of any agreements between holders of the company's shares that may result in restrictions on the transfer of securities or on voting rights.

No person has any special rights of control over the company's share capital and all issued shares are fully paid.

With regard to the appointment and replacement of directors, the company is governed by its Articles of Association, the Companies Act and related legislation. The Articles themselves may be amended by special resolution of the shareholders.

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Opodo Limited

Directors' report (continued)

Principal risks and uncertainties

The following factors may affect the Group's operating results, financial condition and the value of the Company's shares. The risk factors described below are those which the directors believe are potentially significant, but this should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties.

Trading risks

The trading performance of the Group may be affected by a number of factors outside its control, including

- wars or international unrest,
- acts of terrorism in key tourist destinations or epidemics such as swine flu or the threat of either which may materially restrict international travel,
- earthquakes or other natural disasters in key tourist destinations,
- disruption to air travel caused by natural disasters or industrial action by employees in the aviation sector,
- weather conditions, both in places where the Group's customers live and in key tourist destinations,
- rising fuel aviation costs and increasing government taxes on air travel may increase the costs of air travel, affecting consumer demand,
- general economic conditions in the Group's key markets of the United Kingdom, France, Germany, the Nordic countries and Italy, and
- additional security requirements affecting travel

These factors may affect the Group by reducing demand, as its potential customers choose not to, or become unable to, travel. Reductions in demand in an industry with capacity that in the short-term is fixed leads to overcapacity with associated pressure on margins, particularly where the Group acts as principal rather than agent. These factors may also affect booking patterns, as increased political and economic uncertainty may lead to an increased propensity for customers to book closer to departure, which as a result of relative inflexibility of capacity increases the risk that unsold holidays will have to be sold at significantly reduced margins or at a loss.

Competition

In its principal markets, the Group faces competition from many sources including, but not limited to, other online travel agents, traditional offline travel agents, tour operators and direct suppliers (scheduled, charter and low cost airlines, hotels, car hire and insurance companies). Competitive pressures could affect the ability of the Group to achieve bookings at satisfactory margins.

Regulatory risks

Throughout its operations, the Group requires regulatory licences and approvals. These regulatory requirements vary depending on the area of operation and the specific activity. Failure to continue to satisfy the necessary regulatory criteria (whether financial or operational) could result in the suspension, revocation or non-renewal of one or more necessary licence(s) which, in certain cases, depending on the particular licence or approval concerned, could result in the cessation of that operation.

Opodo Limited

Directors' report (continued)

Principal risks and uncertainties (continued)

Operational risks

Operational risks, which are inherent in all business activities, include those which mainly result from a potential breakdown in individual business units of the Group's control of its human, physical and operating resources. The potential financial or reputational loss arising from failures in internal controls, flaws or malfunctions in computer systems and poor product design or delivery all fall within this category. In particular, the Group's ability to generate revenue is dependent upon the continued availability of its websites to customers and any interruption to service may lead to lost revenues.

Working capital management

The Group's working capital requires careful management. This involves the management of the timing and amount of significant payments and receipts. The Group has limited ability to influence the timing of these cash flows. Payments generally arise from commitments which are contracted in advance or which are necessary to enable the business to continue operating. Receipts are dependent on the quantum and timing of sales to customers. The Group manages this risk by managing existing cash resources. There can be no assurance, however, that these resources will be sufficient and, if not, it would be necessary to arrange revolving credit facilities, if possible.

Financial risk management policies and objectives

Use of financial instruments

The Group's policy is to have no speculative trading in financial instruments. During the year, the Group has not entered into any material derivative financial instruments for hedging purposes. See note 11 to the financial statements.

The other main risks faced by the Group are interest rate risk, liquidity risk, and foreign exchange risk.

(a) Interest rate risk

The Group's deposits attract interest at floating rates. The Group does not hedge against the risk of movements in interest rates as the principal cash deposits are with its immediate parent company, Amadeus IT Group S A.

(b) Liquidity risk

The Group's policy is to maintain flexibility with respect to its liquidity position through the use of short-term or overnight deposits of its surplus cash balances with its immediate parent company, Amadeus IT Group S A. The directors' assessment of going concern, which has been applied in the preparation of the accompanying financial statements, is provided in note 1 to the financial statements.

(c) Foreign exchange risk

The Group has subsidiaries that operate in countries which do not have a Euro functional currency. These subsidiaries operate in Sweden, Norway and Denmark. As a result, the Group is subject to translation risk on consolidation of these subsidiaries. In addition, the Group's UK operations receive income and pay certain expenses in sterling. As a result, the Group is subject to translation risk on these transactions and translation of resulting monetary assets and liabilities.

The Group does not enter into any hedging transactions in respect of such foreign exchange risks.

Opodo Limited

Directors' report (continued)

Future developments

The Directors anticipate that the shift from traditional booking methods to the internet will continue in the forthcoming year with further convergence of the activities of traditional offline travel agents, tour operators and direct suppliers. The Group expects to continue to benefit from its broad geographic presence and its balanced weight across major European markets. The Group expects further cost savings to result from the synergies brought about through rationalisation of platforms and partners, as well as improvement in conversion ratios as a result of more efficient booking engines, and a subsequent reduction in the marketing cost per booking.

The Group is planning to move to a unified back office function, including finance systems. As a result, it is expected that Opodo will see increases in productivity and decreases in costs.

Research and development activities

The Group's research and development activities principally relate to the development of its website operating platform and related back office systems.

Research and development costs for the Group of €2.2 million (2009 - €2.6 million) have been expensed in the year. At 31 December 2010, the Group had €0.9 million of capitalised software development costs, largely associated with the back office projects discussed elsewhere in this directors' report.

Donations

The Group made no charitable or political donations during the year ended 31 December 2010 (2009 – €nil).

Directors and their interests

The directors during the year were as follows:

P Chereque

J Laforgue

L Maroto

F Perez-Lozao (appointed 9 June 2010)

None of the directors has any interest in the shares of any group company that are required to be disclosed in accordance with the Companies Act 2006.

Directors' indemnities

The Company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Opodo Limited

Directors' report (continued)

Employees

The Group values highly the contribution made to its business by its employees across all areas of its operations

The average number of persons employed by the Group during the year was 375 (2009 370)

In considering applications for employment from disabled people, the Group seeks to ensure that full and fair consideration is given to the abilities and aptitudes of the applicant against the requirements of the job for which he or she has applied. Employees who become temporarily or permanently disabled are given individual consideration, and where possible equal opportunities for training, career development and promotions are given to disabled persons

Within the bounds of commercial confidentiality, information is disseminated to all levels of staff about matters that affect the progress of the Group and are of interest and concern to them as employees. The Group also encourages employees, where relevant, to meet on a regular basis to discuss matters affecting them

Auditor

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

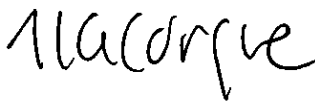
Disclosure of information to auditor

Each of the persons who is a director at the date of approval of this annual report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Approved by the Board of Directors and signed on behalf of the Board



Javier Laforgue
Director
1 April 2011

Opodo Limited

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, International Accounting Standard 1 requires that directors

- properly select and apply accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and
- make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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Opodo Limited

Independent auditor's report to the members of Opodo Limited

We have audited the consolidated and company financial statements (the "financial statements") of Opodo Limited for the year ended 31 December 2010 which comprise the consolidated and company income statements, the consolidated and company statements of comprehensive income, the consolidated and company statements of changes in equity, the consolidated and company balance sheets, the consolidated and company cash flow statements, and the related notes 1 to 38. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2010 and of the group's and the parent company's profit for the year then ended,
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

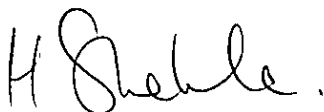
Opodo Limited

Independent auditor's report to the members of Opodo Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Hadleigh Shekle (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

1 April 2011



Opodo Limited

Consolidated income statement Year ended 31 December 2010

	Notes	2010 €'000	2009 €'000
Continuing operations			
Revenue	3	146,707	103,112
Cost of sales		(57,143)	(25,785)
Gross profit		89,564	77,327
Selling, general and administrative expenses		(56,389)	(52,829)
Other operating expenditure		(6,110)	-
Operating profit	4	27,065	24,498
Other income and expense	11	167	-
Finance income	5	419	377
Finance costs	5	(913)	(480)
Profit before tax		26,738	24,395
Tax	6	53,688	6,244
Profit for the year attributable to equity holders of the parent		80,426	30,639

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Opodo Limited

Consolidated statement of comprehensive income Year ended 31 December 2010

	2010 €'000	2009 €'000
Profit for the year attributable to equity shareholders	80,426	30,639
Translation of foreign operations	734	106
Total comprehensive income for the year attributable to equity holders of the parent	<u>81,160</u>	<u>30,745</u>

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Opodo Limited

Consolidated statement of changes in equity Year ended 31 December 2010

	Called-up share capital €'000	Share premium €'000	Retained earnings €'000	Cumulative translation adjustments €'000	Other reserves €'000	Total €'000
Balance as of 1 January 2009	275,113	88,846	(351,655)	(1,213)	(30,441)	(19,350)
Total comprehensive income for the year	-	-	30,639	106	-	30,745
Balance as of 31 December 2009	275,113	88,846	(321,016)	(1,107)	(30,441)	11,395
Total comprehensive income for the year	-	-	80,426	734	-	81,160
Balance as of 31 December 2010	<u>275,113</u>	<u>88,846</u>	<u>(240,590)</u>	<u>(373)</u>	<u>(30,441)</u>	<u>92,555</u>

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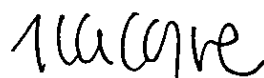
Opodo Limited

Consolidated balance sheet 31 December 2010

	Notes	2010 €'000	2009 €'000
Non-current assets			
Goodwill		-	-
Other intangible assets	7	1,272	484
Property, plant and equipment	8	614	686
Deferred tax asset	6	62,237	6,400
Trade and other receivables	14	1,123	-
		<u>65,246</u>	<u>7,570</u>
Current assets			
Trade and other receivables	10	108,411	70,472
Cash and cash equivalents	11	16,872	13,862
Restricted cash deposits	11	2,962	4,089
Other financial assets	11	167	-
Tax receivables		47	203
		<u>128,459</u>	<u>88,626</u>
Total assets		<u>193,705</u>	<u>96,196</u>
Non-current liabilities			
Trade and other payables	14	1,515	-
		<u>1,515</u>	<u>-</u>
Current liabilities			
Trade and other payables	12	99,635	84,801
Total liabilities		<u>101,150</u>	<u>84,801</u>
Net current assets		<u>28,824</u>	<u>3,825</u>
Net assets		<u>92,555</u>	<u>11,395</u>
Equity			
Called up share capital	16	275,113	275,113
Share premium account	16	88,846	88,846
Translation reserve	18	(373)	(1,107)
Other reserves	17	(30,441)	(30,441)
Retained losses	19	(240,590)	(321,016)
Equity attributable to equity holders of the parent		<u>92,555</u>	<u>11,395</u>

The financial statements of Opodo Limited, registered number 4051797, were approved by the Board of Directors and authorised for issue on 1 April 2011

Signed on behalf of the Board of Directors



Javier Laforgue
Director

Opodo Limited

Consolidated cash flow statement Year ended 31 December 2010

	2010 €'000	2009 €'000
Cash from operating activities		
Operating profit	27,065	24,498
Adjustments for		
Share-based payments	2,288	-
Depreciation of property, plant and equipment	326	444
Amortisation of intangible assets	326	386
Amortisation of deferred rent	(92)	(366)
Loss on disposal of intangible assets	-	6
(Gain)/loss on disposal of property, plant and equipment	-	12
Operating cash flows before movements in working capital	29,913	24,980
Trade and other receivables	(39,835)	(31,197)
Trade and other payables	14,536	12,665
Cash from operating activities before tax	4,614	6,448
Taxes paid	(1,993)	(292)
Cash from operating activities after tax	2,621	6,156
Cash flows from investing activities		
(Increase)/decrease in restricted cash deposits	1,127	(1,463)
Purchases of property, plant and equipment	(245)	(307)
Interest received	419	377
Expenditure on intangible assets	(1,072)	(172)
Net cash from/ (used in) investing activities	229	(1,565)
Cash flows used in financing activities		
Interest paid and other financial expenses	(523)	(91)
Net cash used in financing activities	(523)	(91)
Net increase in cash and cash equivalents	2,327	4,500
Cash and cash equivalents at beginning of year	13,862	9,273
Effect of foreign exchange rate changes	683	89
Cash and cash equivalents at end of year	16,872	13,862

Opodo Limited

Notes to the consolidated financial statements Year ended 31 December 2010

1 Statement of compliance and going concern

The financial statements of Opodo Limited for the year ended 31 December 2010 were authorised for issue by the Board of the Directors on 1 April 2011 and the balance sheets were signed on the Board's behalf by J Laforge

Opodo Limited is a private limited company incorporated in Great Britain under the Companies Act and registered in England and Wales. The registered office is given on page 1, and its principal activities are listed on page 2

Statement of compliance

The Group's and Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) adopted by the European Union and therefore the Group's financial statements comply with Article 4 of the EU IAS Regulations

Going concern

The Group's business activities, together with factors likely to affect its future development, performance and financial position, and commentary on the Group's financial results, its cash flows and liquidity requirements are set out on pages 2 to 7 and elsewhere within the financial statements, along with a summary of the Group's principal risks and uncertainties. In addition, note 11 to the financial statements includes the Group's policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments, and its exposures to liquidity risk and credit risk

The financial statements at 31 December 2010 show that the Group generated a profit of €80.4 million (2009 profit of €30.6 million) with cash generated from operating activities of €2.6 million (2009 €6.2 million). At 31 December 2010 the Group was in a net asset position of €92.6 million (2009 €11.4 million) with net current assets of €28.8 million (2009 €3.8 million)

The company's forecasts and projections, taking account of reasonably possible changes in trading performance, indicate that the Group has sufficient funding to operate within the level of its available resources for the foreseeable future. As a consequence, the directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook

Based on the information set out above the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing their report and financial statements

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Opodo Limited

Notes to the consolidated financial statements Year ended 31 December 2010

2. Significant accounting policies

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2010. In the current year, the following new and revised accounting standards and interpretations have been adopted in the current year.

Their adoption has not had any significant impact on the amounts reported in these financial statements but may impact the accounting for future transactions and arrangements.

- IFRIC 17 Distributions of Non-cash Assets to Owners. The Interpretation provides guidance on when an entity should recognise a non-cash dividend payable, how to measure the dividend payable and how to account for any difference between the carrying amount of the assets distributed and the carrying amount of the dividend payable when the payable is settled.
- IFRS 2 (amended) Group Cash-settled Share-based Payment Transactions. The amendment clarifies the accounting for share-based payment transactions between group entities.
- IFRS 3(2008) Business Combinations, IAS 27(2008) Consolidated and Separate Financial Statements and IAS 28(2008) Investments in Associates. These standards have introduced a number of changes in the accounting for business combinations when acquiring a subsidiary or an associate. IFRS 3(2008) has also introduced additional disclosure requirements for acquisitions.

The following amendments were made as part of Improvements to IFRSs (2009), but have not affected the financial statements.

- Amendment to IFRS 2 Share-based Payment. IFRS 2 has been amended, following the issue of IFRS 3(2008), to confirm that the contribution of a business on the formation of a joint venture and common control transactions are not within the scope of IFRS 2.
- Amendment to IAS 17 Leases. IAS 17 has been amended such that it may be possible to classify a lease of land as a finance lease if it meets the criteria for that classification under IAS 17.
- Amendment to IAS 39 Financial Instruments: Recognition and Measurement. IAS 39 has been amended to state that options contracts between an acquirer and a selling shareholder to buy or sell an acquiree that will result in a business combination at a future acquisition date are not excluded from the scope of the standard.

Basis of accounting

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain assets and liabilities which are measured at fair value in accordance with applicable IFRSs. The principal accounting policies adopted are set out below.

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) (collectively "the Group") made up to 31 December each year. Control is achieved where the Group has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Opodo Limited

Notes to the consolidated financial statements Year ended 31 December 2010

(b) Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements, apart from those involving estimates (which are dealt with separately below) that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Revenue recognition

When deciding the most appropriate basis for presenting revenue and cost of sales, both the legal form and the substance of the agreement between the Group and its business partners and customers are reviewed to determine each party's respective role in the transaction. Factors taken into consideration include whether the Group is the primary obligor with the customer and whether the Group has latitude in determining pricing.

Where the Group's role in a transaction is that of principal, revenue is recognised on a gross basis. The revenue comprises the gross value of the transaction billed to the customer, net of VAT, cancellations and other associated taxes, with any related expenditure charged as a cost of sale.

Where the Group's role in a transaction is that of a disclosed agent, revenue is recognised on a net basis, with revenue representing the margin earned.

Estimation of useful economic lives of fixed assets

The economic life used to amortise intangible fixed assets and depreciate property, plant and equipment relates to the future performance of the assets in question and management's judgement of the period over which the economic benefit will be derived from the asset.

As at 31 December 2010, the amount of property, plant and equipment included in the Group and Company balance sheets was €0.6 million and €0.4 million respectively (2009: €0.7 million and €0.4 million). These assets are depreciated over periods ranging between four and five years.

As at 31 December 2010, the amount of intangible fixed assets included in the Group and Company balance sheets was €1.3 million and €0.7 million respectively (2009: €0.5 million and €0.2 million).

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Recoverability of investments in subsidiaries (Company only)

Determining the recoverability of investments in subsidiaries requires estimation as to whether the investment could be realised for consideration at or in excess of the carrying value. In making such estimations, management has regard to the value in use calculations of those investments. As at 31 December 2010, the investments in the Company balance sheet totalled €59.4 million (2009: €58.8 million). In the year ended an impairment charge of €nil (2009: €nil) has been recorded against the carrying value of investments.

Opodo Limited

Notes to the consolidated financial statements Year ended 31 December 2010

2 Significant accounting policies (continued)

(b) Critical accounting judgements and key sources of uncertainty (continued)

Estimating the cost of packaged holidays

Where Group companies act as principal in a transaction and sell complete packaged holidays to customers, the cost of individual components of the package are estimated and accrued for in the Group accounts based on the estimated cost of individual components (predominantly flights and accommodation). Where the Group companies resell packages provided by a third party supplier the estimated commissions receivable from that supplier are accrued for.

Deferred tax

The recognition of deferred tax assets requires judgement as to the probability of taxable profits being available in the future and the quantum and location of taxable profits that are forecast to arise. This requires the directors to exercise judgement in forecasting future results, including assumptions and estimates of growth in revenue and changes in operating margins. Changing the assumptions selected by the directors could significantly affect the Group's forecast results and the amount of deferred taxation included in the Group's results.

(c) Business combinations

Business combinations are accounted for using the acquisition method.

The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Costs directly attributable to the business combination are expensed as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 Business Combinations are recognised at their fair value at the acquisition date.

Any excess of the cost of acquisition over the net fair values of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

Where businesses are transferred from entities under common control, the Group does not consider it appropriate to record the transferred assets and liabilities at fair value at the date of transfer or to recognise goodwill on such transactions as no 'acquisition' has occurred. Consequently the Group accounts for these transactions by recording the net assets acquired at their carrying values immediately prior to the transfer from the entity under common control. The difference between consideration provided and the net assets acquired is presented as an adjustment against reserves.

(d) Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary at the date of acquisition.

Goodwill is recognised as an asset at cost and is not amortised, but is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

Opodo Limited

Notes to the consolidated financial statements Year ended 31 December 2010

2. Significant accounting policies (continued)

(d) Goodwill (continued)

For the purposes of impairment testing, any goodwill acquired is allocated to each of the Group's cash-generating units expected to benefit from the combination's synergies. Impairment is determined by assessing the recoverable amount of the cash-generating unit, to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is first allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of VAT, cancellations and other associated taxes.

Product sales

Where the Group acts as principal in the transaction with the customer, revenue is recognised when the significant risks and benefits of ownership of the product have been transferred to the customer, which is taken to be the date of departure. In determining whether the Group acts as principal, judgement is required. Where the Group has latitude in determining the price of the dynamic package and has responsibility for ensuring the dynamic package holiday is supplied as described, revenue represents the consideration earned for the holiday purchased.

Commission

Where the Group acts as an agent and does not take ownership of the products being sold, revenue represents commissions earned. Such revenue comprises passenger ticket sales in respect of flights, hotels, car hire, package holidays and insurance. Revenue is recognised on the date of departure except for insurance which is recognised on booking as the cover commences from that date.

Booking fees

Where the Group acts as an agent and issues or amends tickets to customers, revenues represent fees earned. Such revenue comprises fees on ticket sales of flights. Revenue is recognised at the date of ticketing.

Incentive income

Where the Group acts as an agent and receives commissions, additional income may accrue to the Group based on the achievement of certain gross sales values over a specified period. The Group accrues for such income where it is considered probable that the gross sales values will be met and the amount to be received is estimable. Where it is probable that the gross sales value will be met, revenue is recognised based on the percentage of gross sales value achieved by the reporting date.

Advertising

Revenue from advertising is recognised over the period to which it relates.

Finance income

Finance income is recognised on a time proportion basis by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Opodo Limited

Notes to the consolidated financial statements Year ended 31 December 2010

2. Significant accounting policies (continued)

(f) Leasing

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease

Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term

(g) Foreign currencies

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purposes of the consolidated financial statements, the results and financial position of each Group company are expressed in euros, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements

In preparing the financial statements of the individual companies, transactions in currencies other than the functional currency of the entity involved in the transaction are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are re-translated at the rates prevailing on the balance sheet date. Non-monetary assets and liabilities that are measured at historical cost in a foreign currency are not re-translated. Gains and losses arising on retranslation are included in net profit or loss for the period.

On consolidation, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly. Exchange differences arising, if any, are recorded in other comprehensive income and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(h) Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

(i) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Opodo Limited

Notes to the consolidated financial statements Year ended 31 December 2010

2 Significant accounting policies (continued)

(i) Taxation (continued)

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(j) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives, using the straight-line method, on the following bases:

Fixtures and fittings	20%
Computer equipment	25%

The carrying value of property, plant and equipment is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

(k) Internally generated intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from the Group's development of its website operating platform and related back office systems is recognised only if all of the following conditions are met:

- an asset is created that can be identified (such as software and new processes),
- it is probable that the asset created will generate future economic benefits, and
- the development cost of the asset can be measured reliably.

Opodo Limited

Notes to the consolidated financial statements Year ended 31 December 2010

2 Significant accounting policies (continued)

(k) Internally generated intangible assets (continued)

Internally generated intangible assets, categorised as software development in notes 7 and 26, are amortised on a straight-line basis over their estimated useful lives. The useful economic life of the intangible assets range between two and five years. Where the internally generated intangible asset is not yet ready for use, it is tested for impairment at least annually by comparing its carrying value with its recoverable amount. Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

(l) Other intangible assets

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired separately from a business are carried initially at cost. An intangible asset acquired as part of a business combination is recognised outside goodwill if the asset is separable or arises from contractual or other legal rights and its fair value can be measured reliably.

Intangible assets with a finite life are amortised on a straight-line basis over their expected useful lives, as follows:

Software licences	33%
Software development	33%

The carrying value of intangible assets is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable.

(m) Impairment of long-lived assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

(n) Government grants

Government grants are recognised when it is reasonable to expect that the grants will be received and that all related conditions will be met.

Opodo Limited

Notes to the consolidated financial statements Year ended 31 December 2010

2. Significant accounting policies (continued)

(o) Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument

Financial assets

Financial assets are initially recorded at fair value, net of transaction costs, unless designated or classified as fair value through profit or loss in which case transaction costs are expensed

All but one of the Group's financial assets are classified as 'loans and receivables', reflecting the nature and purpose of the financial assets, determined at the time of initial recognition. The remaining financial asset held is a derivative financial instrument, which is classified as 'at fair value through profit or loss' on initial recognition and subsequent remeasurement

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial

Derivative financial instruments

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been impacted

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of the Group, as well as observable changes in national or local economic conditions that correlate to default on receivables

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss

Opodo Limited

Notes to the consolidated financial statements Year ended 31 December 2010

2 Significant accounting policies (continued)

(o) Financial instruments (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and short-term deposits and other short-term highly liquid investments that are readily convertible to cash and are subject to an insignificant risk of changes in value

Derecognition of financial assets

The Group derecognises a financial asset only where the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for the amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs

Financial guarantee contract liabilities

Financial guarantee contract liabilities are measured initially at their fair values and are subsequently measured at the higher of the amount of the obligation under the contract, as determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, and the amount initially recognised, less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies set out above

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period

(p) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material

(q) Related parties

The Group considers as its related parties its significant shareholders and subsidiaries, plus key management personnel and members of the Board of Directors as well as their close family members

Opodo Limited

Notes to the consolidated financial statements Year ended 31 December 2010

2. Significant accounting policies (continued)

(r) Share-based payments

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At each balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

(s) New standards and interpretations not applied

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU)

- Amendment to IFRS 1 – Severe Hyper-inflation and Removal of Fixed Dates for First-Time Adopters
- Amendment to IFRS 1 – Limited Exemption from Comparative IFRS 7 Disclosures for First-Time Adopters
- Amendment to IFRS 7 – Financial Instruments Disclosures
- IFRS 9 – Financial Instruments
- Amendment to IAS 12 – Deferred Tax Recovery of Underlying Assets
- Amendment to IAS 24 – Related Party Disclosures
- Amendment to IAS 32 – Classification of Rights Issues
- Amendment to IFRIC 14 – Prepayments of a Minimum Funding Requirement
- IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments
- Improvements to IFRSs (May 2010)

The adoption of IFRS 9 which the Group plans to adopt for the year beginning on 1 January 2013 will impact both the measurement and disclosures of financial instruments. The directors do not expect that the adoption of the other standards listed above will have a material impact on the financial statements of the Group in future periods.

3. Revenue

An analysis of the Group's revenue is as follows

	2010 €'000	2009 €'000
Continuing operations		
Product sales	35,726	4,444
Commission	66,322	64,905
Incentive income	30,391	21,494
Other revenues	14,268	12,269
Revenue	146,707	103,112
 Finance income	 419	 377
	<u>147,126</u>	<u>103,489</u>

All sales are within Europe and the directors do not consider the markets in Europe in which the Group operates to be significantly different. Consequently no geographical segmentation has been provided.

Opodo Limited

Notes to the consolidated financial statements Year ended 31 December 2010

4 Profit for the year

Selling, general and administrative expenses ("SG & A") comprise infrastructure costs, marketing and business development and general and administrative costs

Infrastructure costs include IT expenses incurred by the Group to manage and operate the online travel websites. Costs incurred in developing the websites and internal use software, which meet the criteria for recognition under IFRS are capitalised as intangible assets as detailed in note 7. Costs incurred that do not meet the recognition criteria are expensed as incurred.

Marketing and promotional costs include all brand, sales and site activity and are expensed at the time the cost is incurred.

Profit for the year is stated after charging/(crediting)

	2010 €'000	2009 €'000
Net foreign exchange losses	925	192
Depreciation (Note 8)	326	444
Amortisation of intangible assets (Note 7)		
Internally generated asset amortisation – included in SG & A	84	37
Purchased software amortisation – included in SG & A	242	349
Amortisation of rent free period in respect of UK property	(92)	(366)
R&D costs expensed	2,229	2,643
Restructuring and redundancy costs	7	2
Charge for cash-settled share-based payments	2,288	-
Staff costs (excluding share-based payments above)	17,530	17,900

	2010 €'000	2009 €'000
Staff costs		
Wages and salaries	13,842	14,148
Social security costs	2,854	3,044
Pension costs	834	708
	17,530	17,900

Opodo Limited

Notes to the consolidated financial statements Year ended 31 December 2010

4 Profit for the year (continued)

In addition to the above, the Group has established a cash-settled share-based payment scheme for senior management, including key management personnel. Under the terms of the scheme, vesting is conditional on completion of the sale of the Company within a specified timeframe, and satisfaction of continuing employment conditions for a 12 month period subsequent to completion of the sale, if required by either the Company or the acquirer. The amount of the award is variable depending on the sales price achieved, with further awards linked to business performance in the 12 months preceding any sale transaction completing.

A minimum payment will be made even in the event that a sale does not take place, providing the specified conditions of continuing employment are satisfied. In such circumstances, an amount additional to the minimum may become payable, subject to a cap, based on the valuation of the Group at a vesting date of 1 July 2012, as determined by an independent valuer.

The total charge recognised in the year ended 31 December 2010 in respect of the above scheme was €2,288,000 (2009: €nil), together with associated social security costs of €294,000. Of the charge of €2,288,000, €2,210,844 relates to key management personnel of the Group.

Determination of the charge to be recorded requires management to make estimates and assumptions, including:

- the likelihood of a sale transaction completing within the specified timeframe,
- the likelihood of participants satisfying vesting conditions associated with continuing employment,
- the expected total consideration to be received on completion of a sale, and
- the expected completion date of any sale transaction.

As at 31 December 2010, the directors determined the likelihood of a sale transaction completing within the specified timeframe was probable, with an estimated completion date of November 2011. Vesting is therefore forecast for November 2012. It is further assumed that all participants will satisfy the vesting condition for continuing employment. At 31 December 2010, the total value of the cash awards is estimated to be €15.5 million.

At each balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability will be remeasured, with any changes in fair value, including those arising from changes in the assumptions and estimates above, recognised in profit or loss for the year.

A conditional advance payment of €3.0 million was made to key management personnel during 2010, which is repayable in the event that such key management personnel terminate employment within a specified timeframe. The advance payment and associated social security costs amounting to €3,416,000 in total are being amortised over the vesting period. At 31 December 2010, the remaining amount to be amortised is €2,348,000, of which €1,123,000 is presented in non-current assets.

A long-term liability of €1,515,000 has been recognised in respect of the remaining element of the charge.

At 31 December 2010, none of the awards had vested.

Opodo Limited

Notes to the consolidated financial statements Year ended 31 December 2010

4. Profit for the year (continued)

The average monthly number of employees (including executive directors) of the continuing operations of the Group during the year was 375

	2010 No.	2009 No.
Managers	5	6
Staff	370	364
	<u>375</u>	<u>370</u>

Directors' remuneration

In the current year, the directors of the Company were remunerated for their services by other companies in the Amadeus IT Holding S A group. It is not practicable to allocate the remuneration of the directors between the Group companies to which they provide services.

The directors are not members of the Company's defined contribution pension scheme and are not in receipt of any non-cash benefits or other retirement schemes. No company contributions were made to money purchase schemes for directors. The directors receive reimbursement for reasonable expenses.

Refer to note 14(d) for disclosure information on key management compensation.

Auditor's remuneration

The analysis of auditor's remuneration is as follows:

	2010 €'000	2009 €'000
Fees payable to the company's auditor for the 2010 audit of the Company's annual accounts	169	166
The audit of the company's subsidiaries pursuant to legislation	68	74
Total fees	<u>237</u>	<u>240</u>

Opodo Limited

Notes to the consolidated financial statements Year ended 31 December 2010

5. Finance income and finance costs

	2010 €'000	2009 €'000
Finance income: loans and receivables at amortised cost		
Bank interest receivable and similar income	120	92
Interest income on loans to parent company	299	285
	<u>419</u>	<u>377</u>
Finance costs: financial liabilities at amortised cost		
Bonding and guarantee costs	(523)	(480)
Other	(390)	-
	<u>(913)</u>	<u>(480)</u>

6. Taxation

Tax on loss on ordinary activities

Tax (credited)/charged in the income statement

	2010 €'000	2009 €'000
Current tax:	<u>2,112</u>	<u>156</u>
Deferred tax:		
Current year	<u>(55,800)</u>	<u>(6,400)</u>
	<u>(53,688)</u>	<u>(6,244)</u>

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Opodo Limited

Notes to the consolidated financial statements Year ended 31 December 2010

6 Taxation (continued)

Reconciliation of the total tax credit

The standard UK corporation tax rate for the year is 28% (2009 28%) The tax on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK A reconciliation showing the factors affecting the tax credit is shown below

	2010 €'000	2009 €'000
Profit before tax	26,738	24,395
Profit before tax multiplied by standard rate of corporation tax in the UK of 28% (2009 28%)	7,487	6,831
Tax effect of expenses that are not deductible in determining taxable profit	867	4
Utilisation of tax losses not previously recognised	(8,756)	(4,939)
Changes in unrecognised deferred tax assets	(53,079)	(8,457)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(207)	317
Tax credit	(53,688)	(6,244)

The directors have assessed that it is sufficiently probable that future taxable profits will arise in order to give recognition to a deferred tax asset of €62.2 million at 31 December 2010 (2009 €6.4 million)

In addition, at the balance sheet date the Group has unrecognised deferred tax assets of €34 million (2009 €98 million) in respect of tax losses, accelerated capital allowances and other timing differences arising in the United Kingdom and in overseas companies that are available indefinitely in the United Kingdom and over various periods for the overseas companies for offset against future taxable profits

Deferred tax

The following are the major deferred tax assets recognised by the Group and movements thereon during the current and prior year

	Tax losses €'000	Total €'000
At 1 January 2009	-	-
Credit to income	6,400	6,400
At 31 December 2009	6,400	6,400
Credit to income	55,806	55,806
Foreign exchange movement	31	31
As 31 December 2010	62,237	62,237

The following is the analysis of the deferred tax balances for financial reporting purposes

	2010 €'000	2009 €'000
Deferred tax assets	62,237	6,400

Opodo Limited

Notes to the consolidated financial statements Year ended 31 December 2010

7 Goodwill and intangible assets

	Finite lived intangible assets			Total other intangible assets	Goodwill
	Brands €'000	Software development €'000	Purchased software €'000	€'000	€'000
Cost					
At 1 January 2009	443	13,183	10,487	24,113	3,073
Additions internal development	-	21	8	29	-
Additions purchased separately	-	-	143	143	-
Eliminated on disposal of a subsidiary	(443)	(9,771)	(9,079)	(19,293)	-
Foreign exchange movements	-	102	24	126	-
At 31 December 2009	-	3,535	1,583	5,118	3,073
Additions internal development	-	795	-	795	-
Additions purchased separately	-	-	277	277	-
Foreign exchange movements	-	276	62	338	-
At 31 December 2010	-	4,606	1,922	6,528	3,073
Accumulated amortisation and impairment					
At 1 January 2009	443	13,024	9,956	23,423	3,073
Charge for the year	-	37	349	386	-
Disposal	(443)	(9,771)	(9,073)	(19,287)	-
Foreign exchange movements	-	93	19	112	-
At 31 December 2009	-	3,383	1,251	4,634	3,073
Charge for the year	-	84	242	326	-
Foreign exchange movements	-	244	52	296	-
At 31 December 2010	-	3,711	1,545	5,256	3,073
Net book value					
At 31 December 2010	-	895	377	1,272	-
At 31 December 2009	-	152	332	484	-

Opodo Limited

Notes to the consolidated financial statements Year ended 31 December 2010

8. Property, plant and equipment

	Computer equipment €'000	Fixtures and fittings €'000	Total €'000
Cost			
At 1 January 2009	4,586	1,900	6,486
Additions	179	128	307
Disposals	(4,071)	(871)	(4,942)
Foreign exchange movements	11	8	19
	<hr/>	<hr/>	<hr/>
At 31 December 2009	705	1,165	1,870
Additions	227	18	245
Disposals	(53)	-	(53)
Foreign exchange movements	19	18	37
	<hr/>	<hr/>	<hr/>
At 31 December 2010	<u>898</u>	<u>1,201</u>	<u>2,099</u>
Accumulated depreciation and impairment			
At 1 January 2009	4,302	1,353	5,655
Charge for the year	210	234	444
Disposals	(4,025)	(906)	(4,931)
Foreign exchange movements	10	6	16
	<hr/>	<hr/>	<hr/>
At 31 December 2009	497	687	1,184
Charge for the year	123	203	326
Disposals	(53)	-	(53)
Foreign exchange movements	13	15	28
	<hr/>	<hr/>	<hr/>
At 31 December 2010	<u>580</u>	<u>905</u>	<u>1,485</u>
Net book value			
At 31 December 2010	<u>318</u>	<u>296</u>	<u>614</u>
At 31 December 2009	<u>208</u>	<u>478</u>	<u>686</u>

At 31 December 2010 and 31 December 2009, the Group had no contractual commitments for the acquisition of property, plant and equipment

Opodo Limited

Notes to the consolidated financial statements Year ended 31 December 2010

9 Investments

Details of the Company's significant subsidiaries at 31 December 2010 are as follows

Name of subsidiary	Percentage holding of ordinary share capital	Principal activity	Country of Incorporation
Opodo GmbH	100%	Marketing services	Germany
Travellink AB	100%	On-line travel agency	Sweden
Opodo Italia SRL	100%	On-line travel agency	Italy
Opodo S A	100%	On-line travel agency	France
Opodo S L	100%	Development services	Spain
Opodo Tours GmbH	100%	On-line tour Operator	Germany

10. Trade and other receivables

	2010 €'000	2009 €'000
Trade receivables	17,297	11,826
Allowance for doubtful debts	(804)	(811)
	<u>16,493</u>	<u>11,015</u>
Loans to Amadeus group companies	76,084	45,082
Amounts owed by Amadeus group companies	4,628	4,520
VAT and other taxes receivable	1,586	2,265
Prepayments and accrued income	8,348	7,575
Other receivables	<u>1,272</u>	<u>15</u>
	<u>108,411</u>	<u>70,472</u>

The average credit period on trade receivables that are neither past due nor impaired is 30 days, no interest is charged on the receivables outstanding. The Group has provided for trade receivables based on estimated irrecoverable amounts, determined by reference to past default experience.

Included in the Group's trade receivables are debtors with a carrying amount of €0.3 million (2009: €0.2 million) which are past due at the reporting date for which the Group has not provided for as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The average age of these receivables is 87 days (2009: 83 days).

	2010 €'000	2009 €'000
Ageing of past due but not impaired receivables		
60-90 days	32	52
90-180 days	<u>263</u>	<u>167</u>
Total	<u>295</u>	<u>219</u>

Opodo Limited

Notes to the consolidated financial statements Year ended 31 December 2010

10 Trade and other receivables (continued)

Loans and receivables.

Movement in the allowance for doubtful debts

	2010 €'000	2009 €'000
Balance at beginning of the year	811	679
Increase in impairment losses	2	570
Amounts written off as uncollectible	(9)	(418)
Amounts recovered during the year	-	(20)
	<hr/>	<hr/>
Balance at the end of the year	804	811

In determining the recoverability of trade and other receivables the Group considers any change in the credit quality of the trade or other receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe there is no further credit provision required in excess of the allowance for doubtful debts.

There are no allowances for credit losses against other financial assets.

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

11. Financial instruments

Capital risk management

The Group manages its capital to ensure that the entities in the Group will be able to continue as going concerns while maximising the return to stakeholders. The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent company, comprising issued capital, reserves and retained losses as disclosed in notes 16 to 19.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

Opodo Limited

Notes to the consolidated financial statements Year ended 31 December 2010

11. Financial instruments (continued)

Categories of financial instruments

	2010 €'000	2009 €'000
Financial assets at fair value through profit or loss		
Call option	167	-
	<u>167</u>	<u>-</u>
Loans and receivables		
Cash and cash equivalents	16,872	13,862
Restricted cash deposits	2,962	4,089
Trade and other receivables	97,513	61,254
	<u>117,347</u>	<u>79,205</u>
Assets not meeting the definition of a financial asset		
Trade and other receivables	10,898	9,218
Tax receivables	47	203
	<u>128,459</u>	<u>88,626</u>
Total current assets		
Financial liabilities at amortised cost		
<i>Non-current liabilities</i>		
Trade and other payables	1,515	-
	<u>1,515</u>	<u>-</u>
<i>Current liabilities</i>		
Trade and other payables	93,530	77,229
	<u>93,530</u>	<u>77,229</u>
Current liabilities not meeting the definition of financial liabilities		
Trade and other payables	6,105	7,572
	<u>6,105</u>	<u>7,572</u>
Total current liabilities	<u>101,150</u>	<u>84,801</u>

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Opodo Limited

Notes to the consolidated financial statements Year ended 31 December 2010

11. Financial instruments (continued)

Financial risk management objectives

The Group is exposed to financial risks, including interest rate risk, credit risk and foreign exchange rate risk

Risk and treasury management is governed by the Amadeus IT Group S A's policies approved by its board of directors. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates

Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise

Foreign exchange exposure arises where the Group's companies transact in a currency different from their functional currency

The carrying amount of the Group's monetary assets and liabilities at the reporting date, denominated in a currency different to the functional currency of the entity in which such monetary assets and liabilities are held is as follows

	Assets		Liabilities	
	2010 €'000	2009 €'000	2010 €'000	2009 €'000
Sterling	16,866	12,172	27,892	12,993
US Dollar	277	53	104	62
Swedish Kroner	-	-	2,454	2,146
Danish Kroner	1,855	2,313	11,479	10,581
Norwegian Kroner	4,802	3,562	11,607	10,663

The following table details the Group's sensitivity to a 10 per cent change in euro against the respective foreign currencies. Ten per cent represents management's assessment of the possible change in foreign exchange rates. The sensitivity analyses of the Group's exposure to foreign currency risk at the reporting date has been determined based on the change taking place at the beginning of the financial year and held constant throughout the reporting period. A positive number indicates an increase in profit or loss and where euro strengthens against the respective currency

	2010 €'000	2009 €'000
Impact on profit or loss	2,703	1,668

There would be no impact on equity arising from foreign exchange transaction exposures

Notes to the consolidated financial statements
Year ended 31 December 2010

11 Financial instruments (continued)

Interest rate risk management

Cash at bank earns interest at floating rates based on daily bank deposit rates. As a result, material fluctuations in the market interest rate could have an impact on the Group's financial results. The interest rate exposure is not hedged.

The sensitivity analyses below have been determined based on the exposure to interest rates at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period.

At the reporting date, if interest rates had been 1% higher/lower and all other variables were held constant, the Group's profit would increase/decrease by €198,000 (2009: increase/decrease by €180,000). This is mainly attributable to the Group's exposure to interest rates on its cash balances. There is no material impact upon equity arising from interest rate changes.

The Group's sensitivity to interest rates increased during the current year due to the higher net cash position of the Company.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

Financial assets that potentially subject the Company and its subsidiaries to concentration of credit risk consist principally of trade receivables. The Group's trade receivables are derived from commissions due to it from business partners including airlines, car hire companies, travel insurance companies, hoteliers and hotel consolidators. The Group performs ongoing credit evaluations of its customers. An allowance for doubtful accounts is determined with respect to those amounts that the Company has determined to be doubtful from collection.

As detailed in the following table, the following represents the Group's maximum exposure to credit risk.

Maximum credit risk:

	Group	
	2010	2009
	€'000	€'000
Cash and cash equivalents	16,872	13,862
Restricted cash deposits	2,962	4,089
Trade and other receivables	97,513	60,704

Activities that give rise to credit risk and the associated maximum exposure include, but are not limited to:

- making sales and extending credit terms to business partners and placing cash deposits with the Group's parent undertaking. In these cases, the maximum exposure to credit risk is the carrying amount of the related financial assets.

Opodo Limited

Notes to the consolidated financial statements Year ended 31 December 2010

11. Financial instruments (continued)

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short-, medium- and long-term funding and liquidity management requirements. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following table details the Group's remaining contractual maturity for its financial liabilities. The tables below have been drawn up based on the undiscounted contractual maturities of the financial liabilities including interest that will accrue to those liabilities.

	2010	
	Less than 1 year €'000	1-2 years €'000
Non-interest bearing liabilities	93,530	1,515
		2009 Less than 1 year €'000
Non-interest bearing liabilities		77,229

Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

- The fair value of non-derivative financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.
- The fair value of the Group's call option over EnGrande SL, the only derivative financial instrument held by the Group, has been determined using an option pricing model, which includes inputs that are not based on observable market data (unobservable inputs).

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Notes to the consolidated financial statements Year ended 31 December 2010

11. Financial instruments (continued)

Cash and short-term deposits

	2010 €'000	2009 €'000
Cash at bank and in hand	<u>16,872</u>	<u>13,862</u>

Cash and cash equivalents (which are presented as a single class of asset on the face of the balance sheet) comprise cash at bank and short-term highly liquid deposits held with Amadeus. Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are available upon request and earn interest based on EURIBOR minus 0.1%.

The fair value of cash and cash equivalents is the same as its carrying value due to its short-term nature.

For the purpose of the cash flow statements, cash and cash equivalents comprise the following at 31 December:

	2010 €'000	2009 €'000
Cash at bank and in hand	<u>16,872</u>	<u>13,862</u>

Restricted cash deposits

Restricted cash deposits are in respect of cash guarantees given by the Company and its principal subsidiaries to IATA and a number of local governmental agencies to ensure compliance with the accreditation terms for each organisation. The total of these guarantees is €2.6 million (2009: €3.9 million). The required amount to be deposited is reviewed every year and is based on the Group's financial results.

€0.4 million (2009: €0.2 million) has been placed on deposit in respect of operating rental lease agreements. The restricted cash deposits are stated at cost which approximates to their fair value.

Other financial assets: derivative financial instruments

On 12 November 2010 the Group entered into a call option agreement to acquire the entire issued share capital of EnGrande SL, a company that specialises in the online distribution of room nights at hotels, hostels, apartments, and B&Bs. The option is exercisable from 1 January 2011 until 12 May 2011. In the event that the option is not exercised by the Group, certain cancellation costs will be payable to the counterparties.

The call option was initially recognised at fair value through profit or loss, with subsequent remeasurements also recorded through profit or loss. The fair value of the call option has been determined to be €167,000 at 31 December 2010 and the movement therein is shown as other income and expense in the consolidated income statement.

Opodo Limited

Notes to the consolidated financial statements Year ended 31 December 2010

11. Financial instruments (continued)

Borrowing facilities

On 30 November 2007 Amadeus IT Group S A entered into an agreement with Opodo to provide a revolving credit facility up to a maximum of €61,744,340. The revolving credit facility bears interest at EURIBOR +2% and matures on the second anniversary of the First Repayment Date, which is defined as the earlier of 1 July 2010 or six months after the date on which the Company's operating cash flow is determined by the Company's auditors as having been positive for two out of the last three consecutive calendar quarters. This condition was satisfied at 30 June 2008, and consequently the facility was reduced to €49,395,472 at 30 December 2008, €24,697,736 at 30 December 2009, and to zero at 30 December 2010 when the facility expired.

Committed facilities

As at 31 December 2010 the Group had no committed facilities available to it (2009: €24,697,736).

12. Trade and other payables

	2010 €'000	2009 €'000
Trade payables	75,968	52,295
Employee related accruals	2,371	3,286
Other taxes and social security costs payable	1,259	1,420
Amounts owed to Amadeus group companies	540	546
Accruals and deferred income	19,242	26,180
Other payables	255	1,074
	<u>99,635</u>	<u>84,801</u>

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 30 days (2009: 30 days). For most suppliers no interest is charged on the trade payables for the first 30 days from the date of the invoice. Thereafter, interest is charged on the outstanding balances at various interest rates. The Group has financial risk management policies in place to ensure that all payables are paid within the credit period.

The directors consider that the carrying amount of trade payables approximates to their fair value.

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Opodo Limited

Notes to the consolidated financial statements Year ended 31 December 2010

13. Operating lease arrangements

The Group had total commitments under non-cancellable operating leases as set out below

	Land and buildings		Other	
	2010	2009	2010	2009
	€'000	€'000	€'000	€'000
Operating leases which expire				
Within one year	827	760	-	-
In the second to fifth years	436	377	-	-
	<u>1,263</u>	<u>1,137</u>	<u>-</u>	<u>-</u>
			2010	2009
			€'000	€'000
Minimum lease payments under operating leases charged to the income statement for the year			996	777

Operating lease payments represent rentals payable by the Group for certain of its office properties. Other than as set out below, leases are negotiated for an average term of five years and rentals are fixed for an average of three years.

14. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Company and its subsidiaries are disclosed in note 38.

The immediate controlling entity and parent company is Amadeus IT Group S.A. Amadeus IT Holding S.A. is the ultimate controlling entity and parent company of Amadeus IT Group S.A.

The smallest and largest group which prepares consolidated financial statements and of which the Company forms a part, is Amadeus IT Holding S.A., which is incorporated in Spain.

Below is a summary of balances and transactions with related parties. All transactions with related parties are carried out on an arm's length basis.

(a) Trading transactions – Amadeus

The Group was charged €2,878,451 and €2,877,621 for the years ended 31 December 2010 and 31 December 2009, respectively by Amadeus for charges in relation to intercompany trading and received €19,129,844 and €18,123,548 from the same.

As at 31 December 2010 the total amount outstanding due to Amadeus was €539,523 (2009: €545,699) and the amount receivable from Amadeus in respect of these transactions was €4,628,201 (2009: €4,520,265).

Opodo Limited

Notes to the consolidated financial statements Year ended 31 December 2010

14. Related party transactions (continued)

(b) Loans receivable and advances – Amadeus group companies

Total interest earned by the Group from Amadeus IT Group S A , which is a related party by virtue of its controlling shareholding, was €298,906 and €285,101 for the years ended 31 December 2010 and 31 December 2009 respectively. As at 31 December 2010 the total amount outstanding from Amadeus IT Group S A in respect of interest receivable was €nil (2009 €nil). Interest rates for these short-term deposits denominated in Euros ranged from 0.298% to 0.708 % for the year ended 31 December 2010 and from 0.326% to 2.884% for the year ended 31 December 2009.

In addition, the Group was charged €455,060 (2009 €384,492) for costs on bonding and guarantees provided by Amadeus. The total accrual for interest outstanding as at 31 December 2010 was €nil (2009 €388,856).

Other related party transactions

(c) Directors and key management compensation

Directors' remuneration is set out in note 4.

The remuneration earned by top executive managers during the years ended 31 December 2010 and 31 December 2009 was as follows:

	2010 €'000	2009 €'000
Cash compensation	1,132	1,225
Compensation in kind	238	162
Contributions to Pension Plan and Collective Life Insurance Policies	18	173
Total	1,388	1,560

In addition to the above, the Group has established a cash-settled share-based payment scheme for senior management involved in the potential acquisition of Opodo Limited. See note 4 for more details.

15. Retirement benefit schemes

The Group participates in a defined contribution group scheme. The assets of the scheme are held separately from those of the Group in independently administered funds.

The total cost charged to the income statement was €834,272 (2009 €708,052) and represents contributions payable to these schemes by the Group at rates specified in the rules of the plans. As at 31 December 2010 all contributions (2009 €nil) due in respect of the current reporting period had been paid over to the schemes.

Opodo Limited

Notes to the consolidated financial statements Year ended 31 December 2010

16 Share capital

	2010 €	2009 €
Authorised.		
3,030,000,000 ordinary shares of €0.1 each	303,000,000	-
925,012,500 Class A ordinary shares of €0.1 each	-	92,501,250
210,498,750 Class B ordinary shares of €0.1 each	-	21,049,875
210,498,750 Class B deferred shares of €0.9 each	-	189,448,875
30,000,000 redeemable convertible shares of €1 each	30,000,000	30,000,000
	<u>333,000,000</u>	<u>333,000,000</u>
Issued and fully paid		
2,751,131,544 ordinary shares of €0.1 each	275,113,154	-
646,144,044 Class A ordinary shares of €0.1 each	-	64,614,404
210,498,750 Class B ordinary shares of €0.1 each	-	21,049,875
210,498,750 Class B deferred shares of €0.1 each	-	189,448,875
	<u>275,113,154</u>	<u>275,113,154</u>

On 23 November 2010, each Class B deferred share of €0.9 each was sub-divided in nine Class B shares of €0.1 each

Until 23 November 2010, the Class A ordinary shares had full rights to dividends and to amounts receivable on winding-up. The shares had full voting rights.

Until 22 November 2010, the Class B ordinary shares had full rights to dividends and to amounts receivable on winding up. However, the shares had limited voting rights. On 22 November 2010, the rights attaching to the Class B ordinary shares were varied to be identical to the Class A Ordinary Shares.

Until 23 November 2010, the Class B deferred shares had no rights to dividends or amounts receivable on winding up. They had no voting rights.

On 23 November 2010, the Class A Ordinary Shares and Class B deferred shares were all re-designated as Ordinary Shares.

Share premium account

	2010 €'000	2009 €'000
Balance at 1 January and 31 December	<u>88,846</u>	<u>88,846</u>

The share premium account is used to record the excess of the consideration received by the Company on issue of shares in excess of their par value. The share premium account may only be used in certain specific circumstances.

Opodo Limited

Notes to the consolidated financial statements Year ended 31 December 2010

17. Other reserves

	2010 €'000	2009 €'000
Balance at 1 January and 31 December	<u>30,441</u>	<u>30,441</u>

The Group accounted for the transfer of assets and liabilities in 2005 by recording the net assets acquired at their carrying values immediately prior to the transfer from Amadeus IT Group S A as it was considered that no acquisition had occurred. The difference between the consideration provided and the net assets acquired is presented as an other reserve.

18. Translation reserve

	2010 €'000	2009 €'000
Balance at 1 January	(1,107)	(1,213)
Exchange differences on retranslation of overseas operations	<u>734</u>	<u>106</u>
Balance at 31 December	<u>(373)</u>	<u>(1,107)</u>

19. Retained losses

	€'000
Balance at 1 January 2009	(351,655)
Profit for the year	<u>30,639</u>
Balance at 31 December 2009	(321,016)
Profit for the year	<u>80,426</u>
Balance at 31 December 2010	<u>(240,590)</u>

Opodo Limited

Notes to the consolidated financial statements Year ended 31 December 2010

20. Commitments and contingencies

As required by industry regulators including IATA, the Group has trade bonds in place which are designed to protect consumers and airlines (IATA) in the event that an agent ceases trading. In the event that the Group ceased trading, the restricted cash deposits would not be returned to the Group, but would be utilised to cover any outstanding liabilities.

The level of bonding required is determined on an annual basis by the regulators with reference to historical and expected future trading. During the year, bonding requirements were met by Amadeus IT Group S.A.

At 31 December 2010, in order to maintain the Group's various travel agency licences the Group had bank guarantees in place to travel agency regulators in the total amount of €55,144,835 (2009 - €36,523,959). The amount of €2,587,957 (2009 - €3,859,357) is covered by restricted cash deposits that are recorded in the balance sheet and the remaining €52,556,878 (2009 - €32,664,602) is covered by a bank guarantee secured by Amadeus IT Group S.A. The required amount to be deposited is reviewed every year and is based on the Group's financial results.

€374,107 (2009 - €229,606) has been placed on deposit in respect of operating rental lease agreements. The restricted cash deposits are stated at cost which approximates to their fair value.

21. Subsequent events

On 9 February 2011 the Amadeus Group entered into an agreement in principle with a consortium created by AXA Private Equity and Permira Funds, to purchase 100% of the shares of Opodo Limited. The sale was formally approved by the board of directors on the same day.

On 10 February 2011, the Group terminated its option to acquire the entire issued share capital of EnGrande S.L. and made a subsequent penalty payment of €1,535,714, as required under the terms of the call option agreement.

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Opodo Limited

Company income statement Year ended 31 December 2010

	Notes	2010 €'000	2009 €'000
Revenue	23	110,542	54,389
Cost of sales		(46,273)	(11 807)
Gross profit		64,269	42,582
Selling, general and administrative expenses		(33,563)	(24,427)
Other operating expenses		(3,076)	-
Operating profit	24	27,630	18,155
Other income and expense	11	167	-
Finance income	25	331	293
Finance cost	25	(524)	(822)
Profit before tax		27,604	17,626
Tax	26	55,871	5,684
Profit attributable to equity holders of the parent		<u>83,475</u>	<u>23,310</u>

All profits arise from continuing operations of the Company

There were no other gains and losses affecting comprehensive income other than as set out in the income statement presented above, and therefore a separate statement of comprehensive income has not been presented

Opodo Limited

Company statement of changes in equity Year ended 31 December 2010

	Share capital €'000	Share premium €'000	Retained losses €'000	Total €'000
Balance as of 1 January 2009	275,113	88,846	(348,948)	15,011
Total comprehensive income for the year	-	-	23,310	23,310
Balance at 31 December 2009	275,113	88,846	(325,638)	38,321
Total comprehensive income for the year	-	-	83,475	83,475
Balance at 31 December 2010	275,113	88,846	(242,163)	121,796

Opodo Limited

Company balance sheet 31 December 2010

	Notes	2010 €'000	2009 €'000
Non-current assets			
Investments	29	59,356	58,772
Intangible assets	27	675	214
Property, plant and equipment	28	399	434
Deferred tax asset	26	61,600	5,795
Trade and other receivables	14	1,123	-
		<u>123,153</u>	<u>65,215</u>
Current assets			
Trade and other receivables	31	101,257	56,487
Cash and cash equivalents	30	1,068	2,005
Restricted cash deposits	30	1,134	2,469
Other financial assets	11	167	-
		<u>103,626</u>	<u>60,961</u>
Total assets		<u>226,779</u>	<u>126,176</u>
Non-current liabilities			
Trade and other payables	14	1,515	-
		<u>1,515</u>	<u>-</u>
Current liabilities			
Trade and other payables	32	103,468	87,855
Total liabilities		<u>104,983</u>	<u>87,855</u>
Net current assets/(liabilities)		<u>158</u>	<u>(26,894)</u>
Net assets		<u>121,796</u>	<u>38,321</u>
Equity			
Share capital	16	275,113	275,113
Share premium account	16	88,846	88,846
Retained losses	35	(242,163)	(325,638)
		<u>121,796</u>	<u>38,321</u>

The financial statements of Opodo Limited, registered number 4051797, were approved by the Board of Directors and authorised for issue on 1 April 2011

Signed on behalf of the Board of Directors



Javier Laforgue
Director

Opodo Limited

Company cash flow statement Year ended 31 December 2010

	2010 €'000	2009 €'000
Cash generated from operating activities		
Operating profit	27,630	18,155
Adjustments for		
Share-based payments	2,288	-
Depreciation of property, plant and equipment	193	293
Amortisation of intangible assets	180	288
Amortisation of deferred rent incentive	(92)	(366)
Loss on disposal of property, plant and equipment	-	11
Operating cash flows before movements in working capital	30,199	18,381
Trade and other receivables	(46,666)	(27,742)
Trade and other payables	15,705	10,369
Cash (used in)/ generated from operating activities before tax	(762)	1,008
Taxes received/ (paid)	66	(111)
Net cash (used in)/ generated from operating activities after tax	(696)	897
Cash flows from investing activities		
Movement in restricted cash deposits	1,335	(1,036)
Investments in subsidiaries	(584)	(551)
Return of capital from subsidiaries	-	15
Purchases of property, plant and equipment	(158)	(120)
Interest received	331	293
Expenditure on intangible assets	(641)	(143)
Net cash used in investing activities	283	(1,542)
Cash flows used in financing activities		
Interest paid and other financial expenses	(524)	(537)
Net cash used in financing activities	(524)	(537)
Net decrease in cash and cash equivalents	(937)	(1 182)
Cash and cash equivalents at beginning of year	2,005	3,187
Cash and cash equivalents at end of year	1,068	2,005

Opodo Limited

Notes to the company financial statements Year ended 31 December 2010

22. Significant accounting policies

The separate financial statements of the company are presented as required by the Companies Act 2006. As permitted by that Act, the separate financial statements have been prepared in accordance with International Financial Reporting Standards.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain assets and liabilities which are measured at fair value in accordance with applicable International Financial Reporting Standards. The principal accounting policies adopted are the same as those set out in note 2 to the consolidated financial statements except as noted below.

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

23. Revenue

An analysis of the Company's revenue is as follows:

	2010 €'000	2009 €'000
Product sales	32,194	2,544
Agency revenues	43,817	32,531
Incentive income	19,127	12,402
Licence revenues	8,858	6,370
Other revenues	6,546	542
Revenue	110,542	54,389
Finance income	331	293
	<u>110,873</u>	<u>54,682</u>

All sales are within Europe and the Directors do not consider the markets in Europe in which the Company operates to be significantly different. Consequently no geographical segmentation has been provided.

24. Profit for the year

Profit is stated after charging/(crediting)

	2010 €'000	2009 €'000
Net foreign exchange losses	483	278
Depreciation (Note 28)	193	293
Amortisation of intangible assets (Note 27)		
Internally generated assets – included in S,G&A	-	-
Purchased software – included in S,G&A	180	288
Amortisation of rent free period in relation to UK property	(92)	(366)
Redundancy and reorganisation costs	7	2
R&D costs expensed	2,229	2,643
Charge for cash-settled share-based payments	2,288	-
Staff costs (excluding charge for cash-settled share-based payments above)	7,984	8,149

Opodo Limited

Notes to the company financial statements Year ended 31 December 2010

24. Profit for the year (continued)

	2010 €'000	2009 €'000
Staff costs		
Wages and salaries	7,172	7,347
Social security costs	688	718
Pension costs	124	84
	<u>7,984</u>	<u>8,149</u>

Included in the above, the Company recorded a charge for cash-settled share-based payments of €2,288,000 (2009: €nil). See note 4 for more details.

The average monthly number of employees (including executive directors) during the year was

	2010 No	2009 No
Staff numbers		
Managers	5	6
Staff	189	208
	<u>194</u>	<u>214</u>

25. Finance income and finance costs

	2010 €'000	2009 €'000
Bank interest receivable and similar income	20	6
Interest receivable on loans to parent company	311	287
Total finance income: loans and receivables at amortised cost	<u>331</u>	<u>293</u>
Bonding and guarantee costs	(357)	(350)
Interest on loans from other group companies	(167)	(472)
Total finance costs: financial liabilities at amortised cost	<u>(524)</u>	<u>(822)</u>

Opodo Limited

Notes to the company financial statements Year ended 31 December 2010

26 Tax

Tax on profit on ordinary activities

Tax (credited)/charged in the income statement

	2010 €'000	2009 €'000
Current tax:	(65)	110
Deferred tax		
Current year	(55,806)	(5,794)
	<u>(55,871)</u>	<u>(5,684)</u>

Reconciliation of the total tax credit

UK corporation tax rate is 28% (2009 28%) Factors affecting the tax credit for the year are as follows

	2010 €'000	2009 €'000
Profit before tax	27,604	17,626
Profit before tax multiplied by standard rate of corporation tax in the UK of 28% (2009 – 28.5%)	7,729	4,935
Tax effect of expenses that are not deductible in determining taxable profit	867	4
Utilisation of tax losses not previously recognised	(8,673)	(4,939)
Recognition of previously unrecognised deferred tax assets	(55,806)	(5,794)
Change in unrecognised deferred tax assets	77	-
Adjustments in respect of prior periods	(65)	110
Tax credit	<u>(55,871)</u>	<u>(5,684)</u>

Deferred tax

The following are the major deferred tax assets recognised by the Company and movements thereon during the current and prior year

	Tax losses €'000	Total €'000
At 1 January 2009	-	-
Credit to income	5,794	5,794
At 31 December 2009	5,794	5,794
Credit to income	55,806	55,806
As 31 December 2010	<u>61,600</u>	<u>61,600</u>

The following is the analysis of the deferred tax balances for financial reporting purposes

	2010 €'000	2009 €'000
Deferred tax assets	<u>61,600</u>	<u>5,794</u>

The directors have assessed that it is sufficiently probable that future taxable profits will arise in order to give recognition to a deferred tax asset of €61.6 million at 31 December 2010 (2009 €5.8 million)

In addition, at the balance sheet date the Company has unrecognised deferred tax assets of €22 million (2009 €85 million) in respect of tax losses, accelerated capital allowances and other timing differences arising in the United Kingdom that are available indefinitely for offset against future taxable profits

Opodo Limited

Notes to the company financial statements Year ended 31 December 2010

27 Intangible assets

	Finite lived intangible assets		
	Software development €'000	Purchased software €'000	Total €'000
Cost			
At 1 January 2009	11,824	9,635	21,459
Additions purchased separately	-	143	143
Disposals	(9,771)	(9,073)	(18,844)
At 31 December 2009	2,053	705	2,758
Additions purchased separately	-	62	62
Additions internal development	579	-	579
Disposals	-	-	-
At 31 December 2010	2,632	767	3,399
Accumulated amortisation and impairment			
At 1 January 2009	11,824	9,276	21,100
Charge for the year	-	288	288
Disposals	(9,771)	(9,073)	(18,844)
At 31 December 2009	2,053	491	2,544
Charge for the year	-	180	180
At 31 December 2010	2,053	671	2,724
Net book value			
At 31 December 2010	579	96	675
At 31 December 2009	-	214	214

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Opodo Limited

Notes to the company financial statements Year ended 31 December 2010

28. Property, plant and equipment

	Computer equipment €'000	Fixtures and fittings €'000	Total €'000
Cost			
At 1 January 2009	3,843	1,562	5,405
Additions	76	44	120
Disposals	(3,566)	(917)	(4,483)
At 31 December 2009	353	689	1,042
Additions	158	-	158
At 31 December 2010	511	689	1,200
Accumulated depreciation and impairment			
At 1 January 2009	3,625	1,161	4,786
Charge for the year	156	137	293
Disposals	(3,566)	(905)	(4,471)
At 31 December 2009	215	393	608
Charge for the year	74	119	193
At 31 December 2010	289	512	801
Net book value			
At 31 December 2010	222	177	399
At 31 December 2009	138	296	434

Opodo Limited

Notes to the company financial statements Year ended 31 December 2010

29 Investments

	Shares in subsidiary undertakings €'000
Cost	
At 1 January 2009	58,238
Additions	551
Dissolution of subsidiary undertakings	(17)
	<hr/>
At 31 December 2009	58,772
Additions	584
	<hr/>
At 31 December 2010	<u>59,356</u>

Additions in the prior year represent amounts previously included within inter-company receivables that have been capitalised in the period as part of the recapitalisation of Opodo Italia. Additions in 2010 represent a capital increase in Opodo Italia and the formation of a new subsidiary, Opodo Tours GmbH.

All investments listed in note 9 are held by the company at 31 December 2010.

30 Financial instruments

Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders. The capital structure of the Company consists of cash and cash equivalents and equity attributable to equity holders of the parent company, comprising issued capital, reserves and retained earnings.

Opodo Limited

Notes to the company financial statements Year ended 31 December 2010

30. Financial instruments (continued)

Categories of financial instruments

	2010 €'000	2009 €'000
Financial assets at fair value through profit or loss		
Call option	167	-
	<u>167</u>	<u>-</u>
Loans and receivables		
Cash and cash equivalents	1,068	2,005
Restricted cash deposits	1,134	2,469
Trade and other receivables	93,240	52,334
	<u>95,442</u>	<u>56,808</u>
Assets not meeting the definition of a financial asset		
Trade and other receivables	8,017	4,153
	<u>8,017</u>	<u>4,153</u>
Total current assets	<u>103,626</u>	<u>60,961</u>
Financial liabilities at amortised cost		
<i>Non-current liabilities</i>		
Trade and other payables	1,515	-
	<u>1,515</u>	<u>-</u>
<i>Current liabilities</i>		
Trade and other payables	100,782	83,483
	<u>100,782</u>	<u>83,483</u>
Current liabilities not meeting the definition of financial liabilities		
Trade and other payables	2,686	4,372
	<u>2,686</u>	<u>4,372</u>
Total current liabilities	<u>103,468</u>	<u>87,855</u>

Financial risk management objectives

The Company's finance department monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyse exposure by degree and magnitude of risks. These include market risk (including currency risk), credit risk, liquidity risk and cash flow interest rate risk.

The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

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Opodo Limited

Notes to the company financial statements Year ended 31 December 2010

30. Financial instruments (continued)

Market risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates

Foreign currency risk management

The Company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise.

Foreign exchange exposure arises where the Company transacts in a currency different from its functional currency.

The carrying amount of the Company's monetary assets and liabilities at the reporting date, denominated in currency different to the functional currency of the entity in which such monetary assets and liabilities are held is as follows:

	Assets		Liabilities	
	2010 €'000	2009 €'000	2010 €'000	2009 €'000
Sterling	16,866	12,172	27,892	12,993
US Dollar	277	53	104	62
Swedish Kroner	-	-	2,454	2,146

The following table details the Company's sensitivity to a 10 per cent change in euro against the respective foreign currencies. Ten per cent represents management's assessment of the possible change in foreign exchange rates. The sensitivity analyses of the Company's exposure to foreign currency risk at the reporting date has been determined based on the change taking place at the beginning of the financial year and held constant throughout the reporting period. A positive number indicates an increase in profit or loss and where euro strengthens against the respective currency.

	2010 €'000	2009 €'000
Impact on profit or loss	1,210	271

There would be no impact on equity arising from foreign exchange transaction exposures.

Interest rate risk management

Cash at bank earns interest at floating rates based on daily bank deposit rates. As a result, material fluctuations in the market interest rate can have an impact on the Company's financial results. The interest rate exposure is not hedged.

The sensitivity analyses below have been determined based on the exposure to interest rates at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A one per cent change is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

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Opodo Limited

Notes to the company financial statements Year ended 31 December 2010

30 Financial instruments (continued)

At the reporting date, if interest rates had been 1% higher/lower and all other variables were held constant, the Company's profit would increase/decrease by €22,000 (2009 increase/decrease by €45,000). This is mainly attributable to the Company's exposure to interest rates on its cash balances. There is no material impact upon equity arising from interest rate changes.

The Company's sensitivity to interest rates has increased during the current period due to the increase in cash balances.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company.

Financial assets that potentially subject the Company to concentration of credit risk consist principally of trade receivables. The Company's trade receivables are derived from commissions due to it from business partners including airlines, car hire companies, travel insurance companies, hoteliers and hotel consolidators. The Company performs ongoing credit evaluations of its customers. An allowance for doubtful accounts is determined with respect to those amounts that the Company has determined to be doubtful from collection.

Credit risk associated with the Company's cash and cash equivalents and restricted cash deposits is managed by only placing funds on deposit with internationally recognised banks with suitable credit ratings or with the Company's parent company.

Except as detailed in the following table, the carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk.

Maximum credit risk

	2010 €'000	2009 €'000
Cash and cash equivalents	1,068	2,005
Restricted cash deposits	1,134	2,469
Trade and other receivables	93,240	51,784

Activities that give rise to credit risk and the associated maximum exposure include, but are not limited to:

- making sales and extending credit terms to business partners and placing cash deposits with banks and the Company's parent undertaking. In these cases, the maximum exposure to credit risk is the carrying amount of the related financial assets.

For cash resources, the Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Company only transacts with entities that are rated the equivalent to investment grade or above. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Company defines counterparties as having similar characteristics if they are connected entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings or other Group companies.

Opodo Limited

Notes to the company financial statements Year ended 31 December 2010

30. Financial instruments (continued)

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following table details the Company's remaining contractual maturity for its financial liabilities. The tables below have been drawn up based on the undiscounted contractual maturities of the financial liabilities including interest that will accrue to those liabilities.

	2010	
	Less than 1 year €'000	1 - 2 years €'000
Non-interest bearing liabilities	100,782	1,515
		2009
		Less than 1 year €'000
Non-interest bearing liabilities		83,483

Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

- The fair value of non-derivative financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.
- The fair value of the Company's call option over EnGrande SL, the only derivative financial instrument held by the Company, has been determined using an option pricing model, which includes inputs that are not based on observable market data (unobservable inputs).

Opodo Limited

Notes to the company financial statements Year ended 31 December 2010

30. Financial instruments (continued)

Cash and short-term deposits

	2010 €'000	2009 €'000
Cash at bank and in hand	<u>1,068</u>	<u>2,005</u>

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank and short-term highly liquid deposits held with Amadeus. Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are available upon request and earn interest at EURIBOR minus 0.1%. The fair value of cash and cash equivalents is the same as its carrying value.

For the purpose of the cash flow statement, cash and cash equivalents comprise the following at 31 December

	2010 €'000	2009 €'000
Cash at bank and in hand	<u>1,068</u>	<u>2,005</u>

Restricted cash deposits

Restricted cash deposits are in respect of rental deposits and cash guarantees given by the Company and its principal subsidiaries to IATA and a number of local governmental agencies to ensure compliance with the accreditation terms for each organisation. The total of these guarantees is €993,128 (2009: €2,331,269). In the event that the Company ceased trading, the restricted cash deposits would not be returned to the Company, but would be utilised to cover any outstanding liabilities. The amount deposited is reviewed every year and is based on the Company's financial results.

€140,806 (2009: €137,426) has been placed on deposit in respect of operating rental lease agreements.

The restricted cash deposits are stated at cost which approximates fair value.

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Opodo Limited

Notes to the company financial statements Year ended 31 December 2010

30. Financial instruments (continued)

Borrowing facilities

On 30 November 2007, Amadeus IT Group S A entered into an agreement with the Company to provide a revolving credit facility up to a maximum value of €61,744,340

As at 30 June 2008, the Company was determined to have been operational cash flow breakeven for the past two quarters, therefore in accordance with the terms of the facility, the facility limit was reduced to €49,395,472 at 30 December 2008, €24,697,736 at 30 December 2009, and to zero at 30 December 2010 when the facility expired

Committed facilities

As at 31 December 2010 the Company had no committed facilities available to it (2009 €24,697,736)

31. Trade and other receivables

	2010 €'000	2009 €'000
Trade receivables	11,849	3,508
Allowance for doubtful debts	(42)	(51)
	<hr/>	<hr/>
Loans to Amadeus group companies	11,807	3,457
Amounts owed by Amadeus group companies	76,084	45,082
Amounts owed by Opodo group companies	4,568	3,805
VAT and other taxes receivable	611	-
Prepayments and accrued income	255	297
Other receivables	6,704	3,845
	<hr/>	<hr/>
	1,228	1
	<hr/>	<hr/>
	101,257	56,487
	<hr/>	<hr/>

The average credit period granted on receivables for revenues is 60 days (2009 60 days), no interest is charged on the receivables outstanding. The Company has provided for trade receivables based on estimated irrecoverable amounts, determined by reference to past default experience

Opodo Limited

Notes to the company financial statements Year ended 31 December 2010

31. Trade and other receivables (continued)

Included in the Company's trade receivables are debtors with a carrying value of €274,446 (2009 €102,962) which are past due at the reporting date for which the Company has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Company does not hold any collateral over these balances. The average age of these receivables is 89 days (2009 83 days)

	2010 €'000	2009 €'000
Ageing of past due but not impaired receivables		
60-90 days	11	39
90-180 days	263	64
Total	<u>274</u>	<u>103</u>

	2010 €'000	2009 €'000
Movement in the allowance for doubtful debts		
Balance at beginning of the period	51	59
Increases in impairment	-	430
Amounts written off as uncollectable	(9)	(418)
Amounts recovered during the year	-	(20)
Balance at the end of the period	<u>42</u>	<u>51</u>

In determining the recoverability of a trade receivable the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe there is no further credit provision required in excess of the allowance for doubtful debts.

Other receivables have also been assessed in terms of creditworthiness and are considered to be recoverable. No allowance for doubtful debts has been made on these balances.

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

32. Trade and other payables

	2010 €'000	2009 €'000
Trade payables	64,202	19,791
Employee related accruals	784	1,556
Other taxes and social security costs payable	135	162
Amounts owed to Amadeus group companies	479	-
Amounts owed to Opodo group companies	31,182	61,334
Accruals and deferred income	6,655	4,261
Other payables	31	751
	<u>103,468</u>	<u>87,855</u>

Opodo Limited

Notes to the company financial statements Year ended 31 December 2010

32. Trade and other payables (continued)

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 30 days. For most suppliers no interest is charged on the trade payables for the first 30 days from the date of the invoice. Thereafter, interest is charged on the outstanding balances at various interest rates. The Company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

33. Operating lease arrangements

The Company had total commitments under non-cancellable operating leases as set out below.

	Land and buildings		Other	
	2010 €'000	2009 €'000	2010 €'000	2009 €'000
Company				
Operating leases which expire				
Within one year	197	309	-	-
In two to five years	109	225	-	-
	<u>306</u>	<u>534</u>	<u>-</u>	<u>-</u>
			2010 €'000	2009 €'000
Minimum lease payments under operating leases charged to the income statement for the year			<u>326</u>	<u>196</u>

Operating lease payments represent rentals payable by the Company for certain of its office properties. Other than as set out below, leases are negotiated for an average term of five years and rentals are fixed for an average of three years.

34. Retirement benefit schemes

The Company participates in a defined contribution group scheme. The assets of the scheme are held separately from those of the Company in independently administered funds.

The total cost charged to income of €123,771 (2009: €83,872) represents contributions payable to these schemes by the Company at rates specified in the rules of the plans. As at 31 December 2010, no contributions were due (2009: €nil) in respect of the current reporting periods which had not been paid over to the schemes.

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Opodo Limited

Notes to the company financial statements Year ended 31 December 2010

35 Retained losses

	€'000
Balance at 1 January 2009	(348,948)
Net profit for the year	23,310
	<hr/>
Balance at 31 December 2009	(325,638)
Net profit for the year	83,475
	<hr/>
Balance at 31 December 2010	<u>(242,163)</u>

36 Commitments and contingencies

As required by industry regulators including IATA, the Company has trade bonds in place which are designed to protect consumers and airlines (IATA) in the event that an agent ceases trading. In the event that the Company ceased trading, the restricted cash deposits would not be returned to the Company, but would be utilised to cover any outstanding liabilities.

The level of bonding required is determined on an annual basis by the regulators with reference to historical and expected future trading. During the year, bonding requirements were met by Amadeus IT Group S A.

At 31 December 2010, in order to maintain the Company's various travel agency licences the Company had bank guarantees in place to travel agency regulators in the total amount of €36,338,625 (2009 - €23,856,489). The amount of €993,128 (2009 - €2,331,269) is covered by restricted cash deposits that are recorded in the balance sheet and the remaining €35,345,497 (2009 - €21,525,220) is covered by a bank guarantee secured by Amadeus IT Group SA. The required amount to be deposited is reviewed every year and is based on the Group's financial results.

€140,806 (2009 - €137,426) has been placed on deposit in respect of operating rental lease agreements. The restricted cash deposits are stated at cost which approximates to their fair value.

37. Subsequent events

Refer to Note 21

Opodo Limited

Notes to the company financial statements Year ended 31 December 2010

38. Related party transactions

Below is a summary of balances and transactions with related parties. All transactions with related parties are carried out on an arm's length basis.

(a) Trading transactions – Amadeus

The Company was charged €2,230,309 and €1,947,763 for the years ended 31 December 2010 and 31 December 2009 respectively by Amadeus for charges in relation to intercompany trading and received €12,499,195 and €14,339,294 from the same.

As at 31 December 2010 the total amount outstanding due to Amadeus was €478,760 (2009 €336,584) and the amount receivable from Amadeus in respect of these transactions was €4,568,059 (2009 €4,491,765).

(b) Loans receivable and advances – Amadeus

Total interest earned by the Company from Amadeus was €310,513 and €286,899 for the years ended 31 December 2010 and 31 December 2009, respectively. As at 31 December 2010 the total amount outstanding from Amadeus in respect of interest receivable was €nil (2009 €nil). Interest rates for these short-term deposits denominated in Euros ranged from 0.298% to 0.708% for the year ended 31 December 2010 and from 0.326% to 2.884% for the year ended 31 December 2009.

In addition, the Company was charged €166,878 (2009 €471,729) for interest on intercompany cash pooling transfers, and €356,183 (2009 €281,072) for finance costs on bonding and guarantees provided by Amadeus. The total accrued at 31 December 2010 for such costs was €nil (2009 €285,436).

(c) Loans receivable and advances – subsidiaries

As at 31 December 2010 the Company had an outstanding amount due to its subsidiary Travellink AB of €2,453,880 (2009 €2,145,880). There are no other loans receivable or advances with subsidiaries as at the balance sheet date.

(d) Trading transactions – subsidiaries

During the year the Company had a royalty fee arrangement in place with its subsidiary Opodo SAS, to develop, host, maintain and operate an Internet platform that will provide clients with booking functionality in relation to flights, hotels, cars, DP and other products under the URL www.opodo.fr which has the Opodo “look and feel”. The value of the royalty fees recorded in 2010 was €8,858,236 (2009 €6,370,020).

The Company was charged €3,546,602 and €2,979,876 for the years ended 31 December 2010 and 31 December 2009 respectively by its subsidiaries for charges in relation to intercompany trading.

As at 31 December 2010 the total amount outstanding due to subsidiaries in respect of trading transactions was €28,728,607 (2009 €61,334,090) and the amount receivable from subsidiaries in respect of trading transactions was €610,700 (2009 €3,805,482).

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Opodo Limited

Notes to the company financial statements Year ended 31 December 2010

38. Related party transactions (continued)

(e) Directors and key management compensation

Directors' remuneration is set out in note 4

The remuneration earned by key management of the Company during the years ended 31 December 2010 and 31 December 2009 was as follows

	2010 €'000	2009 €'000
Cash compensation	794	685
Compensation in kind	237	156
Contributions to Pension Plan and Collective Life Insurance Policies	7	48
Total	1,038	889

In 2010 conditional advance payments of €3.0 million were made to key management personnel of the Company in respect of incentive schemes, further details of which are set out in note 4

Of the total cash-settled share-based payment charge for the Company of €2,288,000 (2009 – €nil), €2,145,184 (2009 - €nil) relates to key management personnel of the Company. See note 4 for further information