

# eDreams ODIGEO and Subsidiaries

Auditors' Report  
Consolidated Financial Statements and Notes  
Consolidated Management Report  
Financial Year ended at March 31, 2014

To the Shareholders of  
eDreams ODIGEO, S.A.  
282, route de Longwy  
L-1940 Luxembourg

Deloitte Audit  
Société à responsabilité limitée  
560, rue de Neudorf  
L-2220 Luxembourg  
B.P. 1173  
L-1011 Luxembourg  
Tel: +352 451 451  
Fax: +352 451 452 992  
[www.deloitte.lu](http://www.deloitte.lu)

## REPORT OF THE REVISEUR D'ENTREPRISES AGREE

### Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of eDreams ODIGEO, S.A. and its subsidiaries, which comprise the consolidated statement of financial position of eDreams ODIGEO, S.A. as at March 31, 2014, the related consolidated income statement and the consolidated statements of other comprehensive income, changes in equity and cash flows for the year ended March 31, 2014 and a summary of significant accounting policies and other explanatory information.

### *Responsibility of the Board of Directors for the consolidated financial statements*

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted in the European Union, and for such internal control the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Responsibility of the réviseur d'entreprises agréé*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the *Commission de Surveillance du Secteur Financier*. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

# Deloitte.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the *réviseur d'entreprises agréé*'s judgment including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the *réviseur d'entreprises agréé* considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

## *Opinion*

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of eDreams ODIGEO, S.A. and its subsidiaries as of March 31, 2014 and of its consolidated financial performance and its consolidated cash flows for the year ended March 31, 2014 in accordance with International Financial Reporting Standards as adopted in the European Union.

## **Report on other legal and regulatory requirements**

The consolidated management report, which is the responsibility of the Board of Directors, is consistent with the consolidated financial statements.

For Deloitte Audit, *Cabinet de révision agréé*



Marco Crosetto, *Réviseur d'entreprises agréé*  
Partner

June 19, 2014

**eDreams ODIGEO and Subsidiaries**  
**CONSOLIDATED FINANCIAL STATEMENTS**

**eDreams ODIGEO  
and Subsidiaries**

Consolidated Financial Statements and Notes  
for the year ended March 31, 2014

Registered office:  
282, route de Longwy  
L-1940 Luxembourg

R.C.S. Luxembourg B N° 159 036

As of June 18, 2014 the Board of Directors formally prepared and approved these Consolidated Financial Statements for the year ended March 31, 2014.

**eDreams ODIGEO and Subsidiaries**  
**CONSOLIDATED FINANCIAL STATEMENTS**

<b>Consolidated Income Statement.....</b>	<b>3</b>
<b>Consolidated Statement of Other Comprehensive Income.....</b>	<b>4</b>
<b>Consolidated Statement of Financial Position.....</b>	<b>5</b>
<b>Statement of Changes in Equity .....</b>	<b>6</b>
<b>Consolidated Cash Flow Statement.....</b>	<b>7</b>
1. General information.....	8
2. Significant events .....	8
2.1 Significant events until date of the Consolidated Financial Statements approval.....	8
2.2 Significant events during the year ended March 31, 2013 .....	10
3. Basis of Presentation .....	11
3.1 Statement of compliance.....	11
3.2 New and revised International Financial Reporting Standards .....	11
3.3 Use of estimates and judgments.....	12
3.4 Changes in consolidation perimeter .....	13
3.5 Comparative information.....	13
3.6 Working capital.....	14
4. Significant accounting policies.....	14
5. Financial Risk Management .....	27
5.1 Financial Risks .....	27
5.2 Capital risk management.....	28
6. Earnings per Share.....	29
7. Revenue.....	29
8. Segment information.....	31
8.1 Segment revenue and revenue margin .....	31
8.2 Geographical information.....	32
9. Other financial disclosure .....	33
10. Personnel expenses .....	33
10.1 Personnel expenses .....	33
10.2 Number of employees .....	33
11. Depreciation, Amortization and Impairment .....	34
12. Other operating income/ (expenses).....	34
13. Financial and similar income and expenses.....	35
14. Income tax .....	35
14.1 Income tax recognized in profit or loss.....	36
14.2 Income tax recognized directly in other comprehensive income.....	37
14.3 Analysis of tax charge.....	37
14.4 Current tax assets and liabilities.....	37
14.5 Deferred tax balances.....	38
15. Goodwill.....	39
16. Other intangible assets .....	40
17. Tangible assets.....	42
18. Impairment of Assets .....	43
18.1 Measuring methodology.....	43

**eDreams ODIGEO and Subsidiaries**  
**CONSOLIDATED FINANCIAL STATEMENTS**

18.2 Main assumptions used in the financial projections .....	44
18.3 Key assumptions used and sensitivity analysis.....	45
19. Other non-current assets .....	45
20. Trade and other receivables.....	45
20.1 Trade and other receivables.....	45
20.2 Valuation allowance.....	46
21. Cash and cash equivalent .....	46
22. Equity.....	46
22.1 Share capital.....	47
22.2 Share premium .....	47
22.3 Option premium in convertible bonds .....	47
22.4 Foreign currency translation reserve.....	48
22.5 Equity-settled share-based payments.....	48
23. Share-based compensation.....	48
23.1 Share purchase plans.....	48
24. Borrowings and debts .....	51
24.1 Debt by type.....	51
24.2 Credit lines.....	53
24.3 Debt by maturity date .....	53
24.4 Fair value measurement of borrowings and debt .....	54
24.5 Covenants.....	55
24.6 Capital lease .....	55
25. Provisions.....	56
26. Retirement plans .....	57
26.1 Provisions for pensions .....	57
27. Trade and other payables.....	61
28. Deferred Income .....	61
29. Business combination.....	62
30. Off-balance sheet commitments .....	63
30.1 Operating lease commitments .....	63
30.2 Other off-balance sheet commitments.....	63
31. Related Parties .....	64
31.1 Transactions and balances with related parties .....	64
31.2 Directors and key management compensation .....	66
32. Contingencies.....	67
33. Auditor's remuneration .....	67
34. Subsequent events.....	68
35. Consolidation scope.....	68

**eDreams ODIGEO and Subsidiaries**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
(Thousands of Euros)

**CONSOLIDATED INCOME STATEMENT**

	Notes	March 2014	March 2013
<b>Operating income</b>			
Revenue	7	478,934	479,549
<b>Operating expenses</b>			
Supplies	7	(50,377)	(106,563)
Personnel expenses	10	(73,060)	(61,171)
Depreciation and amortization	11	(26,611)	(24,222)
Impairment loss	11	(12,213)	(9,400)
Gain or loss arising from assets disposals		(45)	1
Other operating income / (expenses)	12	(272,029)	(214,834)
<b>Operating profit/(loss)</b>		<b>44,599</b>	<b>63,360</b>
<b>Financial and similar income and expenses</b>			
Financial cost	13	(60,140)	(72,842)
Financial Income	13	92	48
Other financial income / (expenses)	13	(3,664)	(10,302)
Income (loss) of associates accounted for using equity method	13	-	(45)
<b>Profit/(loss) before taxes</b>		<b>(19,113)</b>	<b>(19,781)</b>
Income tax	14	(1,984)	(3,617)
<b>Profit/(loss) for the year from continuing operations</b>		<b>(21,097)</b>	<b>(23,398)</b>
Profit for the year from discontinued operations net of taxes (net)		-	-
<b>Consolidated profit/(loss) for the year</b>		<b>(21,097)</b>	<b>(23,398)</b>
Non controlling interest - Result		-	68
<b>Profit and loss attributable to the parent company</b>		<b>(21,097)</b>	<b>(23,330)</b>
<b>Basic earnings per share (Euro)</b>	6	<b>(0.21)</b>	<b>(0.24)</b>

The notes on pages 8 to 70 are an integral part of these consolidated financial statements.

**eDreams ODIGEO and Subsidiaries**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
(Thousands of Euros)

**CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME**

	March 2014	March 2013
<b>Consolidated profit/(loss) for the year (from the income statement)</b>	<b>(21,097)</b>	<b>(23,330)</b>
<b>Income and expenses recorded directly in equity</b>		
For valuation of financial instruments	-	-
For cash flow hedges	-	5,084
Exchange differences	(6,511)	5,416
For actuarial gains and losses (pensions)	(106)	-
Other income and expenses recorded directly in equity	(2,873)	-
Tax effect	33	(1,668)
	<b>(9,457)</b>	<b>8,832</b>
<b>Total recognized income and expenses</b>	<b>(30,554)</b>	<b>(14,498)</b>
a) Attributable to the parent company	(30,554)	(14,566)
b) Attributable to minority interest	-	68

The notes on pages 8 to 70 are an integral part of these consolidated financial statements.

**eDreams ODIGEO and Subsidiaries**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
(Thousands of Euros)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

ASSETS	Notes	March 2014	March 2013	EQUITY AND LIABILITIES	Notes	March 2014	March 2013
<b>Non-current assets</b>				<b>Shareholder's Equity</b>			
Goodwill	15	879,819	876,116	Share Capital		234,862	234,007
Other intangible assets	16	301,910	310,261	Share Premium		238,849	237,939
Tangible assets	17	5,629	5,087	Other Reserves		(125,793)	(106,809)
Non-current financial assets		6,100	8,733	Other equity instruments		26,012	26,012
Deferred tax assets	14	9,404	10,750	Profit and Loss for the period		(21,097)	(23,330)
Other non-current assets	19	3,414	8,547	Foreign currency translation reserve		2,279	8,790
		<b>1,206,276</b>	<b>1,219,494</b>			<b>355,112</b>	<b>376,609</b>
<b>Current assets</b>				<b>Non controlling interest</b>	22		
Trade and other receivables	20	85,386	114,140			<b>355,112</b>	<b>376,609</b>
Current tax assets	14	5,777	8,066				
Financial assets		72	71	<b>Non-current liabilities</b>			
Cash and cash equivalent	21	146,103	159,201	Non-current financial liabilities	24	601,540	584,921
		<b>237,338</b>	<b>281,478</b>	Non current provisions	25	4,741	14,456
<b>TOTAL ASSETS</b>		<b>1,443,614</b>	<b>1,500,972</b>	Deferred revenue	28	35,583	39,645
				Deferred tax liabilities	14	56,950	66,963
						<b>698,814</b>	<b>705,985</b>
				<b>Current liabilities</b>			
				Trade and other payables	27	349,239	393,780
				Current provisions	24	17,985	1,874
				Current taxes payables	14	7,185	9,465
				Current financial liabilities	24	15,279	13,259
						<b>389,688</b>	<b>418,378</b>
						<b>1,443,614</b>	<b>1,500,972</b>
				<b>TOTAL EQUITY AND LIABILITIES</b>			

The notes on pages 8 to 70 are an integral part of these consolidated financial statements.

**eDreams ODIGEO and Subsidiaries**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
(Thousands of Euros)

**STATEMENT OF CHANGES IN EQUITY**

	Share Capital	Share Premium	Other Reserves	Profit & Loss for the period	Other equity instruments (Note 22.3)	Foreign currency translation reserve	Non controlling interest	Total Equity
<b>Closing balance at March 31, 2012</b>	232,507	237,939	(45,557)	(64,256)	26,012	71	512	387,228
<b>Total recognized income / (expenses)</b>	-	-		(23,330)	-	8,832	-	(14,498)
Capital Increases / (Decreases)	1,500	-		-	-	-	-	1,500
Increases / (Decreases) on business combinations	-	-		-	-	-	(512)	(512)
<b>Operations with members or owners</b>	<b>1,500</b>	-		-	-	-	<b>(512)</b>	<b>988</b>
Preferred dividends	-	-	42	-	-	-	-	42
Payments based on equity instruments	-	-	3,450	-	-	-	-	3,450
Transfer between equity items	-	-	(64,143)	64,256	-	(113)	-	-
Other changes	-	-	(601)	-	-	-	-	(601)
<b>Other changes in equity</b>	<b>-</b>	<b>-</b>	<b>(61,252)</b>	<b>64,256</b>	<b>-</b>	<b>(113)</b>	<b>-</b>	<b>2,891</b>
<b>Closing balance at March 31, 2013</b>	<b>234,007</b>	<b>237,939</b>	<b>(106,809)</b>	<b>(23,330)</b>	<b>26,012</b>	<b>8,790</b>	<b>-</b>	<b>376,609</b>
<b>Total recognized income / (expenses)</b>	-	-	(2,946)	(21,097)	-	(6,511)	-	(30,554)
Capital Increases / (Decreases) (Note 22)	855	910	-	-	-	-	-	1,765
Increases / (Decreases) on business combinations	-	-	-	-	-	-	-	-
<b>Operations with members or owners</b>	<b>855</b>	<b>910</b>		-	-	-	-	<b>1,765</b>
Payments based on equity instruments	-	-	7,477	-	-	-	-	7,477
Transfer between equity items	-	-	(23,330)	23,330	-	-	-	-
Other changes	-	-	(185)	-	-	-	-	(185)
<b>Other changes in equity</b>	<b>-</b>	<b>-</b>	<b>(16,038)</b>	<b>23,330</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,292</b>
<b>Closing balance at March 31, 2014</b>	<b>234,862</b>	<b>238,849</b>	<b>(125,793)</b>	<b>(21,097)</b>	<b>26,012</b>	<b>2,279</b>	<b>-</b>	<b>355,112</b>

The notes on pages 8 to 70 are an integral part of these consolidated financial statements.

**eDreams ODIGEO and Subsidiaries**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
(Thousands of Euros)

**CONSOLIDATED CASH FLOW STATEMENT**

	March 2014	March 2013
<b>Net Profit / (Loss)</b>	<b>(21,097)</b>	<b>(23,330)</b>
Depreciation and amortization	26,611	24,222
Impairment and results on disposal of non-current assets (net)	12,258	9,399
Other provisions	11,598	3,553
Income tax	1,984	3,617
Finance (Income) / Loss	63,712	83,096
Income (loss) of associates accounted for using equity method	-	45
Expenses related to share based payments	7,478	3,450
Changes in working capital	(25,458)	10,395
Income tax paid	(11,226)	(6,963)
<b>Net cash from operating activities</b>	<b>65,860</b>	<b>107,484</b>
Acquisitions of intangible and tangible assets	(21,369)	(15,498)
Proceeds on Disposal of tangible and intangible assets	1	-
Acquisitions of financial assets	(82)	(1,713)
Payments/ Proceeds from disposals of financial assets	854	61
Acquisitions of subsidiaries net of cash acquired	(13,389)	-
Disposal of subsidiaries net of cash disposed	-	(1,096)
Cash effect of change in consolidation method	-	(89)
<b>Net cash flow from / (used) in investing activities</b>	<b>(33,985)</b>	<b>(18,335)</b>
Proceeds of issues of shares	1,765	1,500
Borrowings drawdown	-	325,000
Reimbursement of borrowings	(253)	(325,151)
Payment for derivatives	-	(7,176)
Interest and other financial expenses paid	(44,273)	(33,723)
Interest received	299	476
Fees paid on debt	(914)	(11,339)
<b>Net cash flow from / (used) in financing activities</b>	<b>(43,376)</b>	<b>(50,413)</b>
<b>Net increase / (decrease) in cash and cash equivalent</b>	<b>(11,501)</b>	<b>38,736</b>
Cash and cash equivalents at beginning of period	159,155	119,345
Effect of foreign exchange rate changes	(1,660)	1,074
<b>Cash and cash equivalents at end of period</b>	<b>145,994</b>	<b>159,155</b>

The notes on pages 8 to 70 are an integral part of these consolidated financial statements.

**eDreams ODIGEO and Subsidiaries**  
**Notes to the consolidated financial statements for March 31, 2014**  
**(Thousands of Euros)**

## **1. GENERAL INFORMATION**

eDreams ODIGEO (formerly LuxGEO Parent S.à r.l.) was set up as a limited liability company (*société à responsabilité limitée*) formed under the Laws of Luxembourg on Commercial Companies on February 14, 2011, for an unlimited period, with its registered office located at 282, route de Longwy, L-1940 Luxembourg (the “Company” and, together with its subsidiaries, the “Group”). Its main holding companies at 31 of March 2014 are Axeurope S.A. (“Axeurope”) and Luxgoal S.à r.l. (“Luxgoal”). In January 2014, the denomination of the Company was changed to eDreams ODIGEO and its corporate form from an S.à r.l. to an S.A. (“Société Anonyme”).

eDreams ODIGEO and its direct and indirect subsidiaries (collectively the “Group”) headed by eDreams ODIGEO, as detailed in note 35, is a leading Pan-European online travel company that uses innovative technology and builds on relationships with suppliers, product know-how and marketing expertise to attract and enable customers to research, plan and book a broad range of travel products and services.

## **2. SIGNIFICANT EVENTS**

### **2.1 Significant events until date of the Consolidated Financial Statements approval**

#### **2.1.1 Initiation of the initial public offering (“IPO”) of eDreams ODIGEO**

As of March 18, 2014 the Board of Directors approved starting the process of the admission to trading process for the eDreams ODIGEO shares on the Madrid, Barcelona, Bilbao and Valencia stock exchanges (the “Spanish Stock Exchanges”) for the quotation on the Automated Quotation System (“AQS”) of the Spanish Stock Exchanges.

On April 8, 2014, eDreams ODIGEO completed its IPO on the Spanish Stock Exchange at a price of €10.25 per share. The over-allotment option to purchase additional offer shares was exercised at the level of 3,370,690 shares.

The highlights of the offering were:

- 4,878,049 new shares to be issued by eDreams ODIGEO, raising gross proceeds of approximately €50 million.
- 31,829,264 existing shares sold by certain of eDreams ODIGEO’s shareholders, including Luxgoal 3 S.à r.l., and Luxgoal 2 S.à r.l., investment vehicles controlled by the Permira funds; certain funds managed by Ardian France S.A. and its affiliates (“Ardian”); certain Ardian co-investors (the foregoing, the “Principal Selling Shareholders”); as well as certain senior and other management of eDreams ODIGEO (together, the “Selling Shareholders”); the Selling Shareholders are each selling only a portion of their shares in the Company, and eDreams ODIGEO will not receive any of the proceeds from the sale of shares by the Selling Shareholders.
- There was an over-allotment option to purchase additional offer shares of up to 5,506,097 shares, exercisable in whole or in part within 30 calendar days from the date the offer shares commence trading on the Spanish Stock Exchanges.

**eDreams ODIGEO and Subsidiaries**  
**Notes to the consolidated financial statements for March 31, 2014**  
**(Thousands of Euros)**

The initiation of the IPO of eDreams OdigeO has led to the following steps which happened shortly after March 31, 2014:

- Merger of eDreams ODIGEO and subsequent Equity restructuring

The Board of Directors also approved the proposal to absorb its shareholders with simultaneous effect (the "Joint Merger Proposal") with the aim of simplifying the shareholding and equity structure. This Joint Merger Proposal was drawn up in accordance with the articles 261 to 276 of the Luxemburg Law of 1915 on commercial companies. However, these mergers were still subject to the approval of the respective shareholders.

On April 1, 2014, the Extraordinary General Meetings of Shareholders of eDreams ODIGEO and of its shareholders approved the merger by absorption between eDreams ODIGEO as the absorbing company, its shareholders AXEUROPE S.A., Luxgoal S.à r.l., G Co-Investment GP S.à. r.l., G Co-Investment I S.C.A., G Co-Investment II S.C.A., G Co-Investment III S.C.A., G Co-Investment IV S.C.A. and its indirect shareholder GO Partenaires 3, as absorbed companies (the "Merger"). The Merger was effective on April 3, 2014 (April 1, 2014 for accounting purposes).

As a result of the Merger, the absorbed companies contributed all of their assets and liabilities to eDreams ODIGEO. The assets of the absorbed companies mainly consisted of shares in eDreams ODIGEO and convertible bonds issued by a subsidiary of eDreams ODIGEO. The absorbed companies had no meaningful liabilities.

eDreams ODIGEO received as contribution from the absorbed companies its outstanding shares, which were immediately cancelled. Simultaneously, 100,000,000 new ordinary shares of a nominal value of €1 were issued to the shareholders of the absorbed companies. As a result of the Merger, the share capital of eDreams ODIGEO only consists of newly issued ordinary shares.

Simultaneously, the Extraordinary General Meeting of Shareholders approved the reduction, immediately after the Merger, of the nominal value of each share from its amount of €1 per share to €0.10 per share without cancellation of any shares in issue nor any repayment to the shareholders; the difference of €90,000,000 being allocated to the reserve of eDreams ODIGEO.

In connection with the IPO, 4,878,049 new shares were issued by eDreams ODIGEO with effective date April 8, 2014. The nominal value of the new shares issued is €0.10 per share, with a total allocation of €49.5 million to share premium. The Group obtained gross proceeds from the sale of these new shares of €50 million.

The subscribed share capital of eDreams ODIGEO after the above mentioned transactions is €10 divided into one hundred million shares with a par value of ten euros cents (€0.10) each, all of which are fully paid.

- Convertible bonds

As a consequence of the Merger, the Company has received as of April 1, 2014 as a financial asset contribution from the absorbed companies Luxgoal S.à.r.l. and Axeurope S.A. 11,775,131,507 convertible bonds of 0.01 € each, payable by Geo Travel Finance. These financial assets are the counterpart of the Convertible bonds issued by Geo Travel Finance (see Note 24), on June 30, 2011.

Then, becoming intercompany balances within the scope of consolidation, all relationships related to these Convertible Bonds will be eliminated in the Consolidated Financial Statements of the future periods.

- Cancellation of Long Term Incentive Plans

**eDreams ODIGEO and Subsidiaries**  
**Notes to the consolidated financial statements for March 31, 2014**  
**(Thousands of Euros)**

According to the existing incentive plans, if an “Exit Event” happens before the end of the vesting period, the employees would sell all their shares (consolidated or not). As a result, a cancellation of the plan or an early termination of the vesting period happened as a consequence of the completion of the IPO on April 8, 2014. Consequently and according to IFRS 2, all the non-accrued employee cost have been fully recognised at March 31, 2014 (See Note 23).

- Partial Repayment of the 2019 Notes

Pursuant to the successful completion of the IPO, Geo Travel Finance announced on April 30, 2014 that it would redeem €46 million of its €175 million 10.375% Senior Notes Due 2019 on May 30, 2014. Such portion of the 2019 Notes was redeemed on May 30, 2014. The redemption price equals to 107.781% of the principal amount plus accrued and unpaid interest on the redemption date.

eDreams ODIGEO has contributed of the €50 million gross proceeds from the IPO to Geo Travel Finance to allow the redemption of a portion (€46 million) of the 2019 Notes.

### **2.1.2 Acquisition of ODIGEO Paris Meta S.A.**

On August 12, 2013 Lyparis S.a.S entered in a sale purchase agreement “SPA” to buy all the shares of ODIGEO Paris Meta S.A. (formerly Findworks Technologies S.A.), the company that operates the website Liligo, with a travel search engine that searches flights, hotels and cars among several travel sites on the web. The transaction was settled on October 2, 2013 with an enterprise value of 13.5 million of euros (see note 29).

## **2.2 Significant events during the year ended March 31, 2013**

### **Change in the Group debt structure**

On January 31, 2013, the Group completed a change in the debt structure of its existing Senior Credit Facilities by its subsidiary Geo Debt Finance S.C.A. issuing €325 million principal aggregate amount of Senior Secured Notes (the “2018 Notes”) due 2018 (see note 24.1). The interest rate of the 2018 Notes is 7.5%. Interest is payable semi-annually in arrears each February 1 and August 1, beginning on August 1, 2013.

The proceeds of the 2018 Notes were used directly or indirectly through the use of intercompany loans or distributions:

- To prepay €314.7 million of outstanding debt under the existing Long Term Facilities A and B.
- To cover the related cost, administrative expenses and fees (legal, accounting or otherwise) as well as the costs of cancelling certain interest rate hedges.

**eDreams ODIGEO and Subsidiaries**  
**Notes to the consolidated financial statements for March 31, 2014**  
**(Thousands of Euros)**

In addition to the issuance of the 2018 Notes, the Group entered into a Revolving Credit Facility Agreement with commitments of €130 million.

The estimated sources and uses of the funds related to this transaction are shown in the table below:

Sources		Uses
Cash	7.2	Prepayment of existing Term Loan Facilities
Notes	325.0	Term Loan Facilities A 144.7
		Term Loan Facilities B 170.0
		transaction fees and expense 12.2
		Cancelation of interest rate 5.3
<b>Total</b>	<b>332.20</b>	<b>Total</b> <b>332.2</b>

### 3. BASIS OF PRESENTATION

### 3.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

### 3.2 New and revised International Financial Reporting Standards

The Group has not applied any standard or interpretations whose application is not yet compulsory at March 31, 2014.

As detailed below, during the year ended on March 31, 2014 new accounting standards and interpretations (IAS/IFRS and IFRIC, respectively) have come into force and have been applied.

Furthermore, on the date of drawing up these consolidated financial statements, new accounting standards and interpretations have been published, which are expected to come into effect for accounting periods starting on or after March 31, 2014.

Compulsory standards, amendments and interpretations for all accounting periods ending on or after December 31, 2013:

**eDreams ODIGEO and Subsidiaries**  
**Notes to the consolidated financial statements for March 31, 2014**  
**(Thousands of Euros)**

Title	Effective date (annual periods beginning on or after)	Application
<b>Effective for annual periods (and interim periods therein) ending 31 December 2013 and thereafter</b>		
Amendment to IAS 1 - Presentation of Items of Other Comprehensive Income	July 1, 2012	Retrospective application
Amendments to IFRS 7 Disclosures - Offsetting Financial Assets and Financial Liabilities	January 1, 2013	Retrospective application.
IFRS 10 Consolidated Financial Statements	January 1, 2013	Retrospective application, with specific transitional provisions
IFRS 11 Joint Arrangements	January 1, 2013	Retrospective application, with specific transitional provisions
IFRS 12 Disclosure of Interests in Other Entities	January 1, 2013	Retrospective application, with specific transitional provisions
IFRS 13 Fair Value Measurement	January 1, 2013	Retrospective application.
IAS 27 (Revised) Separate Financial Statements	January 1, 2013	Retrospective application.
IAS 28 (Revised) Investments in Associates and Joint Ventures	January 1, 2013	Retrospective application.
IAS 19 (Revised) Employee Benefits	January 1, 2013	Retrospective application, with specific transitional provisions
IFRIC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	January 1, 2013	Retrospective application.
Amendments to IFRS 1 Government Loans	January 1, 2013	Retrospective application.
Annual Improvements to IFRSs 2009-2011 Cycle	January 1, 2013	Retrospective application.

All the standards, amendments and interpretations applicable to the Group's financial statements have been taken into account with effect from April 1, 2013, with no significant impact on these consolidated financial statements.

Standards, amendments and interpretations that may be adopted early in accounting periods ending on or after December 31, 2014, issued by the IASB and adopted by the European Union, for which the Group has not considered early adoption:

Title	Effective date (annual periods beginning on or after)	Application
-------	--	-------------

**Effective for annual periods (and interim periods therein) ending 31 December 2014 and thereafter**

Amendment to IAS 32 Offsetting Financial Assets and Financial Liabilities	January 1, 2014	Retrospective application.
IFRS 9 Financial Instruments (issued in 2010)	January 1, 2015	Retrospective application, with specific transitional provisions.
Amendments to IFRS 7 and IFRS 9 Mandatory Effective Date and Transition Disclosures	January 1, 2015	Retrospective application, with specific transitional provisions.
Amendments to IFRS 10, IFRS 12 and IAS 27 - Investment Entities	January 1, 2014	Retrospective application.
IFRIC Interpretation 21 Levies	January 1, 2014	Retrospective application.

As indicated above, the Group has not considered an early application of the standards and interpretations detailed above. The Group does not expect any material impact resulting from the adoption of those standards.

### 3.3 Use of estimates and judgments

In the application of the Group's accounting policies, the Board of directors is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on

**eDreams ODIGEO and Subsidiaries**  
**Notes to the consolidated financial statements for March 31, 2014**  
**(Thousands of Euros)**

historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

These estimates and assumptions mainly concern revenue recognition, the measurement of tangible and intangible assets other than goodwill, the measurement of the useful life of fixed assets, capitalization of development costs and measurement of internally-generated assets, purchase price allocation and allocation of goodwill, impairment testing of the recoverable amount, accounting for income tax, analysis of recoverability of deferred tax assets, and accounting for provisions and contingent liabilities.

### **3.4 Changes in consolidation perimeter**

During the period, there have been the following changes in the consolidation perimeter:

- ODIGEO Paris Meta S.A. (formerly Findworks Technologies S.A.):

The subsidiary Lyparis made an offer and entered into a sale and purchase agreement on August 12, 2013 to acquire all of the issued and outstanding capital stock of ODIGEO Paris Meta S.A. (company that operates the website Liligo, a travel search engine that searches flights, hotels and cars among several travel sites on the web). This company is the holding of two other additional companies (Findworks Technologies Hungary Bt and Liligo Hungary Kft). The transaction was settled on October 2, 2013 (see note 29).

- Geo Travel Ventures, S.A.:

It was incorporated on July 8, 2013 as a subsidiary of Opodo Ltd. This subsidiary is located in Spain and it had no significant business activity during the period ended at March 31, 2014.

- Geo Travel Pacific Pty Ltd:

It was incorporated on January 13, 2014. This subsidiary is located in Australia and it had no significant business activity during the period ended at March 31, 2014.

- eDreams do Brasil Viagens e Turismo Ltda:

It was incorporated to the Group on January 9, 2014, as a subsidiary of Opodo Ltd. This subsidiary is located in Brazil and it had no significant business activity during the period ended at March 31, 2014.

- eDreams Enterprises, SLU:

This subsidiary had no business activity during the current period. On March 2014 it has been initiated the dissolution of this subsidiary.

- eDreams Gmbh:

This subsidiary had no business activity during the current period. On September its sole shareholder Vacaciones eDreams, S.L.U. approved and initiated the dissolution process of this subsidiary.

### **3.5 Comparative information**

The Directors present together with the figures for the year ended March 31, 2013, the previous years' figures for each of the items on the consolidated statement of financial position, consolidated income statement, consolidated statement of other comprehensive income, consolidated statement of changes in equity, consolidated cash flow statement and the quantitative information required to be disclosed in the consolidated financial statements.

**eDreams ODIGEO and Subsidiaries**  
**Notes to the consolidated financial statements for March 31, 2014**  
**(Thousands of Euros)**

### **3.6 Working capital**

The Group had negative working capital as of March 31, 2014 and 2013, which is a common circumstance in the business in which the Group operates, and in its financial structure, and it does not present any impediment to its normal business.

## **4. SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalue amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The principal accounting policies are set out below.

#### ***Basis, scope and methods of consolidation***

The consolidated financial statements incorporate the financial statements of eDreams ODIGEO and entities controlled by the Company (its subsidiaries) made up to March 31<sup>st</sup> each year. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests if any, even if this results in the non-controlling interests having a deficit balance.

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

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

All entities directly or indirectly controlled by the Company have been consolidated by the full consolidation method.

#### ***Business combinations***

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred, liabilities incurred and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

**eDreams ODIGEO and Subsidiaries**  
**Notes to the consolidated financial statements for March 31, 2014**  
**(Thousands of Euros)**

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments within the first 12 months are adjusted retrospectively, with corresponding adjustments against goodwill.

**Goodwill**

Goodwill arising on an acquisition of a business is not amortized but carried at cost as established at the date of acquisition (see above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill has been allocated to each country, level at which the business is managed, the operating decisions are made and the operating performance is evaluated.

The carrying value of the assets allocated to countries is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of these assets is less than their carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit.

Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated income statement and is not subsequently reversed.

**Investments in associates**

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment.

The requirements of IAS 39 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 *Impairment of Assets* as a single asset, any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

**Revenue recognition**

The Group recognizes revenue when (i) the group has evidence of a contractual agreement in respect of products and services to be provided, (ii) such products are delivered or such services have been rendered and (iii) the revenue is determinable and collectability is reasonably assured. The Group has evidence of a contractual agreement when we enter into a legally enforceable agreement with the customer with terms and conditions that describe the product to be delivered or the service to be rendered and the related payment terms. The Group considers revenue to be determinable when the product or service has been delivered or rendered in accordance with the said agreement.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the ordinary course of business net of VAT and similar taxes. The Group provides customers the ability to book air travel, hotels, car rentals and other travel products and services through our various websites. These travel products and services are made available to our customers for booking on a stand-alone basis or as part of a vacation package.

**eDreams ODIGEO and Subsidiaries**  
**Notes to the consolidated financial statements for March 31, 2014**  
**(Thousands of Euros)**

When the Group acts as principal and purchases inventory for resale or are the primary obligor in the arrangement, revenue is recognized on a "gross" basis. The revenue comprises the gross value of the transaction billed to the customer, net of VAT, with any related expenditure charged as cost of sales. Such revenue comprises sales in respect of charter flights, conferences and events and, to a lesser extent, vacation packages. At time of booking revenue is recorded as deferred income. For travel products, revenue and supplies are recognized on the date of departure. As regards Dynamic Packages (including revenue from the flight component thereof) offered by Opodo, as from June 1, 2013, pursuant to the revised applicable terms and conditions for the sale of Dynamic Packages, the Opodo Group is now acting as agent and no longer as principal, and revenue is therefore no longer recognized on a "gross" basis.

In other transactions where the Group acts as agent (i.e., bear no inventory risk and are not the primary obligor in the arrangement), revenue is recognized on a "net" basis, with revenue representing the margin earned. Such revenue comprises sales in respect of scheduled airlines, hotels, car rentals and most of our packaged travel products. For Direct Connects, the Group usually passes reservations booked by customers to the travel supplier and revenue represents the service fee charged to the customer. In such transactions, the Group has limited, if any, ability to determine or change the products or services provided and the customer is responsible for the selection of the service supplier. Booking is then secured when no further obligation is supported by the Group. For air transactions, this is at the time of ticketing. For hotel transactions, car transactions and packaged products, net revenue is recognized when the customer uses the reservation (i.e., on the date of hotel check-out, car pick-up or departure for packages). The timing of revenue recognition is different for air travel because the primary service to the customer is fulfilled at the time of booking.

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

The table below summarizes the revenue recognition basis for the Group's principal income streams.

<b>Income stream</b>	<b>Basis of revenue recognition</b>
Charter flight transactions	Date of departure
Scheduled flight transactions	Date of booking
Airline incentives	Accrued based on gross sales
GDS incentives	Date of booking
Direct Connect	Date of booking
Hotel transactions	Date of departure (check-out)
Car transactions	Date of departure (pick-up)
Dynamic Packages (including the flight portion thereof)	Date of departure
Vacation packages	Date of departure
Advertising revenue	Date of display
Metasearch revenue	Date of click or date of purchase
Insurance	Date of booking

For flight products, revenue is generally recognized upon booking as the Group does not assume any further performance obligation to its customers after the product has been ticketed (even though the Group supports fraud risks). In these instances, revenue is recognized on a net basis. Conversely, in cases where (i) the Group pre-purchase and assumes inventory risk or (ii) the Group bears any financial risk with respect to the booking, for instance, in the event of cancellation, revenue is recognized at time of departure as the Group is considered to be the primary obligor to the traveller. In these cases, revenue is recognized on a gross basis, comprising the gross value of the transaction billed to the customer (net of VAT and cancellations), with any amounts paid to the supplier accounted for as "supplies."

**eDreams ODIGEO and Subsidiaries**  
**Notes to the consolidated financial statements for March 31, 2014**  
**(Thousands of Euros)**

In the event of cancellation of a booking, flight revenue recognized in respect of commissions earned from travel suppliers is reversed and is netted off from the Group's revenue earned during the fiscal period at the time of cancellation. For flight products or services carrying inventory or other financial risk, cancellations do not impact revenue recognition since revenue is recognized upon the departure date, when the product is delivered or the service is rendered.

For non-flight products, the Group considers that revenue is determinable upon the departure date for packages, check-out date for hotel rooms, pick-up date for car rentals, date of publication over the delivery period for advertising revenue and, depending on the particular agreement, date of click or date of purchase for metasearch activities. In the event of cancellation, the Group's revenue recognition is not impacted since revenue is recognized, in each case, when the product is delivered or the service rendered.

In both flight and non-flight, revenue on products or services for which the Group does not assume inventory or other financial risk is accounted for on a "net" basis, representing the service fees (which is the total difference between the price at which the Group sources a product and sells that product to a customer, which difference includes, among other components, any mark-up to the price at which the Group sources a product and fees that the Group charges its customers in connection with a booking) the Group earns. When the Group incurs an inventory and other financial risk in either of its two lines of business (currently the case only for charter flights, conferences and events and, to a lesser extent, vacation packages), revenue is accounted for on a "gross" basis, representing the total amount paid by the customers for these products and services. The cost of procuring the relevant products and services sold to the customers is accounted for as "supplies."

The Group generally does not take on credit risk with the customer; however the Group is subject to charge-backs and fraud risk which the Group monitors closely.

The Group uses GDS services to source and book products. Under GDS service agreements, the Group earns revenue in the form of an incentive payment for each segment that is processed through a GDS service provider. Revenue is recognized for these incentive payments at the time the travel reservation is processed through the GDS service provider, which is generally at the time of booking.

The Group recognizes revenue for insurance sold to customers along with travel products at the time of booking as the cover starts from that date.

The Group generates other revenues, which primarily comprise revenue from advertising and metasearch activities. Such revenue is derived primarily from the delivery of advertisements on the various websites the Group operates and is recognized at the time of display or over the advertising delivery period, depending on the terms of the advertising contract, as well as for searches, clicks and purchases generated by our metasearch activities.

Reporting revenue on a "gross" versus "net" basis is a matter of significant judgment that depends on a relevant set of facts and circumstances. This analysis is performed using various criteria such as, but not limited to, whether the Group is the primary obligor in the arrangement, the Group has inventory risk, has latitude in establishing price, has discretion in supplier selection or has credit risk.

However, if the judgments regarding revenue are inaccurate, actual revenue could differ from the amount the Group recognizes, directly impacting our reported revenue.

**Cost of sales**

The cost of sales is primarily comprised of direct costs associated with the travel agency business incurred to generate revenue, for example related to sales of charters and some dynamic packages in which we act as principal. The costs are generally variable in nature and are primarily driven by transaction volumes.

**eDreams ODIGEO and Subsidiaries**  
**Notes to the consolidated financial statements for March 31, 2014**  
**(Thousands of Euros)**

***Current operating profit***

Current operating profit consists in revenue margin, after deducting personnel expenses, other operating income/ expenses, depreciation and amortization and charges net of reversals to provisions.

***Finance result***

Finance result consists in incomes and expenses relating to the net financial debt during the accounting period, including gains and losses on the corresponding interest rate and foreign exchange rate hedges.

***Leasing***

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the Group. All other leases are classified as operating leases.

Assets held under finance leases are initially recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lesser is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognized as expenses in the periods in which they are incurred.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

***Foreign currencies***

In preparing the financial statements of each individual group entity, transactions in currencies other than the Company's functional currency of the Euro (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Euros using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized and accumulated in equity.

**eDreams ODIGEO and Subsidiaries**  
**Notes to the consolidated financial statements for March 31, 2014**  
**(Thousands of Euros)**

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are translated at the closing rate of exchange. Exchange differences arising are recognized in equity.

***Government grants***

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

***Retirement benefits costs***

**Defined contribution plans**

Based on the provisions of the Collective Agreement applicable to different Group companies, the Group has a defined contribution plan with its employees. A defined contribution plan is a plan whereby the Group makes fixed contributions to a separate entity and has no legal, contractual or constructive obligation to make additional contributions if the separate entity does not have sufficient assets to meet the commitments undertaken. Once the contributions have been paid, the Group has no additional payment obligations.

Contributions are recognized as employee benefits when they accrue. Benefits paid in advance are recognized as an asset to the extent that there are a cash refund or a reduction in future payments.

**Defined benefit plans**

Defined benefit plans establish the amount of the benefit the employee will receive on retirement, normally based on one or more factors such as age, years of service and remuneration. See the detail of the different defined benefit plans the Group has in Note 26.

The liability recognized in the balance sheet is the present value of the obligation in respect of defined benefits on the balance sheet date less the fair value of the plan assets, and adjustments for unrecognized past service costs. The obligation in respect of defined benefits is measured by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows, using the interest rates on high quality business bonds denominated in the same currency as will be used to pay the benefits, with maturity periods similar to those of the corresponding obligations. In countries where there is no market for such bonds, the market rates of government bonds are used. Actuarial gains or losses arising from adjustments based on experience and changes in the actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise.

Past service costs are recognized immediately in the result, unless they arise as a result of changes in the pension plan and they are subject to the continuity of employees in service during a specific time (vesting period). In this case, past service costs are amortized using the straight-line method over the vesting period.

***Share-based payment arrangements***

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

**eDreams ODIGEO and Subsidiaries**  
**Notes to the consolidated financial statements for March 31, 2014**  
**(Thousands of Euros)**

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest.

The impact of the revision of the original estimates in cash-settled share-based payments, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

***Taxation***

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

**Current tax**

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

**Deferred tax**

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

Deferred tax assets generated by tax loss are only recognized to the extent that it is probable that there will be sufficient taxable profits during the validity period of these tax losses carry forwards.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset only if there is a legally enforceable right to set off the amounts recognized and the Group Company intends to settle the net figure, or realize the asset and settle the liability simultaneously.

***Intangible assets***

**Intangible assets acquired separately**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives as follows:

**eDreams ODIGEO and Subsidiaries**  
**Notes to the consolidated financial statements for March 31, 2014**  
**(Thousands of Euros)**

	<b>Useful life (Years)</b>
Brands	Indefinite
Licenses	2-5
Trademarks and domains	10
Software	3-5
Group Common platform	7
Other Intangible assets	2-5

The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

**Internally-generated intangible assets - research and development expenditure**

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

An internally-generated intangible asset arising from the Group's development of its website operating platform and related back office systems is recognized if, and only if, all of the following have been demonstrated:

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

The revenue associated with the capitalization of internally-generated intangible assets is classified in the profit and loss statement according to the nature of the development cost of the asset.

Where no internally-generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

**Intangible assets acquired in a business combination**

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

With regard to trademarks, the royalty-based approach has been adopted: this involves estimating the value of the trademark by reference to the levels of royalties demanded for the use of similar trademarks, based on revenues forecasts drawn up by the Group.

This approach is based on a qualitative analysis of the trademark in order to ensure that the assumptions selected are relevant. The discount rate used is based on the weighted average cost of capital (WACC) for the target acquired.

**eDreams ODIGEO and Subsidiaries**  
**Notes to the consolidated financial statements for March 31, 2014**  
**(Thousands of Euros)**

**Derecognition of intangible assets**

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

***Tangible assets***

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognized so as to write off the cost or valuation of assets using the straight-line method. The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

	<b>Useful life (Years)</b>
General Installations/Technical Facilities	5-8
Furniture	5-10
Computer Hardware	3-10
Transport equipment	3-8
Other items of property, plant and equipment	3-8

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

**Derecognition of tangible assets**

Tangible assets are derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of a tangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

***Impairment of tangible and intangible assets other than goodwill***

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

**eDreams ODIGEO and Subsidiaries**  
**Notes to the consolidated financial statements for March 31, 2014**  
**(Thousands of Euros)**

In calculating the discount rate, a specific risk premium has also been considered in certain cases in line with the specific characteristics of each country and the inherent risk profile of the projected flows of each of the countries.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

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

### ***Provisions***

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

When it is only possible that the Group will be required to settle the obligation, the contingency is disclosed in the note for Contingencies.

### **Contingent liabilities acquired in a business combination**

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognized in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognized less cumulative Amortization recognized in accordance with IAS 18 *Revenue*.

### ***Financial instruments***

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument

#### **Financial assets**

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'.

All the Group's financial assets are classified as "loan and receivables", reflecting the nature and purpose of the financial assets, determined at the time of initial recognition.

**eDreams ODIGEO and Subsidiaries**  
**Notes to the consolidated financial statements for March 31, 2014**  
**(Thousands of Euros)**

**Effective interest method**

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

**Impairment of financial assets**

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

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

**Derecognition of financial assets**

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

**Restricted cash**

Restricted cash deposits are in respect of cash guarantees given by the Company and its principal subsidiaries to IATA and a number of local governmental agencies to ensure compliance with the accreditation terms for each organisation. The restricted cash deposits are stated at cost which approximates to their fair value and are classified as "Other non-current assets".

**Cash and cash equivalents**

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

**eDreams ODIGEO and Subsidiaries**  
**Notes to the consolidated financial statements for March 31, 2014**  
**(Thousands of Euros)**

***Financial liabilities and equity instruments***

**Classification as debt or equity**

Debt and equity instruments issued by a Group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

**Equity instruments**

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

**Compound instruments**

The component parts of compound instruments (convertible notes/preferred shares) issued by the Company's or its direct subsidiary are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognized in equity will be transferred to share premium. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognized in equity will be transferred to retained profits. No gain or loss is recognized in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortized over the lives of the convertible notes using the effective interest method.

**Other financial liabilities**

Other financial liabilities (including borrowings) are subsequently measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

**eDreams ODIGEO and Subsidiaries**  
**Notes to the consolidated financial statements for March 31, 2014**  
**(Thousands of Euros)**

**Derecognition of financial liabilities**

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

**Derivative financial instruments**

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

**Hedge accounting**

The Group designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges or cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

**Cash flow hedges**

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognized in profit or loss, in the same line of the consolidated income statement as the recognized hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

**eDreams ODIGEO and Subsidiaries**  
**Notes to the consolidated financial statements for March 31, 2014**  
**(Thousands of Euros)**

***Current/Non-current classification***

Current assets are considered to be those related to the normal cycle of operations (which is usually considered to be one year); assets which are expected to expire, be disposed of or realised in the short term as from year-end; financial assets held for trading (except for financial derivatives to be settled later than one year); and cash and other equivalent liquid assets. Assets that do not meet these requirements are qualified as non-current.

Likewise, current liabilities are those related to the ordinary cycle of operations, financial liabilities held for trading, with the exception of financial derivatives to be settled later than one year, and in general all obligations that will expire or terminate in the short term. If this is not the case, they are classified as non-current.

***Related party transactions***

The Group performs all its transactions with related parties on an arm's length basis. Also, the transfer prices are adequately supported and, therefore, the Group Directors consider that there are no material risks in this connection that might give rise to significant liabilities in the future.

## **5. FINANCIAL RISK MANAGEMENT**

### **5.1 Financial Risks**

***Credit risk***

Our cash and cash equivalents are held with financial entities with strong credit ratings. Certain transactions of the Group are channeled through Catalunya Banc S.A., which has a Moody's long term rating of Ba1. These transactions amount to an average of €1.8 million on a daily basis. We usually transfer these amounts on a daily basis to other financial institutions in order to mitigate this risk.

Our credit risk is mainly attributable to business-to-business customer advertising receivables and, to a lesser extent, customer receivables on corporate travel and business-to-business customers, and advertising receivables. These amounts are recognized in the consolidated statement of financial position net of provisions for doubtful receivables, which is estimated by our management on a case-by-case basis. There are no meaningful credit risks since none of our customers' transactions represent a rate equal or higher than 10% of the revenue margin.

***Interest rate risk***

Most of our financial debt is exposed to fixed interest rates. Of our debt, only the Revolving Credit Facility bears interest at a variable rate, although to date we have only drawn loans under the Revolving Credit Facility for intra-month working capital purposes. Therefore, we have no material exposure to interest rate risk.

***Liquidity risk***

In order to meet our liquidity requirements, our principal sources of liquidity are: cash and cash equivalents from the statement of financial position, cash flow generated from operations and the revolving credit facilities under our Revolving Credit Facility Agreement to fund intra-month cash swings and supplier guarantees.

**eDreams ODIGEO and Subsidiaries**  
**Notes to the consolidated financial statements for March 31, 2014**  
**(Thousands of Euros)**

### **Exchange rate risk**

The exchange rate risk arising from our activities has basically two sources: the risk arising in respect of commercial transactions carried out in currencies other than the functional currency of each company of the eDreams ODIGEO Group and the risk arising on the consolidation of subsidiaries that have a functional currency other than the euro.

In relation to commercial transactions, we are principally exposed to exchange rate risk as the Group operates with the pound sterling as well as the Swedish krona and other Nordic currencies (Norwegian Krone and Danish Krone). The exchange rate risk arises on future commercial transactions and on assets and liabilities denominated in a foreign currency.

However, the volume of our sales and purchases in foreign currency (other than the local currency of each of the subsidiaries) is of little relevance compared to our total operations.

### **5.2 Capital risk management**

The Group's objective in equity management is to safeguard its capacity to continue managing its recurring activities and the capacity to continue to grow through new projects, by optimising the debt-to-equity ratio to create shareholder value.

The Group's growth is financed mainly through internal cash flows generated by the Group's recurring businesses.

The Group's optimal leverage level is not determined on the basis of its overall debt-to-equity ratio but with the goal of maintaining moderate levels of debt. With the IPO completion, the Group will use the proceeds from the issuance of new shares to reduce debt.

The Group does not consider the debt-to-equity ratio a suitable indicator for defining its equity policy as its consolidated equity may be affected by a range of factors which are not necessarily indicative of its capacity to satisfy its future financial obligations, including:

- The effect of fluctuations in functional currencies other than the euro through currency translation differences.
- The impairment losses on assets that will not recur and which do not involve a cash outflow when recognised.

The Group's capital policy does not set short-term quantitative targets for its indebtedness in relation to its net equity, but is adjusted to allow the Group to manage its recurring operations and take advantages of opportunities for growth while maintaining indebtedness at appropriate levels in the light of its expected future generation of cash flows and in compliance with any quantitative restrictions contained in its main debt contracts.

None of the Group's main debt contracts contain specific clauses restricting its debt-to-equity ratio.

The Revolving Credit Facility 2018 Notes includes a covenant requiring a sub-group of the Group to maintain a net debt to EBITDA ratio for the rolling twelve months at each quarter end.

At March 31, 2014 the Group complied with all the restrictions imposed by its main debt contracts, and as its businesses may reasonably be expected to continue operating, the Group does not foresee any non-compliance in the future.

**eDreams ODIGEO and Subsidiaries**  
**Notes to the consolidated financial statements for March 31, 2014**  
**(Thousands of Euros)**

## 6. EARNINGS PER SHARE

As explained in note 2.1, eDreams ODIGEO was involved in a merger with its shareholders. This merger intends to achieve simplification by reducing the number of intermediary entities holding interest in eDreams ODIGEO (the Absorbing Company) and reducing the various types of shares issued by the Absorbing Company to ordinary shares only. The number and types of shares issued by the Company after this merger are significantly different than the number and type of shares of the Company outstanding as of March 31, 2014. As these changes occur after the reporting period but before the financial statements are authorized for issue, according to IAS 33 paragraph 64, the earnings per share calculations for the current year and prior period financial statements presented are based on the capital structure after the merger occurred at April 1, 2014 but without considering the 4,878,049 new shares issued (see Note 2.1.1).

In like manner considering the earning per share calculation as of April 1, 2014 no dilutive instruments were considered.

The basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the average new number of shares.

The calculation of basic earnings per share (rounded to two digits) for the year ended March 31, 2014 and 2013, is as follows:

March 2014		March 2013	
Loss attributable to the owners of the parent (€ thousand)	Average Number of shares	Basic Earnings per Share (Euro)	Loss attributable to the owners of the parent (€ thousand)
(21,097)	99,791,607.15	(0.21)	(23,330)
			99,054,856.97
			(0.24)

## 7. REVENUE

The Group makes travel products and services available to travellers, either directly or through a business customer, both on a stand-alone and package basis. We generate our revenue from the sale of (i) flight products, including regular airline and LCC flight products and charter flight products as well as insurance for flight products, (ii) non-flight products, including hotel bookings, Dynamic Packages (including revenue from the flight component thereof), vacation packages, car rentals and insurance for non-flight products, and (iii) non-travel services, such as advertising and phone revenue, consisting mainly of charges on toll calls. Our revenue is earned through mark-ups, booking fees, insurance commissions and other fees from our customers, as well as incentive payments from suppliers linked to the number of sales facilitated by us. We also receive incentives from our GDS service providers based on the volume of sales completed by us through the GDS systems.

For a significant majority of our products and services, we act as agent, neither bearing any inventory risk nor serving as the primary obligor of the arrangement. As agent, we enable travellers to book flight and non-flight products and services we source from travel suppliers and in respect of such bookings, we are either (a) the full agent of record, in which case we charge and receive payment for the full amount of the booking from the customer and pay the net price of the travel product or service to our

**eDreams ODIGEO and Subsidiaries**  
**Notes to the consolidated financial statements for March 31, 2014**  
**(Thousands of Euros)**

travel suppliers at a later date, or (b) the agent of record only in respect of the service fees we charge to the customer, in which case the remaining part of the booking value is transacted and charged to the customer directly by our travel suppliers. Whether we act as full agent of record or agent of record only in respect of the service fees we charge to the customer, we record our revenue on a net basis. We also act as a “pure” intermediary whereby we serve as a click through and pass reservations made by the customer on to the relevant travel supplier (e.g., in respect of tour packages offered in Germany) or perform certain limited intermediary functions with respect to such reservations. On such “pure” intermediary transactions, we are not the agent of record in respect of any amounts paid by the customer and our revenue consists solely of commissions and incentives from travel suppliers and/or GDS service providers. Depending on the specific agency role that we perform, we provide varying degrees of support services, if any; to the customer once the booking has been secured.

Under the principal model, we purchase inventory for resale (and accordingly bear the inventory risk) or are the primary obligor of the arrangement and, in each case, recognize revenue on a gross basis. We act as principal in respect of charter flights offered by Go Voyages in France, conference and events offered by Travellink in the Nordics and, to a lesser extent, package tours offered to the employees by eDreams in Italy. As regards to Dynamic Packages (including revenue from the flight component thereof) offered by Opodo, as from June 1, 2013, pursuant to the revised applicable terms and conditions for the sale of Dynamic Packages, the Opodo Group is now acting as agent and no longer as principal, and revenue is therefore no longer recognized on a “gross” basis. The following is an analysis of the impact of the change in the recognition of the Dynamic Packages of Opodo from a “gross” basis to a “net” basis:

	<b>March 2014</b>	<b>March 2013</b>
Dynamic Packages of Opodo	11,723	51,731
Other Products	467,211	427,818
<b>Total Revenue</b>	<b>478,934</b>	<b>479,549</b>
Dynamic Packages of Opodo	(9,787)	(49,275)
Other Products	(40,590)	(57,288)
<b>Total Supplies</b>	<b>(50,377)</b>	<b>(106,563)</b>
Dynamic Packages of Opodo	1,936	2,456
Other Products	426,621	370,530
<b>Total Revenue Margin</b>	<b>428,557</b>	<b>372,986</b>

In addition to the revenue generated under the agency and principal models, we generate other revenue from non-travel related products and services, such as fees for advertising on our websites, incentives we receive from credit card companies and charges on toll calls.

The Group enables travellers to book flight and non-flight products and services sourced from travel companies. Gross bookings is an operating and statistical metric that captures the total amount paid by customers for travel products and services booked through us (including the part that is passed on to, or transacted by, the travel supplier), including taxes, service fees and other charges and excluding VAT. Gross Bookings include the gross value of transactions booked under both agency and principal models as well as transactions made via our white label distribution and sourcing partners or any transaction where we act as “pure” intermediary whereby we serve as a click-through and pass the reservations made by the customer to the relevant travel supplier”

**eDreams ODIGEO and Subsidiaries**  
**Notes to the consolidated financial statements for March 31, 2014**  
**(Thousands of Euros)**

	March 2014	March 2013
France	1,908,965	1,977,137
Southern Europe (Spain + Italy)	725,304	694,304
<b>Core</b>	<b>2,634,269</b>	<b>2,671,441</b>
Germany + Austria	641,378	649,098
UK + Nordics + Other	1,109,229	960,113
<b>Expansion</b>	<b>1,750,607</b>	<b>1,609,211</b>
<b>Total Gross bookings</b>	<b>4,384,876</b>	<b>4,280,652</b>
<b>Total Number of bookings</b>	<b>9,797,041</b>	<b>8,728,298</b>

The following is an analysis of the Group's revenue for the year:

	March 2014	March 2013
Ticketing	439,739	454,938
Advertising and meta click-outs	17,339	8,298
Other revenues	21,856	16,313
<b>Total Revenue</b>	<b>478,934</b>	<b>479,549</b>

## 8. SEGMENT INFORMATION

The Group has four reportable geographical segments based on how the Chief Operating Decision Maker (CODM) manages the business, makes operating decisions and evaluates operating performance. Reportable segments offer different products and services and are managed separately because the nature of products and methods used to distribute the services are different. For each reportable segment, the Group's Leadership team comprising of Chief Executive Officer and Chief Financial Officer, reviews internal management reports. Accordingly, the Leadership Team is construed to be the Chief Operating Decision Maker (CODM).

### 8.1 Segment revenue and revenue margin

The following is an analysis of the Group's revenue and revenue margin by reportable segments:

**eDreams ODIGEO and Subsidiaries**  
**Notes to the consolidated financial statements for March 31, 2014**  
**(Thousands of Euros)**

**Segment revenue and revenue margin**

	TOTAL Revenue		Revenue Margin	
	March 2014	March 2013	March 2014	March 2013
France	216,190	230,897	178,610	165,589
Southern Europe (Spain + Italy)	88,457	79,719	88,431	79,108
<b>Core</b>	<b>304,647</b>	<b>310,616</b>	<b>267,041</b>	<b>244,697</b>
Germany + Austria	63,626	79,598	56,774	48,606
UK + Nordics + Other	110,661	89,335	104,742	79,683
<b>Expansion</b>	<b>174,287</b>	<b>168,933</b>	<b>161,516</b>	<b>128,289</b>
<b>TOTAL</b>	<b>478,934</b>	<b>479,549</b>	<b>428,557</b>	<b>372,986</b>
Personnel expenses			(73,060)	(61,171)
Depreciation and amortization			(26,611)	(24,222)
Impairment and results on disposal of non-current assets (net)			(12,258)	(9,399)
Operating expenses			(252,246)	(211,605)
Others			(19,783)	(3,229)
<b>Operating profit/(loss)</b>			<b>44,599</b>	<b>63,360</b>
Financial result			(63,712)	(83,096)
Income (loss) of associates accounted for using equity method			-	(45)
<b>Profit before tax</b>			<b>(19,113)</b>	<b>(19,781)</b>

## 8.2 Geographical information

The Group operates in 4 principal areas:

	Gross Bookings		Total Revenue		Revenue Margin	
	March 2014	March 2013	March 2014	March 2013	March 2014	March 2013
France	1,908,965	1,977,137	216,190	230,897	178,610	165,589
Southern Europe (Spain + Italy)	725,304	694,304	88,457	79,719	88,431	79,108
<b>Core</b>	<b>2,634,269</b>	<b>2,671,441</b>	<b>304,647</b>	<b>310,616</b>	<b>267,041</b>	<b>244,697</b>
Germany + Austria	641,378	649,098	63,626	79,598	56,774	48,606
UK + Nordics + Other	1,109,229	960,113	110,661	89,335	104,742	79,683
<b>Expansion</b>	<b>1,750,607</b>	<b>1,609,211</b>	<b>174,287</b>	<b>168,933</b>	<b>161,516</b>	<b>128,289</b>
<b>TOTAL</b>	<b>4,384,876</b>	<b>4,280,652</b>	<b>478,934</b>	<b>479,549</b>	<b>428,557</b>	<b>372,986</b>

No single customer contributed 10% or more to the Group's revenue at March 31, 2014 and March 31, 2013.

**eDreams ODIGEO and Subsidiaries**  
**Notes to the consolidated financial statements for March 31, 2014**  
(Thousands of Euros)

## 9. OTHER FINANCIAL DISCLOSURE

	March 2014	March 2013
Revenue Margin from customers	302,838	265,443
Revenue Margin from suppliers	108,380	99,245
Revenue Margin from advertising and meta clicks-out	17,339	8,298
<b>Total Revenue Margin</b>	<b>428,557</b>	<b>372,986</b>
Variable costs	(252,545)	(210,197)
Fixed costs	(58,461)	(54,358)
Depreciation and amortization	(26,611)	(24,222)
Impairment and results on disposal of non-current assets (net)	(12,258)	(9,399)
Others	(34,083)	(11,450)
<b>Total Operating Profit</b>	<b>44,599</b>	<b>63,360</b>

## 10. PERSONNEL EXPENSES

### 10.1 Personnel expenses

This item breaks down as follows:

	March 2014	March 2013
Wages and salaries	42,968	39,024
Social security costs	14,623	12,706
Pensions costs (or employees welfare expenses)	1,169	1,288
Share-based compensation	12,012	6,388
Other personnel expenses	2,288	1,765
<b>Total personnel expenses</b>	<b>73,060</b>	<b>61,171</b>

### 10.2 Number of employees

The average number of employees (including executive directors) by category of the Group during the year is as follows:

	March 2014	March 2013
Management	16	15
Administrative Staff	735	613
Operational Staff	655	589
<b>Total headcounts</b>	<b>1,406</b>	<b>1,217</b>

**eDreams ODIGEO and Subsidiaries**  
**Notes to the consolidated financial statements for March 31, 2014**  
(Thousands of Euros)

## 11. DEPRECIATION, AMORTIZATION AND IMPAIRMENT

This item breaks down as follows:

	<b>March 2014</b>	<b>March 2013</b>
Depreciation on tangible assets (see Note 17)	2,461	2,479
Amortization on intangible assets (see Note 16)	24,150	21,743
<b>Total Depreciation and amortization</b>	<b>26,611</b>	<b>24,222</b>
Impairment on tangible assets (see Note 17)	513	51
Impairment on intangible assets (see Note 16)	11,700	9,348
<b>Impairment</b>	<b>12,213</b>	<b>9,399</b>

Amortization of intangible assets primarily related to the capitalized IT projects as well as the intangible assets identified through the purchase price allocation.

The impairment of other intangible assets recognized in March 2014 mainly corresponds to the impairment of the Go Voyages brand (see note 18).

The impairment of other intangible assets recognized in March 2013 corresponds mainly to the impairment of software of Opodo Ltd for €6.7 million and Customer relationship of Go Voyages for €2 million.

## 12. OTHER OPERATING INCOME/ (EXPENSES)

This item breaks down as follows:

	<b>March 2014</b>	<b>March 2013</b>
Advertising and other operating expenses	234.538	192.962
Professional fees	7.504	7.644
IT expenses	6.054	6.699
Rent charges	3.735	3.596
Taxes	593	512
Foreign exchange gains/(losses)	(178)	192
Result generated by Opodo Tours until transaction sale	-	287
IPO Expenses and other integration Related Fees	19.783	2.942
<b>Total other operating income and expenses</b>	<b>272.029</b>	<b>214.834</b>

Other operating expenses primarily consist in marketing expenses, credit card processing costs (incurred only under the merchant model), chargebacks on fraudulent transactions, IT costs relating to the development and maintenance of our technology, GDS search costs and fees paid to our outsourcing service providers, such as call centers or IT services.

The marketing expenses comprise customer's acquisition costs (such as paid search costs, metasearch costs and other promotional campaigns) and commissions due to agents and white label partners.

A large portion of the other operating expenses are variable costs, either because they are directly related to the number of transactions processed through us or because they result from discretionary decisions from our management.

**eDreams ODIGEO and Subsidiaries**  
**Notes to the consolidated financial statements for March 31, 2014**  
(Thousands of Euros)

### 13. FINANCIAL AND SIMILAR INCOME AND EXPENSES

This item breaks down as follows:

	March 2014	March 2013
Interest expenses on debt		
<i>Interest expenses on 2019 Notes</i>	(18.158)	(18.158)
<i>Interest expenses on 2018 Notes</i>	(24.446)	(4.063)
<i>Interest expenses on Convertible bonds</i>	(13.730)	(12.495)
<i>Interest expenses on Senior Facilities Agreement</i>	-	(13.504)
<i>Revolving Credit Facilities</i>	(223)	(240)
Effective interest rate impact on debt	(3.536)	(24.263)
Financial expenses on derivatives	-	(6.683)
Foreign exchange differences	198	(1.305)
Other financial expenses	(4.254)	(2.821)
Other financial incomes	437	436
Income (loss) of associates accounted for using equity method	-	(45)
<b>TOTAL Financial result</b>	<b>(63.712)</b>	<b>(83.141)</b>

The caption “Effective interest rate impact on debt” at March 31, 2013 included €17.6 million of capitalized interests recognized directly into expenses from the former Senior Facilities Agreement debt that was cancelled on January 31, 2013.

The caption “Finance expenses on derivatives” at March 31, 2013 included the expense incurred due to the cancellation of the derivatives, as part of the change in Group debt structure.

The increase in the caption “Interest expenses on 2018 Notes” is due to the fact that in the year ended in March 2013 it included only the expense incurred in 2 months since the issue of the Notes (see note 24.1).

### 14. INCOME TAX

At March 31, 2014, the Group encompassed three consolidated tax groups: the eDreams Inc. consolidated tax group for Spanish tax purposes as well as for US tax purposes and the Lyeurope S.A.S. consolidated tax group.

Regarding the group headed by eDreams Inc., it is formed by eDreams Inc. and its Spanish subsidiaries in which it has a direct or indirect holding of at least 75%, forming the consolidated group of which eDreams Inc. is the controlling company as for the fiscal year 2011.

The companies forming the Spanish tax group to which this consolidated tax system applies are:

- eDreams Inc.
- Vacaciones eDreams, S.L.U.
- eDreams International Network, S.L.

**eDreams ODIGEO and Subsidiaries**  
**Notes to the consolidated financial statements for March 31, 2014**  
**(Thousands of Euros)**

Regarding the group headed by eDreams Inc., it is formed by eDreams Inc. and its subsidiaries in which it has a direct or indirect holding of at least 75%, forming the consolidated group of which eDreams Inc. is the controlling company.

The companies forming the US tax group to which this consolidated tax system applies are:

- eDreams Inc.
- Vacaciones eDreams, S.L.U.
- eDreams International Network, S.L.
- eDreams Limited
- Viagens eDreams Portugal LDA
- eDreams S.r.L.
- eDreams France SARL
- eDreams LLC

Regarding the group headed by Lyeurope S.A.S., it is formed by Lyeurope S.A.S. and its French subsidiaries in which it has a direct or indirect holding of at least 75%, forming the consolidated group of which Lyeurope S.A.S. is the controlling company as from April 1, 2011.

The companies forming the group to which this consolidated tax system applies are:

- Lyeurope S.A.S.
- Lyparis S.A.S.
- Go Voyages S.A.S.
- Go Voyages Trade S.A.S.
- Opodo S.A.S.

Additionally, ODIGEO Paris Meta S.A. will be incorporated to the French tax group from April 2014.

The application of the consolidated taxation system means that the individual corporation tax credits and debits are integrated in the controlling company and therefore the companies have to settle this tax with the controlling company.

The subsidiaries that are not included in the consolidated tax groups described above pay tax individually directly to the corresponding tax authority.

The different Group companies may be subject to inspection by the tax authorities in respect of the taxes applicable to them for the years that are not statute-barred.

As a result of the different possible interpretations of ruling tax legislation, additional liabilities may arise as a result of an inspection. However, the Directors of the Company consider that any such liabilities, should they arise, would not significantly affect the consolidated financial statements.

#### **14.1 Income tax recognized in profit or loss**

This item breaks down as follows:

	March 2014	March 2013
Deferred Tax	10.687	5.173
Current Tax	(12.671)	(8.790)
<b>Income tax (expense)/income</b>	<b>(1.984)</b>	<b>(3.617)</b>

**eDreams ODIGEO and Subsidiaries**  
**Notes to the consolidated financial statements for March 31, 2014**  
(Thousands of Euros)

**14.2 Income tax recognized directly in other comprehensive income**

This item breaks down as follows:

	March 2014	March 2013
Deferred tax on financial instruments	-	(1,668)
Other deferred tax	33	-
<b>Total Income tax recognised directly in OCI</b>	<b>33</b>	<b>(1,668)</b>

**14.3 Analysis of tax charge**

The income tax charge may be analyzed as follows:

	March 2014	March 2013
<b>Profit/(loss) for the year from continuing operations after tax</b>	<b>(21,097)</b>	<b>(23,398)</b>
<b>Income Tax - Expense / Income</b>	<b>(1,984)</b>	<b>(3,617)</b>
<b>Profit / (loss) before tax</b>	<b>(19,113)</b>	<b>(19,781)</b>
<b>Permanent differences:</b>		
Dividends distributed between subsidiaries	99	1,401
Capital allowances	(11,654)	-
Disallowable expenses and others	20,381	11,510
<b>Tax basis profit / (loss)</b>	<b>(10,287)</b>	<b>(6,870)</b>
% Income rate Present Year	29.2%	28.8%
<b>Expected tax charge income / (expense)</b>	<b>3,006</b>	<b>1,978</b>
<b>Corrections of tax expense:</b>		
Impact of tax rate differences with Parent tax rate	2,988	3,350
Utilisation of tax losses not recognised	1,787	84
Current year losses for which no deferred tax asset has been recognised	(13,896)	(6,562)
Recognition of tax losses carried forward	5,306	577
Change in deferred tax due to rate change	(857)	(158)
Others	(318)	(2,886)
<b>Group tax charge income / (expense)</b>	<b>(1,984)</b>	<b>(3,617)</b>

"Disallowable expenses" includes basically the effect of non-deductibility of part of the interest expenses in France and also some non-deductibility expenses related with the Long Term Incentives Plans described in Note 23

**14.4 Current tax assets and liabilities**

This item breaks down as follows:

	March 2014	March 2013
Income tax receivable	1,433	1,594
Other tax receivables (other than income tax)	4,344	6,472
<b>Current tax assets</b>	<b>5,777</b>	<b>8,066</b>
Income tax payable	2,997	2,088
Other tax payable (Other than Income Tax)	4,188	7,378
<b>Current tax liabilities</b>	<b>7,185</b>	<b>9,465</b>

**eDreams ODIGEO and Subsidiaries**  
**Notes to the consolidated financial statements for March 31, 2014**  
**(Thousands of Euros)**

**14.5 Deferred tax balances**

	<b>March 2014</b>	<b>March 2013</b>
Deferred tax assets	9.404	10.750
Deferred tax liabilities	(56.950)	(66.963)
<b>Net</b>	<b>(47.546)</b>	<b>(56.213)</b>

The following is the analysis of deferred tax assets/liabilities presented in the consolidated statement of financial position:

	Balance at March 2013	Amounts recorded in Profit and Loss Statement	Amounts recorded in Equity	Changes in scope	Amounts recorded in OCI	Change in tax rate & others	Translation differences	Balance at March 2014
Tax losses carried forward	35.679	3.029	-	-	-	(3.857)	(53)	34.798
Fair value adjustments	(86.208)	8.484	-	(2.124)	-	3.000	125	(76.723)
Financial instruments	(10.324)	138	-	-	-	-	-	(10.186)
Other deferred tax	4.640	(108)	33	-	-	-	-	4.565
<b>Total Deferred tax asset/(liability)</b>	<b>(56.213)</b>	<b>11.543</b>	<b>33</b>	<b>(2.124)</b>	<b>-</b>	<b>(857)</b>	<b>72</b>	<b>(47.546)</b>
	Balance at March 2012	Amounts recorded in Profit and Loss	Amounts recorded in Equity	Changes in scope	Amounts recorded in OCI	Change in tax rate & others	Translation differences	Balance at March 2013
Tax losses carried forward	47.345	(10.187)	-	-	-	(1.524)	45	35.679
Fair value adjustments	(94.611)	6.932	-	117	-	1.476	(122)	(86.208)
Financial instruments	(8.510)	(146)	-	-	(1.668)	-	-	(10.324)
Other deferred tax	(3.983)	8.623	-	-	-	-	-	4.640
<b>Total Deferred tax asset/(liability)</b>	<b>(59.759)</b>	<b>5.222</b>	<b>-</b>	<b>117</b>	<b>(1.668)</b>	<b>(48)</b>	<b>(77)</b>	<b>(56.213)</b>

The item tax losses carried forward breaks down as follows:

March 2014	Unused Tax Losses present Year				
	Amount Tax Loss	Income tax rate (%)	Total DTA in Tax Losses	DTA recognised in the balance sheet	DTA non recognised in the balance sheet
eDreams ODIGEO S.A.(LUX)	15,820	29.22%	4,623	-	4,623
Geo Travel Finance S.C.A. (LUX)	3,020	29.22%	882	-	882
Lux Geo S.A.R.L. (LUX)	6,200	29.22%	1,812	-	1,812
Geo Debt Finance S.C.A.(LUX)	63	29.22%	18	-	18
Lyreurope (FR)	83,198	34.43%	28,645	4,980	23,665
Opodo Italia SRL (IT)	3,254	27.50%	895	-	895
Opodo SAS (FR)	818	34.43%	282	-	282
Opodo Limited (UK)	141,935	21%-20%	28,943	28,943	-
Travellink AB (SWE)	16,194	22.00%	3,563	875	2,688
eDreams LTD (UK)	1,569	20.00%	314	-	314
eDreams GMBH (GER)	76	32.89%	25	-	25
eDreams LLC (USA)	84	34.52%	29	-	29
<b>Total</b>	<b>272,231</b>		<b>70,031</b>	<b>34,798</b>	<b>35,233</b>

**eDreams ODIGEO and Subsidiaries**  
**Notes to the consolidated financial statements for March 31, 2014**  
(Thousands of Euros)

March 2013	Amount Tax Loss	Income tax rate (%)	Unused Tax Losses last Year		DTA non recognised in the balance sheet
			Total DTA in Tax Losses	DTA recognised in the balance sheet	
eDreams ODIGEO S.A.(LUX)	143	28.80%	41	-	41
Geo Travel Finance S.C.A. (LUX)	3,176	28.80%	915	-	915
Lux Geo S.A.R.L. (LUX)	864	28.80%	249	-	249
LyEurope (FR)	56,474	34.43%	19,444	-	19,444
Opodo Italia SRL (IT)	3,716	27.50%	1,022	-	1,022
Opodo SAS (FR)	1,877	34.43%	646	-	646
Opodo Limited (UK)	152,542	23.00%	35,085	35,085	-
Travellink AB (SWE)	23,917	22.00%	5,261	594	4,667
eDreams LTD (UK)	1,879	23.00%	432	-	432
eDreams Enterprise SLU (ESP)	1,376	28.00%	385	-	385
eDreams GMBH (GER)	76	33.30%	25	-	25
eDreams LLC (USA)	57	28.00%	16	-	16
<b>Total</b>	<b>246,097</b>		<b>63,521</b>	<b>35,679</b>	<b>27,843</b>

In addition, at the balance sheet date Opodo Limited has unrecognized deferred tax assets of €10.7 million (€18.4 million at March 31, 2013) in respect of accelerated capital allowances and other timing differences arising in the United Kingdom that are available indefinitely for offset against future taxable profits.

## 15. GOODWILL

A detail of the goodwill movement by markets for the year ended March 31, 2014 is set out below:

	March 2013	Changes in scope	Exchange rate Differences	March 2014
<b>Markets</b>				
France	397,634	-	-	397,634
Spain	49,073	-	-	49,073
UK	53,545	-	-	53,545
Italy	75,225	-	-	75,225
Germany	166,057	-	-	166,057
Nordics	79,872	-	(4,905)	74,967
Metasearch	-	8,608	-	8,608
Other	54,710	-	-	54,710
<b>Total</b>	<b>876,116</b>	<b>8,608</b>	<b>(4,905)</b>	<b>879,819</b>

As at March 31, 2014, the amount of the goodwill corresponding to the Nordic markets has decreased by €4.9 million due to the evolution of the euro compared to the functional currency of these countries, with a balancing entry under "Cumulative translation adjustment".

The "Changes in the scope" include the goodwill related to ODIGEO Paris Meta S.A. (Formerly Findworks Technologies, S.A.) (See note 29)

A detail of the goodwill movement by markets for the year ended March 31, 2013 is set out below:

**eDreams ODIGEO and Subsidiaries**  
**Notes to the consolidated financial statements for March 31, 2014**  
(Thousands of Euros)

	March 2012	Changes in scope	Exchange rate Differences	March 2013
<b>Markets</b>				
France	397.634	-	-	397.634
Spain	49.073	-	-	49.073
UK	53.545	-	-	53.545
Italy	75.225	-	-	75.225
Germany	166.057	-	-	166.057
Nordics	75.719	-	4.153	79.872
Other	54.901	(191)	-	54.710
	<b>872.154</b>	<b>(191)</b>	<b>4.153</b>	<b>876.116</b>

As mentioned in the note 3.5 during the period ended March 31, 2013 the consolidation method for the company IIPIR Software Development S.L changed from fully consolidation method to equity method because of ODIGEO group management decided not to exercise the call option over the remaining 75% of the shares at maturity date (June 30, 2012).

As at March 31, 2013, the amount of the goodwill corresponding to the Nordic markets has increased by €4.2 million due to the evolution of the euro compared to the functional currency of these countries, with a balancing entry under "Cumulative translation adjustment".

## 16. OTHER INTANGIBLE ASSETS

The other intangible assets at March 31, 2014 break down as follows:

	March 2013	Acquisitions / Amortization	Disposals / Reversals	Reclassification	Changes in scope	Exchange rate Differences	March 2014
Licenses	877	4,340	-	923	-	(61)	6,079
Brands	285,007	-	-	-	4,032	(564)	288,475
Trademarks and domains	270	-	-	-	-	(2)	268
Software	81,387	2,066	(1,046)	19,076	3,723	(186)	105,020
Software internally developed in progress	11,057	15,517	-	(19,999)	-	(28)	6,547
Other intangible assets	18,867	-	-	-	459	-	19,326
<b>Total gross value</b>	<b>397,466</b>	<b>21,923</b>	<b>(1,046)</b>	<b>-</b>	<b>8,214</b>	<b>(841)</b>	<b>425,715</b>
Licenses	(774)	(427)	-	(589)	-	51	(1,739)
Trademarks and domains	(254)	(1)	-	-	-	2	(253)
Software	(45,797)	(22,206)	810	589	(1,648)	73	(68,179)
Other intangible assets	(10,442)	(1,516)	-	-	(274)	-	(12,232)
<b>Total accumulated amortization</b>	<b>(57,267)</b>	<b>(24,150)</b>	<b>810</b>	<b>-</b>	<b>(1,922)</b>	<b>126</b>	<b>(82,403)</b>
Brands	(21,364)	(11,376)	-	-	-	-	(32,740)
Software	(6,574)	(324)	236	-	-	-	(6,662)
Other intangible assets	(2,000)	-	-	-	-	-	(2,000)
<b>Total accumulated Impairment</b>	<b>(29,938)</b>	<b>(11,700)</b>	<b>236</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(41,402)</b>
<b>TOTAL INTANGIBLE ASSETS</b>	<b>310,261</b>	<b>(13,927)</b>	<b>-</b>	<b>-</b>	<b>6,292</b>	<b>(715)</b>	<b>301,910</b>

**eDreams ODIGEO and Subsidiaries**  
**Notes to the consolidated financial statements for March 31, 2014**  
**(Thousands of Euros)**

The increase in accumulated amortization and depreciation of brands, trademarks and domains corresponded mainly to the impairment of the Go Voyages brand, amounting to €11.4 million (see note 18). Consequently, the brand breakdown is as follows at March 31, 2014:

	March 2013	Changes in scope	Impairment	Exchange rate Differences	March 2014
Go Voyages	74.066	-	(11.376)	-	62.690
eDreams	80.800	-	-	-	80.800
Opodo	100.000	-	-	-	100.000
Travellink	8.777	-	-	(564)	8.213
Liligo	-	4.032	-	-	4.032
<b>Total</b>	<b>263.643</b>	<b>4.032</b>	<b>(11.376)</b>	<b>(564)</b>	<b>255.735</b>

Certain brands mentioned above have been pledged to secure the obligations in respect of the Group financial indebtedness.

Software includes an intangible asset relating to the technology used by the Group in its operations which, due to its functional benefits, contributes towards attracting new customers and retaining existing ones.

The other intangible assets at March 31, 2013 break down as follows:

	March 2012	Acquisitions / Amortization	Disposals / Reversals	Reclassification	Changes in scope	Exchange rate Differences	March 2013
Licenses	773	58	-	-	-	46	877
Brands	284.537	-	-	-	(10)	480	<b>285.007</b>
Trademarks and domains	256	14	-	-	-	-	270
Software	91.157	2.499	(15.704)	3.568	(536)	403	81.387
Software internally developed in progress	3.151	11.578	(136)	(3.568)	-	32	11.057
Other intangible assets	18.947	-	-	-	(80)	-	18.867
<b>Total gross value</b>	<b>398.822</b>	<b>14.149</b>	<b>(15.840)</b>	<b>-</b>	<b>(626)</b>	<b>961</b>	<b>397.466</b>
Licenses	(692)	(41)	-	-	-	(41)	(774)
Trademarks and domains	(245)	(7)	-	-	-	(2)	(254)
Software	(42.814)	(17.863)	15.093	-	140	(353)	(45.797)
Other intangible assets	(6.610)	(3.832)	-	-	-	-	(10.442)
<b>Total accumulated amortization</b>	<b>(50.361)</b>	<b>(21.743)</b>	<b>15.093</b>	<b>-</b>	<b>140</b>	<b>(396)</b>	<b>(57.267)</b>
Brands	(21.364)	-	-	-	-	-	(21.364)
Software	-	(7.346)	772	-	-	-	(6.574)
Other intangible assets	-	(2.000)	-	-	-	-	(2.000)
<b>Total accumulated Impairment</b>	<b>(21.364)</b>	<b>(9.346)</b>	<b>772</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(29.938)</b>
<b>TOTAL INTANGIBLE ASSETS</b>	<b>327.097</b>	<b>(16.940)</b>	<b>25</b>	<b>-</b>	<b>(486)</b>	<b>565</b>	<b>310.261</b>

The increase in the impairment of other intangible assets corresponded mainly to the impairment of data Software and Other Customer relationship of the Opodo Limited and Go Voyages, respectively.

**eDreams ODIGEO and Subsidiaries**  
**Notes to the consolidated financial statements for March 31, 2014**  
**(Thousands of Euros)**

The brand breakdown was as follows at March 31, 2013:

	March 2012	Change in scope	Impairment	Exchange rate Differences	March 2013
Go Voyages	74.066	-	-	-	74.066
eDreams	80.800	-	-	-	80.800
Opodo	100.000	-	-	-	100.000
Travellink	8.297	-	-	480	8.777
IIPR Software Development, S.L.	10	(10)	-	-	-
<b>Total</b>	<b>263.173</b>	<b>(10)</b>	<b>-</b>	<b>480</b>	<b>263.643</b>

Software included an intangible asset relating to the technology used by the Group in its operations which, due to its functional benefits, contributes towards attracting new customers and retaining existing ones.

## 17. TANGIBLE ASSETS

The tangible assets break down for the current year is as follows:

	March 2013	Acquisitions / Amortization	Disposals / Reversals	Reclassification	Changes in scope	Exchange rate Differences	March 2014
General installations/Technical facilities	4.403	683	(3.795)	-	40	(1)	1.330
Furniture	1.940	523	(244)	-	15	(27)	2.207
Transports	14	-	(8)	-	-	-	6
Computer hardware	11.087	2.300	(1.158)	-	149	(61)	12.317
Other tangible assets	68	5	-	-	-	-	73
<b>Total gross value</b>	<b>17.513</b>	<b>3.511</b>	<b>(5.205)</b>	<b>-</b>	<b>204</b>	<b>(89)</b>	<b>15.934</b>
General installations/Technical facilities	(3.299)	(433)	3.237	-	(18)	-	(513)
Furniture	(1.543)	(137)	244	-	(12)	22	(1.426)
Transports equipment	(15)	-	8	-	-	-	(7)
Computer hardware	(7.505)	(1.888)	1.158	-	(107)	50	(8.292)
Other tangible assets	(64)	(3)	-	-	-	-	(67)
<b>Total accumulated amortization</b>	<b>(12.426)</b>	<b>(2.461)</b>	<b>4.647</b>	<b>-</b>	<b>(137)</b>	<b>72</b>	<b>(10.305)</b>
<b>Total accumulated Impairment</b>	<b>-</b>	<b>(513)</b>	<b>513</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL TANGIBLE ASSETS</b>	<b>5.087</b>	<b>537</b>	<b>(45)</b>	<b>-</b>	<b>67</b>	<b>(17)</b>	<b>5.629</b>

**eDreams ODIGEO and Subsidiaries**  
**Notes to the consolidated financial statements for March 31, 2014**  
**(Thousands of Euros)**

The tangible assets break down for the previous year is as follows:

	March 2012	Acquisitions / Amortization	Disposals / Reversals	Reclassification	Changes in scope	Exchange rate Differences	March 2013
General installations/Technical facilities	4.133	170	-	100	-	-	4.403
Furniture	1.807	123	-	5	(15)	20	1.940
Transports	84	20	(90)	-	-	-	14
Computer hardware	12.715	1.016	(2.653)	7	(44)	46	11.087
Other tangible assets	90	-	-	(22)	-	-	68
<b>Total gross value</b>	<b>18.829</b>	<b>1.329</b>	<b>(2.743)</b>	<b>91</b>	<b>(59)</b>	<b>66</b>	<b>17.513</b>
General installations/Technical facilities	(2.685)	(533)	-	(81)	-	-	(3.299)
Furniture	(1.435)	(93)	-	(2)	2	(15)	(1.543)
Transports equipment	(31)	(64)	80	-	-	-	(15)
Computer hardware	(8.292)	(1.784)	2.606	(8)	9	(36)	(7.505)
Other tangible assets	(59)	(5)	-	-	-	-	(64)
<b>Total accumulated amortization</b>	<b>(12.502)</b>	<b>(2.479)</b>	<b>2.686</b>	<b>(91)</b>	<b>11</b>	<b>(51)</b>	<b>(12.426)</b>
<b>TOTAL TANGIBLE ASSETS</b>	<b>6.327</b>	<b>(1.151)</b>	<b>(57)</b>	<b>(0)</b>	<b>(48)</b>	<b>15</b>	<b>5.087</b>

## 18. IMPAIRMENT OF ASSETS

### 18.1 Measuring methodology

The assets are tested at the country level, which is used by management to make decisions about operating matters and is based on segment information.

Group Management has implemented an annual procedure in order to identify the possible existence of unrecorded impairment losses. The procedure for carrying out the impairment test is as follows:

- A business plan is drawn up for each country for the next 5 years in which the main components are the projected financial statements and the projected investments and working capital. These projections include Management's best estimates, which are consistent with external information, past experience and future expectations.
- A valuation analysis is carried out, which consists in applying the discounted free cash flow method, carrying out all the procedures necessary to determine the recoverable value of the assets in each country. This calculation establishes a valuation range which varies mainly according to the discount rate for each of the countries.

This analysis is used by Group Management to analyze both the recoverability of the goodwill and other intangible assets belonging to each of the countries.

**eDreams ODIGEO and Subsidiaries**  
**Notes to the consolidated financial statements for March 31, 2014**  
**(Thousands of Euros)**

## **18.2 Main assumptions used in the financial projections**

For each country, the discount rate after taxes has been defined on the basis of the weighted average cost of capital (WACC).

In calculating the discount rate, a specific risk premium has also been considered in certain cases in line with the specific characteristics of each country and the inherent risk profile of the projected flows of each of the countries.

In calculating the value of the assets in each different country, the following parameters have been considered:

- In the first year, EBITDA was projected using the 2014/2015 budget assumptions approved by the Board of Directors.
- In the four following years, a scenario of profitability and needs for investment in intangible assets and working capital that is consistent and sustainable in the long term for each country.
- The perpetual growth rate has been estimated at 2% for all countries.

The main assumptions used by the Group to measure present cash flows, which determine the recoverable value of the assets in each country where impairment of assets has been estimated, are as follows:

Growth/Value in %		
	March 2014	March 2013
Revenue Margin	10.2%	5.4%
EBITDA	13.0%	6.9%
Perpetuity Growth rate	2.0%	2.0%

WACC by market %		
	March 2014	March 2013
France	10,5%	9,5%
Germany	9,2%	8,7%
Spain	13,0%	13,7%
Italy	12,5%	12,7%
UK	11,3%	9,9%
Nordics	10,4%	10,3%
Other	11,9%	12,6%

The main assumptions have been prepared based on both expected volume and revenue margin per booking growths for the different market considering the historical trends and the budgeted assumptions for 2014 / 2015.

**eDreams ODIGEO and Subsidiaries**  
**Notes to the consolidated financial statements for March 31, 2014**  
(Thousands of Euros)

### 18.3 Key assumptions used and sensitivity analysis

The key assumptions used in estimating the recoverable value are: the discount rate and the revenue margin. The sensitivity of these key assumptions has been measured through a sensitivity table with a variation of +/- 0.5% on discount rate and a variation of +/- 0.2% on the revenue margin growth, this being an indicator as of which impairment may be considered to exist. The table presented below shows the effects on the value in use (present value of the discounted cash flows) of every cash generating units which would not generate any impairment for any of the markets.

	WACC		Perpetual Growth	
	+ 0.5%	- 0.5%	+ 0.2%	- 0.2%
France	-5%	6%	2%	-2%
Spain	-4%	5%	1%	-1%
Italy	-4%	5%	1%	-1%
UK	-5%	6%	2%	-2%
Germany	-6%	7%	2%	-2%
Nordics	-6%	6%	2%	-2%
Others	-6%	6%	2%	-2%

## 19. OTHER NON-CURRENT ASSETS

The other non-current assets basically includes an amount of €3.4 million (€8.5 million at March 2013) that is expected to be collected from Amadeus as a result of the adjustment of the acquisition price of Opodo Limited shares done in 2012 (see Note 25).

## 20. TRADE AND OTHER RECEIVABLES

### 20.1 Trade and other receivables

The trade receivables break down as follows:

	March 2014	March 2013
Trade receivables	44.313	48.816
Trade related deferred expenses	4.595	28.760
Impairment loss on trade receivables (see note 20.2)	(3.279)	(5.356)
Accrued income	29.869	25.798
Advances given - trade related	5.032	12.560
Other receivables	1.801	1.163
Prepaid expenses / Prepayments	3.055	2.399
<b>Trade and other receivables</b>	<b>85.386</b>	<b>114.140</b>

On a monthly basis, we assess whether there is objective evidence that impairment exists for a trade receivable on a case by case basis.

The main indicators that a trade receivable may be impaired include:

- Significant financial difficulty of the debtor;
- Payment defaults;
- Renegotiation of the terms of an asset due to financial difficulty of the debtor;
- Significant restructuring due to financial difficulty or expected bankruptcy; and
- Aged balance.

**eDreams ODIGEO and Subsidiaries**  
**Notes to the consolidated financial statements for March 31, 2014**  
**(Thousands of Euros)**

Our main receivables result from transactions with travel agencies and are impaired according to actual evidence of impairment. Such principle is also applied to airlines incentives receivables as well as any other type of incentive.

## 20.2 Valuation allowance

Movements in the valuation allowance are as follows:

	March 2014	March 2013
Valuation allowance opening balance	(5.356)	(3.903)
Increase in impairment losses	(150)	(1.763)
Amount written off as uncollectible	2.532	288
Changes in the scope & other	(305)	22
<b>Valuation allowance closing balance</b>	<b>(3.279)</b>	<b>(5.356)</b>

## 21. CASH AND CASH EQUIVALENT

Shown below is a breakdown of cash and cash equivalent:

	March 2014	March 2013
Marketable securities	2.306	9.608
Cash and other cash equivalent	143.797	149.593
<b>Cash and cash equivalent</b>	<b>146.103</b>	<b>159.201</b>

"Marketable securities" include the investment held by the group in short term financial funds used as part of the treasury management strategy. The portfolio of this fund is invested in money market instruments and short term bonds, with a weighted average maturity of 30 days and a minimum rating of A2. This investment has an excellent liquidity and no exit charge.

The majority of the bank accounts and marketable securities have been pledged to secure the obligations in respect of the Group financial indebtedness.

## 22. EQUITY

A breakdown at March 31, 2014 and 2013 is as follows:

	March 2014	March 2013
Share capital	234,862	234,007
Share premium	238,849	237,939
Option premium in convertible bonds	26,012	26,012
Equity-settled share based payments	14,264	6,787
Retained earnings & others	(140,057)	(113,596)
Profit & Loss attributable to the parent company	(21,097)	(23,330)
Foreign currency translation reserve	2,279	8,790
Non controlling interest	-	-
<b>Equity</b>	<b>355,112</b>	<b>376,609</b>

**eDreams ODIGEO and Subsidiaries**  
**Notes to the consolidated financial statements for March 31, 2014**  
**(Thousands of Euros)**

## **22.1 Share capital**

As at March 31, 2013, the share capital of eDreams ODIGEO was set at €234,007 thousand represented by 23,071,262,661 ordinary shares, 56,394,776 Class A preferred shares, 123,014,093 Class B preferred shares and 150,000,000 Class C preferred shares, all having a par value of €0.01 each. The share premium was set at €237,939 thousand.

As at September 20, 2013, the Shareholders resolved to increase the corporate capital of eDreams ODIGEO an amount of €490 thousand. The Shareholders resolved to issue 49,039,935 new ordinary shares with a nominal value of €0.01 per share, having the same rights and privileges as the existing ordinary shares, together with a share premium of €910 thousand paid by a contribution in kind of shares of G Co-Investment I S.C.A.

As at December 13, 2013, the Shareholders resolved to increase the corporate capital of eDreams ODIGEO by an amount of €365 thousand. The Shareholders resolved to issue 6,083,335 new class D1 shares, 6,083,333 new class D2 shares, 6,083,333 new class D3 shares, 6,083,333 new class D4 shares, 6,083,333 new class D5 shares and 6,083,333 new class D6 shares, all with a nominal value of €0.01 paid by contribution in cash.

As at March 31, 2014, the share capital of eDreams ODIGEO was set at €234,862 thousand represented by 23,120,302,596 ordinary shares, 56,394,776 Class A preferred shares, 123,014,093 Class B preferred shares, 150,000,000 Class C preferred shares, 6,083,335 Class D1 shares, 6,083,333 Class D2 shares, 6,083,333 Class D3 shares, 6,083,333 Class D4 shares, 6,083,333 Class D5 shares and 6,083,333 Class D6 shares all having a par value of €0.01 each. The share premium was set at €238,849 thousand.

As a part of the admission to trading process for the eDreams ODIGEO shares on the Spanish Stock Exchanges (see caption 2.1.1), on April 1, 2014 eDreams ODIGEO approved to absorb its shareholders. Once the Merger was completed, its outstanding shares were immediately cancelled and simultaneously 100,000,000 new ordinary shares of a nominal value of €1 were issued to the shareholders of the absorbed companies. At the same date, the Shareholders approved the reduction, immediately after the Merger, of the nominal value of each share from its amount of €1 per share to €0.10 per share without cancellation of any shares in issue nor any repayment to the shareholders but allocation of €90,000,000 to the reserve of eDreams ODIGEO.

## **22.2 Share premium**

The share premium account may be used to provide for the payment of any shares, which the Company may repurchase from its shareholders, to offset any net realised losses, to make distributions to the shareholders in the form of a dividend or to allocate funds to the legal reserve.

The amount recognized under "Share Premium" in the consolidated balance sheet at March 31, 2014 arose as a result of the various capital increases performed (see note 22.1).

## **22.3 Option premium in convertible bonds**

The amount recognized under "Option premium in convertible bonds" in the consolidated balance sheet at March 31, 2014 is related to the convertible bonds subscribed between Geo Travel Finance S.C.A. and Axeurope S.A. and Luxgoal (see Note 24.1). The amount has been registered net of its tax effect which amounts to €10,522 thousand.

**eDreams ODIGEO and Subsidiaries**  
**Notes to the consolidated financial statements for March 31, 2014**  
**(Thousands of Euros)**

## **22.4 Foreign currency translation reserve**

The foreign currency translation reserve correspond to the net amount of the exchange differences arising from the translation of the financial statements of eDreams LLC, eDreams Ltd., Liligo Hungary Kft, Findworks Technologies Bt and Travellink since they are expressed in currencies other than the euro.

## **22.5 Equity-settled share-based payments**

The amount recognized under "Equity-settled share-based payments" in the consolidated balance sheet at March 31, 2014 arose as a result of the Long Term Incentive plan given to the employees during the current year (see Note 23.1).

# **23. SHARE-BASED COMPENSATION**

## **23.1 Share purchase plans**

The share purchase plans referred to herein are incentive plans granted to certain employees of the Group. As of March 31, 2013, the following plans were outstanding:

- "Plan 1": "Luxgoal Restricted Share Purchase Plan 1". Maturity date: 27/10/2026.
- "Plan 2": "Luxgoal Restricted Share Purchase Plan 2". Maturity date: 27/10/2026.
- "Plan 3": "Incentive Plan". Maturity date: 28/09/2026.
- "Plan 4": "Incentive Plan". Maturity date: 26/02/2021.

### Plans 1 and 2

These plans consist basically in the purchase, by certain employees, of shares of a related party company, being this purchase financed by a loan granted by the seller. These shares will be subsequently re-sold to the original seller or to a third party according to the conditions established in the Plan.

It should be noted that Plan 1 comes from the restructuring or "roll over" of a previous plan. The main difference between them (the former and the new Plan), from the point of view of the employees, are the shares acquired (underlying of the plan). The underlying of the original plan were shares issued by eDreams, Inc., while the underlying of the outstanding plan as of March 31<sup>st</sup>, 2014 are shares issued by Luxgoal. An exchange ratio of shares between both plans at the roll over date was established.

In the original plan grant date, employees acquired shares issued by eDreams, Inc. (which, as we mentioned before, have been subsequently exchanged for shares issued by Luxgoal). In order to finance this purchase, eDreams, Inc. gave a loan to each employee for the total amount of the purchase (after the roll over, Luxgoal has become the beneficiary of this loan). Interest on loans is accrued and compounded annually until maturity or termination date. Benchmark interest rate is the "annual fixed rate of the Spanish legal interest". The loan (including any interest accrued) shall be payable immediately upon the earlier of (provided the employee receives payment in cash or in a cash equivalent from the sale of the shares): the consummation of an Exit or of a Partial Exit of the Plan or sale or transfer of the shares.

Each employee grants a call option right to Luxgoal whereby it will have the right to acquire a variable number of employee's shares. Luxgoal grants in favor of each employee a put option whereby the employee will have the right to require Luxgoal to re-purchase all or part of his or her shares. The put option period will begin on the earlier of:

**eDreams ODIGEO and Subsidiaries**  
**Notes to the consolidated financial statements for March 31, 2014**  
**(Thousands of Euros)**

- The day after the expiry of the Call Option Period, provided that Luxgoal has not exercised the Call Option (i.e. once the twelve months period has finished and Luxgoal has not exercised the Option).
- Whenever the market value of the shares acquired by the employee is lower than the outstanding amount of the loan (including principal and interest accrued).

The put option period will expire on 27/10/2026 (termination date of the incentive plan) and the price at which this put option right can be exercised will be exactly the same price at which the call option can be exercised by Luxgoal.

Considering the specific conditions, being out plans settled by a Group shareholder, they would be included in the scope of IFRS 2 from Entity's separate financial statements point of view. The economic substance of the described plans has been considered as share-based payment plans.

Pursuant to current accounting legislation, the Group accounts for share options with a charge to "Personnel Costs" and a credit to "Equity - Shareholder Contributions", since it is considered that they are recognized as equity-settled share-based payment transactions. The Group determines the fair value of transactions measured by reference to the fair value of the equity instruments granted at the measurement date, based on market prices, if available, and taking into account the terms and conditions upon which those equity instruments were granted. These staff costs are deferred and recognized on a straight-line basis over the vesting period of the plan and are adjusted prospectively based on the number of employees that it is estimated will remain at the entity, since this is one of the conditions for being a beneficiary of the plan.

There are 2,024,552 share options. The plan commenced on January 15<sup>th</sup>.

Fair value was calculated using generally accepted pricing techniques, using the Black - Scholes pricing model and based on the following assumptions:

Weighted average price	5.35
Exercise price	17
Expected volatility	50%
Interest rate	2%
Vesting period years	2.88
Contractual strike price	18.79

Expected volatility was estimated based on the historical volatility of companies operating in the same industry.

In order to finance this purchase, through the subsidiary eDreams, Inc. the Group granted each employee a loan for the total amount of the purchase (of which subsequently Luxgoal became beneficiary). The interest on these loans accrues annually and is compounded up to the repayment date thereof. The reference interest rate is the Spanish legal interest rate. The loans must be repaid immediately as soon as the shares are sold or the contractual terms and conditions agreed by the parties are met (provided that these involve the employee receiving payments in cash or cash equivalents for the sale of the shares), or at the latest in 2026.

The Group bears the financial cost of each employee (considering the related tax effect), forming part of the remuneration paid to him or her. In this regard, the Group recognizes this item with a charge to "Personnel expenses" in the accompanying consolidated income statement and with a credit to "non-recurrent provision" (see note 25).

**eDreams ODIGEO and Subsidiaries**  
**Notes to the consolidated financial statements for March 31, 2014**  
**(Thousands of Euros)**

Plan 3

As in Plan 1 and 2, Plan 3 consists basically in the purchase, by certain employees, of shares of a related party company, being this purchase financed by a loan granted by the seller. These shares will be subsequently re-sold to the original seller or to a third party according to the conditions established in the Plan.

The underlying of Plan 3 are shares (Class B) issued by a Special Purpose Vehicle ("SPV2"). The assets of the mentioned "SPV2" are composed entirely of shares of LuxGeo Parent.

Luxgoal S.á.r.l. and Axeurope S.A. (together, hereinafter, lenders) granted a deferred payment to the employees to purchase the shares. The deferred payment is a 15 years loan granted to the employees which shall bear an interest rate (4% annually). It is payable immediately as soon as the shares are sold or the contractual terms and conditions agreed by the parties are met, or at the latest in 2026.

Each employee grants a call option right to Luxgoal whereby it will have the right to acquire a variable number of employee's shares. Luxgoal grants in favor of each employee a put option whereby the employee will have the right to require Luxgoal to re-purchase all or part of his or her shares. The functionality of call and put options is in their essence the same than described for the plans 1 and 2.

There are 122,595,800 share options. The plan commenced on July 5<sup>th</sup>, 2012.

Fair value was calculated using generally accepted pricing techniques, using the Black - Scholes pricing model and based on the following assumptions:

Weighted average price	0.01184
Exercise price	0.0211
Expected volatility	59.7%
Interest rate	0.85%
Vesting period years	1.986
Contractual strike price	0.0108

Expected volatility was estimated based on the historical volatility of companies operating in the same industry.

Plan 4

As in the aforementioned plans, Plan 4 consists basically in the purchase, by certain employees, of shares of a related party company, being this purchase financed by a loan granted by one of the group subsidiary Opodo limited (hereinafter, lender). These shares will be subsequently re-sold to the original seller or to a third party according to the conditions established in the Plan.

The underlying of Plan 4 are shares issued by a Special Purpose Vehicle ("SPV3"). The assets of the mentioned "SPV3" are composed entirely of shares of LuxGeo Parent.

Luxgoal S.á.r.l. and Axeurope S.A. (together, hereinafter, lenders) granted a loan to the employees to purchase the shares. The loan is a 8 years loan granted to the employees (payable immediately as soon as the shares are sold or the contractual terms and conditions agreed by the parties are met, or at the latest in 2021) which shall bear an interest rate (4% annually).

Each employee grants a call option right to Luxgoal whereby it will have the right to acquire a variable number of employee's shares. Luxgoal grants in favor of each employee a put option whereby the employee will have the right to require Luxgoal to re-purchase all or part of his or her shares.

**eDreams ODIGEO and Subsidiaries**  
**Notes to the consolidated financial statements for March 31, 2014**  
**(Thousands of Euros)**

The functionality of call and put options is slightly different than described for the previous plans. The main difference is a lock-up period in which the employees will not be entitled to sell the shares even in the case that an exit event will occurs before the vesting period (that is established at the fourth anniversary from the beginning of the plan).

There are 116,250,000 share options. The plan commenced on February 26<sup>th</sup>, 2013.

Fair value was calculated using generally accepted pricing techniques, using the Black - Scholes pricing model and based on the following assumptions:

Weighted average price	0.0186
Exercise price	0.0271
Expected volatility	47.5%
Interest rate	1.52%
Vesting period years	8
Contractual strike price	0.0138

Expected volatility was estimated based on the historical volatility of companies operating in the same industry.

As it is stated in the incentives plans if an "Exit Event" happens before the end of the vesting period, the employee would sell all his shares (consolidated or not). Hence, a termination of the plan including an early vesting occurred as a consequence of the completion of the IPO the April 8, 2014. Consequently and according to the IFRS 2, all the remaining cost regarding these plans have been fully recognised in the Income Statement (Personnel expenses) against Equity (see Note 22) at March 31, 2014, according to the following detail:

	<b>March 31, 2013</b>	<b>Additions</b>	<b>March 31, 2014</b>
Plan 1 & 2	6,098	4,645	10,743
Plan 3	500	860	1,360
Plan 4	189	1,972	2,161
<b>Total</b>	<b>6,787</b>	<b>7,477</b>	<b>14,264</b>

Additionally, during April 2014 the board of directors approved a new "Long Term Incentive Plan" to be given to the Management of the Company or any subsidiaries (see Note 34).

## **24. BORROWINGS AND DEBTS**

### **24.1 Debt by type**

The Group borrowings and debts at March 31, 2014 and 2013 are as follows:

**eDreams ODIGEO and Subsidiaries**  
**Notes to the consolidated financial statements for March 31, 2014**  
**(Thousands of Euros)**

	March 2014			March 2013		
	Current	Non Current	Total	Current	Non Current	Total
<b>Principal</b>						
2019 Notes	-	166.330	<b>166.330</b>	-	165.111	<b>165.111</b>
2018 Notes	-	317.802	<b>317.802</b>	-	316.481	<b>316.481</b>
Convertible bonds	-	82.383	<b>82.383</b>	-	81.904	<b>81.904</b>
<b>Total Principal</b>	<b>-</b>	<b>566.515</b>	<b>566.515</b>	<b>-</b>	<b>563.496</b>	<b>563.496</b>
Accrued interests - 2019 Notes	7.568	-	<b>7.568</b>	7.565	-	<b>7.565</b>
Accrued interests - 2018 Notes	4.063	-	<b>4.063</b>	4.063	-	<b>4.063</b>
Accrued interests - Convertible bond	-	35.017	<b>35.017</b>	-	21.287	<b>21.287</b>
<b>Total Interests</b>	<b>11.631</b>	<b>35.017</b>	<b>46.648</b>	<b>11.628</b>	<b>21.287</b>	<b>32.915</b>
<b>Total Borrowings</b>	<b>11.631</b>	<b>601.532</b>	<b>613.163</b>	<b>11.628</b>	<b>584.783</b>	<b>596.411</b>
<b>Other Financial Liabilities</b>						
Bank facilities and bank overdrafts	109	-	<b>109</b>	72	-	<b>72</b>
Finance Lease Liabilities	120	8	<b>128</b>	141	138	<b>279</b>
Other Financial Liabilities	3.419	-	<b>3.419</b>	1.418	-	<b>1.418</b>
<b>Total other Financial liabilities</b>	<b>3.648</b>	<b>8</b>	<b>3.656</b>	<b>1.631</b>	<b>138</b>	<b>1.769</b>
<b>Total financial liabilities</b>	<b>15.279</b>	<b>601.540</b>	<b>616.819</b>	<b>13.259</b>	<b>584.921</b>	<b>598.180</b>

Senior notes – 2018 Notes

As mentioned in note 2.2, on January 31, 2013 Geo Debt Finance S.C.A. issued €325 million aggregate principal amount of 7.5% Senior Secured Notes ("the 2018 Notes"). Interest of the Notes are payable semi-annually in arrears each February 1 and August 1.

Senior Subordinated notes – 2019 Notes

On April 21, 2011 Geo Travel Finance S.C.A. issued €175 million Senior Notes at 10.375% with a maturity date of May 5, 2019. Interest of the Notes are payable semi-annually in arrears each May 1 and November 1.

Convertible bonds

On June 30, 2011, Geo Travel Finance S.C.A. issued 11,775,131,507 convertible subordinated shareholder bonds due June 30, 2060 at Par (€0.01), resulting in total indebtedness of €117.7 million.

From issuance through 2020, all interest payments (rate 9.875%) are not paid in cash but accrued. At March 31, 2014, the amount of accrued interests is €35.017 million (€21.287 million at March 31, 2013). Further information is disclosed below.

Initially the convertible bonds were issued and held by Lyeurope for €107.1 million since July 2, 2010. As part of the debt restructuring, the convertible bonds issued by Lyeurope were contributed by Luxgoal and Axeurope to Geo Travel Finance S.C.A. at their nominal value plus interest, i.e. €117.7 million in exchange for the issue of 11,775,131,507 convertible bonds by Geo Travel Finance S.C.A. to Axeurope and Luxgoal.

The effective interest rate of the liability element on initial recognition is 9.875% per annum, accrued from issuance until 2020.

**eDreams ODIGEO and Subsidiaries**  
**Notes to the consolidated financial statements for March 31, 2014**  
**(Thousands of Euros)**

The detail of the issued bonds and their contribution break down as follows:

Name	Number of Issued Bonds subscribed	Subscription Price (EUR)	LyEurope Bonds Contributed (EUR)
Luxgoal S.a.r.l.	6,476,322,329	64,763,223	58,905,000
AxEurope S.A.	5,298,809,178	52,988,092	48,195,000
<b>Total</b>	<b>11,775,131,507</b>	<b>117,751,315</b>	<b>107,100,000</b>

The convertible bonds have been accounted in connection with IAS 32 requirements. The convertible bonds contain two components. One is a financial liability, namely the issuer's contractual obligation to pay cash, and the other is an equity instrument, namely the holder's option to convert into common shares, which has been valued at €26 million (net of tax effect).

The split has been made at issuance and will not be revised for subsequent changes in market interest rates, share prices, or other event that changes the likelihood that the conversion option will be exercised.

#### 24.2 Credit lines

At March 31, 2014, the Group had a €130 million 5 year Revolving Credit Facility to provide for working capital requirements and IATA Guarantees divided into a €105 million tranche that can be used to finance working capital or guarantees, and a €25 million tranche that can be used only for guarantees. At the end of March 2014 and March 2013, the Group had not drawn any significant credit line.

#### 24.3 Debt by maturity date

The maturity date of the debt at March 31, 2014 and 2013 is as follows:

March 31, 2014	< 1 year	1 to 5 years	> 5 years	Total
<b>Principal</b>				
2019 Notes	-	-	166.330	166.330
2018 Notes	-	317.801	-	317.801
Convertible bonds	-	-	82.384	82.384
<b>Total Principal</b>	<b>-</b>	<b>317.801</b>	<b>248.714</b>	<b>566.515</b>
Accrued interests - 2019 Notes	7.568	-	-	7.568
Accrued interests - 2018 Notes	4.063	-	-	4.063
Accrued interests - Convertible bond	-	-	35.017	35.017
<b>Total Interests</b>	<b>11.631</b>	<b>-</b>	<b>35.017</b>	<b>46.648</b>
<b>Other financial liabilities</b>				
Bank facilities and bank overdrafts	109	-	-	109
Finance Lease Liabilities	120	8	-	128
Other financial liabilities	3.419	-	-	3.419
<b>Total Other Financial Liabilities</b>	<b>3.648</b>	<b>8</b>	<b>-</b>	<b>3.656</b>
<b>Total financial liabilities</b>	<b>15.279</b>	<b>317.809</b>	<b>283.731</b>	<b>616.819</b>

**eDreams ODIGEO and Subsidiaries**  
**Notes to the consolidated financial statements for March 31, 2014**  
(Thousands of Euros)

March 31, 2013	< 1 year	1 to 5 years	> 5 years	Total
<b>Principal</b>				
2019 Notes	-	-	165.111	165.111
2018 Notes	-	-	316.481	316.481
Convertible bonds	-	-	81.904	81.904
Senior Finance Agreement	-	-	-	-
<b>Total Principal</b>	<b>-</b>	<b>-</b>	<b>563.496</b>	<b>563.496</b>
Accrued interests - 2019 Notes	7.565	-	-	7.565
Accrued interests - 2018 Notes	4.063	-	-	4.063
Accrued interests - Convertible bond	-	-	21.287	21.287
<b>Total Interests</b>	<b>11.628</b>	<b>-</b>	<b>21.287</b>	<b>32.915</b>
<b>Other financial liabilities</b>				
Bank facilities and bank overdrafts	72	-	-	72
Finance Lease Liabilities	141	138	-	279
Other financial liabilities	1.418	-	-	1.418
<b>Total Other Financial Liabilities</b>	<b>1.631</b>	<b>138</b>	<b>-</b>	<b>1.769</b>
<b>Total financial liabilities</b>	<b>13.259</b>	<b>138</b>	<b>584.783</b>	<b>598.180</b>

#### 24.4 Fair value measurement of borrowings and debt

March 2014	Total net book value of the class	Level 1 : Quoted prices and cash	Level 2 : Internal model using observable factors	Level 3 : Internal model using non-observable factors	Fair value
<b>Balance Sheet headings and classes of instruments</b>					
Non-current financial assets	27				27
Non current loans and receivables	6.072		x		6.072
<b>Total Non-current financial assets</b>	<b>6.099</b>				<b>6.099</b>
Financial assets	72	x			72
Cash and cash equivalents	146.103	x			146.103
<b>Total current financial assets</b>	<b>146.175</b>				<b>146.175</b>
<b>Total assets</b>	<b>152.274</b>				<b>152.274</b>
<b>High -Yield 1</b>	<b>173.898</b>		x		<b>178.496</b>
Principal and Interest	182.568		x		187.166
Financing costs capitalized on HY1	-11.909		x		-11.909
Amortization of Financing costs capitalized on HY1	3.239		x		3.239
<b>High -Yield 2</b>	<b>321.865</b>		x		<b>320.412</b>
Principal and Interest	329.064		x		327.611
Financing costs capitalized on HY2	-8.722		x		-8.722
Amortization of Financing costs capitalized on HY2	1.523		x		1.523
<b>Convertible shareholder's bonds</b>	<b>117.400</b>		x		<b>123.880</b>
Bank facilities and bank overdrafts	109	x			109
Finance Lease Liabilities	128		x		128
Other financial liabilities	3.419		x		3.419
<b>Total liabilities</b>	<b>616.819</b>				<b>626.444</b>

**eDreams ODIGEO and Subsidiaries**  
**Notes to the consolidated financial statements for March 31, 2014**  
(Thousands of Euros)

**Valuation techniques and assumptions applied for the purposes of measuring fair value**

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

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed redeemable notes, bills of exchange, debentures and perpetual notes).
- The fair values of other financial assets and financial liabilities (excluding those described above) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The market value of financial assets and liabilities measured at fair value in the statement of financial position shown in the table above has been ranked based on the three hierarchy levels defined by IFRS 13:

- level 1: quoted price in active markets;
- level 2: inputs observable directly or indirectly;
- level 3: inputs not based on observable market data.

**24.5 Covenants**

Pursuant to the Senior Facility Agreement, Geo Travel Finance S.C.A. has to respect its Consolidated Total Net Debt Cover ratio every quarter. The requested covenant is calculated as follows:

Total Net Debt Cover ratio = Total Net Debt / Last Twelve Month EBITDA.

For the year ended March 31, 2014, the covenant computation amounted to 2.98 (must be less than 5.5)

**24.6 Capital lease**

The detail of financial leases at the closing of March 31, 2014 and March 31, 2013 is as follows:

March 2014	Leased Element	Element Net Book Value	Acquisition Cost (includes residual value)	Financial Charges (as of the original leasing contract)	TOTAL	Unexpired Financial Charges	Current Debt (unexpired)	Non - Current Debt (unexpired)	Option to purchase the asset
	IT Equipment	168 168	1,621 1,621	(12) (12)	1,609 1,609	(5) (5)	(120) (120)	(8) (8)	- -

March 2013	Leased Element	Element Net Book Value	Acquisition Cost (includes residual value)	Financial Charges (as of the original leasing contract)	TOTAL	Unexpired Financial Charges	Current Debt (unexpired)	Non - Current Debt (unexpired)	Option to purchase the asset
	IT Equipment	525 525	1,621 1,621	(20) (20)	1,601 1,601	(17) (17)	(141) (141)	(138) (138)	- -

**eDreams ODIGEO and Subsidiaries**  
**Notes to the consolidated financial statements for March 31, 2014**  
**(Thousands of Euros)**

The gross obligation in respect of financial lease (minimum lease payments) is as detailed below:

March 2014 Lease Element	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20 and onwards	Total
IT equipment	-(124)	(24)	-	-	-	-	(148) (148)
	<u>(124)</u>	<u>(24)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(148)</u> <u>(148)</u>
March 2013 Lease Element	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19 and onwards	Total
IT equipment	(150)	(125)	(21)	-	-	-	(296) (296)
	<u>(150)</u>	<u>(125)</u>	<u>(21)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(296)</u> <u>(296)</u>

The reconciliation between total future minimum lease payments and their present value is as follows:

	March 2014	March 2013
Present value of the leasing	(143)	(279)
Unexpired Financial Charges	5	(17)
Option to purchase the asset	-	-
<b>Total minimum lease payments at the end of the period</b>	<b>(138)</b>	<b>(296)</b>

## 25. PROVISIONS

The amounts of provisions break down as follows:

	March 2014	March 2013
<b><u>Non-current provisions</u></b>		
Provisions for tax contingencies	3,415	8,546
Provision for pensions and other post employment benefits	1,251	978
Provision for other employee benefits (LTI's)	-	4,625
Provision for other risks	75	307
<b>Total Non-current provisions</b>	<b>4,741</b>	<b>14,456</b>
<b><u>Current provisions</u></b>		
Provisions for risks	4,716	523
Provision for pensions and other post employment benefits	78	97
Provision for other employee benefits (LTI's)	9,225	-
Provisions for other risks	3,966	1,254
<b>Total Current provisions</b>	<b>17,985</b>	<b>1,874</b>

As a consequence of the completion of the IPO at April 8, 2014, all the non-accrued employee cost have been fully recognized at March 31, 2014, and the provision for Long Term Incentives has been reclassified as a current provision.

The caption "Provision for risks" mainly includes the €4.4 million provision to cover the contingency claimed by a supplier (see Note 32).

**eDreams ODIGEO and Subsidiaries**  
**Notes to the consolidated financial statements for March 31, 2014**  
**(Thousands of Euros)**

## 26. RETIREMENT PLANS

A breakdown of “Provisions for pensions” by company at March 31, 2014 compared to March 31, 2013 is set out below:

	March 2014	March 2013
<b><u>Net liability (asset)</u></b>		
ODIGEO France	600	449
Travellink Norway	35	67
Opodo Italy TFR	53	44
eDreams Italy TFR	621	515
eDreams Corporate Travel Italy TFR	<u>7</u>	-
	<b>1,316</b>	<b>1,075</b>

Note that the Net Liability (Asset) – long term and short term of retirement plans are included in the caption “Provision for pensions and other post-employment benefits” (note 25).

### 26.1 Provisions for pensions

The Group has pension commitments, both for defined benefit and defined contribution plans, with the employees of the different companies that make up the Group.

#### Defined contribution plan

Opodo Limited has a commitment with the employees for contribution plan. Therefore contributions are recognized in the income statement when they accrue.

#### Defined benefit commitments

A breakdown of the different defined benefit commitments at March 31, 2014, which have not changed significantly compared to the previous year, with the exception of Editoriale Italia, which merged with eDreams Italia and a new Company in Italy called eDreams Corporate Travel from the end of the FY2013, is set out below:

<u>At March 31<sup>st</sup> 2014</u>	Zone	Participants and beneficiaries	Plan Financing	Plan Description
ODIGEO France	Eurozone	353	Not externally funded	Retirement award due to legal obligation (IFC)
Travellink Norway	Norway	8	Externally funded	Retirement pension
Opodo Italy TFR	Eurozone	11	Not externally funded	Redundancy award due to a legal obligation (TFR)
eDreams Italy TFR	Eurozone	81	Not externally funded	Redundancy award due to a legal obligation (TFR)
eDreams Corporate Travel Italy TFR	Eurozone	<u>3</u>	Not externally funded	Redundancy award due to a legal obligation (TFR)
		<b><u>456</u></b>		

ODIGEO France includes the results for 4 companies in France: Go Voyages, which represents most of the liabilities, and Go Voyages Trade, Lyeurope and Opodo SAS.

**eDreams ODIGEO and Subsidiaries**  
**Notes to the consolidated financial statements for March 31, 2014**  
**(Thousands of Euros)**

**Actuarial assumptions and methodology used**

The main actuarial assumptions used were as follows:

	France		Norway		Italy	
	March 2014	March 2013	March 2014	March 2013	March 2014	March 2013
Discount rate	3,25%	4,00%	3,75%	2,75%	3,25%	4,00%
Rate of salary increase	3,00%	3,00%	3,50%	3,25%	2,00%	2,00%
Rate of price inflation	2,00%	2,00%	2,50%	2,50%	2,00%	2,00%
Rate of pension increases	N/A	N/A	0,20%	0,10%	N/A	N/A
Mortality Tables	Women TF00/02 Men TH00/02	Women TF04/06 Men TH04/06	K2013	K2005	RG48	RG48
Disability Tables	N/A	N/A	KU Table based on age: 4% to 30 years	KU Table based on age: 4% to 30 years	RG48	RG48
Turnover Tables	Table based on age: 8% to 40 years on average	Table based on age: 8% to 40 years on average	old, 3% to 35, 2% to 40, 1% to 45 and 0,5% to 50.	old, 3% to 35, 2% to 40, 1% to 45 and 0,5% to 50.	30% for all ages (Edreams=5%)	30% for all ages (Edreams=5%)

The main categories of assets, expressed as a percentage of the total fair value of the assets, are as follows:

	France		Norway		Italy	
	March 2014	March 2013	March 2014	March 2013	March 2014	March 2013
Cash and cash equivalents	N/A	N/A	0%	0%	N/A	N/A
Equity instruments	N/A	N/A	0%	0%	N/A	N/A
Debt instruments	N/A	N/A	0%	0%	N/A	N/A
Real estate	N/A	N/A	0%	0%	N/A	N/A
Derivatives	N/A	N/A	0%	0%	N/A	N/A
Investment funds	N/A	N/A	0%	0%	N/A	N/A
Assets held by insurance company	N/A	N/A	100%	100%	N/A	N/A
Other	N/A	N/A	0%	0%	N/A	N/A
Total	N/A	N/A	100%	100%	N/A	N/A

None of the assets are invested in the Company's own financial instruments.

The amounts recognized in the balance sheet, income statement and in equity are detailed below:

**eDreams ODIGEO and Subsidiaries**  
**Notes to the consolidated financial statements for March 31, 2014**  
(Thousands of Euros)

	March 2014	March 2013
<b>Amounts recognized in the statement of financial position:</b>		
Defined benefit obligation	1,734	1,513
Fair value of plan assets	(418)	(438)
<b>Funded status</b>	<b>1,316</b>	<b>1,075</b>
Effect of asset ceiling/onerous liability	-	-
<b>Net liability (asset)</b>	<b>1,316</b>	<b>1,075</b>

	March 2014	March 2013
<b>Components of defined benefit cost</b>		
Service cost		
Current service cost	236	218
Reimbursement service cost	-	-
Past service cost	(60)	-
(Gain) / loss on settlements	-	-
Total service cost	176	218
Net interest cost		
Interest expense on DBO	52	44
Interest (income) on plan assets	(12)	-
Interest (income) on reimbursement rights	-	-
Interest expense on effect of (asset ceiling) / onerous liability	-	-
Total net interest cost	40	44
Remeasurements of Other Long Term Benefits	-	-
Administrative expenses and taxes	-	-
<b>Defined benefit cost included in the P&amp;L account</b>	<b>216</b>	<b>262</b>

	March 2014	March 2013
<b>Amounts recognized in statement of other comprehensive income</b>		
Effect of changes in demographic assumptions	67	-
Effect of changes in financial assumptions	58	-
Effect of experience adjustments	(25)	-
(Return) on plan assets (excluding interest income)	6	-
(Return) on reimbursement rights (excluding interest income)	-	-
Changes in asset ceiling/onerous liability (excluding interest income)	-	-
<b>Total remeasurements included in OCI</b>	<b>106</b>	<b>-</b>

The movement in the obligation for defined benefits is as follows:

	March 2014	March 2013
<b>Change in benefit obligation</b>		
Benefit obligation at beginning of year	1,525	1,296
Current service cost	236	218
Past service cost	(60)	-
Interest cost	52	44
Actuarial (gain)/loss	-	-
Benefits paid from plan/company	(74)	(34)
Taxes paid	(4)	-
Effect of changes in demographic assumptions	67	-
Effect of changes in financial assumptions	58	-
Effect of experience adjustments	(25)	-
Exchange rate changes	(41)	1
<b>Benefit obligation at end of year</b>	<b>1,734</b>	<b>1,525</b>

**eDreams ODIGEO and Subsidiaries**  
**Notes to the consolidated financial statements for March 31, 2014**  
**(Thousands of Euros)**

The movement in the fair value of the plan assets is as follows:

	March 2014	March 2013
<b>Change in plan assets</b>		
Fair value of plan assets at beginning of year	450	438
Interest income	2	5
Cash flows		
a. Total employer contributions		
(i) Employer contributions	31	-
(ii) Employer direct benefit payments	57	-
b. Participant contributions	-	-
c. Benefit payments from plan	(17)	-
d. Benefit payments from employer	(57)	-
e. Settlement payments from plan	-	-
f. Administrative expenses paid from plan assets	-	-
g. Taxes paid from plan assets	(4)	-
h. Insurance premiums for risk benefits	-	-
Other significant events		
a. Increase (decrease) due to effect of any business combination	-	-
b. Increase (decrease) due to plan combinations	-	-
Remeasurements		
a. Return on plan assets (excluding interest income)	(6)	-
Effect of changes in foreign exchange rates	(38)	7
<b>Fair value of plan assets at end of year</b>	<b>418</b>	<b>450</b>

The breakdown of Defined benefit obligation by participant status is as follows:

	March 2014	March 2013
<b>Defined benefit obligation</b>		
Defined benefit obligation by participant status		
a. Actives	1,418	1,121
b. Vested deferreds	-	-
c. Retirees	316	404
<b>Total</b>	<b>1,734</b>	<b>1,525</b>

The expected cash flows for the following year are as follows:

	March 2014
<b>Expected cash flows for following year</b>	
Expected employer contributions	78
Expected contributions to reimbursement rights	-
Expected total benefit payments	-
Year 1	66
Year 2	61
Year 3	56
Year 4	53
Year 5	68
Next 5 years	423

The sensitivity of the defined benefit obligation to changes in assumptions is set out below. The effects of a change in an assumption are weighted proportionately to the total obligations to determine the total impact for each assumption presented.

**eDreams ODIGEO and Subsidiaries**  
**Notes to the consolidated financial statements for March 31, 2014**  
**(Thousands of Euros)**

Sensitivity analysis: increase/(decrease) of DBO	<b>March 2014</b>
Discount rate	
a. Discount rate - 25 basis points	4%
b. Discount rate + 25 basis points	-4%
Salary increase rate	
a. Salary increase rate - 25 basis points	-3%
b. Salary increase rate + 25 basis points	3%
Pension increase rate	
a. Pension increase rate - 25 basis points	-3%
b. Pension increase rate + 25 basis points	4%

## 27. TRADE AND OTHER PAYABLES

Below is a breakdown of trade and other payables:

	<b>March 2014</b>	<b>March 2013</b>
Trade payables	311,750	330,959
Deferred Income (see Note 28)	29,379	56,379
Employee-related payables	7,835	6,178
Other payables	275	263
<b>Total Trade and other payables</b>	<b>349,239</b>	<b>393,780</b>

## 28. DEFERRED INCOME

Deferred income comprises:

GDS agreement	35,583	39,645
Others	-	-
<b>Total Deferred income - non current</b>	<b>35,583</b>	<b>39,645</b>
Deferred revenue related to revenue recognition	21,689	47,578
GDS agreement	7,062	7,948
Others	628	853
<b>TOTAL Deferred income - current</b>	<b>29,379</b>	<b>56,379</b>

As mentioned in note 4, the revenue recognition for the sale of certain products such as hotel and car reservations and packaged products, net revenue is recognized when the customer uses the reservation (on the date of departure). Until such time, deferred revenue related to revenue recognition is booked in the balance sheet.

As explained in note 4, as from June 1, 2013 Opodo Group is now acting as agent regarding Dynamic Packages and no longer as principal and deferred expenses are therefore presented net of deferred income.

The deferred income on the GDS agreement relates to the signing bonus with Amadeus received on June 30, 2011.

Note that the total of deferred income – current is included in the caption “Trade and other payables” (note 27).

**eDreams ODIGEO and Subsidiaries**  
**Notes to the consolidated financial statements for March 31, 2014**  
**(Thousands of Euros)**

## 29. BUSINESS COMBINATION

### Acquisition of ODIGEO Paris Meta S.A.:

As explained in note 2.1, the subsidiary Lyparis made an offer and entered into a sale and purchase agreement on August 12, 2013 to acquire all of the issued and outstanding capital stock of ODIGEO Paris Meta S.A. (formerly Findworks Technologies S.A.), a company that operates the website Liligo, a travel search engine that searches flights, hotels and cars among several travel sites on the web. Nevertheless, the transaction was not settled until the October 2, 2013 with an enterprise value of €13.5 million (equity value of €17.3 million).

The Transaction is accounted for in compliance with IFRS 3 "Business combinations", with a temporary purchase price allocation that takes into consideration the fact that adjustments to purchase accounting could be performed during the "measurement period" that cannot exceed one year from the acquisition date.

The temporary purchase price allocation of ODIGEO Paris Meta S.A. taken into consideration in the Consolidated Financial Statements can be summarized as follows:

Fair value of identifiable assets acquired and liabilities assumed at the acquisition date including:

- Brand (indefinite-lived intangible assets)	€4 million
- Developed technology (finite-lived intangible assets)	€2 million
- Customer relationship (finite-lived intangible assets)	€0.2 million
- Deferred tax liabilities arising of acquired intangibles	€(2.1) million

The goodwill arising from the acquisition is €8.6 million

As explained above, the acquisition was finalised on October 2, 2013 and ODIGEO Paris Meta S.A. and its subsidiaries were fully consolidated from this date. The main items of the acquisition balance sheet of ODIGEO Paris Meta S.A. per the provisionally purchase price allocations are as follows:

ODIGEO Paris Meta and subsidiaries	
<b>Assets</b>	
Non-current assets	6,413
Current assets	7,180
<b>TOTAL ASSETS</b>	<b>13,593</b>
 <b>Equity</b>	
Equity	8,723
Non-current liabilities	2,107
Current liabilities	2,763
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>13,593</b>

Had this business combination been effected at April 1, 2013, the additional revenue of the ODIGEO Group and additional profit of the year ended March 31, 2014 would have been €4.3 million and €1.0 million, respectively.

**eDreams ODIGEO and Subsidiaries**  
**Notes to the consolidated financial statements for March 31, 2014**  
**(Thousands of Euros)**

The accounting figures for revenue and profits for the period ended March 31, 2014 for ODIGEO Paris Meta sub-group are as follows:

	Revenue	Profit
ODIGEO Paris Meta (12 months)	10,592	2,518
ODIGEO Paris Meta (6 months)	6,323	1,471

## 30. OFF-BALANCE SHEET COMMITMENTS

### 30.1 Operating lease commitments

The Group leases mainly buildings under non-cancellable operating lease contracts. These contracts have a long term, most of them being renewable upon expiry at market conditions. The minimum total future payments in respect of non-cancellable operating leases are as follows:

	< 1 year	1 to 5 years	> 5 years	TOTAL
Minimum lease payments at March 2014	3,168	5,663	585	9,416
Minimum lease payments at March 2013	2,457	6,591	952	10,000

The consolidated income statement for March 31, 2014 includes operating lease expenses totaling €3.7 million.

### 30.2 Other off-balance sheet commitments

	March 2014	March 2013
Guarantees To IATA	36,884	35,728
Guarantees To Package Travel	18,332	14,404
Guarantees Linked To Public Entities	1,777	1,878
Guarantees linked to Private Entities	1,779	2,127
Others	169	328
<b>Total</b>	<b>58,942</b>	<b>54,465</b>

Additionally, the Company is a party to an intercreditor agreement entered into between, amongst others, the Company as Investor Creditor and several credit institutions, which provided financing to the Company's affiliated undertakings in the context of the refinancing of LuxGEO, Geo Travel Finance S.C.A.' subsidiary which completed on January 31, 2013.

All the shares held by the Company in Geo Travel Finance S.C.A. are pledged in favor of the holders of certain of the Notes issued by Geo Travel Finance.

**eDreams ODIGEO and Subsidiaries**  
**Notes to the consolidated financial statements for March 31, 2014**  
**(Thousands of Euros)**

## 31. RELATED PARTIES

### 31.1 Transactions and balances with related parties

#### - Long Term Incentive Plans:

Opodo Limited recognised the following loans receivables from related parties in connection with the Plan 4 of the Share Based compensation (as detailed in note 23):

Related party	March 2014	March 2013
LuxGoal S.à.r.l.	185	185
AXEurope S.A.	150	150
Management	1,165	1,165
<b>Total loans to related parties (LTI)</b>	<b>1,500</b>	<b>1,500</b>

As it is described in the note 23, a termination of the plan or an early vesting occurred as a consequence of the completion of the IPO on April 8, 2014. Consequently, the above detailed loans have been settled on the same date as well as the loans that managers had granted by related parties not included in the consolidation perimeter related to the long term incentive plans (Plan 1, 2 and 3) amounted to €39.4 million at March 2014 (including the accrued interest pending to be paid).

#### - Convertible bonds issued to related parties:

As detailed in Note 24, on June 30, 2011 Geo Travel Finance S.C.A. issued 11,775,131,507 convertible subordinated shareholder bonds due June 30, 2060. These convertible bonds were acquired by AXEurope S.A. and LuxGoal S.à.r.l.

The convertible bonds have been accounted in connection with IAS 32 requirements. The convertible bonds contain two components. One is a financial liability, namely the issuer's contractual obligation to pay cash, and the other is an equity instrument, namely the holder's option to convert into common shares. The nominal amount of the convertible bonds is the following:

Related party	March 2014	March 2013
LuxGoal S.à.r.l.	64,763	64,763
AXEurope S.A.	52,988	52,988
<b>Total Nominal Convertible bonds</b>	<b>117,751</b>	<b>117,751</b>

The amounts with related parties in relation to these convertible bonds, as explained in Note 23, are the following:

**eDreams ODIGEO and Subsidiaries**  
**Notes to the consolidated financial statements for March 31, 2014**  
**(Thousands of Euros)**

Related party	March 2014	March 2013
LuxGoal S.à.r.l.	45,311	45,047
AXEurope S.A.	37,072	36,857
<b>Principal</b>	<b>82,383</b>	<b>81,904</b>
LuxGoal S.à.r.l.	19,259	11,708
AXEurope S.A.	15,758	9,579
<b>Accrued interests</b>	<b>35,017</b>	<b>21,287</b>
LuxGoal S.à.r.l.	20,094	20,094
AXEurope S.A.	16,440	16,440
<b>Other equity instruments (amount gross of tax impact)</b>	<b>36,534</b>	<b>36,534</b>
<b>Total Convertible bonds</b>	<b>153,934</b>	<b>139,725</b>

The reconciliation between the nominal amount and the figures is the following:

Related party	March 2014	March 2013
LuxGoal S.à.r.l.	64,763	64,763
AXEurope S.A.	52,988	52,988
<b>Total Nominal Convertible bonds</b>	<b>117,751</b>	<b>117,751</b>
LuxGoal S.à.r.l.	19,259	11,708
AXEurope S.A.	15,758	9,579
<b>Accrued interests</b>	<b>35,017</b>	<b>21,287</b>
LuxGoal S.à.r.l.	641	378
AXEurope S.A.	525	309
<b>Amortised cost impact on Convertible Bonds</b>	<b>1,166</b>	<b>687</b>
<b>Total Convertible bonds</b>	<b>153,934</b>	<b>139,725</b>

The expense for interest accrued with related parties in relation to these convertible bonds during the period is the following:

Related party	March 2014	March 2013
LuxGoal S.à.r.l.	7,552	6,872
AXEurope S.A.	6,178	5,623
<b>Interest expenses on debt (Note 12)</b>	<b>13,730</b>	<b>12,495</b>
LuxGoal S.à.r.l.	263	227
AXEurope S.A.	216	186
<b>Effective interest rate impact on debt</b>	<b>479</b>	<b>413</b>
<b>Total Interests for Convertible bonds</b>	<b>14,209</b>	<b>12,908</b>

As detailed in Note 2.1.1, as a consequence of the Merger these convertible bonds held by Axeurope S.A. and Luxgoal S.à.r.l were included contributed to eDreams ODIGEO and will not be considered hereinafter as a balance with a Related Party.

**eDreams ODIGEO and Subsidiaries**  
**Notes to the consolidated financial statements for March 31, 2014**  
**(Thousands of Euros)**

- **Other**

Related party	March 2014	March 2013
G Co-Investment I S.C.A.	25	-
G Co-Investment II S.C.A.	30	-
G Co-Investment III S.C.A.	100	100
G Co-Investment IV S.C.A.	50	-
<b>Total other loans to related parties</b>	<b>205</b>	<b>100</b>

On September 26, 2013, the Company granted a loan to G Co-Investment I S.C.A. for an amount of €25 thousands. This loan bears interest at 4% per annum. The maturity date of this loan is December 31, 2017.

On September 26, 2013, the Company granted a loan to G Co-Investment II S.C.A. for an amount of €30 thousands. This loan bears interest at 4% per annum. The maturity date of this loan is December 31, 2017.

On February 26, 2013, the Company granted a loan to G Co-Investment III S.C.A. for an amount of €100 thousands. This loan bears interest at 4% per annum. The maturity date of this loan is December 31, 2017.

On December 17, 2013, the Company granted a loan to G Co-Investment IV S.C.A. for an amount of €50 thousands. This loan bears interest at 4% per annum. The maturity date of this loan is December 31, 2017.

On November 8, 2012, the Company resolved to declare a Preferred Dividend of €42 thousand to the holders of Class A preferred shares.

On December 18, 2013, the Company resolved to declare a Preferred Dividend of €60 thousand to the holders of Class A preferred shares.

As detailed in note 2.1.1, as a consequence of the Merger, the balances with related parties detailed above were contributed to eDreams ODIGEO and therefore cancelled.

### **31.2 Directors and key management compensation**

The compensation received by the key management of the Group and during the years ended March 31, 2014 and 2013 amounted to €4.4 and €5.0 million, respectively. In addition, in accordance to the LTI plans detailed in the Note 23, a supplementary non-recurrent retribution has been accrued since the closing of March 2012 amounting to €7.8 million and has been finally paid during May 2014.

The members of the Board of Directors of eDreams ODIGEO have not received any remuneration for their mandate. Nevertheless some members of the Board are also members of the key management of the Group and, therefore, they have received remuneration for management services during the year ending March 2014 amounting to €0.8 million (included in paragraph above) and a supplementary non-recurrent retribution linked to the LTI plans amounting to €6.4 million.

No other significant transactions have been carried out with any member of senior management or as shareholder with a significant influence on the Group.

**eDreams ODIGEO and Subsidiaries**  
**Notes to the consolidated financial statements for March 31, 2014**  
**(Thousands of Euros)**

## **32. CONTINGENCIES**

On April 21 2013, Air France delivered a writ of summons under short notice against Vacaciones eDreams, S.L. and eDreams SARL ("eDreams") before the Commercial Court of Paris. In its action Air France requested that eDreams pays €13.1 million in concept of the prejudice suffered because of eDreams' alleged violation of the French Consumer Code and the Regulation No 1008/2008 of 24 September 2008 on common rules for the operation of air services in the Community.

eDreams's principal defense against the assertions of Air France was that it was acting in compliance with the provisions of French and EU law. After the eDreams response, Air France requested to the Court the suspension of the proceeding in order to try to reach an extrajudicial agreement with eDreams.

The Group considers that there is a possible risk of reassessment of insurance premium tax in certain jurisdictions where the Group mediates regarding the sale of travel insurance to its customers. This risk is relating to the possible view of local tax authorities that part of the remuneration received by the Group for the mediation of the travel insurance to its customers in certain countries should be considered the basis for the levy of insurance premium tax. The possible risk is estimated at €2.1 million. The Group takes the view that there are sufficient grounds to successfully defend its position in case of a reassessment by local tax authorities

The Group received on May 30, 2014 a letter from a supplier notifying the start of the "Escalation Dispute process" relating to an agreement between the parties. In this letter, the supplier claims amounts regarding shortfalls and charges, excessive transaction charges, damages and interest claimed to arise from or in relation to the agreement. The Group denies the claims and its lawyers wrote to the supplier's lawyers on June 13, 2014, rejecting the claims and suggesting that the parties continue their discussions about the agreement rather than engage in any formal dispute process. The Group, based on the opinion of its legal advisors, has recognized a provision amounting to approximately 4,4 million EUR to accrue for claims for potential future payments that may arise in certain circumstances. Additionally, the Group has not recognized income related to prepaid incentives collected at the beginning of the agreement keeping in the balance sheet an accrued income of EUR 2,0 million which are being also challenged by the supplier. No provision has been made for the remainder of the amounts claimed. Management of the Group based on the opinion of its legal advisors believes that the provision recognized is adequate to cover the risk (see Note 25).

## **33. AUDITOR'S REMUNERATION**

The fees paid to the Group's auditors are as follows:

	March 2014	March 2013
Audit Services	1,155	829
Other verification services	934	932
	<b><u>2,089</u></b>	<b><u>1,761</u></b>

**eDreams ODIGEO and Subsidiaries**  
**Notes to the consolidated financial statements for March 31, 2014**  
**(Thousands of Euros)**

## **34. SUBSEQUENT EVENTS**

On April 8, 2014, eDreams ODIGEO completed its IPO on the Spanish Stock Exchanges of 104,878,049 shares at a price of €10.25 per share. In April 2014 and as part of the IPO process the following meaningful subsequent events took place (See Note 2.1.1):

- Merger of eDreams ODIGEO and subsequent Equity restructuring
- Convertible bonds: change in the debt structure
- Cancellation of Long Term Incentive Plans
- Redemption of €46 million of the Senior Notes due 2019

Additionally to the above mentioned events during April 2014 the Board of Directors approved a new "Long Term Incentive Plan" to be given to the Management of the Company or any subsidiaries. The purpose of this incentive will be to enable the Managers to participate in the increase in value of the Company for the benefit of both the Company and its shareholders.

The total maximum number of shares that would be acquired by the Holders under this new Incentive Plan will represent 4.40% of the total issued share capital of the Company on a fully diluted basis.

## **35. CONSOLIDATION SCOPE**

As at March 31, 2014 and 2013, the companies included in the consolidation are as follows:

**eDreams ODIGEO and Subsidiaries**  
**Notes to the consolidated financial statements for March 31, 2014**  
(Thousands of Euros)

**Consolidated entities at March 31, 2014**

<b>Name</b>	<b>Location / Registered Office</b>	<b>% interest</b>	<b>% control</b>
eDreams ODIGEO	282, route de Longwy L1940 (Luxembourg)	100%	100%
Geo Travel Finance S.C.A.	282, route de Longwy L1940 (Luxembourg)	100%	100%
LuxGEO S.a.r.l.	282, route de Longwy L1940 (Luxembourg)	100%	100%
Geo Debt Finance S.C.A.	282, route de Longwy L1940 (Luxembourg)	100%	100%
Opodo Limited	Waterfront Hammersmith embankment, Chancellors Road, w6 9RU (London)	100%	100%
Opodo GmbH	Büschstraße 12 20354 (Hamburg)	100%	100%
Travellink AB	Hemvärvsgatan 9Solna, 17154 (Stockholm)	100%	100%
Opodo Italia SRL	Via Calabria 5 (Milano)	100%	100%
Opodo SAS	9, Rue Rougemont, 75009 (Paris)	100%	100%
Opodo SL	Calle Vilanueva 29 28001 (Madrid)	100%	100%
Online Travel Portal Ltd	Waterfront Hammersmith embankment, Chancellors Road, w6 9RU (London)	100%	100%
eDreams Inc.	30 Old Rudnick Lane (City of Dover) Country of Kent, Delaware	100%	100%
Vacaciones eDreams, S.L.U	World Trade Center 601 N (Barcelona)	100%	100%
eDreams International Network, S.L.U	World Trade Center 601 N (Barcelona)	100%	100%
eDreams, S.r.L	Via Boscovich, 14 (Milan)	100%	100%
Viagens eDreams Portugal LDA	Avda. Fontes Pereira de Melo, 7 (Lisbon)	100%	100%
eDreams France, SARL	35 Avenue de Friedland (Paris)	100%	100%
eDreams do Brasil Viagens e Turismo	Rua James Watt, 84, 9th floor, Room 2, Brooklin Novo, 04576-050 (São Paulo)	100%	100%
eDreams, Ltd.	Mortimer Street 73-75 (London)	100%	100%
eDreams LLC	160 Greentree Drive Suite 101 (City of Dover) Delaware	100%	100%
eDreams Corporate Travel, S.R.L	Via Boscovich, 14 (Milan)	100%	100%
eDreams Business Travel, S.L.	World Trade Center 601 N (Barcelona)	100%	100%
Geo Travel Ventures S.A.	World Trade Center 601 N (Barcelona)	100%	100%
GEO Travel Pacific PTY LTD	167 Macquarie Street, NSW 2000 (Sydney)	100%	100%
Lyeurope	9, Rue Rougemont, 75009 (Paris)	100%	100%
Lyparis	9, Rue Rougemont, 75009 (Paris)	100%	100%
Go Voyages SAS	9, Rue Rougemont, 75009 (Paris)	100%	100%
Go Voyages Trade	9, Rue Rougemont, 75009 (Paris)	100%	100%
ODIGEO Paris Meta SA	4, Allée verte 75011 (Paris)	100%	100%
ODIGEO Hungary Kft	16, Weiner lée u16 1066 (Budapest)	100%	100%
Findworks Technologies Bt	17, Bocskai UT 1114 (Budapest)	100%	100%

**Affiliates at March 31, 2014**

<b>Name</b>	<b>Location / Registered Office</b>	<b>% interest</b>	<b>% control</b>
IIPIR Software Development S.L.	Calle Catalina 11, 3. <sup>o</sup> B Majadahonda (Madrid)	25%	25%

**eDreams ODIGEO and Subsidiaries**  
**Notes to the consolidated financial statements for March 31, 2014**  
(Thousands of Euros)

**Consolidated entities at March 31, 2013**

Name	Location / Registered Office	% interest	% control
eDreams ODIGEO	282, route de Longwy L1940 (Luxembourg)	100%	100%
Geo Travel Finance S.C.A.	282, route de Longwy L1940 (Luxembourg)	100%	100%
LuxGEO S.a.r.l.	282, route de Longwy L1940 (Luxembourg)	100%	100%
Geo Debt Finance S.C.A.	282, route de Longwy L1940 (Luxembourg)	100%	100%
Opodo Limited	Waterfront Hammersmith embankment, Chancellors Road, w6 9RU (London)	100%	100%
Opodo GmbH	Mönckeberg str 27 20095 (Hamburg)	100%	100%
Travellink AB	Hemvärvsgatan 9Solna,17154 (Stockholm)	100%	100%
Opodo Italia SRL	Via Calabria 5 (Milano)	100%	100%
Opodo SAS	14, rue de Cléry 75002 (Paris)	100%	100%
Opodo SL	Calle Vilanueva 29 28001 (Madrid)	100%	100%
eDreams Inc.	30 Old Rudnick Lane (City of Dover) Country of Kent, Delaware	100%	100%
Vacaciones eDreams, S.L.U	World Trade Center 601 N (Barcelona)	100%	100%
eDreams International Network, S.L.U	World Trade Center 601 N (Barcelona)	100%	100%
eDreams, S.r.L	Via Boscovich, 14 (Milan)	100%	100%
Viagens eDreams Portugal LDA	Avda. Fontes Pereira de Melo, 7 (Lisbon)	100%	100%
eDreams France, SARL	35 Avenue de Friedland (Paris)	100%	100%
eDreams, GmbH	Graf-AdolfPlatz, 15 (Düsseldorf)	100%	100%
eDreams, Ltd.	Mortimer Street 73-75 (London)	100%	100%
eDreams LLC	160 Greentree Drive Suite 101 (City of Dover) Delaware	100%	100%
eDreams Enterprise S.L.U.	Velázquez, 86 B Bajos (Madrid)	100%	100%
eDreams Corporate Travel, S.R.L	Via Boscovich, 14 (Milan)	100%	100%
eDreams Business Travel, S.L.	World Trade Center 601 N (Barcelona)	100%	100%
Lyeurope	14, rue de Cléry 75002 (Paris)	100%	100%
Lyparis	14, rue de Cléry 75002 (Paris)	100%	100%
Go Voyages SAS	14, rue de Cléry 75002 (Paris)	100%	100%
Go Voyages Trade	14, rue de Cléry 75002 (Paris)	100%	100%

**Affiliates at March 31, 2013**

Name	Location / Registered Office	% interest	% control
IIPIR Software Development S.L.	Calle Catalina 11, 3. <sup>o</sup> B Majadahonda (Madrid)	25%	25%

## **eDreams ODIGEO**

*Société anonyme*

Registered office: 282, route de Longwy,

L-1940 Luxembourg

Grand Duchy of Luxembourg

R.C.S. Luxembourg: B 159.036

(the "**Company**" or collectively with its  
subsidiaries the "Group")

### **Consolidated Management Report for the Financial Year ended on 31 March 2014**

The board of directors of the Company (the "**Board of Directors**") is pleased to present its consolidated management report for the financial year of the Company ended on 31 March 2014.

#### **Overview of Activities**

The state of affairs of the Company at the closing of the financial year is adequately presented in the Consolidated Financial Statements attached herewith.

#### **Review of the development**

During the year, the Company and its direct and indirect subsidiaries (the "Group") headed by the Company, has expanded its geographic footprint by opening new websites, investigated in technological innovation as well as expanded its presence across different customers segments, booking channels and distribution channels.

In October 2013, the Group completed the acquisition of Liligo, a metasearch company with websites in 11 countries, with a view to integrating Liligo's technology into the existing business of the Company and increasing the advertising and meta click-out revenue.

#### **Key performance indicators**

##### ➤ Financial performance indicators

During the year, the Group generated Revenue Margin of €428.6 million and Operating Profit of €44.6 million, compared to €373.0 million of Revenue Margin and €63.4 million of Operating Profit in the year ended March 31, 2013.

The Group generated Adjusted EBITDA of €117.6 million in the year ended March 31, 2014, compared to €108.4 million in the year ended March 31, 2013.

➤ Non-financial performance indicators

During the year, the Group generated number of Bookings of 9.8 million compared to 8.7 million in the year ended March 31, 2013.

#### **Description of principal risks and uncertainties faced by the Company**

Principal risks and uncertainties faced by the Company have been detailed in the Offering Memorandum dated April 3, 2014 which is available in the investors section of the corporate website of the Company ([www.edreamsodigeo.com](http://www.edreamsodigeo.com))

#### **Future Developments**

The Company intends to continue to focus on innovation and internationalization for further growth in its Core and Expansion markets.

#### **Post Balance Sheet Events and Further Indication**

##### *Important events that have occurred after March 31, 2014*

On April 8, 2014 the Company completed the process of the admission to trading process for the eDreams ODIGEO shares on the Madrid, Barcelona, Bilbao and Valencia stock exchanges (the “Spanish Stock Exchanges”) for the quotation on the Automated Quotation System (“AQS”) of the Spanish Stock Exchanges.

The highlights of the offering were:

- Offer price fixed at €10.25 per offer share, giving eDreams ODIGEO an initial market capitalization of approximately €1.1 billion, excluding any treasury shares held by eDreams ODIGEO.
- 4,878,049 new shares to be issued by eDreams ODIGEO, raising gross proceeds of approximately €50 million.
- 31,829,264 existing shares sold by certain of eDreams ODIGEO’s shareholders, including Luxgoal 3 S.à r.l., and Luxgoal 2 S.à r.l., investment vehicles controlled by the Permira funds; certain funds managed by Ardian France S.A. and its affiliates (“Ardian”); certain Ardian co-investors (the foregoing, the “Principal Selling Shareholders”); as well as certain senior and other management of eDreams ODIGEO (together, the “Selling Shareholders”); the Selling Shareholders are each selling only a portion of their shares in the Company, and eDreams ODIGEO will not receive any of the proceeds from the sale of shares by the Selling Shareholders.
- There was an over-allotment option to purchase additional offer shares of 3,370,690 shares (out of a total of 5,506,097 shares), exercisable in whole or in part within 30 calendar days from the date the offer shares commence trading on the Spanish Stock Exchanges.

The initiation of the IPO of eDreams OdigeO has led to the following steps which happened shortly after March 31, 2014:

- Merger of eDreams OdigeO and subsequent Equity restructuring
- Conversion of Convertible Bonds
- Cancellation of the existing Long Term Incentive Plans
- Partial Repayment of the 2019 Notes

Additionally to the above mentioned events during April 2014, the Board of Directors approved a new “Long Term Incentive Plan” to be given to the Management of the Company or any subsidiaries. The purpose of this incentive will be to enable the Managers to participate in the increase in value of the Company for the benefit of both the Company and its shareholders.

The total maximum number of shares that would be acquired by the Holders under this new Incentive Plan will represent 4.40% of the total issued share capital of the Company on a fully diluted basis.

#### ***Research and development activities***

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

An internally-generated intangible asset arising from the Group’s development of its website operating platform and related back office systems is recognized if, and only if, all of the following have been demonstrated:

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

The revenue associated with the capitalization of internally-generated intangible assets is classified in the profit and loss statement according to the nature of the development cost of the asset.

Where no internally-generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

The IT development capitalized by the Group was € 16.6 million for the year ended March 31, 2014.

#### ***Own shares***

On March 31, 2014, none of the Group companies owned directly or indirectly shares of the Company.

#### ***Financial risk management objectives and policies, including policy for hedging each major type of forecasted transaction for which hedge accounting is used***

#### **Interest rate risk**

Most of our financial debt is exposed to fixed interest rates with the exception of the Revolving Credit Facility which bears interest at a variable rate, although to date we have only drawn loans under the Revolving Credit Facility for intra-month working capital purposes. Therefore, we have no material exposure to interest rate risk. No hedging contract has been entered into by the Group for the year ended March 31, 2014.

#### ***Exposure to price risk, credit risk, liquidity risk and cash flow risk***

#### **Credit risk**

Our cash and cash equivalents are held with financial entities with strong credit ratings. Certain transactions of the Group are channeled through Catalunya Banc, S.A., which has a Moody's long term rating of Ba1. These transactions amount to an average of €1.8 million on a daily basis. We usually transfer these amounts on a daily basis to other financial institutions in order to mitigate this risk.

Our credit risk is mainly attributable to business-to-business customer advertising receivables and, to a lesser extent, customer receivables on corporate travel and business-to-business customers, and advertising receivables. These amounts are recognized in the consolidated statement of financial position net of provisions for doubtful receivables, which is estimated by the management on a case-by-case basis.

#### **Liquidity risk**

In order to meet our liquidity requirements, our principal sources of liquidity are: cash and cash equivalents from the statement of financial position, cash flow generated

from operations and the revolving credit facilities under our Revolving Credit Facility Agreement to fund intra-month cash swings and supplier guarantees.

The Group had negative working capital as of March 31, 2014 and 2013, which is a common circumstance in the business in which the Group operates, and in its financial structure, and it does not present any impediment to its normal business.

### **Exchange rate risk**

The exchange rate risk arising from our activities has basically two sources: the risk arising from commercial transactions carried out in currencies other than the functional currency of each company of the eDreams ODIGEO Group and the risk arising on the consolidation of subsidiaries that have a functional currency other than the euro.

In relation to commercial transactions, we are principally exposed to exchange rate risk as the Group operates with the pound sterling as well as the Swedish krona and other Nordic currencies (Norwegian Krone and Danish Krone). The exchange rate risk arises on future commercial transactions and on assets and liabilities denominated in a foreign currency.

However, the volume of our sales and purchases in foreign currency (other than the local currency of each of the subsidiaries) is of little relevance compared to our total operations.

### **Allocation of results**

For the financial year ended March 31, 2014, the Group has incurred a loss of €21.097 million whereas the Company has incurred a loss of €15,715,405. No dividend is expected to be distributed. The Board of Directors of the Company proposes to carry forward the loss.

Luxembourg, 18 June 2014

**The Board of Directors:**

Represented by:

Title: Director