

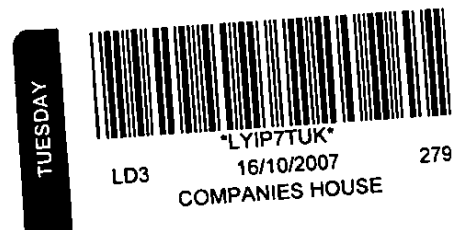
**Company Registration No 5505192**

**PRICELINE.COM BOOKINGS ACQUISITION  
COMPANY LIMITED**

**Report and Financial Statements**

**31 December 2006**

**09/10/07  
AC09PRB5**



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**PRICELINE.COM BOOKINGS ACQUISITION  
COMPANY LIMITED**

**REPORT AND FINANCIAL STATEMENTS 2006**

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**PRICELINE.COM BOOKINGS ACQUISITION  
COMPANY LIMITED**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

G Fogel  
R Mylod

**SECRETARY**

Abogado Nominees Limited

**REGISTERED OFFICE**

100 New Bridge Street  
London  
EC4V 6JA

**SOLICITORS**

Baker & McKenzie LLP  
100 New Bridge Street  
London  
EC4V 6JA

**AUDITORS**

Deloitte & Touche LLP  
Chartered Accountants  
Cambridge

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## **PRICELINE.COM BOOKINGS ACQUISITION COMPANY LIMITED**

### **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 December 2006

The directors' report has been prepared in accordance with the special provisions relating to small companies under Section 246(4) of the Companies Act 1985

#### **PRINCIPAL ACTIVITIES**

The company's principal activity is that of an investment company. The company has a trading subsidiary, Bookings B V incorporated in the Netherlands

#### **REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS**

The directors are satisfied with the result achieved by the company and expect the company to develop further in the year ahead

#### **FINANCIAL RISK MANAGEMENT**

The foreign exchange risk is controlled by the ultimate parent company, priceline.com Incorporated. The trading currency risks are controlled by the trading subsidiary. At this time, the directors do not consider that the company has a material exposure to these financial risks and therefore does not utilise credit insurance or enter into any hedging instruments

#### **DIVIDENDS**

The directors do not recommend the payment of a dividend (period ended 31 December 2005 - £nil)

#### **DIRECTORS AND THEIR INTERESTS**

The directors who served throughout the year were as follows

G Fogel  
R Mylod

The directors do not have any interests in the shares of the company

None of the directors has any interest in the shares or debentures of any group company that are required to be disclosed in accordance with the Companies Act 1985

# **PRICELINE.COM BOOKINGS ACQUISITION COMPANY LIMITED**

## **DIRECTORS' REPORT (continued)**

### **AUDITORS**

In the case of each of the persons who are directors of the company at the date when this report is approved

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the company's auditors are unaware, and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information (as defined) and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

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



G Fogel  
Director

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## **PRICELINE.COM BOOKINGS ACQUISITION COMPANY 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PRICELINE.COM BOOKINGS ACQUISITION COMPANY LIMITED**

We have audited the financial statements of Priceline.com Bookings Acquisition Company Limited for the year ended 31 December 2006 which comprise the profit and loss account, the balance sheet and the related notes 1 to 13. 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**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is 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 International Standards on Auditing (UK and Ireland) 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 company'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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

*Deloitte & Touche LLP*

Deloitte & Touche LLP  
Chartered Accountants and Registered Auditors  
Cambridge, United Kingdom

*14 October 2007*

**PRICELINE.COM BOOKINGS ACQUISITION  
COMPANY LIMITED**

**PROFIT AND LOSS ACCOUNT  
Year ended 31 December 2006**

	Note	Year ended 31 December 2006 £	11 July 2005 to 31 December 2005 £
Administrative expenses		(7 500)	(7,050)
<b>OPERATING LOSS</b>		(7 500)	(7,050)
Interest payable and similar charges	3	(78 352)	(18,089)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	4	(85 852)	(25,139)
Tax on loss on ordinary activities	5	-	-
<b>LOSS FOR THE FINANCIAL YEAR</b>	10	<u>(85 852)</u>	<u>(25,139)</u>

All activities derive from continuing operations

There are no recognised gains and losses other than the losses for the current financial year and preceding financial period. Accordingly, no statement of total recognised gains and losses is given.



**PRICELINE.COM BOOKINGS ACQUISITION  
COMPANY LIMITED**

**BALANCE SHEET  
31 December 2006**

	Note	2006 £	2005 £
<b>FIXED ASSETS</b>			
Investments	6	<u>75,687,975</u>	<u>75,687,975</u>
<b>CREDITORS: amounts falling due within one year</b>	7	<u>(35,553)</u>	<u>(25,139)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(35,553)</u>	<u>(25,139)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		75,652,422	75,662,836
<b>CREDITORS: amounts falling due after more than one year</b>	8	<u>(840,102)</u>	<u>(764,664)</u>
<b>NET ASSETS</b>		<u><u>74,812,320</u></u>	<u><u>74,898,172</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	9	2,000	2,000
Share premium account	10	74,921,311	74,921,311
Profit and loss account	10	<u>(110,991)</u>	<u>(25,139)</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>	11	<u><u>74,812,320</u></u>	<u><u>74,898,172</u></u>

These financial statements were approved by the Board of Directors and authorised for issue on 9 October 2007  
They were signed on its behalf by



G Fogel  
Director

# PRICELINE.COM BOOKINGS ACQUISITION COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2006

### 1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards. The principal accounting policies adopted are summarised below.

#### Accounting convention

The financial statements are prepared under the historical cost convention.

#### Cash flow statement

As permitted by Financial Reporting Standard No 1 (Revised), 'Cash flow statements', the company has not included a cash flow statement as part of its financial statements because the consolidated financial statements of its ultimate parent company, Priceline.com Incorporated (of which Priceline.com Bookings Acquisition Company Limited is a subsidiary) are publicly available.

#### Consolidation

As permitted by s228 of the Companies Act 1985, the company has not prepared consolidated financial statements as it is a subsidiary of Priceline.com Incorporated, a company incorporated in the United States of America which prepares publicly available consolidated accounts.

These financial statements therefore present information about the company as an individual undertaking and not about its group.

#### Investments

Investments held as fixed assets are stated at cost less any provision for impairment in value.

#### Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

### 2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

During the current year and preceding period there were no employees and the directors did not receive any remuneration from Priceline.com Bookings Acquisition Company Limited.

### 3. INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 31 December 2006 £	11 July 2005 to 31 December 2005 £
Interest payable on intercompany loan	78,352	18,089

**PRICELINE.COM BOOKINGS ACQUISITION  
COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
Year ended 31 December 2006**

**4. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION**

	Year ended 31 December 2006 £	11 July 2005 to 31 December 2005 £
Loss on ordinary activities before taxation is after charging		
Auditors remuneration for audit work	5,500	5 000

**5 TAX ON LOSS ON ORDINARY ACTIVITIES**

	Year ended 31 December 2006 £	11 July 2005 to 31 December 2005 £
<b>Current taxation</b>		
UK corporation tax charge for the year	-	-

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 30%. The actual tax charge for the current year and preceding period differs from the standard tax rate for the reasons set out in the following reconciliation

	2006 £	2005 £
Loss on ordinary activities before tax	(85,852)	(25 139)
Tax on loss on ordinary activities at standard rate	(25,756)	(7 542)
Factors affecting charge for the year		
Group relief not paid for	25,756	7,542
Current tax charge for the year	-	-

At 31 December 2005 and 31 December 2006, the company had no deferred tax assets to recognise

**Factors affecting future tax charges**

In March 2007, the UK Government announced that it would introduce legislation that would reduce the corporation tax rate to 28% with effect from 1 April 2008. This legislation has been substantively enacted in June 2007. The effective tax rate for the year ended 31 December 2008 is expected to reduce accordingly.

**PRICELINE.COM BOOKINGS ACQUISITION  
COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
Year ended 31 December 2006**

**6. FIXED ASSET INVESTMENTS**

	Shares in subsidiary undertaking £
<b>Cost and net book value</b>	
At 1 January 2006 and 31 December 2006	<u>75,687 975</u>

**Principal group investment**

The company has an investment in the following subsidiary undertaking

Subsidiary undertaking	Country of incorporation	Principal activity	Class of shares	Percentage of shares held
Bookings B V	Netherlands	Provision of services to facilitate hotel bookings over the internet	Ordinary shares	100%

**7. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2006 £	2005 £
Amounts due to immediate parent company	21,003	18 089
Accruals	<u>14,550</u>	<u>7 050</u>
	<u>35,553</u>	<u>25 139</u>

**8 CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2006 £	2005 £
Amount due to immediate parent company	<u>840,102</u>	<u>764 664</u>

The immediate parent company has undertaken not to request payment of the above loan for a period of at least 12 months from the balance sheet date

# **PRICELINE.COM BOOKINGS ACQUISITION COMPANY LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2006**

### **9. CALLED UP SHARE CAPITAL**

	2006 £	2005 £
<b>Authorised.</b>		
2,000 000 ordinary shares of £0.001 each	2,000	2,000
<b>Called up, allotted and fully paid</b>		
2 000 000 ordinary shares of £0.001 each	2 000	2,000

### **10 STATEMENT OF MOVEMENT IN RESERVES**

	Share premium account £	Profit and loss account £	Total
At 1 January 2006	74,921,311	(25,139)	74,896 172
Loss retained for the financial year	-	(85,852)	(85 852)
At 31 December 2006	74,921,311	(110,991)	74,810,320

### **11 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2006 £	2005 £
Loss for the financial year	(85,852)	(25 139)
Issue of shares	-	74,923 311
Net (reduction in) addition to shareholders' funds	(85,852)	74,898,172
Opening shareholders' funds	74,898,172	-
Closing shareholders' funds	74 812,320	74,898 172

### **12. RELATED PARTY TRANSACTIONS**

As the company is a 100% owned subsidiary of a group whose consolidated financial statements are publicly available it is not required to disclose transactions with other group undertakings that would otherwise be required under Financial Reporting Standard No 8 Related Party Disclosures

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**PRICELINE.COM BOOKINGS ACQUISITION  
COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
Year ended 31 December 2006**

**13. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY**

100% of the share capital of the company is owned by Priceline com International Limited a company registered in the United Kingdom This is the immediate parent company The ultimate parent company and controlling party is Priceline com Incorporated, a company incorporated in the United States of America, having principal place of business at 800 Connecticut Avenue, Norwalk, Connecticut 06854, USA and is the only group in which the results of the company are consolidated