

Company Registration No. 4051797

Opodo Limited

Report and Financial Statements

31 December 2004



Opodo Limited

Report and financial statements 2004

Contents	Page
<i>Officers and professional advisers</i>	1
<i>Chairman's statement</i>	2
<i>Directors' report</i>	3
<i>Statement of directors' responsibilities</i>	5
<i>Independent auditors' report</i>	6
<i>Consolidated profit and loss account</i>	7
<i>Consolidated balance sheet</i>	8
<i>Company balance sheet</i>	9
<i>Consolidated cash flow statement</i>	10
<i>Notes to the accounts</i>	11

Opodo Limited

Report and financial statements 2004

Officers and professional advisers

Directors

E B Tompkins

J A Tazon

P Aversa (resigned 1 July 2004)

L M Bedoucha (resigned 1 July 2004)

P V Gaffey (resigned 1 July 2004)

F G Viejobueno (resigned 1 July 2004)

M Kirchner (resigned 1 July 2004)

B Lebel (resigned 1 July 2004)

E Blaser (resigned 1 July 2004)

V E Capobianco (resigned 1 July 2004)

U Esser (resigned 1 July 2004)

E Odier (resigned 1 July 2004)

D A Coltman (resigned 1 July 2004)

H Essenberg (resigned 1 July 2004)

T S Hammond (resigned 1 July 2004)

R P Maynard (resigned 1 July 2004)

J P Rios (resigned 1 July 2004)

D Verhoeven (resigned 1 July 2004)

Secretary

DWS Secretaries Limited

London

Registered Office

5 Chancery Lane

Cliffords Inn

London

EC4A 1BU

Bankers

Barclays Bank plc

London

Solicitors

Denton Wilde Sapte

London

Auditors

Deloitte & Touche LLP

Chartered Accountants

London

Opodo Limited

Chairman's statement

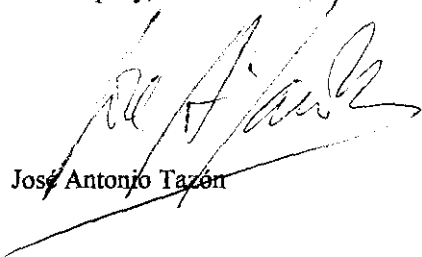
I am pleased to present the 2004 accounts of Opodo Ltd and subsidiary companies (the Group), representing the results for the German, UK and French websites.

All three sites have continued to perform strongly, as evidenced by strong year-on-year growth in the number of site visitors and gross sales across all products. Investment across all sites continues, ensuring a positive customer experience.

During the year, Amadeus increased its commitment to Opodo by taking a 55.36% controlling interest. Amadeus' commitment continued in 2005 with further investment to increase the level of ownership to 74.02%.

The support of Amadeus has enabled Opodo to progress its goal of being a leading pan-European online travel services provider, by expanding through acquisition into new European markets including Italy, Spain and Scandinavia. Acquisitions in the UK and France have broadened the range of product offerings available in those markets.

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

Opodo Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2004.

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 Group prepares its results in euros.

A Group turnover of €41,345,000 (2003 – €19,437,000) was generated for the year. The Group loss before taxation for the year amounted to €50,181,000 (2003 – €63,722,000). The directors recommend that *€nil* dividend be paid for the year ended 31 December 2004 (2003 – *€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. Investment by Amadeus in 2004 and 2005 has enabled the Company to expand into new markets and develop product offerings further. The average number of persons employed by the Group during the year was 193 (2003 – 104).

Donations

The Group made no charitable or political donations during the year ended 31 December 2004.

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. On 1 July 2004, 3,333,400 €1 additional convertible loan notes were issued for consideration of €3,333,400.

On 1 July 2004, 261,048,629 ordinary shares were issued to Amadeus SA for a consideration of €62,000,000, 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 notes remain in place.

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 2004.

Opodo Limited

Directors' report

Directors and their Interests

The Directors during the year were as follows:

P Aversa
L M Bedoucha
P V Gaffey
F G Viejobueno
M Kirchner
B Lebel
E Blaser
V E Capobianco
U Esser
E Odier
D A Coltman
H Essenberg
T S Hammond
R P Maynard
J P Rios
E B Tompkins
J A Tazon
D Verhoeven

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

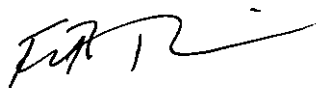
In considering applications for employment from disabled people, the Group seeks to ensure that full and fair consideration is given to the abilities and aptitudes of the applicant against the requirements of the job for which he or she has applied. Employees who become temporarily or permanently disabled 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.

Auditors

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

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



Director

30th June 2005

Opodo Limited

Statement of directors' responsibilities

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and Group as at the end of the financial year and of the profit or loss of the Company and Group 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 standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company 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 Group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report to the members of Opodo Limited

We have audited the financial statements of Opodo Limited for the year ended 31 December 2004 which comprise the consolidated profit and loss account, the consolidated balance sheet, the company balance sheet, the consolidated cash flow statement and the related notes 1 to 24. These financial statements have been prepared under 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 United Kingdom legal and regulatory requirements and 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 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 company and other members of the group are not disclosed.

We read the directors' report and other information contained in the report and financial statements for the above year and consider the implications for the report if we become aware of any apparent misstatements.

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 circumstances of the company and the group, are 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 affairs of the company and the group as at 31 December 2004 and the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

London

30 June 2005

Opodo Limited

Consolidated profit and loss account Year ended 31 December 2004

	Notes	2004 €'000	2003 €'000
Turnover	1	41,345	19,437
Cost of sales	3	(13,206)	(13,563)
Gross profit		<u>28,139</u>	<u>5,874</u>
Administrative expenses	4		
Infrastructure costs		(27,720)	(29,215)
Marketing and business development		(38,770)	(30,708)
General and administrative costs		(11,491)	(10,435)
Loss on foreign exchange		(287)	(729)
		<u>(78,268)</u>	<u>(71,087)</u>
Operating loss	7	(50,129)	(65,213)
Finance charges (net)	8	(52)	1,491
Loss on ordinary activities before taxation		(50,181)	(63,722)
Tax on loss on ordinary activities	9	(72)	(41)
Loss on ordinary activities after taxation		<u>(50,253)</u>	<u>(63,763)</u>

The loss for the year arises from continuing operations. There is no difference between reported and historical cost losses in the current or preceding financial year. There were no recognised gains or losses attributable to shareholders for the current or the preceding financial years other than as shown above.

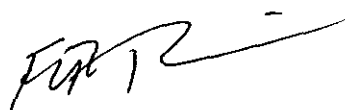
Opodo Limited

Consolidated balance sheet 31 December 2004

	Notes	2004 €'000	2003 €'000
Fixed assets			
Tangible assets	11	4,615	2,204
Current assets			
Debtors			
- due within one year	13	11,644	12,990
- due in more than one year	13	548	701
Investments	14	16,675	14,632
Cash at bank and in hand		66,822	40,048
		<u>95,689</u>	<u>68,371</u>
Creditors: amounts falling due within one year	15	<u>(49,965)</u>	<u>(36,634)</u>
Net current assets		45,724	31,737
Total assets less current liabilities		50,339	33,941
Creditors: amounts falling due after more than one year	17	<u>(54,113)</u>	<u>(49,462)</u>
Net liabilities		<u>(3,774)</u>	<u>(15,521)</u>
Capital and reserves			
Called up share capital	16	236,604	210,498
Share premium	18	35,894	-
Profit and loss account	18	<u>(276,272)</u>	<u>(226,019)</u>
Equity shareholders' deficit	18	<u>(3,774)</u>	<u>(15,521)</u>

These financial statements were approved by the Board of Directors on 30th June 2005.

Signed on behalf of the Board of Directors



Director

Opodo Limited

Company balance sheet 31 December 2004

	Notes	2004 €'000	2003 €'000
Fixed assets			
Tangible assets	11	4,615	2,204
Investments	12	87	87
		<u>4,702</u>	<u>2,291</u>
Current assets			
Debtors			
- due within one year	13	11,773	12,920
- due in more than one year	13	494	664
Investments	14	16,675	14,632
Cash at bank and in hand		65,990	39,902
		<u>94,932</u>	<u>68,118</u>
Creditors: amounts falling due within one year	15	<u>(49,623)</u>	<u>(36,555)</u>
Net current assets		45,309	31,563
Total assets less current liabilities		50,011	33,854
Creditors: amounts falling due after more than one year	17	<u>(54,113)</u>	<u>(49,462)</u>
Net liabilities		<u>(4,102)</u>	<u>(15,608)</u>
Capital and reserves			
Called up share capital	16	236,604	210,498
Share premium	18	35,894	-
Profit and loss account	18	<u>(276,600)</u>	<u>(226,106)</u>
Equity shareholders' deficit	18	<u>(4,102)</u>	<u>(15,608)</u>

These financial statements were approved by the Board of Directors on 30th June 2005.

Signed on behalf of the Board of Directors



Director

Opodo Limited

Consolidated cash flow statement Year ended 31 December 2004

	Note	2004 €'000	2003 €'000
Net cash outflow from operating activities	19(a)	(36,735)	(56,045)
Returns on investments and servicing of finance			
Interest received		1,303	1,516
Interest paid		(17)	-
Taxation			
Corporation tax paid		(56)	(47)
Capital expenditure and financial investment			
Payments to acquire intangible fixed assets	11	(3,809)	(2,107)
Net cash outflow before financing		(39,314)	(56,683)
Financing			
Issue of share capital	16	62,000	17,167
Issue of redeemable convertible shares	16	16,666	-
Redemption of redeemable convertible shares	16	(16,666)	-
Issue of convertible loan notes	17	3,333	49,462
Increase in cash		<u>26,019</u>	<u>9,946</u>

Opodo Limited

Notes to the accounts Year ended 31 December 2004

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year,

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

Basis of consolidation

The Group financial statements consolidate the financial statements of Opodo Limited and its subsidiary undertakings ('the Group').

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.

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. Turnover relating to flights is recognised on departure. Turnover relating to flights occurring after the accounting date is carried forward as deferred commission.

Investments

In the company balance sheet, investments in subsidiary undertakings are stated at cost less provision for impairment.

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 accounts Year ended 31 December 2004

1. Accounting policies (continued)

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.

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.

During the year the useful economic lives allocated to classes of assets were reviewed and adjustments made on the grounds that the new estimates of useful economic lives give a fairer representation of the results and the financial position of the Company. The depreciation charge for the year is €910,654 less that it would have been if the prior year estimates of useful economic lives had been used.

For the year ended 31 December 2004, tangible fixed assets are depreciated at the following rates:

Fixtures and fittings	- 20% on cost
Computer hardware	- 25% on cost
Software Licences	- 50% on cost

For the year ended 31 December 2003, tangible fixed assets were depreciated at the following rates:

Fixtures and fittings	- 50% on cost
Computer hardware	- 50% on cost
Software Licences	- 50% on cost

Research and development costs are also expensed as incurred.

Opodo Limited

Notes to the accounts Year ended 31 December 2004

1. Accounting policies (continued)

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.

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. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

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.

3. Cost of sales

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

Opodo Limited

Notes to the accounts Year ended 31 December 2004

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, human resources and office facilities.

5. Staff numbers and costs

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

	2004 €'000	2003 €'000
Managers	5	5
Staff	188	99
	<u>193</u>	<u>104</u>
The aggregate payroll costs of these persons were as follows:-		
Wages and salaries	12,389	8,708
Social security costs	1,778	974
Pension costs	493	320
	<u>14,660</u>	<u>10,002</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 €239,699 (2003 – €225,083) for the year ended 31 December 2004. The highest paid director was paid emoluments of €239,699 (2003 – €225,083).

Social security contributions of €21,241 (2003 - €20,032) were paid for the year ended 31 December 2004 in relation to directors.

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 accounts Year ended 31 December 2004

7. Operating loss

Operating loss is arrived at after charging the following:

	2004 €'000	2003 €'000
Depreciation	1,398	1,833
Website developments costs	4,519	8,871
Amounts payable under operating leases	1,597	1,810
Auditors' remuneration and expenses		
For audit services	120	257
For non-audit services	-	354

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

8. Finance charges (net)

	2004 €'000	2003 €'000
Interest receivable and similar income	1,276	1,491
Interest receivable on loans to parent undertaking	6	-
Interest payable on bank loans and overdrafts	(17)	-
Interest payable on loans from parent undertaking	(1,317)	-
Finance charges (net)	(52)	1,491

Opodo Limited

Notes to the accounts Year ended 31 December 2004

9. Taxation

	2004 €'000	2003 €'000
Tax on loss on ordinary activities		
Foreign tax		
Current tax	72	34
Adjustments in respect of previous periods	-	7
	<u>72</u>	<u>41</u>

Factors affecting the tax charge for the period

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

	2004 €'000	2003 €'000
Loss on ordinary activities before tax	(50,181)	(63,722)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	(15,054)	(19,117)
Effect of:		
Expenses not deductible for tax purposes	264	84
Depreciation in excess of capital allowances	2,793	3,676
Other timing differences	-	28
Adjustments in respect of previous periods	3	7
Unrelieved tax losses carried forward	11,996	15,329
Foreign taxes	70	34
Total current tax charge	<u>72</u>	<u>41</u>

The company has deferred tax assets of €81 million (2003: €66 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. 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 €50,493,883 (2003: €63,811,921).

Opodo Limited

Notes to the accounts Year ended 31 December 2004

11. Tangible fixed assets

Group and Company

	Computer equipment €'000	Furniture and fittings €'000	Total €'000
Cost			
As at 31 December 2003	7,499	758	8,257
Additions	3,662	147	3,809
As at 31 December 2004	11,161	905	12,066
Depreciation			
As at 31 December 2003	6,005	48	6,053
Charge for the year	1,227	171	1,398
As at 31 December 2004	7,232	219	7,451
Net book value			
At 31 December 2004	3,929	686	4,615
At 31 December 2003	1,494	710	2,204

Opodo Limited

Notes to the accounts Year ended 31 December 2004

12. Investments

Company

Shares in
subsidiary
undertakings
€'000

As at 31 December 2003 and 2004

87

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 accounts Year ended 31 December 2004

13. Debtors

Amounts falling due within one year

	2004		2003	
	Group €'000	Company €'000	Group €'000	Company €'000
Trade debtors	5,978	5,978	6,304	6,304
Amounts owed by group undertakings	1,373	1,566	-	-
VAT	1,868	1,866	2,557	2,537
Other debtors	119	57	160	110
Prepayments and accrued income	2,306	2,306	3,969	3,969
	<u>11,644</u>	<u>11,773</u>	<u>12,990</u>	<u>12,920</u>

Amounts falling due after more than one year

	2004		2003	
	Group €'000	Company €'000	Group €'000	Company €'000
Other debtors	<u>548</u>	<u>494</u>	<u>701</u>	<u>664</u>

14. Current asset investments

	2004		2003	
	Group €'000	Company €'000	Group €'000	Company €'000
Short term liquid assets	<u>16,675</u>	<u>16,675</u>	<u>14,632</u>	<u>14,632</u>

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

15. Creditors: amounts falling due within one year

	2004		2003	
	Group €'000	Company €'000	Group €'000	Company €'000
Bank overdrafts	755	755	-	-
Trade creditors	33,843	33,775	23,924	23,898
Amounts due owed to group undertakings	856	856	-	228
Corporation tax	34	-	17	-
Other taxes and social security cost	548	352	466	317
Other creditors	-	-	75	4
Accruals and deferred income	13,929	13,885	11,833	11,789
Provisions	-	-	319	319
	<u>49,965</u>	<u>49,623</u>	<u>36,634</u>	<u>36,555</u>

Opodo Limited

Notes to the accounts Year ended 31 December 2004

16. Share capital

	2004 €	2003 €
Authorised:		
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	-
333,000,000 ordinary shares of €1 each	-	333,000,000
	<u>333,000,000</u>	<u>333,000,000</u>
Allotted, called up and fully paid:		
261,048,629 class 'A' ordinary shares of €0.1 each	26,104,863	-
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	-
210,498,750 ordinary shares of €1 each	-	210,498,750
	<u>236,603,613</u>	<u>210,498,750</u>

During the year the company divided and reclassified its authorised share capital. The authorised share capital of 333,000,000 ordinary shares of €1 each was divided and reclassified into 925,012,500 class A ordinary shares of €0.1 each, 210,498,750 class B ordinary shares of €0.1 each, 210,498,750 class B deferred shares of €0.9 each, and 30,000,000 redeemable convertible shares of €1 each.

The allotted share capital of 210,498,750 ordinary shares of €1 each was reclassified as 210,498,750 class 'B' ordinary shares of €0.1 each and 210,498,750 class B deferred shares of €0.9 each.

Class A ordinary shares have full rights to dividends and to amounts receivable on winding-up. The shares have full voting rights.

Class B ordinary shares have full rights to dividends and to amounts receivable on winding up. However, the shares have limited voting rights.

The class B deferred shares have no rights to dividends or amounts receivable on winding up. They have no voting rights.

The redeemable convertible shares have no rights to dividends or amounts receivable on winding up. They have no voting rights. The redeemable convertible shares are convertible into class B ordinary shares.

During the year to 31 December 2004, the following movements in share capital occurred:

On 1 July 2004, the Company issued 261,048,629 class A ordinary shares of €0.1 each to Amadeus Global Travel Distribution SA for consideration of €62,000,000.

On 1 July 2004, the Company issued 16,666,666 redeemable shares of €1 each to its other existing shareholders for consideration of €16,666,666. On 13 August 2004, all the redeemable shares were redeemed for consideration of €16,666,666.

Opodo Limited

Notes to the accounts Year ended 31 December 2004

17. Creditors: amounts falling due in more than one year

	2004		2003	
	Group €'000	Company €'000	Group €'000	Company €'000
Loan notes	52,795	52,795	49,462	49,462
Accruals and deferred income	1,318	1,318	-	-
	<u>54,113</u>	<u>54,113</u>	<u>49,462</u>	<u>49,462</u>

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.

On 1 March 2004, €3,333,400 was raised when the Company issued a further 3,333,400 convertible loan notes in favour of Amadeus Global Travel Distribution SA of Madrid, Spain for a total consideration of €3,333,400.

The principal amount to be repaid on the loan notes is €52,795,000.

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.

18. Reconciliation of movements in shareholders' funds and movement in reserves

	Share capital €'000	Share premium €'000	Profit and loss account €'000	Total share- holders €'000
Group				
At 31 December 2003	210,498	-	(226,019)	(15,521)
Shares issued – ordinary A shares	26,106	35,894	-	62,000
Shares issued – convertible redeemable shares	16,666	-	-	16,666
Redemption of convertible redeemable shares	(16,666)	-	-	(16,666)
Loss for the period	-	-	(50,253)	(50,253)
At 31 December 2004	<u>236,604</u>	<u>35,894</u>	<u>(276,272)</u>	<u>(3,774)</u>
Company				
At 31 December 2003	210,498	-	(226,106)	(15,608)
Shares issued – ordinary A shares	26,106	35,894	-	62,000
Shares issued – convertible redeemable shares	16,666	-	-	16,666
Redemption of convertible redeemable shares	(16,666)	-	-	(16,666)
Loss for the period	-	-	(50,494)	(50,494)
At 31 December 2004	<u>236,604</u>	<u>35,894</u>	<u>(276,600)</u>	<u>(4,102)</u>

Opodo Limited

Notes to the accounts Year ended 31 December 2004

19. Notes to the statement of cash flows

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

	2004 €'000	2003 €'000
Operating loss	(50,129)	(65,213)
Depreciation	1,398	1,833
Increase in debtors	(563)	(549)
Increase in creditors	12,559	7,884
	<u>(36,735)</u>	<u>(56,045)</u>

(b) Analysis and reconciliation of net debt

	1 January 2004 €'000	Cash flow €'000	31 December 2004 €'000
Cash at bank	40,048	26,774	66,822
Overdrafts	-	(755)	(755)
		<u>26,019</u>	
Debt due in more than one year	(49,462)	(3,333)	(52,795)
Net debt	<u>(9,414)</u>	<u>22,686</u>	<u>13,272</u>

	2004 €	2003 €
Increase in cash in the year	26,019	9,946
Cash inflow from increase in debt financing	(3,333)	(49,462)
Movement in net debt in year	<u>22,686</u>	<u>(39,516)</u>
Net (debt)/funds at the beginning of the period	(9,414)	30,102
Net funds/(debt) at the end of the year	<u>13,272</u>	<u>(9,414)</u>

Opodo Limited

Notes to the accounts Year ended 31 December 2004

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	
	2004	2003	2004	2003
	€'000	€'000	€'000	€'000
Group				
Operating leases which expire:				
Within one year	195	13	30	-
In two to five years	886	293	-	11
In over five years	-	794	-	-
	<u>1,081</u>	<u>1,100</u>	<u>30</u>	<u>11</u>
Company				
Operating leases which expire:				
Within one year	-	-	30	-
In two to five years	834	-	-	11
In over five years	-	794	-	-
	<u>834</u>	<u>794</u>	<u>30</u>	<u>11</u>

21. Capital commitments

Group and Company

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

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 €16,675,000 (IATA €13,097,000, ATOL UK €3,091,000, Singapore Airlines €128,000, Cyprus Airways €21,000, Credit Mutuel €238,000 and French Travel Agency Licensing €100,000).

Opodo Limited

Notes to the accounts Year ended 31 December 2004

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. The shareholders' total holdings to date are as follows:

	Number of "A" ordinary shares of €0.1 each	Number of "B" ordinary shares of €0.1 each	Number of "B" deferred shares of €0.9 each	€ of ordinary shares	% of share- holding
Amadeus Global Travel Distribution SA	261,048,629		210,498,750	26,104,863	55.36%
Air France		48,114,000	-	4,811,400	10.20%
British Airways		48,114,000	-	4,811,400	10.20%
Lufthansa		48,114,000	-	4,811,400	10.20%
Alitalia		19,245,600	-	1,924,560	4.08%
Iberia		19,245,600	-	1,924,560	4.08%
KLM		19,245,600	-	1,924,560	4.08%
Finnair		3,608,550	-	360,855	0.78%
Aer Lingus		2,405,700	-	240,570	0.51%
Austrian Airlines		2,405,700	-	240,570	0.51%
	<u>261,048,629</u>	<u>210,498,750</u>	<u>210,498,750</u>	<u>47,154,738</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 €6,909,114 (2003 – €8,178,711). At the year end, €368,233 (2003 – €369,520) was outstanding. In addition to this, at the year end, the Group owed €13,148,237 (2003 – €8,444,436) to shareholders in relation to amounts collected by the Group as merchant of record on their behalf. The Group paid €2,469,504 to Amadeus for charges in relation to intercompany trading and received €2,854,884 for the same. In addition, the Group accrued €1,317,911 in interest on loan notes to Amadeus.

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.

Opodo Limited

Notes to the accounts Year ended 31 December 2004

23. Related party transactions (continued)

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.

24. Post balance sheet events

On 13th January 2005 the Company acquired 100% of the issued share capital of Quest Travel Limited for consideration of €1,600,000.

On 11 March 2005, 338,611,205 class A ordinary shares of €0.1 each were issued to Amadeus SA for consideration of €79,838,326.

On 18th March 2005 the Company acquired 100% of the issued share capital of Travellink AB for consideration of €16,300,000.

On 18th March 2005 the Company acquired 100% of the issued share capital of Eviaggi S.p.A for consideration of €2,430,000.

On 31st March 2005, the Company acquired 100% of the issued share capital of Karavel SA, for consideration of €59,508,326.