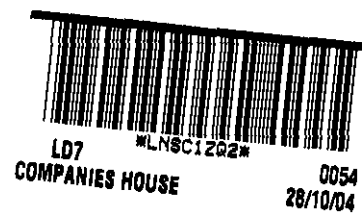


OPODO LIMITED

Annual Report and Consolidated Financial Statements

Year ending 31 December 2003

Registered number : 4051797



Opodo Limited

Director's Report and Consolidated Financial Statements

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Opodo Limited

Chairman's Statement

I am pleased to present the 2003 accounts of Opodo Ltd and subsidiary companies (the Group) which represent the first full year of results for the German, UK and French websites.

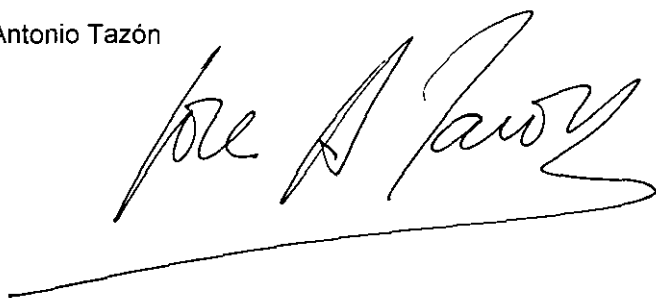
All of these three sites are now well established and offer a wide range of travel products. We are engaged in many ongoing initiatives to enhance the range and depth of the product offer and customer experience.

2003 saw growth across the Group despite well documented challenges to the travel industry from SARS, the war in Iraq, and the threat of terrorism around the world. Margins came under pressure, particularly in the UK where commissions were reduced.

In 2004, Amadeus increased its commitment to Opodo by taking a 55.36% controlling interest. The goal of this increased investment is to expand and develop Opodo to become established as one of the top three online travel services in Europe.

I would like to thank all the members of the original Board of Directors for their contribution to the company, and to welcome the new Board members.

José Antonio Tazón

A handwritten signature in black ink, appearing to read 'Jose A Tazon', with a long horizontal line extending from the end of the signature.

Opodo Limited

Directors' Report

The Directors present their Report and the Audited Financial Statements for the year ending 31 December 2003.

Principal Activity

The principal activity of Opodo Ltd and its subsidiaries ("the Group") is the operation of an online travel web site, providing travel agency services including the marketing and distribution of airline seats, hotel bookings, car hire and travel insurance. The group operated web sites throughout the year in Germany, the UK and France.

Results

The Company prepares its results in euros.

A group turnover of €19,437,000 was generated for the year. The group loss before taxation for the year amounted to €63,722,000. The directors recommend that €nil dividend be paid for the Year ended 31 December 2003 (2002: €nil).

Turnover reported relates to the German, UK and French web sites for the full year.

Business Review

The business has continued to grow throughout the year across all three markets, despite the effect of SARS, the war in Iraq and the threat of terrorism around the world. The average number of persons employed by the Group during the year was 104 (2002: 70).

Donations

The group made no charitable or political donations during the year ended 31 December 2003.

Convertible Loan Notes

On 1 April 2003, 42,100,760 €1 unsecured convertible loan notes were issued in favour of Amadeus Global Travel Distribution SA of Madrid, Spain, for a total consideration of €49,461,866.

The Notes are disclosed as a non-current liability on the balance sheet, resulting in a net liability balance sheet position as at 31 December 2003.

On 1 July 2004, 261,048,629 ordinary shares were issued to Amadeus SA for a consideration of €62 million, being equal to 55.36% of the aggregate share capital of the Company. The conversion rights attaching to the convertible loan notes have terminated with immediate effect from the above date and the loan remains in place.

Opodo Limited

Directors' Report *(continued)*

Directors and their Interests

The Directors during the year were as follows:

P Aversa
L M Bedoucha
P V Gaffey
F G Viejobueno
V Huber (resigned 10 April 2003)
M Kirchner
B Lebel
E Blaser
V E Capobianco
U Esser (appointed 27 June 2001 as alternate for Martin Kirchner. Resigned as alternate for Martin Kirchner on 06 January 2003 and re-appointed on 06 January 2003 as alternate for V Huber. Re-appointed as alternate for M Kirchner on 17 June 2003)
G Friedrich (resigned 06 January 2003)
E Odier
D A Coltman
H Essenberg
T S Hammond
R P Maynard
J P Rios (appointed as alternate for F G Viejobueno 16 June 2003)
A Schwierholz (appointed 06 January 2003, resigned 17 June 2003)
J Colomel (appointed 20 March 2003, resigned 26 March 2003)
E B Tompkins (appointed 1 April 2003)
J A Tazon (appointed 1 April 2003)
D Verhoeven (appointed 1 December 2003)

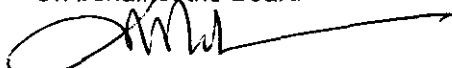
No Directors held any beneficial interests in the ordinary shares of the Company. Similarly no Directors hold any interests in share options over ordinary shares.

Employees

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.

On behalf of the Board



Director

15 October 2004

Opodo Limited

Statement of Directors' Responsibilities

Company law requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and Group and of the profit or loss for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting policies have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and Group and to prevent and detect fraud and other irregularities.

Independent Auditors' Report to the Members of Opodo Limited

We have audited the Group's financial statements for the year ended 31 December 2003 which comprise the Consolidated Profit and Loss Account, Consolidated Statement of Total Recognised Gains and Losses, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Cash Flows, and the related notes 1 to 25. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 Auditors

As described in the Statement of Directors' Responsibilities the Company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Group are not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

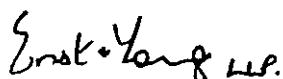
Basis of Audit Opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An Audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the affairs of the Company and of the Group as at 31 December 2003 and of the loss of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



ERNST & YOUNG LLP
Registered Auditor
London

15 October 2004.

Opodo Limited

Consolidated Profit and Loss Account for the year ended 31 December 2003

	<i>Note</i>	Year ended 31 December 2003 €'000	Year ended 31 December 2002 €'000
Turnover	1	19,437	6,028
Cost of Sales	3	<u>(13,563)</u>	<u>(7,291)</u>
Gross profit / (loss)		5,874	(1,263)
Administrative expenses	4		
Infrastructure costs		(29,215)	(31,706)
Marketing and business development		(30,708)	(44,955)
General and administrative costs		(10,435)	(10,777)
Loss on Foreign Exchange		<u>(729)</u>	<u>(123)</u>
		(71,087)	(87,561)
Operating loss	7	(65,213)	(88,824)
Interest receivable	8	1,491	1,260
Loss on ordinary activities before tax		(63,722)	(87,564)
Tax on loss on ordinary activities	9	<u>(41)</u>	<u>(23)</u>
Loss on ordinary activities after tax		<u>(63,763)</u>	<u>(87,587)</u>

The loss for the year arises from continuing operations. There is no difference between reported and historical cost losses.

Opodo Limited

Consolidated statement of total recognised gains and losses *for the year ended 31 December 2003*

	Year ended 31 December 2003 €'000	Year ended 31 December 2002 €'000
Loss for the financial year	<u>(63,763)</u>	<u>(87,587)</u>
Total loss recognised for the year	<u>(63,763)</u>	<u>(87,587)</u>

Opodo Limited

Consolidated Balance Sheet

as at 31 December 2003

	Note	31 December 2003 €'000	31 December 2002 €'000
Fixed Assets			
Tangible Assets	11	2,204	1,930
Current Assets			
Debtors due within one year	13	12,990	12,614
Investments	14	14,632	14,919
Debtors due after more than one year	13	701	242
Cash at bank and in hand		<u>40,048</u>	<u>30,102</u>
		68,371	57,877
Creditors: amounts falling due within one year	15	<u>(36,634)</u>	<u>(28,732)</u>
Net Current Assets		<u>31,737</u>	<u>29,145</u>
Creditors: amounts falling due after one year	17	<u>(49,462)</u>	-
Net (Liabilities) / Assets		<u>(15,521)</u>	<u>31,075</u>
Capital and Reserves			
Called up share capital	16	210,498	193,331
Profit and loss account	18	<u>(226,019)</u>	<u>(162,256)</u>
Equity shareholders' funds		<u>(15,521)</u>	<u>31,075</u>

These financial statements were approved by the Board of Directors on 15 October 2004 and were signed on its behalf by:-



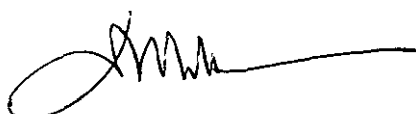
Director

Opodo Limited

Company Balance Sheet as at 31 December 2003

	Note	31 December 2003 €'000	31 December 2002 €'000
Fixed Assets			
Tangible Assets	11	2,204	1,930
Investments	12	<u>87</u>	<u>87</u>
		2,291	2,017
Current Assets			
Debtors due within one year	13	12,920	12,566
Investments	14	14,632	14,919
Debtors due after more than one year	13	664	219
Cash at bank and in hand		<u>39,902</u>	<u>30,027</u>
		68,118	57,731
Creditors: amounts falling due within one year	15	<u>(36,555)</u>	<u>(28,711)</u>
Net Current Assets		<u>31,563</u>	<u>29,020</u>
Creditors: amounts falling due after one year	17	<u>(49,462)</u>	-
Net (Liabilities) / Assets		<u>(15,608)</u>	<u>31,037</u>
Capital and Reserves			
Called up share capital	16	210,498	193,331
Profit and loss account	18	<u>(226,106)</u>	<u>(162,294)</u>
Equity shareholders' funds		<u>(15,608)</u>	<u>31,037</u>

These financial statements were approved by the Board of Directors on 15 October 2004
and were signed on its behalf by:



Director

Opodo Limited

Consolidated Statement of Cash Flows

for the year ended 31 December 2003

	Note	Year ended 31 December 2003 €'000	Year ended 31 December 2002 €'000
Net cash outflow from operating activities	19(a)	(56,045)	(87,263)
Returns on investments and servicing of finance			
Interest received		1,516	1,277
Taxation			
Corporation Tax Paid		(47)	(901)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets	11	<u>(2,107)</u>	<u>(1,951)</u>
Net cash outflow before financing		(56,683)	(88,838)
Financing			
Issue of share capital	16	17,167	89,381
Issue of convertible loan notes	17	<u>49,462</u>	<u> </u>
Increase in cash		<u>9,946</u>	<u>543</u>

Reconciliation of cash flow to movement in net funds

for the year ended at 31 December 2003

		31 December 2003 €'000	31 December 2002 €'000
Movement in cash		9,946	543
Net funds at the beginning of the Period	19(b)	<u>30,102</u>	<u>29,559</u>
Net funds at the end of the Period	19(b)	<u>40,048</u>	<u>30,102</u>

Opodo Limited

Notes to the Financial Statements at 31 December 2003

(forming part of the financial statements)

1 Principal Accounting Policies

The following significant accounting policies have been consistently applied.

(a) Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The financial statements have been prepared on a going concern basis on the basis of continuing support and committed equity finance from its nine shareholders through the Joint Venture Agreement. In addition, the group's majority shareholder has confirmed its intention to provide such support as necessary for Opodo Limited to meet its financial obligations in the foreseeable future. The Directors believe it is appropriate for the accounts to be prepared on a going concern basis.

In preparing the financial statements for the current year, the company has adopted FRS19 "Deferred Taxation". Adoption of this standard has not required any revisions to the Profit and Loss Account and Balance Sheet in the current or prior periods.

(b) Basis of Consolidation

The Group financial statements consolidate the financial statements of Opodo Limited and its subsidiary undertakings (the Group). In the Company's accounts, investments in subsidiary undertakings are stated at cost less any impairment.

In accordance with Section 230 of the Companies Act 1985 Opodo Limited is exempt from the requirement to present a separate Profit and Loss Account setting out the results of the Company.

The amount of the loss for the financial period dealt with in the financial statements of Opodo Limited, the Company, is disclosed in Note 10 to these Accounts.

(c) Turnover

Turnover represents sales (excluding VAT) to external customers.

Turnover is stated net of value added tax and comprises commission from passenger ticket sales in respect of flights, hotels, car hire, late package holidays and insurance operated in the accounting Period. Revenue relating to flights occurring after the accounting date is carried forward as deferred commission. Expired forward sales are released to the Profit and Loss Account at the date of departure.

(d) Administrative Expenses

Administrative expenses 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 have been expensed as incurred. Marketing and promotional costs are expensed at the time the cost is incurred.

Opodo Limited

Notes to the Financial Statements at 31 December 2003 *(continued)*

(e) Translation of Foreign Currencies

Company

Transactions in foreign currencies are recorded at the rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the Balance Sheet date. All differences are taken to the Profit and Loss Account with the exception of differences on foreign currency borrowings which, to the extent that they are used to finance or provide a hedge against foreign equity investments, are taken directly to reserves together with the exchange difference on the carrying amount of the related investments. Tax charges and credits attributable to exchange differences on those borrowings are also dealt with in reserves.

Group

The financial statements of overseas subsidiary undertakings are translated at the rate of exchange ruling at the Balance Sheet date. The exchange difference arising on the retranslation of opening net assets is taken directly to reserves. All other translation differences are taken to the Profit and Loss Account with the exception of differences on foreign currency borrowings to the extent that they are used to finance or provide a hedge against group equity investments in foreign enterprises, which are taken directly to reserves together with the exchange difference on the net investment in these enterprises. Tax charges and credits attributable to exchange differences on those borrowings are also dealt with in reserves.

It is not the Group's policy to enter into any derivative instruments or forward foreign currency contracts to hedge potential exposure to foreign exchange risk.

(f) Tangible Fixed Assets and Depreciation

All fixed assets are initially recorded at cost.

Depreciation is provided at various rates in order to write off the cost or valuation of tangible fixed assets over their anticipated useful lives, or the periods of the underlying finance leases if shorter.

Tangible fixed assets are depreciated at the following rates:

Fixtures and fittings	- 50% on cost
Computer equipment and software	- 50% on cost
Software Licences	- 50% on cost

Website development and repair and maintenance costs are expensed as incurred. Research and Development costs are also expensed as incurred.

Opodo Limited

Notes to the Financial Statements at 31 December 2003 *(continued)*

(g) Deferred Tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Provision is made for gains which have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a commitment to dispose of the replacement assets. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will again be rolled over into further replacement assets;

Provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;

Deferred tax assets are recognised only to the extent that the directors consider it is more likely than not that there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or subsequently enacted at the Balance Sheet date.

(h) Pension Costs

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 amount charged in the profit and loss account represents the contributions payable to the scheme by the Group in respect of the accounting period.

(i) Leases

Rentals payable under operating leases are charged to the profit and loss on a straight line basis over the lease term.

2 Segmental Analysis

In the opinion of the Directors, there is only one activity, that of travel agency using the online web site as the means of distribution. The Group's turnover is all generated within this segment and is sourced from the United Kingdom as Opodo Limited, the Company, is acting as the trading Company for all group transactions. All sales are made to customers within the EU. The UK loss on ordinary activities before taxation includes all technical development costs related to operation and management of the online travel websites.

The trading Company is based in the United Kingdom. Customers entering each local website transact with the UK Company.

Opodo Limited

Notes to the Financial Statements at 31 December 2003 *(continued)*

3 Cost of Sales

Cost of sales comprise transaction processing costs and the costs of customer care.

During 2003, the Group had not launched any new websites. The German website was launched in late 2001 and the UK and French website were launched in early 2002. As a result, there was pre launch expenditure for 2002 included within cost of sales in relation to set-up of both the UK and the French web sites. Pre launch costs and trading costs are as follows:

	Year ended 31 December 2003 €'000	Year ended 31 December 2002 €'000
Pre launch	-	141
Trading	<u>13,563</u>	<u>7,150</u>
	<u>13,563</u>	<u>7,291</u>

4 Administrative expenses

Administrative expenses include infrastructure costs, marketing and business development costs and general and administrative costs.

Infrastructure costs

Infrastructure costs cover Information Technology (IT) costs incurred in the design, build and testing of software and hardware and costs associated with web hosting.

Marketing and business development

Marketing and business development costs include all brand, sales and site activity.

General and administrative costs

General and administrative costs include costs incurred by Finance, Legal, HR and Office facilities.

Opodo Limited

Notes to the Financial Statements at 31 December 2003 (continued)

5 Staff Numbers and Costs

The average number of persons employed by the Group during the year, analysed by category, was as follows:-

	Year ended 31 December 2003	Year ended 31 December 2002
Managers	5	6
Staff	<u>99</u>	<u>64</u>
	<u>104</u>	<u>70</u>

The aggregate payroll costs of these persons were as follows:-

	Year ended 31 December 2003 €'000	Year ended 31 December 2002 €'000
Wages and Salaries	8,708	6,598
Social Security costs	974	709
Pension costs	<u>320</u>	<u>263</u>
	<u>10,002</u>	<u>7,570</u>

The Group has a defined contribution pension scheme available to all employees in the UK. The assets of the scheme are held separately from those of the Group in an independently administered fund. There is currently no similar corporate scheme established in Germany or France.

6 Emoluments of Directors

Directors of the Company were paid emoluments of €225,083 for the year ended 31 December 2003. The highest paid director was paid emoluments of €225,083.

The directors are not members of the company pension defined contribution scheme, and are not in receipt of any non-cash benefits, or other retirement schemes. No company contributions were made to money purchase schemes.

The Directors receive reimbursement for reasonable expenses.

Opodo Limited

Notes to the Financial Statements at 31 December 2003 *(continued)*

7 Operating loss

Operating loss is arrived at after charging the following:

	Year ended 31 December 2003 €'000	Year ended 31 December 2002 €'000
Depreciation of tangible fixed assets	1,833	2,846
Website development costs	8,871	11,366
Operating leases	1,810	1,529
Auditors' remuneration and expenses		
For audit services	257	210
For non-audit services	354	259

Auditors' remuneration for non-audit services relates to the provision of taxation and other assurance.

8 Interest Receivable

	Year ended 31 December 2003 €'000	Year ended 31 December 2002 €'000
Bank interest	<u>1,491</u>	<u>1,260</u>

Opodo Limited

Notes to the Financial Statements at 31 December 2003 (continued)

9 Taxation

	Year ended 31 December 2003 €000		Year ended 31 December 2002 €000	
Tax on loss on ordinary activities				
UK corporation tax				
UK Corporation tax on profits of the period				
Adjustments in respect of previous periods			(2)	
				(2)
Foreign tax				
Current tax	34		25	
Adjustments in respect of previous periods	7			
		41		25
Total current tax		41		23

Factors affecting the tax charge for the period

The tax assessed on the loss on ordinary activities for the period is higher than the standard rate of corporation tax in the UK. The differences are explained below.

	2003 €000	2002 €000
Loss on ordinary activities before tax	(63,722)	(87,564)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	(19,117)	(26,269)
Effect of:		
Expenses not deductible for tax purposes	84	2,769
Depreciation in excess of capital allowances	3,676	4,274
Other timing differences	28	-
Adjustments in respect of previous periods	7	(2)
Unrelieved tax losses carried forward	15,329	19,226
Foreign taxes	34	25
Total current tax charge	41	23

Opodo Limited

Notes to the Financial Statements at 31 December 2003 *(continued)*

Factors that may affect future tax charges

The company has deferred tax assets of €66 million (2002: €44.5 million), in respect of tax losses, accelerated capital allowances and other timing differences arising in the UK, that are available indefinitely for offset against future taxable profits. Deferred tax assets have not been recognised as they may not be utilised until suitable taxable profits arise.

10 Loss attributable to members of the parent Company

The loss dealt with in the financial statements of the Group relating to the Company was €63,811,921.

11 Tangible Fixed Assets *Group and Company*

	Computer Equipment €'000	Furniture & Fittings €'000	Total €'000
<i>Cost or valuation</i>			
As at 31 December 2002	6,133	17	6,150
Additions	<u>1,366</u>	<u>741</u>	<u>2,107</u>
As at 31 December 2003	7,499	758	8,257
<i>Depreciation</i>			
As at 31 December 2002	4,205	15	4,220
Charge for the year	1,800	33	1,833
Disposals	<u>0</u>	<u>0</u>	<u>0</u>
As at 31 December 2003	<u>6,005</u>	<u>48</u>	<u>6,053</u>
<i>Net book value</i>			
At 31 December 2003	<u>1,494</u>	<u>710</u>	<u>2,204</u>
<i>Net book value</i>			
At 31 December 2002	<u>1,928</u>	<u>2</u>	<u>1,930</u>

Opodo Limited

Notes to the Financial Statements at 31 December 2003 *(continued)*

12 Investments

Company

	Shares in subsidiary undertakings €'000
As at 31 December 2002	87
Additions	—
At 31 December 2003	<u>87</u>

The subsidiaries of Opodo Limited, included in the consolidated accounts are:

	Percentage Holding of Ordinary Share Capital	Principal Activity	Country of Incorporation
Opodo GmbH	100%	Marketing Services	Germany
Opodo SARL	100%	Marketing Services	France
Opodo AB	100%	Non-trading	Sweden
Opodo SL	100%	Non-trading	Spain
Opodo AS	100%	Non-trading	Norway
Opodo OY	100%	Non-trading	Finland
Opodo Internet Services Limited	100%	Non-trading	Greece
Opodo Pty Limited	100%	Non-trading	Australia
Opodo HK Limited	100%	Non-trading	Hong Kong
Opodo (Singapore) Pte Limited	100%	Non-trading	Singapore
Opodo Online Travel Agency Private Limited	100%	Non-trading	India
Online Travel Portal Limited	100%	Non-trading	UK

Currently Opodo GmbH and Opodo SARL are the only subsidiary companies that are active. The companies in Sweden, Spain, Norway, Finland and Greece have been incorporated for activity in the future as the Group's operations grow through Europe. The remaining companies in Australia, Hong Kong, Singapore and India were all incorporated to protect the domain name and at this stage there is no intention to commence trading activities in these countries.

All subsidiaries are held directly by Opodo Limited.

Opodo Limited

Notes to the Financial Statements at 31 December 2003 *(continued)*

13 Debtors

Amounts falling due within one year

	31 December 2003		31 December 2002	
	Group €'000	Company €'000	Group €'000	Company €'000
Trade debtors	6,304	6,304	4,384	4,384
Prepayments/Accrued income	3,969	3,969	5,506	5,491
Other debtors	<u>2,717</u>	<u>2,647</u>	<u>2,724</u>	<u>2,691</u>
	<u>12,990</u>	<u>12,920</u>	<u>12,614</u>	<u>12,566</u>

Amounts falling due after more than one year

	31 December 2003		31 December 2002	
	Group €'000	Company €'000	Group €'000	Company €'000
Other debtors	<u>701</u>	<u>664</u>	<u>242</u>	<u>219</u>

14 Current Asset Investments

	31 December 2003		31 December 2002	
	Group €'000	Company €'000	Group €'000	Company €'000
Short Term Liquid Assets	<u>14,632</u>	<u>14,632</u>	<u>14,919</u>	<u>14,919</u>

Short term liquid assets comprise cash, guarantees held by the Group's banker. Details of guarantees held can be found in Note 22 Contingent Liabilities.

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Notes to the Financial Statements at 31 December 2003 *(continued)*

15 Creditors: amounts falling due within one year

	31 December 2003		31 December 2002	
	Group €'000	Company €'000	Group €'000	Company €'000
Trade Creditors	23,924	23,898	16,656	16,657
Amounts due to Subsidiary undertakings		228		126
Deferred Commission	2,012	2,026	1,227	1,227
Corporation Tax	17		23	
Other taxes and social security cost	466	317	321	279
Other creditors	75	4	35	2
Accruals	9,821	9,763	10,470	10,419
Provisions	319	319		
	<u>36,634</u>	<u>36,555</u>	<u>28,732</u>	<u>28,710</u>

16 Share Capital

	31 December 2003	31 December 2002
Authorised: 333,000,000 (2002: 333,000,000) ordinary shares of €1 each	333,000,000	333,000,000
Allotted, called up and fully paid: 210,498,750 (2002: 193,331,250) ordinary shares of €1 each	210,498,750	193,331,250

During the year to 31 December 2003, the following movements in share capital occurred:

On 10 February 2003, €9,922,500 was raised when the Company issued 9,922,500 ordinary shares of €1 each to its founder shareholders.

On 10 March 2003, €7,245,000 was raised when the Company issued 7,245,000 shares of €1 each to its founder shareholders.

17 Convertible Loan Notes

On 1 April 2003, 42,100,760 €1 unsecured convertible loan notes were issued in favour of Amadeus Global Travel Distribution SA of Madrid, Spain, for a total consideration of €49,461,866. The conversion rights were cancelled on 1 July 2004 as part of the transaction whereby Amadeus SA subscribed for 261,048,629 ordinary €1 shares.

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Notes to the Financial Statements at 31 December 2003 (continued)

18 Reconciliation of Movements in Shareholders' Funds and Movement in Reserves

	Share Capital €'000	Profit and Loss Account €'000	Total Shareholders Funds €'000
Group			
At 31 December 2002	193,331	(162,256)	31,075
Loss for the Period		(63,763)	(63,763)
Shares Issued			
At 31 December 2003	<u>17,167</u>	<u>(226,019)</u>	<u>17,167</u>
	<u>210,498</u>		<u>(15,521)</u>
Company			
At 31 December 2002	193,331	(162,294)	31,037
Loss for the Period		(63,812)	(63,812)
Shares Issued	<u>17,167</u>		<u>17,167</u>
At 31 December 2003	<u>210,498</u>	<u>(226,106)</u>	<u>(15,608)</u>

19 Notes to the statement of cash flows

(a) Reconciliation of operating loss to net cash outflow from operating activities

	31 December 2003 €000	31 December 2002 €'000
Operating loss	(65,213)	(88,824)
Depreciation	1,833	2,846
Increase in debtors	(549)	(19,708)
Increase in creditors	<u>7,884</u>	<u>18,423</u>
	<u>(56,045)</u>	<u>(87,263)</u>

(b) Analysis of changes in net funds

	At 31 December 2002 €'000	Cashflow €'000	31 December 2003 €'000
Cash at bank	<u>30,102</u>	<u>9,946</u>	<u>40,048</u>

Opodo Limited

Notes to the Financial Statements at 31 December 2003 (continued)

20 Operating Lease Commitments

As at 31 December 2003 the Group and Company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings		Other	
	2003	2002	2003	2002
Group	€'000	€'000	€'000	€'000
Operating leases which expire:				
Within one year	13	1,412	0	0
In two to five years	293	0	11	0
In over five years	<u>794</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>1,100</u>	<u>1,412</u>	<u>11</u>	<u>0</u>
Company				
Operating leases which expire:				
Within one year	0	1,356	0	0
In two to five years	0	0	11	0
In over five years	<u>794</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>794</u>	<u>1,356</u>	<u>11</u>	<u>0</u>

21 Capital Commitments

Group and Company

The Group and Company did not have any material capital commitments outstanding at the Period end.

Opodo Limited

Notes to the Financial Statements at 31 December 2003 (continued)

22 Contingent Liabilities

The Company and its principal subsidiaries have given cash guarantees to IATA, the Civil Aviation Authority, and a number of local governmental agencies to ensure compliance with the accreditation terms for each organisation. The total of these guarantees is €14,632,000 (IATA €13,582,000, ATOL UK €663,000, Singapore Airlines €28,000, Cyprus Airways €21,000, Credit Mutuel €238,000 and French Travel Agency Licensing €100,000).

23 Related Party Transactions

The objective of FRS 8 'Related Party Disclosures' is to ensure that financial statements contain the disclosures necessary to draw attention to the possibility that the reported financial position and results may have been affected by the existence of related parties and by material transactions with them.

The Company was established by a Joint Venture Agreement on 18 August 2000 between nine shareholders. These shareholders are Air France, Aer Lingus, Alitalia, Austrian Airways, British Airways, Lufthansa, Finnair, Iberia and KLM. During the year these shareholders invested equity finance of €17,167,500. The shareholders' total holdings to date are as follows:

	Number of Ordinary Shares of €1 each	€'000 of Ordinary Shares of €1 each	% of shareholding
Air France	48,114,000	48,114.00	22.86%
British Airways	48,114,000	48,114.00	22.86%
Lufthansa	48,114,000	48,114.00	22.86%
Alitalia	19,245,600	19,245.60	9.14%
Iberia	19,245,600	19,245.60	9.14%
KLM	19,245,600	19,245.60	9.14%
Finnair	3,608,550	3,608.55	1.72%
Aer Lingus	2,405,700	2,405.70	1.14%
Austrian Airlines	2,405,700	2,405.70	1.14%
	<u>210,498,750</u>	<u>210,498.75</u>	<u>100.00%</u>

FRS 8 specifically defines the investors in this type of venture as related parties and requires disclosure of information on transactions with them.

During the period the Group earned commission from its shareholders of €8,178,711 (2002: €4,113,733). At the year end, €369,520 (2002: €70,356) was outstanding. In addition to this, at the year end, the Group owed €8,444,436 (2002: €7,952,259) to shareholders in relation to amounts collected by the Group as merchant of record on their behalf.

Opodo Limited

Notes to the Financial Statements at 31 December 2003 *(continued)*

24 Related Party Transactions *(continued)*

In the Official Journal of the European Communities dated 20 November 2001 (see Notice pursuant to Article 19(3) of council regulation No 17 – case Comp/38.006 – Online Travel Portal 323/6.) it was noted that the Company has declared that it is being managed separately and independently of its shareholder airlines and as such is free to enter into whatever contracts it wishes with airlines. In order to make this declaration each shareholder airline of the Company has undertaken that it shall not enter into exclusive arrangements with Opodo relating to fares and product related services. Therefore the Company receives no better terms (access to published and unpublished fares) than are available to other online travel agents from its shareholder airlines.

In addition, the Company has undertaken that it will maintain in place various safeguards against the exchange of commercially sensitive information between shareholders. This includes :

- No information relating to the contents of individual airline marketing agreements will be disclosed to Opodo's directors or shareholders;
- The shareholders will not have access to the information technology systems of Opodo nor to commercially sensitive information belonging to Opodo or other shareholders; and
- Opodo will ensure the confidentiality of sensitive commercial information relating to its shareholders.

These undertakings are required in order for the Company to operate in compliance with EC Competition Law.

25 Post Balance Sheet Events

On 1 July 2004, 261,048,629 ordinary shares were issued to Amadeus SA for a consideration of €62 million, being equal to 55.36% of the aggregate share capital of the Company.

The conversion rights attaching to the convertible loan notes have terminated with immediate effect from the above date and the loan remains in place.