

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM CB**

**TENDER OFFER/RIGHTS OFFERING NOTIFICATION FORM**

Please place an X in the box(es) to designate the appropriate rule provision(s) relied upon to file this Form:

- Securities Act Rule 801 (Rights Offering)   
Securities Act Rule 802 (Exchange Offer)   
Exchange Act Rule 13e-4(h)(8) (Issuer Tender Offer)   
Exchange Act Rule 14d-1(c) (Third Party Tender Offer)   
Exchange Act Rule 14e-2(d) (Subject Company Response)

Filed or submitted in paper if permitted by Regulation S-T Rule 101(b)(8)

**Skyscanner Holdings Limited**

(Name of Subject Company)

N/A

(Translation of Subject Company's Name into English (if applicable))

**England and Wales**

(Jurisdiction of Subject Company's Incorporation or Organization)

**Ctrip.com International, Ltd.**

(Name of Person(s) Furnishing Form)

**Ordinary Shares**

**C1 Shares**

**C2 Shares**

**C3 Shares**

**C4 Shares**

**C6 Shares**

**C7 Shares**

**C8 Shares**

**C9 Shares**

**C10 Shares**

**SIP Shares**

(Title of Class of Subject Securities)

N/A

(CUSIP Number of Class of Securities (if applicable))

**Carolyn Jameson**

**Chief Legal Officer**

**Skyscanner Holdings Limited**

**Quartermile One**

**15 Lauriston Place**

**Edinburgh EH3 9EN**

**United Kingdom**

**Telephone: +44 7825 663 494**

(Name, Address (including zip code) and Telephone Number (including area code)  
of Person(s) Authorized to Receive Notices and Communications on Behalf of  
Subject Company)

Copies to:

**Cindy Xiaofan Wang**  
**Chief Financial Officer**  
**Ctrip.com International, Ltd.**  
**968 Jin Zhong Road**  
**Shanghai 200335**  
**People's Republic of China**  
**Telephone: +86 (21) 3406-4880**

**Z. Julie Gao, Esq.**  
**Haiping Li, Esq.**  
**Skadden, Arps, Slate, Meagher & Flom LLP**  
**42/F, Edinburgh Tower, The Landmark**  
**15 Queen's Road Central**  
**Hong Kong**  
**Telephone: +852 3740-4700**

**November 25, 2016**

(Date Tender Offer/Rights Offering Commenced)

**Item 1. Home Jurisdiction Documents**

(a) The following documents are attached as exhibits to this Form CB.

<u>Exhibit No.</u>	<u>Description</u>
99.1	Recommended Offer by Ctrip.com International, Ltd. to Acquire Shares in the Share Capital of Skyscanner Holdings Limited, dated November 24, 2016
99.2	Form of Acceptance
99.3	Recommended Offer by Ctrip.com International, Ltd. to Acquire SIP Shares in the Capital of Skyscanner Holdings Limited, dated November 24, 2016

(b) Not applicable.

**Item 2. Informational Legends**

The legends complying with Rule 802(b) of the Securities Act of 1933, as amended, are included in Part VI of Exhibit 99.1 and Part IV of Exhibit 99.3 under the heading "Notice to U.S. Holders."

**PART II — INFORMATION NOT REQUIRED TO BE SENT TO SECURITY HOLDERS**

(1) Not applicable.

(2) The following documents are attached as exhibits to this Form CB.

<u>Exhibit No.</u>	<u>Description</u>
99.4	Skyscanner Holdings Limited annual report and consolidated financial statements for the year ended December 31, 2015
99.5	Skyscanner Holdings Limited annual report and consolidated financial statements for the year ended December 31, 2014
99.6	Skyscanner Holdings Limited annual report and consolidated financial statements for the year ended December 31, 2013

(3) Not applicable.

**PART III — CONSENT TO SERVICE OF PROCESS**

(1) A written irrevocable consent and power of attorney on Form F-X was filed concurrently with the Commission on November 28, 2016.

(2) Not applicable.

**PART IV — SIGNATURES**

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

/s/ Cindy Xiaofan Wang  
(Signature)

Cindy Xiaofan Wang, Chief Financial Officer  
(Name and Title)

November 28, 2016  
(Date)

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS DOCUMENT OR THE ACTION YOU SHOULD TAKE, YOU SHOULD CONTACT YOUR STOCKBROKER, SOLICITOR, ACCOUNTANT, BANK MANAGER OR OTHER PROFESSIONAL ADVISER AUTHORISED UNDER THE FINANCIAL SERVICES AND MARKETS ACT 2000 (AS AMENDED) IF YOU ARE RESIDENT IN THE UNITED KINGDOM OR, IF NOT, ANOTHER APPROPRIATELY AUTHORISED INDEPENDENT FINANCIAL ADVISER IN THE RELEVANT JURISDICTION.**

**THE RELEASE, PUBLICATION OR DISTRIBUTION OF THIS DOCUMENT IN, INTO OR FROM JURISDICTIONS OTHER THAN THE UNITED KINGDOM AND THE AVAILABILITY OF THE OFFER TO SHAREHOLDERS WHO ARE NOT RESIDENT IN THE UNITED KINGDOM MAY BE RESTRICTED BY THE LAWS OF THOSE JURISDICTIONS. ACCORDINGLY, THOSE PERSONS INTO WHOSE POSSESSION THIS DOCUMENT COMES SHOULD INFORM THEMSELVES ABOUT, AND OBSERVE, SUCH RESTRICTIONS. ANY FAILURE TO COMPLY WITH THE RESTRICTIONS MAY CONSTITUTE A VIOLATION OF THE SECURITIES LAWS OF ANY SUCH JURISDICTION. THIS DOCUMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR ISSUE, NOR THE SOLICITATION OF AN OFFER TO BUY OR SUBSCRIBE FOR, SHARES IN ANY JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS UNLAWFUL.**

**YOUR ATTENTION IS DRAWN TO THE IMPORTANT INFORMATION SET OUT IN PART VI OF THIS DOCUMENT.**

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**RECOMMENDED OFFER**

by

**CTRIP.COM INTERNATIONAL, LTD.**

**TO ACQUIRE SHARES IN THE SHARE CAPITAL OF**

**SKYSCANNER HOLDINGS LIMITED**

(incorporated in England and Wales with registered number 07777261)

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**This offer by Ctrip is to acquire Shares in Skyscanner Holdings Limited in exchange for, in the case of UK Holders, cash and Loan Notes and, in the case of Non-UK Holders, cash only. The Loan Notes proposed to be issued to UK Holders by Ctrip pursuant to the offer will be personal to the Holder and will not be transferable except by descent or by operation of law.**

**THE PROCEDURE FOR ACCEPTANCE OF THE OFFER IS SET OUT IN PARAGRAPH 5 OF PART III OF THIS OFFER DOCUMENT AND IN THE ACCOMPANYING FORM OF ACCEPTANCE.**

**TO ACCEPT THE OFFER, THE FORM OF ACCEPTANCE MUST BE COMPLETED, EXECUTED AND SUBMITTED ELECTRONICALLY AS SOON AS POSSIBLE IN ACCORDANCE WITH THE INSTRUCTIONS THEREON. HOLDERS ARE URGED TO SUBMIT THEIR COMPLETED AND VALIDLY EXECUTED FORMS OF ACCEPTANCE BY NO LATER THAN 5 PM ON 4 DECEMBER 2016.**

**The availability of the Offer to persons not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are located. Shareholders who are resident outside the United Kingdom should review the important information set out in Part VI of this document. This document does not constitute an offer or solicitation to any person in any jurisdiction in which such an offer or solicitation would be unlawful. Persons who are not resident in the United Kingdom should inform themselves of, and observe, any applicable requirements.**

**All references to time in this document are to London time (i.e. GMT) unless otherwise stated.**

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**Capitalised terms used in this document shall have the meaning given to them in Part IX.**

**The statements contained in this document are not to be construed as legal, business, financial or tax advice. If you are in any doubt about the content of this document, you should consult your own professional independent legal, financial or tax adviser for legal, business, financial or tax advice.**

**The statements contained in this document are made as at the date of this document, unless some other time is specified in relation to them, and service of this document shall not give rise to any implication that there has been no change in the facts set out in this document since such date. No dealer, salesperson or other person is authorised to give any information or to make any representations with respect to the Offer other than such information or representations contained in this document and, if given or made, such information or representations must not be relied upon as having been authorised by Ctrip.**

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PART I



LETTER FROM THE CHIEF EXECUTIVE OFFICER  
OF SKYSCANNER HOLDINGS LIMITED  
(Registered in England and Wales with company number 07777261)

*Directors:*  
Gareth Williams  
Barry Smith  
Julian Pancholi  
Calum Paterson  
Sir Michael Moritz  
Mark Logan

*Registered Office:*  
Suite 7-001  
1 Fore Street  
London  
EC2Y 5EJ

24 November 2016

Dear Holder

**Proposed Acquisition of Skyscanner Holdings Limited**

1. **Introduction**

On 23 November 2016, the boards of directors of Skyscanner and of Ctrip announced that they had reached agreement on the terms of the proposed acquisition of Skyscanner by Ctrip (the “**Acquisition**”).

As part of the arrangements relating to the Acquisition, the Offer described in this Offer Document is being made to you in your capacity as a Holder.

This letter together with the remainder of this Offer Document and the accompanying Form of Acceptance contains the formal Offer by Ctrip for certain shares in the capital of Skyscanner. **If you are in any doubt as to the action you should take, you should seek your own independent professional financial advice.**

2. **Unanimous Recommendation**

The terms of the Acquisition value the issued and to be issued share capital of Skyscanner at approximately £1.426 billion. The Skyscanner Board considers that the terms of the Acquisition fairly value Skyscanner. The Skyscanner Board also believes that membership of the Ctrip Group will enhance growth and investment prospects for Skyscanner and will provide new opportunities for its employees.

Gareth Williams, Barry Smith, Julian Pancholi and Mark Logan, the members of the Skyscanner Board who hold Shares, are parties to the Share Purchase Agreement and have accordingly agreed to sell all of their Shares to Ctrip at completion of the Share Purchase

Agreement (however Gareth Williams will subscribe for new shares in Skyscanner following completion of the Acquisition and accordingly will retain a shareholding in Skyscanner).

The Skyscanner Board considers the Offer to be in the best interests of Skyscanner and its shareholders as a whole. Accordingly, the Skyscanner Board unanimously recommends that all Holders accept the Offer.

In order to accept the Offer in respect of your Shares, you should complete and electronically sign and submit the Form of Acceptance as soon as possible. Holders are urged to submit their completed and validly executed Forms of Acceptance by no later than **5.00pm on 4 December 2016**. Your attention is drawn to paragraph 5 of Part III of this Offer Document and to the Form of Acceptance, which set out the procedure for acceptance of the Offer.

In approving the Acquisition, the Skyscanner Board has also determined that:

- any transfer of Shares to Ctrip, including any transfer pursuant to the Offer, will be a “Permitted Transfer” taking place in accordance with Article 16.4 of the Articles; and
- notwithstanding the variety of Acquisition arrangements, each Skyscanner shareholder is being offered the amount of consideration which they are entitled to receive under the pre-existing arrangements in the Articles.

### 3. Condition to the Offer

The Skyscanner Board notes that the Offer is subject to and conditional upon completion under the Share Purchase Agreement occurring on or before the Longstop Date. Completion of the Share Purchase Agreement is itself conditional upon acceptances of the Offer having been received in respect of substantially all of the Shares from recipients of this Offer. **Hence, if completion of the Share Purchase Agreement does not occur due to, for example, Ctrip having received insufficient acceptances of the Offer, the Offer will lapse and Holders will not be entitled to receive any consideration in respect thereof.**

**You are therefore urged to accept the Offer and to sign and submit the Form of Acceptance as soon as possible.**

Yours faithfully

/s/ Gareth Williams

**Gareth Williams**  
Chief Executive Officer

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## PART II



### LETTER FROM THE DIRECTOR AND CHIEF EXECUTIVE OFFICER OF CTRIP.COM INTERNATIONAL, LTD.

(a company incorporated under the laws of the Cayman Islands as an exempted company with limited liability)

*Directors:*

James Jianzhang Liang  
Min Fan  
Jane Jie Sun  
Gabriel Li  
JP Gan  
Neil Nanpeng Shen  
Qi Ji  
Robin Yanhong Li  
Tony Yip

*Address of principal executive office:*

968 Jin Zhong Road  
Shanghai 200335  
People's Republic of China

24 November 2016

Dear Holder

### Proposed Acquisition of Skyscanner Holdings Limited

#### 1. Introduction

On 23 November 2016, the boards of directors of Skyscanner and of Ctrip announced that they had reached agreement on the terms of the proposed acquisition of Skyscanner by Ctrip (the “**Acquisition**”).

As part of the arrangements relating to the Acquisition, the Offer described in this Offer Document is being made to you, in your capacity as a Holder.

Your attention is drawn to the letter from the Chief Executive Officer of Skyscanner set out in Part I of this Offer Document, which explains why the directors of Skyscanner consider the terms of the Offer to be fair and reasonable and are unanimously recommending that all Holders accept the Offer.

This letter together with the remainder of this Offer Document and the accompanying Form of Acceptance contains the formal Offer by Ctrip for the Shares.

The purpose of this letter is to explain the background to the Offer and to describe the terms of the Offer.

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## 2. The Acquisition

The terms of the Acquisition value Skyscanner at approximately £1.426 billion (assuming the exercise of all outstanding Options and the issue of all Conditional Subscription Shares and taking account any cash payments to be made by Skyscanner in respect of certain “cash equivalent” arrangements which Skyscanner has in place with certain non-UK based employees).

If the Acquisition proposals are accepted and implemented in full, it is anticipated that Ctrip would own the entire issued and to be issued share capital of Skyscanner following completion of the Acquisition (save in respect of certain new shares in Skyscanner which will be subscribed for by Gareth Williams following completion of the Acquisition and accordingly Gareth Williams will retain a shareholding in Skyscanner).

Given the complexity of Skyscanner’s share capital structure and the large number of Skyscanner shareholders, the Acquisition is being structured through a variety of arrangements. The Offer made to Holders under this Offer Document is just one of those arrangements. In addition, the Management Shareholders and Institutional and Certain Other Shareholders have entered into the Share Purchase Agreement with Ctrip under which, subject to certain conditions, they will sell all of their shares in the capital of Skyscanner to Ctrip (however Gareth Williams will subscribe for new shares in Skyscanner following completion of the Acquisition and will accordingly retain a shareholding in Skyscanner). Certain of the terms of the Share Purchase Agreement are summarised at paragraph 6 below. Separately, acquisition arrangements will be entered into in respect of certain former employees and in respect of SIP Shares. Certain other arrangements will be entered into in respect of the sellers of businesses previously acquired by Skyscanner where those sellers, as part of the consideration offered to them by Skyscanner on the acquisition of the relevant businesses, received or are entitled to shares in the capital of Skyscanner and/or rights to subscribe for shares in the capital of Skyscanner.

For recipients of this Offer Document, the acquisition of their Shares by Ctrip will be effected through the Offer, upon the terms and conditions set out in this Offer Document and in the relevant personalised Form of Acceptance.

The Offer is one of the arrangements pursuant to which the Acquisition is to be implemented. The objective of the Acquisition proposals, including the Offer, is for Ctrip to acquire day to day control of Skyscanner’s affairs, pursuant to its anticipated acquisition of substantially all of Skyscanner’s issued share capital and its appointment of the members of the Skyscanner Board with effect from completion of the Share Purchase Agreement.

## 3. Consideration

For legal, regulatory and commercial reasons, the form of consideration offered to Skyscanner shareholders by Ctrip varies. For instance:

- the Management Shareholders will receive consideration in the form of cash, Ctrip Shares and Loan Notes (save for one of the Management Shareholders who is to receive cash in deferred instalments in lieu of Loan Notes as a result of being a non-UK resident);
- the Institutional and Certain Other Shareholders will receive consideration in the form of cash and Ctrip Shares but will not receive Loan Notes;
- recipients of this Offer Document will receive consideration in the form of cash and Loan Notes (in respect of UK Holders) or in the form of cash only (in respect of Non-UK Holders) but will not receive Ctrip Shares;
- SIP Shares will be acquired wholly for cash; and
- the Shares held by certain former employees will be acquired wholly for cash.

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**The consideration in respect of your Shares is set out in your personalised Form of Acceptance. In order to address tax considerations relevant to Non-UK Holders, UK Holders and Non-UK Holders will receive different forms of consideration. For UK Holders, the consideration in respect of your Shares will consist of cash and Loan Notes (the terms of which are set out in Part V of this document). For Non-UK Holders, the consideration in respect of your Shares will consist of cash payable in three instalments. No Loan Notes will be issued to Non-UK Holders. Notwithstanding the different forms of consideration offered to UK Holders and Non-UK Holders, the Offer made to Holders attributes the same notional value to each share in any particular class of Skyscanner shares.**

The Acquisition arrangements value:

- each Ordinary Share at approximately £145.29;
- each C1 Share at approximately £120.83;
- each C2 Share at approximately £81.01;
- each C3 Share at approximately £92.51;
- each C4 Share at approximately £78.79;
- each C6 Share at approximately £75.66;
- each C7 Share at approximately £71.50;
- each C8 Share at approximately £67.88;
- each C9 Share at approximately £62.67;

- each C10 Share at approximately £33.88; and
- each SIP Share at approximately £145.29.

#### 4. Ctrip

Ctrip is a leading travel service provider of accommodation reservation, transportation ticketing, packaged tours and corporate travel management in China.

Ctrip is incorporated in the Cayman Islands and conducts substantially all of its operations in China. With its operational headquarters in Shanghai, it has branches in 17 other major cities in China, including Hong Kong, Beijing, Chengdu, Guangzhou, Shenzhen, Qingdao, Shenyang, Xiamen, Hangzhou, Wuhan, Nanjing, Nantong Sanya, Chongqing, Lijiang, Xi'an and Tianjin.

Ctrip's American Depositary Shares are listed on the NASDAQ Global Select Market.

Further information relating to Ctrip is available at <http://ir.ctrip.com/phoenix.zhtml?c=148903&p=irol-homeprofile>.

Save for its interests under the Share Purchase Agreement and the terms of the other arrangements entered into in respect of the Acquisition, Ctrip has no interest in the issued or to be issued share capital of Skyscanner as at the date of this Offer Document.

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#### 5. The Offer

Ctrip offers to acquire the Shares referred to in your personalised Form of Acceptance on the terms and subject to the conditions set out or referred to in this Offer Document and in the personalised Form of Acceptance which accompanies this Offer Document.

The consideration you are entitled to receive for the Shares to which this Offer relates is a combination of cash and Loan Notes (in respect of UK Holders) or cash only payable in three instalments (in respect of Non-UK Holders). The consideration you are entitled to receive is set out in your personalised Form of Acceptance. Further details on the Loan Notes to be issued to UK Holders are set out in paragraph 8 below and in Part V of this document.

Shares acquired by Ctrip pursuant to the Offer will be acquired fully paid with Full Title Guarantee, free from all liens, equities, charges and Encumbrances and together with all rights attaching thereto on or after 5 p.m. on the Closing Date including, without limitation, the right to receive and retain all dividends and other distributions, if any, declared, paid or made on or after that date.

Any transfer of your Shares to Ctrip or its nominee pursuant to the Offer under this Offer Document will be a "Permitted Transfer" for the purposes of the Articles under Article 16.4.

Further details of the other terms of the Offer are set out in Parts III and IV of this Offer Document and in the Form of Acceptance.

**Your attention is drawn to the procedure for actions to be taken to accept the Offer which is set out in paragraph 13 below and in the Form of Acceptance.**

#### 6. Share Purchase Agreement and Condition to the Offer

Ctrip has entered into the Share Purchase Agreement with the Management Shareholders and the Institutional and Certain Other Shareholders. Under the Share Purchase Agreement, subject to certain conditions, the Management Shareholders and Institutional and Certain Other Shareholders have agreed to sell their shares in the capital of Skyscanner to Ctrip.

Completion of the Share Purchase Agreement is subject to and conditional upon the satisfaction or waiver of certain conditions set out in the Share Purchase Agreement, including conditions relating to the acquisition by Ctrip of all, or substantially all, of the issued and to be issued share capital of Skyscanner by means of the various arrangements pursuant to which Acquisition is to be implemented. In particular, completion of the Share Purchase Agreement is conditional upon acceptances of the Offer having been received in respect of substantially all of the Shares from recipients of this Offer.

The Offer is subject to and conditional upon completion under the Share Purchase Agreement occurring on or before the Longstop Date. **Hence, if completion of the Share Purchase Agreement does not occur due to, for example, Ctrip having received insufficient acceptances of the Offer, the Offer will lapse and Holders will not be entitled to receive any consideration in respect thereof.**

Under a separate warranty deed, the Management Shareholders have also granted customary warranties to Ctrip relating to the Skyscanner Group.

#### 7. Cash Consideration

Following the Closing Date, the Cash Consideration in respect of UK Holders will be payable in one instalment as set out in paragraph 2 of Part III of this document.

Following the Closing Date, the Cash Consideration in respect of Non-UK Holders will be payable in three instalments. The first instalment (as to 72.5% of Cash Consideration payable to Non-UK Holders) will be paid promptly following the Closing Date, the second instalment (as to 4.7% of Cash Consideration payable to Non-UK Holders) will be paid immediately following the first anniversary of the Closing Date and the third instalment (as to 22.8% of Cash Consideration payable to Non-UK Holders) will be paid immediately following the third anniversary of the Closing Date as set out in paragraph 2 of Part III of this document. The amount of each instalment is set out in the personalised Form of Acceptance for each Non-UK Holder.

## 8. Loan Notes

In respect of UK Holders only, at the Closing Date, Ctrip will issue to you the number of Loan Notes set out in your Form of Acceptance. A Loan Note certificate in respect of the Loan Notes issued to you will set out various conditions relating to the Loan Notes.

Save in the event that Ctrip defaults in repaying Loan Notes on the due date for repayment, no interest will be payable on the Loan Notes.

The Loan Notes will be redeemable as follows:

- (a) following the first anniversary of the Closing Date, 17% of the Loan Notes which were issued to that Noteholder at the Closing Date will be redeemed (e.g. by way of illustrative example, if a Noteholder is issued with £10,000 of Loan Notes at the Closing Date, £1,700 of those Loan Notes will be redeemed (at par value of £1,700) following the first anniversary of the Closing Date and the Noteholder would then hold a balance of £8,300 of Loan Notes); and
- (b) the balance of the Loan Notes will be redeemed at par immediately following the third anniversary of the Closing Date (e.g. by way of illustrative example: if a Noteholder is issued with £10,000 of Loan Notes at the Closing Date, £1,700 of such Loan Notes will be redeemed following the first anniversary of the Closing Date as described above and the balance of £8,300 of the Loan Notes will be redeemed (at par value of £8,300) immediately following the third anniversary of the Closing Date).

## 9. Optionholders and holders of Conditional Subscription Shares

In order to participate in the Offer, any Options or rights to subscribe for Conditional Subscription Shares you hold must be exercised and the Shares you acquire on exercise will be sold to Ctrip pursuant to the terms of the Offer. In order to exercise your Option(s) or right(s) to subscribe for Conditional Subscription Shares, you must pay the Exercise Price (as defined in the EMI Rules) or the Subscription Price (as defined in your Conditional Subscription Agreement(s)) (as appropriate).

The Skyscanner Board has determined that it will allow you to exercise your Options or your right to subscribe for Conditional Subscription Shares pursuant to the terms of the EMI Rules or your Conditional Subscription Agreement(s) (as appropriate) on a cashless basis. This means that your Exercise Price (as defined in the EMI Rules) or the Subscription Price (as defined in your Conditional Subscription Agreement(s)) (as appropriate) will be deducted from the consideration to be paid to you pursuant to acceptance of the Offer. The Form of Acceptance sets out the cashless exercise proposal in more detail and, by executing the Form of Acceptance, you agree that you exercise your Option(s) or your right to acquire Conditional Subscription Shares, immediately prior to, but conditional on, the Offer becoming wholly unconditional, on a cashless basis.

Subject therefore to: (a) you signing the Form of Acceptance; and (b) the Offer being declared or becoming wholly unconditional, Skyscanner will issue and/or transfer (or procure the transfer) to you of such number of Option Sale Shares or Conditional Sale Shares which are subject to your Option or Conditional Subscription Agreement(s) (as appropriate) so that such Option Sale Shares or Conditional Sale Shares are acquired by Ctrip under the Offer.

## 10. SIP Participants and SIP Equivalent Participants

Ctrip will make a separate offer in respect of the SIP Shares to which SIP Participants and SIP Equivalent Participants are entitled.

SIP Participants and SIP Equivalent Participants will be contacted separately to explain these proposals.

The Accumulation Period (as defined in the SIP Rules) during which SIP Participants can make SIP Share contributions usually runs from 1 April to 31 March in each year. Under the terms of the SIP Rules, the 2016/2017 Accumulation Period will immediately come to an end when the Offer becomes or is declared wholly unconditional. In order to allow SIP Participants to make their maximum contribution for 2016/2017, Skyscanner is offering SIP Participants the opportunity to make top-up contributions (the “**Top-up Contributions**”) up to the maximum

contributions such SIP Participants are on track to make for the 2016/2017 Accumulation Period if their current contributions continued until 31 March 2017. The consideration set out in your Form of Acceptance assumes that all SIP Participants elect to make Top-up Contributions. In the event that some SIP Participants do not elect to make Top-up Contributions, the consideration which you receive may be greater than that shown in your personalised Form of Acceptance.

## 11. Bonus arrangements

Separate and distinct from the Offer and the consideration offered hereunder, Ctrip and Skyscanner have agreed a package of incentivisation arrangements to be put in place in order to incentivise and reward employees of the Skyscanner Group following the Closing Date.

The incentivisation package includes:

- a cash bonus to reward and recognise the contribution of all employees to the development and growth of the business, which will generally be subject to remaining in employment at the time of payment and to the employee’s performance grading in personal strategy reviews. For most employees, this will be paid in two tranches. The first tranche will be paid as soon as practicable following the date falling six months after the Closing Date and the second tranche will be paid as soon as practicable following the date falling 18 months after the Closing Date. A number of employees (principally being those who have not to date participated to a material extent in Skyscanner’s incentivisation arrangements) will either receive a cash bonus payable shortly after the Closing Date and will be eligible for further payments following the

6 and 18 month dates referred to above or will only receive the cash bonus shortly after the Closing Date. The aggregate funding available for the cash bonus plan is £20 million; and

a performance bonus plan, to provide an additional cash bonus for employees at Skyscanner's discretion and subject to continuing growth in revenue and earnings. The aggregate funding available for this performance bonus plan is £80 million. The first half of this aggregate funding (i.e. £40 million) is available to fund bonuses awarded to such employees as Skyscanner in its discretion may determine, if the following targets are both met in any future twelve month period:

(a) the Skyscanner Group's revenue for that twelve month period is above £400 million; and

(b) the Skyscanner Group's EBITDA for that twelve month period is above £100 million.

The second half of this aggregate funding (i.e. £40 million) is available to fund bonuses awarded to such employees as Skyscanner in its discretion may determine, if the following targets are both met in any future twelve month period:

(a) the Skyscanner Group's revenue for that twelve month period is above £600 million; and

(c) the Skyscanner Group's EBITDA for that twelve month period is above £150 million.

Payments under this performance bonus plan will also be subject to remaining in employment at the time of payment and to the employee's performance in personal strategy reviews.

You will receive a separate letter from Skyscanner in respect of these arrangements.

## 12. Re-designation of Shares and New Articles of Association

It is proposed that the Resolutions will be passed as written resolutions prior to, but to take effect immediately following, the Closing Date in order to simplify Skyscanner's share structure and adopt new articles of association of Skyscanner. Pursuant to the Resolutions, it is proposed that, *inter alia*, the entire issued share capital of Skyscanner will be re-designated as

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ordinary shares of 0.01 pence each and Deferred Shares. The Form of Acceptance contains all necessary class consents required in relation to the Resolutions and a power of attorney in terms of which you will appoint any director of Skyscanner as your attorney for the purposes of passing the Resolutions (if your approval is required) and agreeing to the variation and/or abrogation of rights attaching to the class(es) of share held by you.

## 12. Information relating to Skyscanner

As Skyscanner is unquoted, there is no ready market for Shares. If the Offer is not successful, there is no certainty that Holders, either as a whole or individually, will be able to sell their Shares in the future at the price at which the Offer is being made or at any other price.

## 13. Actions to be taken to accept the Offer

Your attention is drawn to paragraph 5 of Part III of this Offer Document and to the Form of Acceptance, which set out the procedure for acceptance of the Offer.

In order to accept the Offer in respect of your Shares, you should complete and electronically sign and submit the Form of Acceptance as soon as possible. Holders are urged to submit their completed and validly executed Forms of Acceptance by no later than **5.00pm on 4 December 2016**.

In the event that you are an Optionholder and/or have rights to subscribe for Conditional Subscription Shares, the Form of Acceptance enables you to exercise your rights to exercise your Options and/or rights to subscribe for Conditional Subscription Shares and to sell those Shares pursuant to the Offer.

In the event that you wish to accept the Offer in respect of your Shares and you are in possession of share certificate(s) or other documents of title in respect of all your Shares, please return the relevant share certificate(s) or other documents of title by post or by hand (during normal business hours only) to Skyscanner Holdings Limited at Quartermile One, 15 Lauriston Place, Edinburgh EH3 9EN, United Kingdom for the attention of Skyscanner Secretary (Carolyn Jameson) as soon as possible but, in any event, so as to be received by no later than **5.00pm on 4 December 2016**.

**If you are in any doubt as to the action you should take, you should seek your own independent professional financial advice. Holders should consult with their own advisers with respect to the tax consequences of accepting the Offer.**

**You are urged to accept the Offer and to sign and submit the Form of Acceptance as soon as possible.**

## 14. Validity of acceptances

Ctrip reserves the right, subject to the terms of the Offer and the Form of Acceptance, to treat as valid in whole or part any acceptance of the Offer which is not entirely in order or which is not accompanied by the relevant share certificate(s) and/or other document(s) of title. In that event, the consideration under or in consequence of the Offer will not be paid until after the relevant share certificate(s) and/or other document(s) of title, or indemnities satisfactory to Ctrip, have been received.

Your attention is drawn to the information set out in the rest of this Offer Document and the Form of Acceptance.

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15. **Overseas shareholders**

The availability of the Offer to persons not resident in the United Kingdom may be affected by the laws of relevant jurisdictions in which they are located. This document does not constitute an offer or solicitation to any person in any jurisdiction in which such an offer or solicitation would be unlawful. Persons who are not resident in the United Kingdom should inform themselves of, and observe, any applicable requirements.

The attention of Holders who are citizens or residents of jurisdictions outside the United Kingdom or who are holding Shares for such citizens or residents and any person (including, without limitation, any custodian, nominee or trustee) who may have an obligation to forward any document in connection with the Offer outside the United Kingdom is drawn to Part VI of this Offer Document.

Yours faithfully

/s/ Jane Jie Sun

**Jane Jie Sun**

**Director and Chief Executive Officer of Ctrip**

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**PART III**

**MECHANICS OF THE OFFER**

1. **Introduction**

This part of the Offer Document sets out the mechanics of the Offer, containing the more general terms surrounding the Offer and providing information in relation to the acceptance thereof.

**The procedure for accepting the Offer is set out in the Form of Acceptance which accompanies this Offer Document. In order to accept the Offer in respect of your Shares, you must complete and electronically sign and submit the Form of Acceptance as soon as possible. Holders are urged to submit their completed and validly executed Forms of Acceptance by no later than 5.00pm on 4 December 2016. In the event that you are an Optionholder and/or have rights to subscribe for Conditional Subscription Shares, the Form of Acceptance enables you to exercise your rights to exercise your Options and/or rights to subscribe for Conditional Subscription Shares and to sell those Shares pursuant to the Offer. The Holders are invited to return their Forms of Acceptance as soon as possible.**

2. **The Offer and Settlement**

The Offer is subject to the terms and conditions set out in this Part III and Part IV of this Offer Document and in the Form of Acceptance.

***Settlement of Cash Consideration for UK Holders***

Subject to the Offer becoming or being declared wholly unconditional, and provided that the Form of Acceptance, share certificate(s) and/or other document(s) of title are in order, settlement of the Cash Consideration to which any Non-UK Holder is entitled under the Offer will be despatched as follows: Ctrip will remit the relevant Cash Consideration to Skyscanner on the Closing Date by way of electronic transfer and Skyscanner will within fifteen (15) Business Days of receipt of such Cash Consideration remit such Cash Consideration less any Permitted Deduction to the relevant validly accepting Holder by way of electronic transfer to the Holder's bank account to which their salary is usually paid.

An instruction to send electronically a sum to which a Holder is entitled shall, when acted upon by Ctrip or on its behalf and sent to Skyscanner, be an effective discharge of Ctrip's obligation to pay such sum and Ctrip shall not be concerned to see to the application or be answerable for the loss or misappropriation of such sum. By executing the Form of Acceptance, Holders will appoint Skyscanner as their agent for the purposes of receiving the Cash Consideration from Ctrip and effecting any Permitted Deduction.

***Settlement of Cash Consideration for Non-UK Holders***

Subject to the Offer becoming or being declared wholly unconditional, and provided that the Form of Acceptance, share certificate(s) and/or other document(s) of title are in order, settlement of the Cash Consideration to which any Non-UK Holder is entitled under the Offer will be paid in three instalments to be despatched as follows:

- (a) Ctrip will remit the relevant first instalment of the Cash Consideration to Skyscanner on the Closing Date by way of electronic transfer and Skyscanner will within fifteen (15) Business Days of receipt of such Cash Consideration remit such Cash Consideration less any Permitted Deduction to the relevant validly accepting Holder by way of electronic transfer to the Holder's bank account to which their salary is usually paid;
- (b) Ctrip will remit the relevant second instalment of the Cash Consideration to Skyscanner on the first anniversary of the Closing Date by way of electronic transfer

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and Skyscanner will within fifteen (15) Business Days of receipt of such Cash Consideration remit such Cash Consideration to the relevant validly accepting Holder by way of electronic transfer to the Holder's bank account to which their salary is usually paid; and

- (c) Ctrip will remit the relevant third instalment of the Cash Consideration to Skyscanner on the third anniversary of the Closing Date by way of electronic transfer and Skyscanner will within fifteen (15) Business Days of receipt of such Cash Consideration remit such Cash Consideration to the relevant validly accepting Holder by way of electronic transfer to the Holder's bank account to which their salary is usually paid.

An instruction to send electronically a sum to which a Holder is entitled shall, when acted upon by Ctrip or on its behalf and sent to Skyscanner, be an effective discharge of Ctrip's obligation to pay such sum and Ctrip shall not be concerned to see to the application or be answerable for the loss or misappropriation of such sum. By executing the Form of Acceptance, Holders will appoint Skyscanner as their agent for the purposes of receiving the Cash Consideration from Ctrip and effecting any Permitted Deduction.

### ***Issuing of Loan Notes to UK Holders***

Subject to the Offer becoming or being declared wholly unconditional, and provided that the Form of Acceptance, share certificate(s) and/or other document(s) of title are in order, the Loan Notes to which any UK Holder is entitled under the Offer will be issued as follows: in the case of acceptances received, valid and complete in all respects before the date on which the Offer becomes or is declared wholly unconditional, Ctrip will issue the Loan Notes to the relevant Holder(s) on the Closing Date and Loan Note certificate(s) in respect of such Loan Notes will be despatched to the relevant Holder(s) within fifteen (15) Business Days of the Closing Date.

All Loan Note certificates will be despatched to the relevant Holders by Ctrip sending such Loan Note certificates to the Company Secretary of Skyscanner (currently Carolyn Jameson), c/o Skyscanner Holdings Limited, Quatermile One, 15 Lauriston Place, Edinburgh EH3 9EN, United Kingdom. The Company Secretary of Skyscanner will hold the original Loan Note certificates for all relevant Holders for ease of safekeeping and each relevant Holder will in due course be provided with a copy of his/her Loan Note certificate. If any Holder wishes to hold the original of their Loan Note certificate, they should request the original Loan Note certificate from the Company Secretary of Skyscanner from time to time. By executing the Form of Acceptance, Holders will appoint Skyscanner as their agent for the purposes of receiving the Loan Note certificates from Ctrip.

The Loan Notes are not transferable. In the case of death of a registered holder of Loan Notes or of any other event giving rise to the transmission of the Loan Notes by operation of law, the only persons recognised by Ctrip as having any title to such Loan Notes of such registered holder are the executors or administrators of that deceased registered holder's estate or such other person or persons as the directors of Ctrip may reasonably determine. Any person becoming entitled to the Loan Notes as a result of such transmission may, upon producing such evidence as reasonably required by the directors of Ctrip, be registered as the holder of such Loan Notes.

**Your attention is drawn to the procedure for acceptance set out at paragraph 5 of this Part III below.**

### **3. Conditions of the Offer**

The Offer is conditional upon the satisfaction of the Condition referred to in Part IV of this Offer Document.

### **4. Holders Resident Overseas**

If you are resident outside the United Kingdom, you should consult professional advisers as to any governmental or other consents required or other formalities that need to be observed in order for you to be able to accept the Offer.

In particular, unless otherwise determined by Ctrip, the Offer is not being made, directly or indirectly, in or into, or by use of the mails of, or by any means or instrumentality of (including, without limitation, facsimile transmission, telex, telephone or e-mail) of commerce of, or any facilities of, a national securities exchange of, Australia, Canada or South Africa, and cannot be accepted by any such use, means, instrumentality or facility from or within Australia, Canada or South Africa, nor is it being made in or into any jurisdiction where they such delivery or receipt of the Offer would be contrary to applicable law in that jurisdiction, and the Offer is not capable of acceptance from any such jurisdiction by any such use, means, instrumentality or facilities.

The Loan Notes are not being offered to Non-UK Holders, have not been and will not be registered under the U.S. Securities Act and applicable state law, and are not being sold, directly or indirectly, in the United States or to U.S. Persons. Further, no prospectus in relation to the Loan Notes has been, or will be lodged with, any securities regulator in Australia, Canada or South Africa, and no steps have been, or will be, taken to enable the Loan Notes to be offered in compliance with the applicable securities laws of Australia, Canada or South Africa. Consequently, the Loan Notes are not being offered, sold or delivered, directly or indirectly, in or into Australia, Canada or South Africa, or any other jurisdiction if to do so would constitute a violation of the relevant laws in such jurisdiction.

This Offer Document and the Form of Acceptance should not be distributed, forwarded or transmitted in or into Australia, Canada or South Africa or any other jurisdiction where it would be unlawful to do so.

The non-transferable nature of the Loan Notes means that this Offer does not constitute a prospectus under, and is not subject to, the Prospectus Directive. Therefore, the Offer has not been approved by the United Kingdom Financial Conduct Authority or any other competent regulatory authority of any Member State of the European Economic Area. For the purposes of this paragraph, Prospectus Directive means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in any Member State of the European Economic Area.

### **5. Procedure for Acceptance of the Offer**

This section should be read with the notes on the Form of Acceptance.

In order to accept the Offer in respect of your Shares, you must complete and electronically sign and submit the Form of Acceptance as soon as possible. Holders are urged to submit their completed and validly executed Forms of Acceptance by no later than 5.00pm on 4 December 2016. In the event that you are an Optionholder and/or have rights to subscribe for Conditional Subscription Shares, the Form of Acceptance enables you to exercise your rights to exercise your Options and/or rights to subscribe for Conditional Subscription Shares and to sell those Shares pursuant to the Offer. Holders are invited to return their Forms of Acceptance as soon as possible.

In the event that you wish to accept the Offer in respect of your Shares and you are in possession of share certificate(s) or other documents of title in respect of all your Shares, please return the relevant share certificate(s) or other documents of title by post or by hand (during normal business hours only) to Skyscanner Holdings Limited at Quartermile One, 15 Lauriston Place, Edinburgh, EH3 9EN, United Kingdom for the

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attention of Skyscanner Secretary as soon as possible but, in any event, so as to be received by no later than 5.00pm on 4 December 2016.

If you wish to accept the Offer and have lost your share certificate(s) and/or other document(s) of title, or if those are not available, the Form of Acceptance should nevertheless be electronically signed and returned as stated above. The Form of Acceptance contains a form of indemnity for the number of Shares you hold for the missing, destroyed or misplaced share certificate(s). You should then arrange for the relevant share certificate(s) and/or other document(s) of title to be forwarded as soon as possible thereafter if they are found or become available. Further details are set out in the Form of Acceptance.

Ctrip reserves the right, at its sole discretion, to treat as invalid any Form of Acceptance which is not entirely in order or which is not accompanied by the relevant share certificate(s) and/or other document(s) of title.

The availability of the Offer to persons who are citizens or residents outside of the United Kingdom may be affected by the laws of the relevant jurisdictions. Such persons should inform themselves about and observe any applicable requirements. The attention of any such persons is drawn to paragraph 6 of Part IV of this Offer Document and to Part VI of this Offer Document. Any Form of Acceptance which appears to Ctrip or its agents to have been submitted from Australia, Canada or South Africa may be treated as invalid.

Your attention is drawn to the conditions attached to the Offer, including the information relating to the Form of Acceptance, to the letter from the Chief Executive Officer of Skyscanner set out in Part I and to the letter from the Director and Chief Executive Officer of Ctrip set out in Part II.

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## PART IV

### TERMS OF THE OFFER

Except where the context requires otherwise, any reference in this Offer Document and in the Form of Acceptance:

- (a) to the Offer will include any revision, variation or extension of the Offer;
- (b) to the Offer becoming unconditional will include the Offer becoming or being declared unconditional in all respects; and
- (c) to acceptances of the Offer includes deemed acceptances of the Offer.

Ctrip reserves the right in its sole discretion to amend and vary the timing and the procedure for implementation of the Offer, including the terms and the timing of the Offer as set forth in paragraph 4 below but excluding any reduction in the Consideration. Notwithstanding the foregoing, in the event of a Dividend Payment, Ctrip reserves the right to reduce the Consideration by an amount up to the amount of any Dividend Payment.

The following further terms apply, unless the context requires otherwise, to the Offer.

#### 1. Title to the Shares

Electronic signature and delivery of the Form of Acceptance will constitute warranties by the accepting Holder in the terms set out in paragraph 5 below in respect of the Shares for which the Offer is accepted and that the accepting Holder has full power to accept the Offer and to enter into and perform the transaction contemplated in accordance with this Offer Document and will constitute a binding obligation in accordance with its terms.

#### 2. Condition

The Offer is subject to and conditional upon completion under the Share Purchase Agreement becoming effective on or before the Longstop Date.

#### 3. Lapse of Offer

- (a) The Offer will lapse unless the Condition is fulfilled or waived or has been determined by Ctrip in its reasonable opinion to be or to remain satisfied, in each case no later than the Longstop Date; and
- (b) If the Offer so lapses, the Offer will cease to be capable of further acceptance and accepting Holders and Ctrip will cease to be bound by any Form of Acceptance submitted before the time the Offer lapses.

#### 4. Acceptance Period

The Offer will remain open for acceptance until no later than 5.00pm on 31 December 2016 (or such later time(s) and/or date(s) as Ctrip may decide) following which the Offer will close. For the avoidance of doubt, Ctrip in its absolute discretion shall be entitled to extend the period for acceptances of the Offer in respect of any particular Holder(s). In the event that Ctrip extends the period for acceptances of the Offer in respect of any particular Holder(s) until after the Closing Date, references to the "Closing Date" in paragraph 5(b) below and in the Form of Acceptance shall in respect of such Holder(s) mean the date of closing of the Offer in respect of such Holder(s).

## 5. Form of Acceptance

Each Holder by whom, or on whose behalf, any Form of Acceptance is executed irrevocably and unconditionally undertakes, represents, warrants to and agrees with Ctrip (so as to bind him and his personal representatives, heirs, successors and assigns) to the following effect:

- (a) that the execution of a Form of Acceptance shall constitute an acceptance of the Offer in respect of the numbers and classes of Shares inserted, or deemed to be inserted, in the Form of Acceptance;
- (b) that the Shares in respect of which the Offer is accepted, or is deemed to be accepted, are

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transferred fully paid with Full Title Guarantee and free from all liens, equities, charges and Encumbrances and together with all rights attaching thereto on or after 5 p.m. on the Closing Date including, without limitation, the right to receive and retain all dividends and other distributions, if any, declared, paid or made on or after that date;

- (c) that the electronic execution of the Form of Acceptance and its submission constitutes, subject to the Offer becoming unconditional in all respects in accordance with its terms, the irrevocable separate appointment of Skyscanner and each of its directors as such Holder's attorney, and an irrevocable instruction to the attorney to complete and execute all or any form(s) of transfer and/or other document(s) in the attorney's discretion in relation to the Shares referred to in paragraph (a) of this paragraph 5 in favour of Ctrip and to deliver such form(s) of transfer and/or other document(s) at the attorney's discretion together with any share certificate(s) and/or other document(s) of title relating to such Shares for registration and to execute such other documents and to do all such other acts or things as may in the opinion of such attorney be necessary or expedient for the purpose of, or in connection with, the acceptance of the Offer and the making of any election thereunder and to vest such Shares in Ctrip or its nominee(s);
- (d) that, subject to the Offer becoming unconditional in all respects in accordance with its terms, the execution of the Form of Acceptance and its submission constitutes a separate and irrevocable authority and request to Skyscanner or its agents to procure the registration of the transfer of the Shares in certificated form pursuant to the Offer and the delivery of the share certificate(s) and/or other document(s) of title in respect thereof to Ctrip or as it may direct;
- (e) that any Form of Acceptance executed and submitted by or on behalf of a Holder shall be irrevocable and cannot be withdrawn;
- (f) after the Offer has become unconditional in all respects that:
  - (i) Ctrip or its agents shall be entitled to exercise or direct the exercise of any votes and any or all other rights and privileges (including the right to requisition the convening of a general meeting of Skyscanner or of any class of its shareholders) attaching to any Shares, in respect of which the Offer has been accepted, or is deemed to have been accepted, such votes where relevant to be cast so far as possible to satisfy any outstanding condition of the Offer;
  - (ii) the execution of a Form of Acceptance by a Holder in respect of the Shares:
    - (A) constitutes an irrevocable authority to Skyscanner from such Holder to send any notice, circular, warrant or other document or communication which may be required to be sent to him as a member of Skyscanner in respect of such Shares to Ctrip at its registered office;
    - (B) constitutes an irrevocable authority to Ctrip or its agents to sign any document and to do such things as may in the opinion of Ctrip or that agent be deemed necessary or desirable in connection with the exercise of any votes or other rights and privileges attaching to such Shares, (including, but without limitation, signing any consent to short notice of a general meeting or form of proxy on his behalf and/or, where appropriate, nominated by Ctrip to attend general meetings and separate class meetings of Skyscanner or its members or any of them (and any adjournment thereof) and/or attending any such meeting and exercising the votes attaching to such Shares on his behalf, where relevant such votes to be cast so far as possible to satisfy any outstanding condition of the Offer);
    - (C) will also constitute the agreement of such Holder not to exercise any of such rights without the consent of Ctrip and the irrevocable undertaking of such Holder not to appoint a proxy to attend and not himself to attend any such general meeting or separate class meeting; and

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- (D) that the Holder:
  - (1) has not received or sent copies or originals of the Offer Document, the Form of Acceptance or any related offering documents, in, into, or from Australia, Canada or South Africa (a "**Restricted Jurisdiction**") and has not otherwise utilised in connection with the Offer, directly or indirectly, the mails for, any means or instrumentality of (including, without limitation, facsimile transmission, telephone or e-mail) of commerce of, or any facility of a national securities exchange, of a Restricted Jurisdiction;
  - (2) was outside a Restricted Jurisdiction when the Form of Acceptance was delivered and at the time of accepting the Offer;

- (3) in respect of the Shares to which the Form of Acceptance relates, is not an agent or a fiduciary agent on a non-discretionary basis for a principal who has given any instructions with respect to the Offer from within a Restricted Jurisdiction;
- (4) if a citizen, resident or national of a jurisdiction outside the United Kingdom, has observed the laws of the relevant jurisdiction, obtained all requisite governmental, exchange control and other consents, complied with all other necessary formalities and paid any issue, transfer or other taxes or other requisite payments due in any such jurisdiction in connection with such acceptance and has not taken or omitted to take any action that may result in Ctrip, Skyscanner, the Sellers' Representatives or other person acting in breach of the legal or regulatory requirements of any such jurisdiction in connection with the Offer or the Holder's acceptance thereof;

- (g) that the Holder will deliver to Skyscanner his share certificate(s) or other document(s) of title in respect of all Shares held by the Holder, and in respect of which the Offer has been accepted or is deemed to have been accepted, or an indemnity acceptable to Ctrip in lieu thereof as soon as possible and in any event within 3 months of the Offer becoming unconditional in all respects and will execute any further documents, do such acts and give any further assurances that may be required or desirable in connection with his acceptance of the Offer in respect of such shares;
- (h) that Ctrip or its agents shall be entitled to effect any Permitted Deduction, settle the Cash Consideration less any Permitted Deduction, issue the Loan Notes and despatch the Loan Note certificates in the manner set out in Part III of this Offer Document;
- (i) that the Holder is irrevocably and unconditionally entitled to transfer the Shares in respect of which the Form of Acceptance is completed and that the entire beneficial interest in such Shares, in respect of which the Offer is accepted or deemed to be accepted will be acquired by Ctrip or its nominee under the Offer;
- (j) that the Holder acknowledges and agrees that any transfer of shares in the capital of Skyscanner to Ctrip by any Skyscanner shareholder pursuant to this Offer, the Share Purchase Agreement and any other documents effecting the Acquisition is a transfer made in accordance with Article 16.4 of the Articles;
- (k) that the terms and conditions of the Offer contained in this Offer Document will be incorporated and deemed to be incorporated in and form part of the Form of Acceptance, which will be read and construed accordingly;
- (l) that the Holder will ratify each and every act or thing which may be done or effected by Ctrip, Skyscanner or any officer or authorised representative or agents of them, as the case may be, in the exercise of any of his or its power and/or authorities hereunder;

- (m) that, if any provision of this Offer Document is or becomes unenforceable or invalid or does not or becomes unable to operate so as to afford Ctrip and/or Skyscanner or any officer or authorised representative of any of them or their respective agents the benefit or authority expressed to be given therein, the Holder will, as promptly as practicable, do all such acts and things and execute all such documents that may be required or desirable to enable those persons to secure the full benefit of this Offer Document;
- (n) that the Holder accepts the Offer on the basis of the information set out in this Offer Document and the Form of Acceptance;
- (o) that all powers of attorney, appointments of agents and authorities conferred by those conditions or in the Form of Acceptance are given by way of security for the performance of the obligations of the Holder concerned and are irrevocable;
- (p) that the Holder waives any right of pre-emption over any Shares set out in the Articles or otherwise; and
- (q) that the Holder appoints Carolyn Jameson and Colin McLellan of c/o Skyscanner Holdings Limited, Quatermile One, 15 Lauriston Place, Edinburgh, EH3 9EN, United Kingdom to be the Sellers' Representatives for all purposes of this Offer Document.

## 6. Non-UK Applicants

No person receiving a copy of this Offer Document or a Form of Acceptance in any territory other than the UK may treat the same as constituting an invitation or offer to him, nor should he in any event use such Form of Acceptance unless, in the relevant territory, such an invitation or offer could lawfully be made to him or such Form of Acceptance could lawfully be used without contravention of any registration or other legal requirements. It is the responsibility of any person outside the UK wishing to make an application hereunder to satisfy himself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities requiring to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.

## 7. Definitions

Save where the context otherwise requires, words and expressions defined in this Offer Document have the same meanings when used in the Form of Acceptance and any other explanatory notes in relation thereto.

## 8. General

- (a) References to a Holder include references to the person or persons executing a Form of Acceptance and any person or persons on whose behalf such person or persons executing the Form of Acceptance is/are acting. In the event of more than one person executing a Form of Acceptance such paragraphs will apply jointly and severally;
- (b) Any omission or failure to despatch this Offer Document, the Form of Acceptance or any other document relating to the Offer and/or any notice required to be despatched under the terms of the Offer to or any failure to receive the same by any person to whom the Offer is or should be made will not invalidate the Offer in any way or create any implication that the Offer has not been made to any such person;

- (c) Ctrip reserves the right to treat acceptances of the Offer as valid if not entirely in order or not accompanied by the relevant share certificates and/or other relevant documents of title or if received by Ctrip at any place or places determined by it otherwise than as set out in this Offer Document or Form of Acceptance;
- (d) The Offer will lapse unless the Condition has been fulfilled or (if capable of being waived) waived or where appropriate has been determined by Ctrip in its reasonable opinion to be or remain satisfied by no later than the Longstop Date. If the Offer lapses for any reason, the

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Offer will cease to be capable of further acceptance and the Holder and Ctrip will cease to be bound by prior acceptances.

- (e) The Holders agree that no press conference, announcement or other communication concerning the transactions referred to in this document or in connection with the Skyscanner Group or Ctrip or otherwise relating to the financial condition or trading or financial prospects of the Skyscanner Group shall be made or despatched by the Holders or any Connected Person without the prior written consent of Ctrip save as may be required by:
- (i) law; or
  - (ii) any applicable regulatory authority to which either party is subject where such requirement has the force of law.
- (f) The Holders shall treat as strictly confidential all information received or obtained as a result of entering into or performing any obligations in this document or supplied by on or behalf of Ctrip or the Skyscanner Group in the negotiations leading to this document, which relates to the provisions of this Offer Document, the negotiations relating to this Offer Document or, the subject matter of the document or in any of these cases relating to the Form of Acceptance (the “**Information**”) and shall not without the prior written consent of Ctrip publish or otherwise disclose to any person any Information except to the extent that:
- (i) the Information before it is furnished to the Holder is in the public domain; or
  - (ii) the Information after it is furnished to the Holder enters the public domain otherwise than as a result of a breach by the Holder of its obligations to treat such information as confidential; or
  - (iii) the Holder discloses the Information to any person in compliance with any requirement of law; in response to any applicable regulatory authority to which it is subject where such requirement has the force of law; in order to obtain tax or other clearance consents from HM Revenue & Customs or other relevant taxing or regulatory authority.
- (g) Subject to paragraph (s) of Section B of the Form of Acceptance, the Offer, all Forms of Acceptance and all acceptances in respect thereof and any dispute or claim arising out of or in connection with them or their subject matter or formation (including non-contractual disputes or claims) shall be governed by and construed in accordance with English law. Subject to paragraph (s) of Section B of the Form of Acceptance, the courts of England are to have exclusive jurisdiction to settle any matter, dispute or claim arising out of or in connection with the Offer, the Forms of Acceptance and all acceptances in respect thereof.
- (h) This Offer Document is being distributed on the basis that the proposed Offer is one falling within Article 62(2) (Sale of a body corporate) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (SI 2005/1529) in that the purpose of the Offer (together with the other transactions pursuant to which the Acquisition is to be implemented) is for Ctrip to acquire the day-to-day control of the affairs of Skyscanner.

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## PART V

### PRINCIPAL TERMS OF THE LOAN NOTES

The Loan Notes will be created by a resolution of the directors of Ctrip and will each be constituted by a loan note instrument (the “**Loan Note Instrument**”) executed as a deed by Ctrip on the Closing Date. The Loan Notes will only be issued to UK Holders and will not be issued to Non-UK Holders. The Loan Notes will be an obligation of Ctrip pursuant to the Loan Note Instrument. The Loan Note Instrument contains, among other things, provisions to the effect set out below:

#### 1. **Form and Status**

The Loan Notes will be issued by Ctrip in integral multiples of £1 in nominal amount and will constitute unsecured and unsubordinated obligations of Ctrip, except for those obligations as may be preferred by law. The Loan Note instrument will not contain any restrictions on borrowing, disposing or charging of assets by Ctrip.

The Loan Notes will be in registered form. Ctrip shall keep a record of the Noteholders in a register (the “**Register**”). The Register is further detailed in clause 8 of the Loan Note Instrument.

Title to the Loan Note passes only on due registration on the Register and any payment due on the Loan Note will be made only to the duly registered Noteholder. The Loan Note certificates are further described in clause 7 of the Loan Note Instrument.

#### 2. **Interest**

Save in the event that Ctrip defaults in repaying Loan Notes on a due date for repayment, no interest will be payable on the Loan Notes.

### 3. **Repayment, Purchase and Redemption**

On the first anniversary of the Closing Date, a Noteholder shall be repaid at par 17% of the Loan Notes which were issued to that Noteholder at the Closing Date.

The balance of the Loan Notes will be redeemed at par immediately following the third anniversary of the Closing Date.

### 4. **Repayment on Default**

By a decision of the majority of the Noteholders, the Noteholders may by written notice to Ctrip direct that the Loan Notes held by Holders who become Noteholders following the Closing Date, and any other sum then payable on such Loan Notes, be due and payable immediately upon the occurrence of any of the following:

- (a) **Failure to pay:** Ctrip fails to pay any principal monies on any of the Loan Notes within five Business Days after the due date for payment therefor unless Ctrip's failure to pay is caused by administrative or technical error or delay in the transmission of funds outside the control of Ctrip and, in such circumstances, payment is made within ten Business Days of the due date for such payment;
- (b) **Breach of undertaking:** Ctrip fails to perform or comply with any material obligation (other than an obligation to pay principal in respect of the Loan Notes) expressed to be assumed by it in the Loan Notes Instrument and such failure continues for 20 Business Days after written notice has been given by any Noteholder requiring remedy thereof;
- (c) **Insolvency:** Ctrip is or is adjudged by a court of competent jurisdiction to be insolvent or unable to pay its debts (as defined in section 93(c) of the Companies Law of the Cayman Islands, but for these purposes ignoring the deeming provisions of section 93(a) of the Companies Law of the Cayman Islands), stops, suspends or threatens to

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stop or suspend payment of all or any material part of its indebtedness or commences negotiations with any one or more of its creditors (other than the Noteholders) with a view to the general readjustment or re-scheduling of all or any material part of its indebtedness or makes a general assignment for the benefit of, or composition with or for the benefit of its creditors (or any class of its creditors) or a moratorium is agreed or declared in respect of, or affecting, all or a material part of its indebtedness and such circumstances would, or might reasonably be expected to, have a Material Adverse Effect;

- (d) **Winding-up:** an order is made or an effective resolution is passed by Ctrip or a court of competent jurisdiction for the winding up or dissolution of Ctrip (other than for the purposes of a bona fide, solvent scheme of reconstruction or amalgamation whereunder a successor company undertakes the obligations of Ctrip), or an administrative or other receiver, administrator, liquidator, provisional liquidator, trustee or similar officer is appointed over all or any material part of its assets;
- (e) **Enforcement proceedings:** any expropriation, attachment, sequestration, distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or any material part of the assets of Ctrip which (1) is not discharged or stayed within 20 Business Days of having been so levied, enforced or sued out and (2) would, or might reasonably be expected to, have a Material Adverse Effect;
- (f) **Analogous proceedings:** anything analogous to or having a substantially similar effect to any of the events specified in paragraphs (c) to (e) inclusive shall occur under the laws of any applicable jurisdiction;
- (g) **Encumbrance enforceable:** any encumbrance on or over the all or any material part of the assets of Ctrip becomes enforceable and any formal, legal step (including the taking of possession or the appointment of a receiver, manager or similar person) is taken by the holder of such encumbrance to enforce that encumbrance other than where the same is frivolous or vexatious and is suspended within 21 days or other than where such circumstance would not, or might reasonably not be expected to, have a Material Adverse Effect;
- (h) **Illegality:** it is or will become unlawful for Ctrip to perform or comply with any material obligations under the Loan Note Instrument or any such obligation is not or ceases to be legal, valid and binding; or
- (i) **Cessation of business:** Ctrip ceases to carry on the whole of the business it carries on the date of this instrument or a substantial part thereof,

Where:

**"Material Adverse Effect"** means any event or circumstance which, taking into account all relevant circumstances, has a material adverse effect on the business operations and financial performance of Skyscanner and its Subsidiaries, taken as a whole.

### 5. **Non-Transferability**

The Loan Notes are non-transferable and no application has been made or will be made to any stock exchange for the Loan Notes to be listed or otherwise dealt in.

The Notes have not been and will not be registered under the U.S. Securities Act, any state securities laws in the United States or the securities laws of any other jurisdiction and have been initially placed pursuant to exemption from the U.S. Securities Act and such other laws and may not be reoffered, resold, pledged, or otherwise transferred except by descent or by operation of law.

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### 6. **Modification**

The provisions of the Loan Note Instrument and the rights of the Noteholders may from time to time be modified, abrogated or varied in any respect with the sanction of the majority of the Noteholders and with the consent of Ctrip.

Notwithstanding the above, Ctrip may (by instrument expressed to be supplemental to the Loan Note Instrument) from time to time amend the Loan Note Instrument without the sanction of an extraordinary resolution if such amendment would not (in the good faith opinion of Ctrip's board of directors) be prejudicial to the interests of the Noteholders or if such amendment is of a formal, minor or technical nature or is made to correct a manifest error in its terms.

## 7. **Governing Law**

The Loan Notes, the Loan Note Instrument and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) shall be governed by and construed in accordance with English law.

The courts of England are to have exclusive jurisdiction to settle any matter, dispute or claim arising out of or in connection with the Loan Note Instrument and the Loan Notes.

The above represents a summary of the terms of the Loan Notes and is subject to the detailed provisions of the Loan Note Instrument which will govern the rights and obligations of Ctrip and the Noteholders with respect to the Loan Notes.

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## **PART VI**

### **IMPORTANT INFORMATION**

The statements contained in this document are not to be construed as legal, business, financial or tax advice. If you are in any doubt about the content of this document, you should consult your own legal, financial or tax adviser for legal, business, financial or tax advice. The statements contained in this document are made as at the date of this document, unless some other time is specified in relation to them, and service of this document shall not give rise to any implication that there has been no change in the facts set out in this document since such date. No dealer, salesperson or other person is authorised to give any information or to make any representations with respect to the Offer other than such information or representations as are contained in this document and, if given or made, such information or representations must not be relied upon as having been authorised by Ctrip or Skyscanner.

#### **General**

This Offer Document should not be distributed, forwarded or transmitted in or into Australia, Canada, the People's Republic of China (which for this purpose only should exclude the Hong Kong and Macau Special Administrative Regions and Taiwan) or South Africa. To the best of the knowledge and belief of the directors of Ctrip.com International, Ltd., who have taken all reasonable care to ensure that such is the case, the information contained in this Offer Document is in accordance with the facts and does not omit anything likely to affect the import of such information. This document should be read in connection with the accompanying Form of Acceptance. The terms of this Offer are recommended by all the directors of Skyscanner Holdings Limited.

**The availability of the Offer to persons not resident in the United Kingdom may be affected by the laws of relevant jurisdictions in which they are located. This document does not constitute an offer or solicitation to any person in any jurisdiction in which such an offer or solicitation would be unlawful. Persons who are not resident in the United Kingdom should inform themselves of, and observe, any applicable requirements.**

#### **Notice to U.S. Holders**

The Offer is made for the securities of a UK company. The Offer is subject to disclosure requirements of the United Kingdom that are different from those in the United States. Financial statements included in, or incorporated by reference in, the document, if any, have been prepared in accordance with non-U.S. accounting standards that may not be comparable to the financial statements of U.S. companies.

The Offer is being made in the United States in reliance on and in compliance with Rule 14d-1(c) under the U.S. Securities Exchange Act of 1934, as amended. Ctrip will furnish to the SEC a Form CB with respect to the Offer.

It may be difficult for Holders to enforce their rights and any claim they may have arising under the federal securities laws since Ctrip and Skyscanner are located outside the United States, and some or all of their officers and directors are resident outside the United States. As a result, it may be difficult to compel Ctrip and Skyscanner and their affiliates to subject themselves to a U.S. court's judgment, or to enforce, in courts outside the United States, judgments obtained in U.S. courts against any such person, including judgments based on the civil liability provisions of the U.S. securities laws. Additionally, Holders may not be able to sue Ctrip or Skyscanner or their respective officers or directors in a non-U.S. court for violations of the U.S. securities laws.

As further described herein, Holders should be aware that Ctrip may purchase Skyscanner's securities other than under this Offer, such as in privately negotiated purchases.

**In making the decision whether or not to accept the Offer, Holders must rely upon their own examination of the Offer, including the merits and risks involved.**

**THE OFFER HAS NOT BEEN APPROVED OR RECOMMENDED BY ANY U.S. FEDERAL OR**

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**STATE SECURITIES AUTHORITY NOR HAS ANY SUCH AUTHORITY PASSED UPON THE ACCURACY OR ADEQUACY OF THIS DOCUMENT. THE MAKING OF ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.**

## **Other Restricted Jurisdictions**

Unless otherwise determined by Ctrip, the Offer is not being made, directly or indirectly, in or into, or by use of the mails of, or by any means or instrumentality (including, without limitation, facsimile transmission, telex, telephone or e-mail) of commerce of, or any facilities of, a national securities exchange of, Australia, Canada or South Africa, and cannot be accepted by any such use, means, instrumentality or facility from or within Australia, Canada or South Africa, nor is it being made in or into any jurisdiction where they such delivery or receipt of the Offer would be contrary to applicable law in that jurisdiction, and the Offer is not capable of acceptance from any such jurisdiction by any such use, means, instrumentality or facilities.

No prospectus in relation to the Loan Notes has been, or will be lodged with, any securities regulator in the United States, Australia, Canada, the PRC or South Africa, and no steps have been, or will be, taken to enable the Loan Notes to be offered in compliance with the applicable securities laws of the United States, Australia, Canada, the PRC or South Africa. Consequently, the Loan Notes are not being offered, sold or delivered, directly or indirectly, in or into the United States, Australia, Canada, the PRC or South Africa, or any other jurisdiction if to do so would constitute a violation of the relevant laws in such jurisdiction.

## **Forward-looking statements**

This Offer Document, oral statements made regarding the Offer, and other information published by Ctrip and Skyscanner contain statements which are, or may be deemed to be, “forward-looking statements”. All statements, other than statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and projections of the management of Ctrip and Skyscanner about future events, and are therefore subject to risks and uncertainties which could cause actual results, performance or events to differ materially from those expressed or implied by the forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as “plan”, “expect”, “budget”, “target”, “aim”, “scheduled”, “estimate”, “forecast”, “intend”, “anticipate”, “assume” or “believe”, or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “should”, “would”, “might” or “will” be taken, occur or be achieved. Although Ctrip and Skyscanner believe that the expectations reflected in such forward-looking statements are reasonable, Ctrip and Skyscanner can give no assurance that such expectations will prove to be correct. By their nature, forward-looking statements involve risks (known and unknown) and uncertainties (and other factors that are in many cases beyond the control of Ctrip and/or Skyscanner) because they relate to events and depend on circumstances that may or may not occur in the future.

There are a number of factors that could affect the future operations of Ctrip and/or the Skyscanner Group and that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements, such as: domestic and global business and economic conditions; asset prices; market related risks such as fluctuations in interest rates and exchange rates, industry trends, competition, changes in government and regulation, changes in the policies and actions of governments and/or regulatory authorities (including changes related to capital and tax), changes in political and economic stability, disruption in business operations due to re-organisation activities, interest rate, inflation and currency fluctuations, the timing impact and other uncertainties of future or planned acquisitions or disposals or combinations. Other unknown or unpredictable factors could affect future operations and/or cause actual results to differ materially from those in the forward-looking statements. Such forward-looking statements should therefore be construed in the light of such factors.

Each forward-looking statement speaks only as of the date of this Offer Document. Neither Ctrip nor Skyscanner, nor any of their respective associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this Offer Document will actually occur. All forward-looking statements

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contained in this Offer Document are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Readers are cautioned not to place undue reliance on these forward-looking statements. Other than in accordance with their legal or regulatory obligations, neither Ctrip nor Skyscanner is under or undertakes any obligation, and each of the foregoing expressly disclaims any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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## **PART VII**

### **FINANCIAL INFORMATION RELATING TO SKYSCANNER**

The documents referred to below (which contain financial information in respect of the Skyscanner Group) have been filed at Companies House in the UK and are incorporated into the Offer by reference.

<b>Document</b>	<b>Companies House reference</b>
Skyscanner Holdings Limited annual report and consolidated financial statements for the year ended 31 December 2015	S56BLH5K
Skyscanner Holdings Limited annual report and consolidated financial statements for the year ended 31 December 2014	S46WEEGB
Skyscanner Holdings Limited annual report and consolidated financial statements for the year ended 31 December 2013	S39HTOA2

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## ADDITIONAL INFORMATION

## 1. Directors

1.1. The Ctrip Directors and their respective positions are set out below:

Name	Position
James Jianzhang Liang	Executive Chairman of the Board
Min Fan	Vice Chairman of the Board and President
Jane Jie Sun	Director and Chief Executive Officer
Gabriel Li	Vice Chairman of the Board, Independent Director
JP Gan	Independent Director
Neil Nanpeng Shen	Independent Director
Qi Ji	Independent Director
Robin Yanhong Li	Director
Tony Yip	Director

The registered office of Ctrip is the offices of Maples Corporate Services Limited, P.O Box 309, Ugland House, Grand Cayman, KY1-1104 and the principal executive office address of Ctrip is 968 Jin Zhong Road, Shanghai 200335, People's Republic of China.

1.2. The Skyscanner Directors and their respective positions are as follows:

Name	Position
Gareth Williams	Director
Barry Smith	Director
Julian Pancholi	Director
Calum Paterson	Director
Sir Michael Moritz	Director
Mark Logan	Director

The registered office of Skyscanner is the offices Suite 7-001, 1 Fore Street, London, EC2Y 5EJ.

## 2. United Kingdom Taxation — UK Holders only

THE CONTENTS OF THIS PART ARE NOT TO BE CONSTRUED AS TAX ADVICE IN RESPECT OF THE IMPACT OF THE OFFER OR OTHERWISE. EACH HOLDER SHOULD CONSULT HIS OR HER OWN TAX ADVISOR FOR TAX ADVICE.

The following statements do not constitute legal or tax advice and are intended only as a general guide to the principal UK tax consequences of the making a Section 431 Election (as defined below) in connection with the Offer. The statements are based on current UK tax law as applied in England and Wales and H.M. Revenue & Customs (“HMRC”) published practice as at the date of this document and such provisions may be repealed, revoked or modified, possibly with retrospective effect, so as to result in UK tax consequences different from those described below. These statements are not intended to be exhaustive and do not purport to be a complete analysis of all UK tax considerations relating to the Offer. The statements below relate only to Holders who are and will be the absolute beneficial owners of his or her Shares and/or Options and who are resident and resident and domiciled in the United Kingdom for UK tax purposes (and any reference to “UK Holders” below should be construed accordingly).

By signing the Form of Acceptance, UK Holders agree to enter into (if requested to do so by Skyscanner) a joint tax election with your employer under section 431(1) of Chapter 2 of Part 7, Income Tax (Earnings and Pensions) Act 2003 (“ITEPA”) in respect of (where applicable) (a) the Option Sale Shares and/or (b) the Loan Notes (a “Section 431 Election”).

A Section 431 election is a joint election entered into by you and your employer whereby you elect to pay income tax on the unrestricted market value (i.e. the value assuming no restrictions apply) of (i) if you are an Optionholder, the Option Sale Shares you acquire on exercise of your Option and/or (b) the Loan Notes acquired on the sale of your Shares. If a Section 431 Election is entered into, income tax is payable by you on the difference between the unrestricted market value of (a) the Option Sale Shares and/or (b) the Loan Notes and price you are deemed to have paid for tax purposes.

If you are an Optionholder and you hold Options which are qualifying options for the purposes of Schedule 5 of ITEPA, you will be deemed to have entered into a Section 431 Election in respect of your Option Sale Shares as your Options were granted at a price which represented at least the market value.

If you are Optionholder and you hold Options which are (in whole or in part) unapproved share options, by entering into a Section 431 Election you agree to pay income tax on the difference between the unrestricted market value and the actual market value of your Option Sale Shares. As your Option will be exercised conditional upon and immediately before the Offer is declared or becomes wholly unconditional, it is likely that the unrestricted market value and the actual market value will be the consideration received for your Option Sale Shares and therefore there ought not to be a tax consequence of entering into the Section 431 Election.

If you are receiving Loan Notes by way of consideration for the sale of your Shares, by entering into Section 431 Election, you agree to pay income tax on any difference between the unrestricted market value of the Loan Notes and the value of the Shares which you are deemed to have sold in exchange for the Loan Notes.

If a Section 431 Election is not entered into, when the Option Sale Shares and/or Loan Notes are sold, redeemed or otherwise disposed of (as the case may be) or, if earlier, when any restrictions (such as transfer restrictions) are lifted, part of the increase in value may be subject to income tax under the restricted securities regime. By entering into a Section 431 Election any future gain in value or proceeds received in relation to the Option Sale Shares and/or the Loan Notes should be subject to capital gains tax (at a maximum rate of 20%) rather than the income tax regime.

### 3. Other Information

Save as disclosed in this document:

- (a) there is no agreement, arrangement or understanding by which any Shares to be acquired by Ctrip in pursuance of the Offer will be transferred to any other person; and
- (b) the Skyscanner Directors are not aware of any significant adverse change in the financial or trading position of Skyscanner since 31 December 2015 (the date to which the most recent annual results of Skyscanner were made up).

### 4. Documents on display

Copies of the following documents will be available free of charge, for inspection at the head office of Skyscanner until the Closing Date:

- (a) this document;
- (b) the memorandum and articles of association of Skyscanner; and
- (c) Skyscanner Holdings Limited annual reports and consolidated financial statements for the years ended 31 December 2013, 31 December 2014 and 31 December 2015.

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## PART IX

### DEFINITIONS

The following definitions apply throughout this Offer Document unless the context requires otherwise:

“2006 Act”	means the Companies Act 2006;
“Accumulation Period”	has the meaning given to such term in the SIP Rules;
“Acquisition”	means the proposed acquisition of substantially all of the issued share capital in Skyscanner by Ctrip;
“Articles”	means the articles of association of Skyscanner in force as at the date of this Offer Document;
“Business Day”	means any day (other than a Saturday, Sunday or public holiday in England, Scotland or the PRC) on which clearing banks in the City of London, Edinburgh and Shanghai are open for the transaction of normal sterling banking business;
“C1 Shares”	has the meaning given in the Articles;
“C2 Shares”	has the meaning given in the Articles;
“C3 Shares”	has the meaning given in the Articles;
“C4 Shares”	has the meaning given in the Articles;
“C6 Shares”	has the meaning given in the Articles;
“C7 Shares”	has the meaning given in the Articles;
“C8 Shares”	has the meaning given in the Articles;

“C9 Shares”	has the meaning given in the Articles;
“C10 Shares”	has the meaning given in the Articles;
“Cash Consideration”	means the cash sum payable by Ctrip to Holders in respect of the Offer, the amount of which shall be set out for each Holder in their Form of Acceptance;
“Closing Date”	means: <ul style="list-style-type: none"> <li>(a) the date which is the fifth Business Day after the date on which the Condition is satisfied (or waived); or</li> <li>(b) such later date as the Sellers’ Representatives and Ctrip may agree in writing (each acting reasonably);</li> </ul>
“Condition”	means the condition set out in paragraph 2 of Part IV of this Offer Document;
“Conditional Subscription Agreement”	means an agreement between the holder of a right to acquire Conditional Subscription Shares and Skyscanner;

“Conditional Subscription Shares”	means shares in the capital of Skyscanner in respect of which Skyscanner has previously granted to a person a conditional right to subscribe for those shares;
“Connected Person”	has the meaning attributed to it in section 839 of the Income and Corporation Taxes Act 1988;
“Consideration”	means the consideration offered by Ctrip to Holders in respect of the Offer (being Cash Consideration and Loan Notes in respect of UK Holders and Cash Consideration only in respect of Non-UK Holders);
“Ctrip”	means Ctrip.com International, Ltd., a company incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and having its principal executive office address at 968 Jin Zhong Road, Shanghai 200335, People’s Republic of China and “Ctrip Group” shall be construed as Ctrip and its subsidiary undertakings immediately prior to the Offer being made;
“Ctrip Directors”	means the members of the board of directors of Ctrip;
“Ctrip Shares”	means the ordinary shares of US\$0.01 of Ctrip;
“Deferred Shares”	means deferred shares of 0.01 pence each in the capital of Skyscanner, having the rights set out in the new articles of association of Skyscanner to be adopted pursuant to the Resolutions;
“Dividend Payment”	means any dividend, return of capital (whether by way of reduction of share capital, repurchase or redemption (or otherwise) or any other distribution in respect of any Share which has been declared, made or paid by Skyscanner or which has a record date, in each case, on or after the date of this Offer Document;
“EBITDA”	means earnings before interest, taxation, depreciation and amortisation of the Skyscanner Group (for the avoidance of doubt, and subject to the below, as comprised as at Completion (as defined in the Share Purchase Agreement)) for the LTM as disclosed in or by the relevant Management Accounts, but excluding any: <ul style="list-style-type: none"> <li>(a) share based payment charge taken to the profit and loss account of the Skyscanner Group associated with employee equity schemes; and</li> <li>(b) revenue and income resulting from any company or business acquired after Completion (as defined in the Share Purchase Agreement) unless such acquisition has been approved by the Board of Directors of Skyscanner from time to time;</li> </ul>
“EMI Rules”	means the rules of the EMI Scheme;
“EMI Scheme”	means the Skyscanner Holdings Limited Enterprise Management Incentive Scheme;
“Encumbrance”	means any encumbrance, lien, pledge, charge (fixed or floating), mortgage, third party claim, debenture, option, right

of pre-emption, right to acquire, assignment by way of security, trust arrangement for the purpose of providing security or other security interests of any kind, including retention arrangements or other encumbrances of any nature whatsoever and any agreement to create any of the foregoing;

“Form of Acceptance”	means the personalised form of acceptance and authority, issued in connection with the Offer and accompanying this Offer Document;
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<b>“Full Title Guarantee”</b>	means the benefit of the implied covenants set out in Part 1 of the Law of Property (Miscellaneous Provisions) Act 1994 when a disposition is expressed to be made with full title guarantee;
<b>“Holder”</b>	means a Shareholder and/or Optionholder and/or a person having rights to subscribe for Conditional Subscription Shares;
<b>“Institutional and Certain Other Shareholders”</b>	means SEP III and certain other shareholders in Skyscanner, defined as “Institutional and Other Non Management Sellers” in the Share Purchase Agreement;
<b>“Loan Note Instrument”</b>	means the loan note instrument pursuant to which Ctrip will create the Loan Notes;
<b>“Loan Notes”</b>	means unsecured zero coupon redeemable loan notes to be issued by Ctrip;
<b>“Longstop Date”</b>	means 23 February 2017, or such later date as the Sellers’ Representatives and Ctrip may agree in writing;
<b>“LTM”</b>	means the last 12 months covered by relevant Management Accounts (which, for the avoidance of doubt, may require two sets of Management Accounts to be aggregated in order to show a position for the relevant 12 month period);
<b>“Management Accounts”</b>	means the monthly management accounts of the Skyscanner Group, prepared on a basis consistent with Relevant Accounting Standards;
<b>“Management Shareholders”</b>	means Gareth Williams and certain other members of the management team of Skyscanner defined as “Management Sellers” in the Share Purchase Agreement;
<b>“NASDAQ”</b>	means the NASDAQ Stock Exchange;
<b>“Non-UK Holder”</b>	means a Holder who is not a UK Holder;
<b>“Noteholder”</b>	means a holder of Loan Notes;
<b>“Offer”</b>	means the recommended offer made by Ctrip to relevant recipients of this Offer Document to acquire the issued (and to be issued) Shares, Conditional Subscription Shares and Option Sale Shares to which this Offer Document relates, subject to the terms and conditions set out in this Offer Document and in the Form of Acceptance;

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<b>“Offer Document”</b>	means this document;
<b>“Option”</b>	means a share option over any shares in the capital of Skyscanner or any of its subsidiary undertakings granted by Skyscanner under the EMI Scheme;
<b>“Optionholder”</b>	means holders of the Options;
<b>“Option Sale Shares”</b>	means the Shares (if any) to be issued to Optionholders following the exercise of the Options;
<b>“Ordinary Shares”</b>	means the ordinary shares of £1.00 each in the capital of Skyscanner;
<b>“Permitted Deduction”</b>	means an amount equal to the aggregate of: <ul style="list-style-type: none"> <li>(a) any amount payable to Skyscanner for the purposes of receiving Option Sale Shares or Conditional Subscription Shares which are to be transferred to Ctrip under the Offer, including any amounts payable on the exercise of a Holder’s Option or right to acquire Conditional Subscription Shares; and</li> <li>(b) income tax, social security contributions or any other tax or charge which is a Holder’s liability but which Skyscanner (or any member of the Skyscanner Group) is liable to account on behalf of a Holder in connection with the Offer and of any withholding required to be made by law in connection with the Offer, including in relation to the exercise of a Holder’s Option or right to acquire Conditional Subscription Shares;</li> </ul>
<b>“PRC”</b>	means the People’s Republic of China (excluding, for the purposes of this Offer Document, the Hong Kong and Macau Special Administrative Regions and Taiwan);
<b>“Relevant Accounting Standards”</b>	means the practice of preparing accounts in compliance with all applicable laws and accounting conventions, principles and practices generally accepted in the UK required to be used in the preparation of accounts, which accounts are intended to show a fair presentation, as required by International Accounting Standards as approved by the European Union whereby the accounting treatment is specified in International Financial Reporting Standards, International Accounting Standards and IFRIC Draft Interpretations;
<b>“Resolutions”</b>	means written resolutions approving <i>inter alia</i> (i) the re-designation of the entire issued share capital of Skyscanner to ordinary shares of 0.01 pence each and Deferred Shares and (ii) the adoption of new articles of association of Skyscanner;

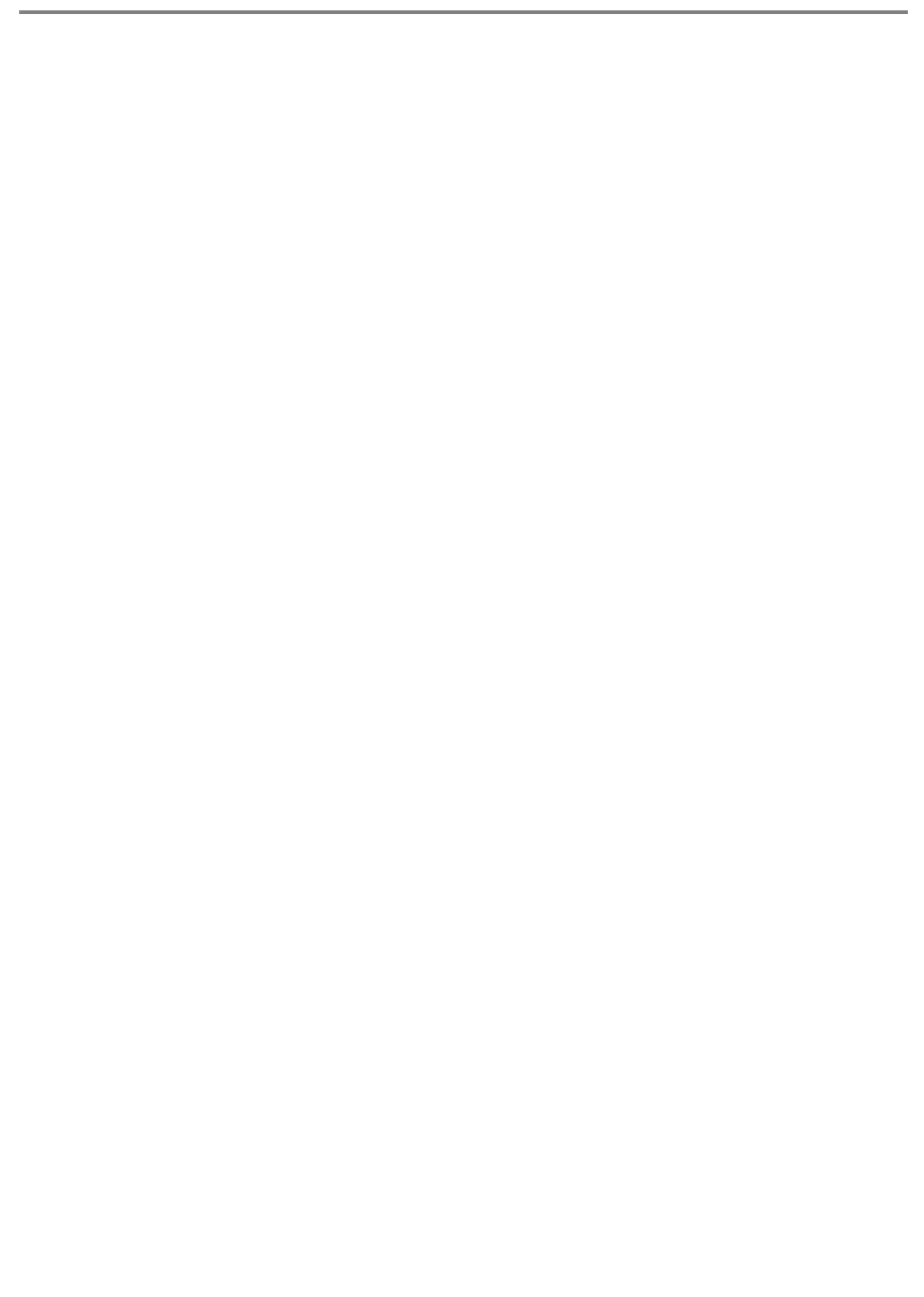
<b>“SEC”</b>	means the United States Securities and Exchange Commission;
<b>“Sellers’ Representatives”</b>	means the persons nominated from time to time as the representatives of the Holders as a whole, at the date of this Offer Document being Carolyn Jameson and Colin McLellan

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	of c/o Skyscanner Holdings Limited, Quartermile One, 15 Lauriston Place, Edinburgh EH3 9EN, United Kingdom;
<b>“Shareholders”</b>	means holders of Shares;
<b>“Share Purchase Agreement”</b>	means the share purchase agreement on or about the date hereof among Ctrip, the Management Shareholders and the Institutional and Certain Other Shareholders relating to certain shares in the capital of Skyscanner;
<b>“Shares”</b>	means the issued and fully paid shares of all classes in the capital of Skyscanner (including any further such shares which are unconditionally allotted or issued and fully paid after the date of the Offer but prior to the Closing Date, and in particular but without limitation Option Sale Shares and Conditional Subscription Shares which are issued pursuant to the exercise of the relevant option and/or subscription rights) which as at the Closing Date are held by persons to whom this Offer is made (and, for the avoidance of doubt, shall include any shares into which any of the foregoing shares are re-designated pursuant to the Resolutions);
<b>“SIP”</b>	means the Skyscanner Holdings Limited Share Incentive Plan;
<b>“SIP Equivalent”</b>	means the share incentive plans made available to the SIP Equivalent Participants which permit the SIP Equivalent Participants to (i) subscribe for SIP Shares and (ii) be allotted matching SIP Shares for nil consideration;
<b>“SIP Equivalent Participants”</b>	means those employees based in the U.S., Singapore, Spain and China who participants in the SIP Equivalent;
<b>“SIP Participants”</b>	means those employees who participate in the SIP;
<b>“SIP Rules”</b>	means the trust deed and rules of the Skyscanner Holdings Limited Share Incentive Plan;
<b>“SIP Share”</b>	means a SIP share of £0.01 each in the capital of Skyscanner and being fully paid up and non-redeemable and having the rights, and being subject to the restrictions, set out in the Articles;
<b>“Skyscanner”</b>	means Skyscanner Holdings Limited whose registered office is at Suite 7-001, 1 Fore Street, London, EC2Y 5EJ, United Kingdom;
<b>“Skyscanner Board”</b>	means the board of directors of Skyscanner whose names are set out in Part I of this Offer Document;
<b>“Skyscanner Directors”</b>	means the members of the board of directors of Skyscanner;
<b>“Skyscanner Group”</b>	means Skyscanner and its subsidiary undertakings;
<b>“Subsidiary”</b>	means, in relation to any company or corporation, a subsidiary within the meaning of section 1159 of the 2006 Act;
<b>“subsidiary undertakings”</b>	means a subsidiary undertaking within the meaning ascribed to such expression by section 1161 of the 2006 Act (as the

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	context shall admit or require);
<b>“Top-up Contributions”</b>	shall have the meaning ascribed to it in paragraph 10 of Part II of this Offer Document;
<b>“UK” or “United Kingdom”</b>	means the United Kingdom of Great Britain and Northern Ireland;
<b>“UK Holder”</b>	means a Holder who is a resident in the UK;
<b>“United States” or “U.S.”</b>	means the United States of America;
<b>“U.S. Holder”</b>	means a Holder who is a U.S. Person;
<b>“U.S. Person”</b>	means a U.S. person as defined in Rule 902(k) of Regulation S under the U.S. Securities Act, and includes any natural person resident in the United States; and
<b>“U.S. Securities Act”</b>	means the U.S. Securities Act of 1933, as amended.



THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS DOCUMENT OR THE ACTION YOU SHOULD TAKE, YOU SHOULD CONTACT YOUR STOCKBROKER, SOLICITOR, ACCOUNTANT, BANK MANAGER OR OTHER PROFESSIONAL ADVISER AUTHORISED UNDER THE FINANCIAL SERVICES AND MARKETS ACT 2000 (AS AMENDED) IF YOU ARE RESIDENT IN THE UNITED KINGDOM OR, IF NOT, ANOTHER APPROPRIATELY AUTHORISED INDEPENDENT FINANCIAL ADVISER IN THE RELEVANT JURISDICTION.

THE RELEASE, PUBLICATION OR DISTRIBUTION OF THIS DOCUMENT IN, INTO OR FROM JURISDICTIONS OTHER THAN THE UNITED KINGDOM AND THE AVAILABILITY OF THE OFFER TO SHAREHOLDERS WHO ARE NOT RESIDENT IN THE UNITED KINGDOM MAY BE RESTRICTED BY THE LAWS OF THOSE JURISDICTIONS. ACCORDINGLY, THOSE PERSONS INTO WHOSE POSSESSION THIS DOCUMENT COMES SHOULD INFORM THEMSELVES ABOUT, AND OBSERVE, SUCH RESTRICTIONS. ANY FAILURE TO COMPLY WITH THE RESTRICTIONS MAY CONSTITUTE A VIOLATION OF THE SECURITIES LAWS OF ANY SUCH JURISDICTION. THIS DOCUMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR ISSUE, NOR THE SOLICITATION OF AN OFFER TO BUY OR SUBSCRIBE FOR, SHARES IN ANY JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS UNLAWFUL.

Unless the context otherwise requires, the definitions set out in the Offer Document dated 24 November 2016 also apply to this document and a reference to any gender includes a reference to the other genders.

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**FORM OF ACCEPTANCE**

for use by Holders in connection with

**RECOMMENDED OFFER**

by

**CTRIIP.COM INTERNATIONAL, LTD.**

**TO ACQUIRE SHARES IN THE SHARE CAPITAL OF**

**SKYSCANNER HOLDINGS LIMITED**

(incorporated in England and Wales with registered number 07777261)

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**ACTION TO BE TAKEN**

To accept the Offer, please read the Offer Document (including the letters set out therein from the Chief Executive Officer of Skyscanner Holdings Limited and the Director and Chief Executive Officer of Ctrip.com International, Ltd.) and the terms of this Form of Acceptance and then complete and execute this form by following the instructions and the guidance notes contained in this Form of Acceptance and submit it as soon as possible. You are urged to submit your completed and validly executed Form of Acceptance **by no later than 5.00pm on 4 December 2016**.

Please return your share certificate(s) with your Form of Acceptance. In the absence of that, a form of indemnity for the number of Shares you hold is contained within this Form of Acceptance for the missing, destroyed or misplaced share certificate(s). Cheques or other payment for the Shares will not be despatched until all relevant share certificates or form of indemnity have been received.

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**ALL REFERENCES TO TIME IN THIS DOCUMENT ARE TO LONDON (I.E. GMT) TIME UNLESS OTHERWISE STATED.**

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**SECTION A — PERSONALISED TERMS OF THE OFFER**

**This section sets out certain terms of the Offer as they apply to your Shares.**

**Holder name:**

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**Holder address:**

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You hold the following Shares as at the date of the Offer Document:

Ordinary Shares	
C1 Shares	
C2 Shares	
C3 Shares	
C4 Shares	
C6 Shares	
C7 Shares	

C8 Shares	
C9 Shares	
C10 Shares	

If any of the details above are incorrect, please contact Carolyn Jameson or Graeme Barron immediately.

Subject to the terms and conditions of the Offer Document and this Form of Acceptance:

(1) the consideration offered for your Shares pursuant to the Offer is:

Cash Consideration:	£
Loan Notes:	£

Please note that the consideration set out above assumes that all SIP Participants elect to make Top-up Contributions. In the event that some SIP Participants do not elect to make Top-up Contributions, the consideration which you receive may be greater than that shown above.

(2) If you hold Option(s) under the EMI Scheme, in order to participate in the Offer, you must exercise your Option(s). In accordance with the terms of the EMI Rules, it is a condition of exercise that you pay the Exercise Price (as defined in the EMI Rules) or make arrangements which are in all respects satisfactory to the Skyscanner Board to pay the Exercise Price in full on such date and on such terms as the Skyscanner Board shall determine. The Skyscanner Board has determined that you may exercise your Option(s) on a cashless exercise basis (the “**Option Cashless Exercise Proposal**”) whereby you undertake to pay the Exercise Price and authorise an amount equal to the Exercise Price being deducted by Skyscanner from any cash consideration due to be paid to you in respect of the acquisition by Ctrip of the Option Sale Shares (that you acquire on the exercise of your Option) under the Offer.

Skyscanner will also deduct from any cash proceeds due to be paid to you under the Offer any income tax, social security contributions or any other taxes or charges (if any) which are your liability but which Skyscanner (or any other member of the Skyscanner Group) is liable to account on your behalf and of any other withholding required to be made by law in respect of the exercise of your Option(s) and/or the sale of your Option Sale Shares (the “**Option Tax Liability**”).

By signing this Form of Acceptance, you hereby:

- (a) exercise your Option(s) immediately prior to, but conditional upon, the Offer being declared or becoming wholly unconditional;
- (b) agree to the Option Cashless Exercise Proposal;

- (c) authorise Skyscanner (or any other member of the Skyscanner Group) to deduct from any consideration payable to you in relation to the sale of your Option Sale Shares: (i) the aggregate Exercise Price; and/or (ii) any Tax Liability;
- (d) agree to indemnify Skyscanner (or any other member of the Skyscanner Group) in respect of any Tax Liability and authorise Skyscanner (or any other member of the Skyscanner Group) to arrange for the amount of the Tax Liability to be deducted from your salary and/or agree to pay to Skyscanner (or any other member of the Skyscanner Group) in cleared funds an amount equal to the Tax Liability within 10 Business Days of such amount being notified to you in writing; and
- (e) agree to enter into (if requested to do so by Skyscanner) a joint tax election with your employer under section 431(1) of Chapter 2 of Part 7, Income Tax (Earnings and Pensions) Act 2003 (or any such similar election or filing as may be necessary or desirable in any other jurisdiction) in respect of (where applicable) (a) the Option Sale Shares and/or (b) the Loan Notes.

**If you do not wish to exercise your Option(s) pursuant to the Option Cashless Exercise Proposal, you must inform Carolyn Jameson or Graeme Barron by no later than 5.00pm on 30 November 2016 and you must make arrangements to pay your Exercise Price together with any Option Tax Liability to Skyscanner in advance of the exercise of your Option(s).**

(3) If you hold a right to subscribe for Conditional Subscription Shares pursuant to the terms of your Conditional Subscription Agreement(s), in order to participate in the Offer, you must exercise your right(s) to acquire Conditional Subscription Shares. In accordance with the terms of your Conditional Subscription Agreement(s), it is a condition of exercise that you pay the Subscription Price (as defined in your Conditional Subscription Agreement(s)). Notwithstanding that the terms of your Conditional Subscription Agreement(s) provide that you must pay the Subscription Price in advance of any such exercise, the Skyscanner Board has determined that you may exercise your right(s) to subscribe for Conditional Subscription Shares on a cashless exercise basis (the “**Cashless Exercise Proposal**”) whereby you undertake to pay the Subscription Price and authorise an amount equal to the Subscription Price being deducted by Skyscanner from any cash consideration due to be paid to you in respect of the acquisition by Ctrip of the Conditional Subscription Shares (that you acquire on the exercise of your right(s) to acquire Conditional Subscription Shares) under the Offer.

Skyscanner will also deduct from any cash proceeds due to be paid to you under the Offer any income tax, social security contributions or any other taxes or charges (if any) which is your liability but which Skyscanner (or any other member of the Skyscanner Group) is liable to account on your behalf and of any other withholding required to be made by law in respect of the exercise of your right(s) to subscribe for Conditional Subscription Shares and/or the sale of your Conditional Subscription Shares (the “**Tax Liability**”).

By signing this Form of Acceptance, you hereby:

- (a) exercise your right(s) to subscribe for Conditional Subscription Shares, immediately prior to, but conditional on, the Offer being declared or becoming wholly unconditional;

- (b) agree to the Cashless Exercise Proposal;
- (c) authorise Skyscanner (or any other member of the Skyscanner Group) to deduct from any consideration payable to you in relation to the sale of the Conditional Subscription Shares: (i) the aggregate Exercise Price; and (ii) any Tax Liability;
- (d) agree to indemnify Skyscanner (or any other member of the Skyscanner Group) in respect of any Tax Liability and authorise Skyscanner (or any other member of the Skyscanner Group) to arrange for the amount of the Tax Liability to be deducted from your salary and/or agree to pay to Skyscanner (or any other member of the Skyscanner Group) in cleared funds an amount equal to the Tax Liability within 10 Business Days of such amount being notified to you in writing; and
- (e) agree to enter into (if requested to do so by Skyscanner) a joint tax election with your employer under section 431(1) of Chapter 2 of Part 7, Income Tax (Earnings and Pensions) Act 2003 (or any such similar election or filing as may be necessary or desirable in any other jurisdiction) in respect of (where applicable) (a) the Conditional Subscription Shares and/or (b) the Loan Notes.

**If you do not wish to exercise your right(s) to subscribe for Conditional Subscription Shares pursuant to the Cashless Exercise Proposal, you must inform Carolyn Jameson or Graeme Barron by no later than 5.00pm on 30 November 2016 and you must make arrangements to pay your Subscription Price together with any Tax Liability to Skyscanner in advance of the exercise of your right(s) to subscribe for Conditional Subscription Shares.**

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## SECTION B — TERMS AND CONDITIONS

Each Holder by whom, or on whose behalf, a Form of Acceptance is executed irrevocably undertakes, represents, warrants and agrees to and with Ctrip (and in respect of paragraphs (d), (e), (g) and (j) — (s) (inclusive) below only, to and with Skyscanner) (so as to bind him, his personal representatives, heirs, successors and assigns) to the following effect:

- (a) that the execution of the Form of Acceptance shall constitute an acceptance of the Offer in respect of the Holder's Shares on and subject to the terms and conditions set out or referred to in this Form of Acceptance and in Part IV (*Terms of the Offer*) of the Offer Document and that such acceptance shall be irrevocable and not capable of withdrawal;
- (b) that the Shares in respect of which the Offer is accepted, or is deemed to be accepted, are transferred fully paid with Full Title Guarantee, free from all liens, equities, charges and Encumbrances, and together with all rights attaching thereto on or after 5 p.m. on the Closing Date including, without limitation, the right to receive and retain all dividends and other distributions, if any, declared, paid or made on or after that date;
- (c) that the Form of Acceptance has not been mailed or otherwise sent in, into or from Australia, Canada or South Africa (a "**Restricted Jurisdiction**") and that such Holder:
  - (i) has not received or sent copies or originals of the Offer Document, the Form of Acceptance, or any related offering documents in, into or from a Restricted Jurisdiction or any other jurisdiction where such actions may constitute a breach of any legal or regulatory requirement, and has not otherwise utilised in connection with the Offer, directly or indirectly, the mails of or any means or instrumentality (including, without limitation, the post, facsimile transmission, e-mail, telex and telephone) of commerce of, or any facility of a national securities exchange of, a Restricted Jurisdiction;
  - (ii) was outside a Restricted Jurisdiction when the Form of Acceptance was delivered and at the time of accepting the Offer;
  - (iii) in respect of the Shares to which the Form of Acceptance relates, is not an agent or a fiduciary acting on a non-discretionary basis for a principal who has given any instructions with respect to the Offer from within a Restricted Jurisdiction; and
  - (iv) if he is a citizen, resident or national of a jurisdiction outside the United Kingdom, has observed the laws of the relevant jurisdiction, obtained all requisite governmental, exchange control and other required consents, complied with all other necessary formalities and paid any issue, transfer or other taxes or other requisite payments due in any such jurisdiction in connection with such acceptance and that he has not taken or omitted to take any action that will or may result in Ctrip, Skyscanner, the Sellers' Representatives or any other person acting in breach of the legal or regulatory requirements of any territory in connection with the Offer or his acceptance thereof or his receipt of any consideration;
- (d) that the execution of the Form of Acceptance and its electronic submission constitutes the authorities upon the terms set out in paragraph 5 of Part IV of the Offer Document and, subject to the Offer being declared or becoming unconditional in all respects in accordance with its terms, the irrevocable separate appointment of Skyscanner and each of its directors as such Holder's attorney (the "**Attorney**"), and an irrevocable instruction to the Attorney to complete and execute all or any form(s) of transfer and/or other document(s) in the Attorney's discretion in relation to the Shares referred to in paragraph (a) above in favour of Ctrip or such other person nominated by Ctrip and to deliver such form(s) of transfer and/or other document(s) at the attorney's discretion together with any share certificate(s) and/or other document(s) of title relating to such Shares for registration within 3 months of the Offer being declared or becoming unconditional in all respects and to execute such other documents and to do all such other acts or things and give such assurances as may in the opinion of such Attorney be necessary or desirable for the purpose of, or in connection with, the acceptance of the Offer and the making of any election thereunder and to vest such Shares in Ctrip or its nominee(s);
- (e) that the execution of the Form of Acceptance and its electronic submission constitutes, subject to the Offer being declared or becoming unconditional in all respects, a separate instruction and authorisation to Skyscanner or its agents to procure the registration of the transfer of such

Shares at or following the Closing Date;

- (f) that such Holder will deliver, or procure the delivery, to Skyscanner at Quartermile One, 15 Lauriston Place, Edinburgh, EH3 9EN, United Kingdom for the attention of the Company Secretary of Skyscanner, of his share certificate(s) and/or other document(s) of title in respect of such Holder's Shares as soon as possible;
  - (g) that to the extent that such Holder does not deliver or procure the delivery in accordance with paragraph (f) above of such share certificate(s) and/or other document(s) of title in respect of such Holder's Shares on or before the Closing Date, such Holder:
    - (i) represents and warrants to Skyscanner that such Holder is the registered holder of such Shares, the only person named in the original share certificate(s) and/or other document(s) of title as the holder of such Shares and the only person entitled to be registered in the register of members of Skyscanner as the holder of the Shares;
    - (ii) represents and warrants to Skyscanner that such share certificate(s) and/or other document(s) of title have been lost or misplaced or cannot be found and that such share certificate(s) and/or other document(s) of title have not been transferred, charged, lent or deposited or dealt with in any manner which may affect such Holder's title to such Shares;
    - (iii) represents and warrants to Skyscanner that such Shares and any interest in such Shares and any rights attaching to such Shares have not been sold, transferred, assigned, charged, lent, pledged, encumbered or deposited or dealt with in any manner;
    - (iv) requests that, subject to the Offer being declared or becoming unconditional in all respects in accordance with its terms, in connection with the proposed transfer of such Shares to Ctrip (the "**Transferee**"), Skyscanner issue a new certificate(s) to the Transferee (following receipt by Skyscanner of a duly executed stock transfer form in respect of such Shares);
    - (v) undertakes to indemnify Skyscanner and to keep Skyscanner indemnified from and against all actions, proceedings, claims and demands which may be taken or made against Skyscanner and all losses, costs, charges, damages and expenses which Skyscanner may suffer or incur as a result of complying with the request at sub-paragraph (iv) above and as a result of Skyscanner permitting or effecting at any time hereafter a redemption, cancellation or transfer of the Shares, without production of the original share certificate(s) and/or other document(s) of title; and
    - (vi) undertakes to deliver to Skyscanner for cancellation the original share certificate(s) and/or other document(s) of title should they be located at any time on or after the date of execution of this Form of Acceptance;
  - (h) that the terms of Part IV of the Offer Document shall be deemed to be incorporated in and form part of the Form of Acceptance, which shall be read and construed accordingly;
  - (i) that he will from the Closing Date execute all such documents and do all such acts and things as shall be necessary or expedient to vest in Ctrip or its nominee(s) the Shares and to enable Ctrip and/or to perfect any of the authorities expressed to be given hereunder or otherwise in connection with his acceptance of the Offer;
  - (j) that he will ratify each and every act or thing which may be done or effected by any of Ctrip and/or Skyscanner or any of their respective directors, partners, employees or agents, as the case may be, in the exercise of any of the powers and/or authorities hereunder;
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- (k) that if any provision of this Form of Acceptance or Part IV of the Offer Document shall be unenforceable or invalid or shall not operate so as to afford Ctrip and/or Skyscanner or any director, partner, employee or agent of any of them the benefit or authority expressed to be given therein, he shall with all practicable speed do all such acts and things and execute all such documents that may reasonably be required (and for any act, thing or execution not already required by Ctrip and/or Skyscanner under this document, at the expense of Ctrip and/or Skyscanner) to enable Ctrip and/or Skyscanner and/or any director, partner, employee or agent of any of them to secure the full benefits of this Form of Acceptance or Part IV of the Offer Document;
  - (l) that the execution of the Form of Acceptance and its electronic submission, subject to the Offer being declared or becoming unconditional in all respects in accordance with its terms, constitutes:
    - (i) the irrevocable separate appointment of Skyscanner and each of its directors as such Holder's attorney for the purposes of approving the Resolutions (if your approval is required); and
    - (ii) the irrevocable consent of the Holder (for the purposes of any class consent required pursuant to Skyscanner's articles of association or otherwise) to the re-designation of the entire issued share capital of Skyscanner (including, for the avoidance of doubt, those shares in the issued share capital of Skyscanner held by such Holder) to ordinary shares of 0.01 pence each and Deferred Shares and to the adoption of new articles of association of Skyscanner;
  - (m) that he appoints Skyscanner as his agent for the purpose of receiving the Cash Consideration from Ctrip and hereby directs Ctrip to transfer the Cash Consideration to Skyscanner in accordance with Part III of the Offer Document;
  - (n) (in respect of UK Holders only) that he appoints the Company Secretary of Skyscanner as his agent for the purpose of receiving the Loan Note certificate(s) from Ctrip in accordance with Part III of the Offer Document;
  - (o) (in respect of UK Holders only) that he agrees to enter into (if requested to do so by Skyscanner) a joint tax election with his employer under section 431(1) of Chapter 2 of Part 7, Income Tax (Earnings and Pensions) Act 2003 (or any such similar election or filing as may be necessary or desirable in any other jurisdiction) in respect of the Loan Notes and hereby irrevocably appoints any director of Skyscanner as his attorney with authority in such Holder's name and on such Holder's behalf to approve, sign, execute, complete and deliver any and all agreements, instruments, deeds or other papers and documents and to do all things in your name as the attorney shall in its absolute discretion think necessary and/or desirable in connection with such tax election;

- (p) that such Holder hereby:
- (i) exercises his Option(s) (if any) immediately prior to, but conditional upon, the Offer being declared or becoming wholly unconditional;
  - (ii) agrees to the Option Cashless Exercise Proposal;
  - (iii) authorises Skyscanner (or any other member of the Skyscanner Group) to deduct from any consideration payable to him in relation to the sale of his Option Sale Shares (if any): (i) the aggregate Exercise Price (as defined in the EMI Rules); and/or (ii) any Option Tax Liability;
  - (iv) agrees to indemnify Skyscanner (or any other member of the Skyscanner Group) in respect of any Option Tax Liability and authorises Skyscanner (or any other member of the Skyscanner Group) to arrange for the amount of the Option Tax Liability to be deducted from his salary and/or agrees to pay to Skyscanner (or any other member of the Skyscanner Group) in cleared funds an amount equal to the Option Tax Liability within 10 Business Days of such amount being notified to such Holder in writing; and
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- (v) agrees to enter into (if requested to do so by Skyscanner) a joint tax election with his employer under section 431(1) of Chapter 2 of Part 7, Income Tax (Earnings and Pensions) Act 2003 (or any such similar election or filing as may be necessary or desirable in any other jurisdiction) in respect of (where applicable) (a) the Option Sale Shares and/or (b) the Loan Notes (the “**Option Tax Election**”); and
- (vi) hereby irrevocably appoints any director of Skyscanner as his attorney with authority in such Holder’s name and on such Holder’s behalf to approve, sign, execute, complete and deliver any and all agreements, instruments, deeds or other papers and documents and to do all things in such Holder’s name as the attorney shall in its absolute discretion think necessary and/or desirable in connection with the Option Tax Election.

(q) that such Holder:

- (i) exercise his right(s) to subscribe for Conditional Subscription Shares (if any), immediately prior to, but conditional on, the Offer being declared or becoming wholly unconditional;
- (ii) agrees to the Cashless Exercise Proposal;
- (iii) authorises Skyscanner (or any other member of the Skyscanner Group) to deduct from any consideration payable to him in relation to the sale of the Conditional Subscription Shares (if any): (i) the aggregate Subscription Price (as defined in the relevant Conditional Subscription Agreement(s)); and (ii) any Tax Liability;
- (iv) agrees to indemnify Skyscanner (or any other member of the Skyscanner Group) in respect of any Tax Liability and authorises Skyscanner (or any other member of the Skyscanner Group) to arrange for the amount of the Tax Liability to be deducted from his salary and/or agrees to pay to Skyscanner (or any other member of the Skyscanner Group) in cleared funds an amount equal to the Tax Liability within 10 Business Days of such amount being notified to such Holder in writing; and
- (v) agrees to enter into (if requested to do so by Skyscanner) a joint tax election with his employer under section 431(1) of Chapter 2 of Part 7, Income Tax (Earnings and Pensions) Act 2003 (or any such similar election or filing as may be necessary or desirable in any other jurisdiction) in respect of (where applicable) (a) the Conditional Subscription Shares and/or (b) the Loan Notes (the “**Tax Election**”); and
- (vi) hereby irrevocably appoints any director of Skyscanner as his attorney with authority in such Holder’s name and on such Holder’s behalf to approve, sign, execute, complete and deliver any and all agreements, instruments, deeds or other papers and documents and to do all things in such Holder’s name as the attorney shall in its absolute discretion think necessary and/or desirable in connection with the Tax Election.

(r) that, subject to paragraph (s) below, all matters arising out of the Offer and execution of this Form of Acceptance shall be governed by and construed in accordance with English law, and that such Holder submits to the exclusive jurisdiction of the English Courts in respect of such matters; and

(s) that:

- (i) the attorneys appointed under the powers of attorney granted in paragraphs (d), (l)(i), (o), (p)(vi) and (q)(vi) above and in paragraph 5(c) of Part IV of the Offer Document (the “**Powers of Attorney**”) shall be entitled to delegate their respective powers and authorities under the Powers of Attorney (and, for the avoidance of doubt, shall be entitled to execute on behalf of such Holder a power of attorney to be granted by such Holder in favour of Ctrip or a nominee at or

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following the Closing Date in respect of or relating to (a) any rights or benefits attaching to or arising out of the Holder’s Shares, and (b) the exercise of any rights and privileges held by or accruing to the Holder as the holder of Shares);

- (ii) any dispute, proceedings or claim of whatever nature arising out of or in connection with the Powers of Attorney shall be governed by and construed in accordance with the laws of Scotland; and
- (iii) such Holder submits to the exclusive jurisdiction of the Scottish Courts in respect of any dispute or claim that arises in connection with or under the Powers of Attorney or their formation or validity.

References in this Form of Acceptance to a “**Holder**” shall include references to the person or persons executing a Form of Acceptance and, in the event of more than one person executing a Form of Acceptance, the provisions of this paragraph shall apply to them jointly and severally.



THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS DOCUMENT OR THE ACTION YOU SHOULD TAKE, YOU SHOULD CONTACT YOUR STOCKBROKER, SOLICITOR, ACCOUNTANT, BANK MANAGER OR OTHER PROFESSIONAL ADVISER AUTHORISED UNDER THE FINANCIAL SERVICES AND MARKETS ACT 2000 (AS AMENDED) IF YOU ARE RESIDENT IN THE UNITED KINGDOM OR, IF NOT, ANOTHER APPROPRIATELY AUTHORISED INDEPENDENT FINANCIAL ADVISER IN THE RELEVANT JURISDICTION.

THE RELEASE, PUBLICATION OR DISTRIBUTION OF THIS DOCUMENT IN, INTO OR FROM JURISDICTIONS OTHER THAN THE UNITED KINGDOM AND THE AVAILABILITY OF THE OFFER TO SHAREHOLDERS WHO ARE NOT RESIDENT IN THE UNITED KINGDOM MAY BE RESTRICTED BY THE LAWS OF THOSE JURISDICTIONS. ACCORDINGLY, THOSE PERSONS INTO WHOSE POSSESSION THIS DOCUMENT COMES SHOULD INFORM THEMSELVES ABOUT, AND OBSERVE, SUCH RESTRICTIONS. ANY FAILURE TO COMPLY WITH THE RESTRICTIONS MAY CONSTITUTE A VIOLATION OF THE SECURITIES LAWS OF ANY SUCH JURISDICTION. THIS DOCUMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR ISSUE, NOR THE SOLICITATION OF AN OFFER TO BUY OR SUBSCRIBE FOR, SHARES IN ANY JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS UNLAWFUL.

YOUR ATTENTION IS DRAWN TO THE IMPORTANT INFORMATION SET OUT IN PART IV OF THIS DOCUMENT.

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RECOMMENDED OFFER

by

CTRIP.COM INTERNATIONAL, LTD.

TO ACQUIRE SIP SHARES IN THE CAPITAL OF

SKYSCANNER HOLDINGS LIMITED

(incorporated in England and Wales with registered number 07777261)

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This offer by Ctrip is to acquire SIP Shares in Skyscanner Holdings Limited in exchange for cash.

THE PROCEDURE FOR ACCEPTANCE OF THE OFFER IS SET OUT ON PAGE 11 AND PART III OF THIS OFFER DOCUMENT.

TO ACCEPT THE OFFER/DIRECT THAT THE OFFER IS ACCEPTED ON YOUR BEHALF, THE RELEVANT FORM OF ACCEPTANCE ON PAGES 13 TO 14 OR PAGE 15 OF THIS OFFER DOCUMENT MUST BE COMPLETED, EXECUTED AND SUBMITTED AS SOON AS POSSIBLE IN ACCORDANCE WITH THE INSTRUCTIONS THEREON. YOU ARE URGED TO SUBMIT YOUR COMPLETED AND VALIDLY EXECUTED FORM OF ACCEPTANCE SO AS TO BE RECEIVED BY NO LATER THAN 5 PM ON 4 DECEMBER 2016.

The availability of the Offer to persons not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are located. Recipients of this document who are resident outside the United Kingdom should review the important information set out in Part IV of this document. This document does not constitute an offer or solicitation to any person in any jurisdiction in which such an offer or solicitation would be unlawful. Persons who are not resident in the United Kingdom should inform themselves of, and observe, any applicable requirements.

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All references to time in this document are to London time (i.e. GMT) unless otherwise stated.

Capitalised terms used in this document shall have the meaning given to them in Part VII unless otherwise stated.

The statements contained in this document are not to be construed as legal, business, financial or tax advice. If you are in any doubt about the content of this document, you should consult your own professional independent legal, financial or tax adviser for legal, business, financial or tax advice.

The statements contained in this document are made as at the date of this document, unless some other time is specified in relation to them, and service of this document shall not give rise to any implication that there has been no change in the facts set out in this document since such date. No dealer, salesperson or other person is authorised to give any information or to make any representations with respect to the Offer other than such information or representations contained in this document and, if given or made, such information or representations must not be relied upon as having been authorised by Ctrip.

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PART I



**LETTER FROM THE CHIEF EXECUTIVE OFFICER  
OF SKYSCANNER HOLDINGS LIMITED  
(Registered in England and Wales with company number 07777261)**

Directors:  
Gareth Williams  
Barry Smith  
Julian Pancholi  
Calum Paterson  
Sir Michael Moritz  
Mark Logan

Registered Office:  
Suite 7-001  
1 Fore Street  
London  
EC2Y 5EJ

24 November 2016

To:

- Participants of the Skyscanner Holdings Limited Share Incentive Plan (the “**UK SIP**”) and non-UK share incentive plans (the “**Overseas SIPs**”) (together the “**SIP Participants**”); and
- (a) Yorkshire Building Society (the “**SIP Trustee**”) in its capacity as trustee of the UK SIP and (b) Zedra Trust Company (Guernsey) Limited (the “**Nominee**”) in its capacity as nominee shareholder for certain Overseas SIPs participants, pursuant to SIP share agreement(s) between Skyscanner and those participants in respect of the SIP Shares (the “**SIP Share Agreement(s)**”), each of the SIP Trustee and the Nominee being the registered holders (each a “**SIP Registered Holder**”) of SIP Shares for participants in the UK SIP and the Overseas SIPs, respectively.

Dear SIP Participant/SIP Registered Holder

### **Proposed Acquisition of Skyscanner Holdings Limited**

#### **1. Introduction**

On 23 November 2016, the boards of directors of Skyscanner and of Ctrip announced that they had reached agreement on the terms of the proposed acquisition of Skyscanner by Ctrip (the “**Acquisition**”).

As part of the arrangements relating to the Acquisition, the Offer described in this Offer Document is being made to you in your capacity as a SIP Participant and/or a SIP Registered Holder.

This letter, together with the remainder of this Offer Document and the accompanying Form of Acceptance, contains the formal Offer by Ctrip for certain shares in the capital of Skyscanner.

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**If you are in any doubt as to the action you should take, you should seek your own independent professional financial advice.**

#### **2. Unanimous Recommendation**

The terms of the Acquisition value the issued and to be issued share capital of Skyscanner at approximately £1.426 billion. The Skyscanner Board considers that the terms of the Acquisition fairly value Skyscanner. The Skyscanner Board also believes that membership of the Ctrip Group will enhance growth and investment prospects for Skyscanner and will provide new opportunities for its employees.

Gareth Williams, Barry Smith, Julian Pancholi and Mark Logan, the members of the Skyscanner Board who hold Shares, are parties to the Share Purchase Agreement and have accordingly agreed to sell all of their Shares to Ctrip at completion of the Share Purchase Agreement (however Gareth Williams will subscribe for new shares in Skyscanner following completion of the Acquisition).

The Skyscanner Board considers the Offer to be in the best interests of Skyscanner and its shareholders as a whole. Accordingly, the Skyscanner Board unanimously recommends that all SIP Participants and SIP Registered Holders (on behalf of SIP Participants) accept the Offer.

In order to accept the Offer in respect of your SIP Shares or on behalf of the SIP Participant in respect of which you are the SIP Registered Holder, you should complete and electronically sign and submit the appropriate Acceptance on pages 13 to 14 or 15 of this letter as soon as possible. You are urged to submit your completed and validly executed Acceptance so as to be received by no later than **5.00pm on 4 December 2016**. **Your attention is drawn to paragraph 7 of Part III of this Offer Document and to the Acceptance, which set out the procedure for acceptance of the Offer.**

In approving the Acquisition, the Skyscanner Board has also determined that:

- any transfer of Shares to Ctrip, including any transfer pursuant to the Offer, will be a “Permitted Transfer” taking place in accordance with Article 16.4 of the Articles; and
- notwithstanding the variety of Acquisition arrangements, each Skyscanner shareholder is being offered the amount of consideration which they are entitled to receive under the pre-existing arrangements in the Articles.

#### **3. Condition to the Offer**

The Skyscanner Board notes that the Offer is subject to and conditional upon completion under the Share Purchase Agreement occurring on or before the Longstop Date. Completion of the Share Purchase Agreement is itself conditional upon acceptances of the Offer having been received in respect of substantially all of the Shares from recipients of this Offer. **Hence, if completion of the Share Purchase Agreement does not occur due**

to, for example, Ctrip having received insufficient acceptances of the Offer, the Offer will lapse and Holders will not be entitled to receive any consideration in respect thereof.

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You are therefore urged to accept the Offer and to sign and submit the Acceptance as soon as possible.

Yours faithfully

/s/ Gareth Williams

**Gareth Williams**  
Chief Executive Officer

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## PART II



**LETTER FROM**  
**THE DIRECTOR AND CHIEF EXECUTIVE OFFICER OF CTRIP.COM INTERNATIONAL, LTD.**  
**(a company incorporated under the laws of the Cayman Islands as an exempted company with limited liability)**

*Directors:*

James Jianzhang Liang  
Min Fan  
Jane Jie Sun  
Gabriel Li  
JP Gan  
Neil Nanpeng Shen  
Qi Ji  
Robin Yanhong Li  
Tony Yip

*Address of principal executive office:*

968 Jin Zhong Road  
Shanghai 200335  
People's Republic of China

24 November 2016

To:

- Participants of the Skyscanner Holdings Limited Share Incentive Plan (the "UK SIP") and non-UK share incentive plans (the "Overseas SIPs") (together the "SIP Participants"); and
- (a) Yorkshire Building Society (the "SIP Trustee") in its capacity as trustee of the UK SIP and (b) Zedra Trust Company (Guernsey) Limited (the "Nominee") in its capacity as nominee shareholder for certain Overseas SIPs participants, pursuant to SIP share agreement(s) between Skyscanner and those participants in respect of the SIP Shares (the "SIP Share Agreement(s)"), each of the SIP Trustee and the Nominee being the registered holders (each a "SIP Registered Holder") of SIP Shares for participants in the UK SIP and the Overseas SIP, respectively.

Dear SIP Participant/SIP Registered Holder

### **Proposed Acquisition of Skyscanner Holdings Limited ("Skyscanner") by Ctrip.com International, Ltd. ("Ctrip")**

#### **Offer to acquire SIP Shares**

##### **1. Introduction**

On 23 November 2016, the boards of directors of Skyscanner and of Ctrip announced that they had reached agreement on the terms of the proposed acquisition of Skyscanner by Ctrip (the "Acquisition").

As part of the arrangements relating to the Acquisition, the Offer described in this Offer Document is being made to SIP Participants and SIP Registered Holders (in relation to the relevant SIP Participants). This Offer Document also describes at paragraph 6 below how SIP Participants can participate in the Offer to the maximum extent possible, including a top-up contribution proposal for UK SIP Participants.

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SIP Participants are invited to accept the Offer in accordance with the instructions set out below. If any of your SIP Shares are held by a SIP Registered Holder, you are invited to direct your SIP Registered Holder to accept the Offer described in this Offer Document on your behalf.

If you are a SIP Registered Holder, this Offer Document has been sent to you in your capacity as the registered holder of SIP Shares which you hold on behalf of SIP Participants pursuant to the Trust Deed and Rules of the UK SIP (the "SIP Rules") or the SIP Share Agreement(s) (as appropriate).

All SIP Participants who are the beneficial owners of the SIP Shares you hold on their behalf have been invited to direct you, as SIP Registered Holder, to accept the Offer on their behalf.

Your attention is drawn to the letter from the Chief Executive Officer of Skyscanner set out in Part I of this Offer Document, which explains why the directors of Skyscanner consider the terms of the Offer to be fair and reasonable and are unanimously recommending that all SIP Participants and SIP Registered Holders accept the Offer.

This letter, together with the Acceptance and the remainder of this Offer Document, contains the formal Offer by Ctrip for the SIP Shares. Words and expressions defined in the SIP Rules or the SIP Share Agreement(s) (as appropriate) will, unless the context otherwise requires, have the same meaning in this Offer Document.

The purpose of this letter is to explain the background to the Offer and to describe the terms of the Offer.

If you also hold Skyscanner shares which are not SIP Shares or have options or rights to acquire any Skyscanner shares which are not SIP Shares, you will receive a separate communication in relation to those shares/options/rights to acquire shares.

## 2. The Acquisition

The terms of the Acquisition value Skyscanner at approximately £1.426 billion (assuming the exercise of all outstanding options and the issue of all Conditional Subscription Shares and taking account of any cash payments to be made by Skyscanner in respect of certain “cash equivalent” arrangements which Skyscanner has in place with certain non-UK based employees).

If the Acquisition proposals are accepted and implemented in full, it is anticipated that Ctrip would own the entire issued and to be issued share capital of Skyscanner following completion of the Acquisition (save in respect of certain new shares in Skyscanner which will be subscribed for by Gareth Williams following completion of the Acquisition).

Given the complexity of Skyscanner’s share capital structure and the large number of Skyscanner shareholders, the Acquisition is being structured through a variety of arrangements. The Offer made in respect of SIP Shares under this Offer Document is just one of those arrangements. In addition, the Management Shareholders and Institutional and Certain Other Shareholders have entered into the Share Purchase Agreement with Ctrip under which, subject to certain conditions, they will sell all of their shares in the capital of Skyscanner to Ctrip (however Gareth Williams will subscribe for new shares in Skyscanner following completion of the Acquisition). Separately, acquisition arrangements will be entered into in respect of employees who hold shares or rights to subscribe for shares in the capital of Skyscanner, option holders of the Skyscanner Group and certain former employees. Certain other arrangements will be entered into in respect of the sellers of businesses previously acquired by Skyscanner where those sellers, as part of the consideration offered to them by Skyscanner on the acquisition of the relevant businesses, received or are entitled to shares in the capital of Skyscanner and/or rights to subscribe for shares in the capital of Skyscanner.

For SIP Participants, the acquisition of the SIP Shares will be effected through the Offer upon the terms and conditions set out in this Offer Document and in the Acceptance.

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The Offer is one of the arrangements pursuant to which the Acquisition is to be implemented. The objective of the Acquisition proposals, including the Offer, is for Ctrip to acquire day to day control of Skyscanner’s affairs, pursuant to its anticipated acquisition of substantially all of Skyscanner’s issued share capital and its appointment of the members of the Skyscanner Board with effect from completion of the Share Purchase Agreement.

## 3. Consideration

For legal, regulatory and commercial reasons, the form of consideration offered to Skyscanner shareholders by Ctrip varies. For instance:

- the Management Shareholders will receive consideration in the form of cash, Ctrip Shares and Loan Notes (save for one of the Management Shareholders who is to receive cash in deferred instalments in lieu of Loan Notes as a result of being a non-UK resident);
- the Institutional and Certain Other Shareholders will receive consideration in the form of cash and Ctrip Shares but will not receive Loan Notes;
- the shares held by employees and option holders of the Skyscanner Group will receive consideration in the form of cash and Loan Notes (in respect of UK Holders) or in the form of cash only (in respect of Non-UK Holders) but will not receive Ctrip Shares;
- recipients of this Offer Document will receive consideration in the form of cash in respect of the acquisition of their SIP Shares; and
- the Shares held by certain former employees will be acquired wholly for cash.

**The consideration in respect of your SIP Shares is set out in your personalised Acceptance.**

The Acquisition arrangements value:

- each Ordinary Share at approximately £145.29;
- each C1 Share at approximately £120.83;
- each C2 Share at approximately £81.01;
- each C3 Share at approximately £92.51;

- each C4 Share at approximately £78.79;
- each C6 Share at approximately £75.66;
- each C7 Share at approximately £71.50;
- each C8 Share at approximately £67.88;
- each C9 Share at approximately £62.67;
- each C10 Share at approximately £33.88; and
- each SIP Share at approximately £145.29.

#### 4. Ctrip

Ctrip is a leading travel service provider of accommodation reservation, transportation ticketing, packaged tours and corporate travel management in China.

Ctrip is incorporated in the Cayman Islands and conducts substantially all of its operations in China. With its operational headquarters in Shanghai, it has branches in 17 other major cities in China, including Hong Kong, Beijing, Chengdu, Guangzhou, Shenzhen, Qingdao, Shenyang, Xiamen, Hangzhou, Wuhan, Nanjing, Nantong Sanya, Chongqing, Lijiang, Xi'an and Tianjin.

Ctrip's American Depositary Shares are listed on the NASDAQ Global Select Market.

Further information relating to Ctrip is available at <http://ir.ctrip.com/phoenix.zhtml?c=148903&p=iro1-homeprofile>.

Save for its interests under the Share Purchase Agreement and the terms of the other arrangements entered into in respect of the Acquisition, Ctrip has no interest in the issued or to be issued share capital of Skyscanner as at the date of this Offer Document.

#### 5. The Offer

Ctrip hereby offers to acquire all of the SIP Shares in issue as at the Closing Date, on the terms and subject to the conditions set out or referred to in this Offer Document and in the Acceptance.

**If the Acquisition becomes effective, under the terms of the Offer the consideration to be paid to each SIP Participants for each SIP Share is £145.29.**

The Offer is conditional on the Share Purchase Agreement between certain management, institutional and other Skyscanner shareholders and Ctrip which was entered into on or around the date of this Offer Document becoming unconditional in all respects on or before the Longstop Date (or such later date as the parties thereto may agree in writing in accordance with the Share Purchase Agreement). The Share Purchase Agreement is conditional on the satisfaction or waiver of certain conditions, including conditions relating to, amongst other things, the acquisition of the various classes of Skyscanner shares (including the SIP Shares) pursuant to the various arrangements in connection with the Acquisition.

For legal, regulatory and commercial reasons, the form of consideration offered to Skyscanner shareholders by Ctrip under the various Acquisition arrangements varies, but notwithstanding the different forms of consideration the Acquisition arrangement attribute the same notional value to each share in any particular class of Skyscanner shares. In the case of the SIP Shares, the consideration offered is cash and not any other form of consideration.

SIP Shares acquired by Ctrip pursuant to the Offer will be acquired fully paid with Full Title Guarantee, free from all liens, equities, charges and Encumbrances and together with all rights attaching thereto on or after 5 p.m. on the Closing Date including, without limitation, the right to receive and retain all dividends and other distributions, if any, declared, paid or made on or after that date.

You can accept the Offer in respect of all, but not part of, the SIP Shares set out in the Form of Acceptance. Should you decide to accept the Offer, any transfer of your Shares to Ctrip or its nominee pursuant to the Offer under this Offer document will be a "Permitted Transfer" for the purposes of the Articles under Article 16.4.

#### **Settlement of Consideration**

Subject to the Offer becoming or being declared wholly unconditional, and provided that the Acceptance, share certificate(s) and/or other document(s) of title relating to the SIP Shares are received in accordance with the terms of the Offer, Ctrip will remit the relevant Consideration to Skyscanner on the Closing Date by way of electronic transfer for same day value and Skyscanner will within fifteen (15) Business Days of receipt of such Consideration

remit such Consideration to SIP Participants, less any income tax, National Insurance contributions, social security contributions or any other tax or charge which is the relevant SIP Participant's liability but which Skyscanner (or any member of the Skyscanner group) is liable to remit on a SIP Participant's behalf in relation to the acquisition or sale of the SIP Shares (excluding any amounts which Skyscanner has agreed to indemnify

pursuant to the top-up arrangements set out in paragraph 6 below), by way of electronic transfer for same day value to the bank accounts to which the SIP Participants' salary is usually paid.

Your attention is drawn to the procedure for actions to be taken to accept the Offer or to direct the SIP Registered Holder to accept the Offer on your behalf, which is set out in paragraph 7 below and in Part III of this Offer Document.

If the Offer does not become or is not declared wholly unconditional and as a result the Acquisition does not occur, your SIP Shares will continue to be held under the relevant existing arrangements, subject to the provisions of the SIP Rules or your SIP Share Agreement(s), as appropriate.

## 6. Your SIP Shares and participating in the Offer to the maximum extent

### *Top-up proposals for participants of the UK SIP*

The statement given to you by Skyscanner on or around the date of this letter (the "**Shares Statement**") sets out your current shareholding under the UK SIP. As you know, the Accumulation Period (as defined in the SIP Rules) for making Partnership Share contributions usually runs from 1 April to 31 March in each year. The Shares Statement sets out the maximum contributions you are on track to make for the 2016/2017 Accumulation Period if your current contributions continued until 31 March 2017 (your "**Statement Amount**").

During an Accumulation Period, you make contributions from your salary either on a monthly or on a lump sum basis and, at the end of the Accumulation Period, your contributions are used to purchase Partnership Shares. For every Partnership Share purchased at the end of the 2016/2017 Accumulation Period, you would have been entitled to receive two free Matching Shares. Under the terms of the SIP Rules, the 2016/2017 Accumulation Period will immediately come to an end when the Offer becomes or is declared wholly unconditional. If you contribute on a monthly basis or if you have not yet paid your lump sum, you will not have made your full 2016/2017 contributions when the Offer becomes unconditional.

Therefore, in order to allow you to make your maximum contribution for 2016/2017, Skyscanner will offer you the opportunity to make a top-up your contribution (the "**Top-Up Contribution**"), up to your Statement Amount (less any contributions you have already made). If you elect to make the Top-Up Contribution, that Top-Up Contribution will be made from your gross salary. The Top-Up Contribution will be added to the contributions you have already made and Partnership Shares will be purchased on the basis of your Statement Amount and two Matching Shares will be awarded to the SIP Trustee on your behalf or every Partnership Share that is purchased.

It is anticipated that the whole amount of your gross contribution will be able to be used to purchase Partnership Shares and that no income tax or National Insurance contributions will be payable in respect of the amount of the Top-Up Contribution made. In the event that any income tax or National Insurance contributions are payable in respect of the Top-Up Contribution or the purchase of the additional Partnership Shares or award of corresponding Matching Shares, or the sale of those shares out of the UK SIP in connection with the Acquisition (the "**Tax Liability**"), Skyscanner will indemnify you in respect of any such Tax Liability.

**If you wish to make a Top-Up Contribution, you should complete the online survey sent to you by email by Skyscanner on or around the date of this letter by indicating that you wish to make a Top-Up Contribution by no later than 5.00pm on 27 November 2016. If you do not do so, you will not have made a Top-Up Contribution.**

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### *Overseas SIP Participants*

You have already been issued with your 2016/2017 Partnership Shares. If you chose to take a loan from Skyscanner to pay the subscription price for those Partnership Shares when you entered into your SIP Share Agreement(s), the balance of the loan amount will be deducted from the cash consideration you receive for the sale of your SIP Shares.

### *Matching Shares*

If you are resident in Spain, you have already been issued with all of your Matching Shares. If you are not resident in Spain, in accordance with the terms of your SIP Share Agreement(s) and conditional on the Skyscanner Board making a determination that an "Exit" (which includes a sale of the entire issued share capital of Skyscanner) will (or is likely to) occur, your Matching Shares will be issued to you (if you hold the corresponding Partnership Shares) or will be issued to the Nominee on your behalf (if the Nominee holds the corresponding Partnership Shares on your behalf). Your Matching Shares will be sold, along with your Partnership Shares, pursuant to the terms of the Offer, if you choose to accept the Offer or (where applicable) direct the Nominee to sell the Matching Shares on your behalf by signing the Acceptance.

## 7. Actions to be taken to accept the Offer

### *UK SIP Participants*

Under the terms of the SIP Rules, you are entitled to direct the SIP Trustee to accept the Offer on your behalf. **To give a direction to the SIP Trustee to accept the Offer on your behalf, you should complete, electronically sign and submit Part A of the Acceptance on page 13 of this Offer Document as soon as possible. You are urged to submit your completed and validly executed Acceptance so as to be received by no later than 5.00pm on 4 December 2016.**

### *Overseas SIP Participants*

*SIP Shares held by the Nominee on your behalf*

**To direct the Nominee to accept the Offer on your behalf, you should complete, electronically sign and submit Part A of the Acceptance on page 13 of this Offer Document as soon as possible. You are urged to submit your completed and validly executed Acceptance so as to be received by no later than 5.00pm on 4 December 2016.**

To accept the Offer, you should complete, electronically sign and submit Part B the Acceptance on page 13 of this Offer Document as soon as possible. You are urged to submit your completed and validly executed Acceptance so as to be received by no later than 5.00pm on 4 December 2016.

**SIP Registered Holders**

In order to accept the Offer on behalf of the SIP Participants who have directed you to do so by signing and submitting the Acceptance on page 15 of this Offer Document in accordance with the instructions above, you should complete and sign the Acceptance on page 15 of this Offer Document and send it by email to Carolyn.Jameson@skyscanner.net and Graeme.Barron@skyscanner.net as soon as possible. You are urged to submit your completed and validly executed Acceptance so as to be received by no later than 5.00pm on 4 December 2016. One Acceptance can be submitted for all SIP Participants who have directed you to accept the Offer on their behalf.

**8. Validity of acceptances**

Ctrip reserves the right, subject to the terms of the Offer, to treat as valid in whole or part any acceptance of the Offer which is not entirely in order or which is not accompanied by the relevant share certificate(s) and/or other document(s) of title in respect of SIP Shares. In that event, the Consideration under or in consequence of the Offer will not be paid until after the relevant share certificate(s) and/or other document(s) of title in respect of SIP Shares, or indemnities satisfactory to Ctrip, have been received.

Your attention is drawn to the information set out in the rest of this Offer Document and the Acceptance.

**9. Overseas shareholders**

The availability of the Offer to persons not resident in the United Kingdom may be affected by the laws of relevant jurisdictions in which they are located. This document does not constitute an offer or solicitation to any person in any jurisdiction in which such an offer or solicitation would be unlawful. Persons who are not resident in the United Kingdom should inform themselves of, and observe, any applicable requirements.

The attention of Holders who are citizens or residents of jurisdictions outside the United Kingdom or who are holding Shares for such citizens or residents and any person (including, without limitation, any custodian, nominee or trustee) who may have an obligation to forward any document in connection with the Offer outside the United Kingdom is drawn to Part IV of this Offer Document.

Yours faithfully

/s/ Jane Jie Sun

**Jane Jie Sun**  
**Director and Chief Executive Officer of Ctrip**

**ACCEPTANCE OF OFFER — SIP PARTICIPANTS**

**Holder name:**

**Holder address:**

You hold/ will hold the SIP Shares set out in your Shares Statement, together with any additional SIP Shares acquired or awarded as a consequence of a Top-Up Contribution.

Terms used in this Acceptance of Offer shall have the meaning given in the Offer Document which accompanies this Acceptance.

**PART A**

**Form of Direction to SIP Registered Holder**

By signing this Acceptance, you direct your SIP Registered Holder to accept the Offer on your behalf in respect of all of the SIP Shares (including any additional SIP Shares acquired or awarded as a consequence of a Top-Up Contribution) the SIP Registered Holder holds on your behalf

By signing this Acceptance, I irrevocably instruct the SIP Trustee or the Nominee (as appropriate) to accept the Offer in respect of all of the SIP Shares the SIP Trustee or the Nominee holds on my behalf. I hereby irrevocably appoint and authorise any director of Skyscanner as my attorney (the "Attorney") to execute and deliver all such documents on my behalf (including without limitation, any document relating to

any variation or abrogation of rights attached to any SIP Shares) and to perform all such acts and do all such things as the Attorney considers, in each case, necessary or desirable in connection with the acceptance of the Offer and implementation thereof. I understand that my decision is subject to the rules of the UK SIP or the SIP Share Agreement(s) (as appropriate) and the Offer Document.

**PART B**

**Form of Acceptance for SIP Shares held by SIP Participants**

By signing this Acceptance, you accept the Offer in respect of all of the SIP Shares (including any additional SIP Shares acquired or awarded as a consequence of a Top-Up Contribution) which you hold.

By signing this Acceptance, I irrevocably accept the Offer in respect of all of the SIP Shares I hold as registered and beneficial owner. I hereby irrevocably appoint and authorise each director of Skyscanner severally as my lawful attorney (the “**Attorney**”) to execute and deliver all such documents on my behalf (including without limitation, any document relating to any variation or abrogation of rights attached to any SIP Shares) and to perform all such acts and do all such things as the Attorney considers, in each case, necessary or desirable in connection with the acceptance of the Offer and implementation thereof. I understand that my decision is subject to my SIP Share Agreement(s) and the Offer Document.

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**ACCEPTANCE OF OFFER — SIP REGISTERED HOLDERS**

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**Registered Holder name:**

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**Registered Holder address:**

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Terms used in this Acceptance of Offer shall have the meaning given in the Offer Document to which this Acceptance is enclosed.

By signing this Acceptance, you accept the Offer on behalf of the SIP Participants who have directed you to accept the Offer by signing and submitting the SIP Participants’ Acceptance on page 13.

Pursuant to the direction given by the SIP Participants who have signed and returned an Acceptance, we irrevocably accept the Offer in respect of all of SIP Shares we hold on behalf of the SIP Participants who have signed and returned an Acceptance. We acknowledge, on behalf of such SIP Participants that the Offer and this Acceptance are governed by the terms of this Offer Document.

We hereby irrevocably appoint and authorise each director of Skyscanner severally as our lawful attorney (the “**Attorney**”) to execute and deliver all such documents on our behalf in our capacity as registered holder of SIP Shares (including without limitation, any document relating to any variation or abrogation of rights attached to any SIP Shares) and to perform all such acts and do all such things as the Attorney considers, in each case, necessary or desirable in connection with the acceptance of the Offer and implementation thereof.

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**PART III**

**TERMS OF THE OFFER**

Except where the context requires otherwise, any reference in this Offer Document and in the Acceptance:

- (a) to the Offer will include any revision, variation or extension of the Offer;
- (b) to the Offer becoming unconditional will include the Offer becoming or being declared unconditional in all respects; and
- (c) to acceptances of the Offer includes deemed acceptances of the Offer.

Ctrip reserves the right in its sole discretion to amend and vary the timing and the procedure for implementation of the Offer, including the terms and the timing of the Offer as set forth in paragraph 4 below but excluding any reduction in the Consideration. Notwithstanding the foregoing, in the event of a Dividend Payment, Ctrip reserves the right to reduce the Consideration by an amount up to the amount of any Dividend Payment.

The following further terms apply, unless the context requires otherwise, to the Offer.

**1. Title to the Shares**

Electronic signature and delivery of the Acceptance will constitute warranties by the accepting Holder in the terms set out in paragraph 5 below in respect of the SIP Shares for which the Offer is accepted and that the accepting Holder has full power to accept the Offer and to enter into and perform the transaction contemplated in accordance with this Offer Document and will constitute a binding obligation in accordance with its terms.

**2. Condition**

The Offer is subject to and conditional upon completion under the Share Purchase Agreement becoming effective on or before the Longstop Date.

**3. Lapse of Offer**

- (a) The Offer will lapse unless the Condition is fulfilled or waived or has been determined by Ctrip in its reasonable opinion to be or to remain satisfied, in each case no later than the Longstop Date; and
- (b) If the Offer so lapses, the Offer will cease to be capable of further acceptance and accepting Holders and Ctrip will cease to be bound by any Acceptance submitted before the time the Offer lapses.

**4. Acceptance Period**

The Offer will remain open for acceptance until no later than 5.00pm on 31 December 2016 (or such later time(s) and/or date(s) as Ctrip may decide) following which the Offer will close. For the avoidance of doubt, Ctrip in its absolute discretion shall be entitled to extend the period for acceptances of the Offer in respect of any particular Holder(s). In the event that Ctrip extends the period for acceptances of the Offer in respect of any particular Holder(s) until after the Closing Date, references to the "Closing Date" in paragraph 5(b) below shall in respect of such Holder(s) mean the date of closing of the Offer in respect of such Holder(s).

**5. Acceptance**

Each Holder by whom, or on whose behalf, any Acceptance is executed irrevocably and unconditionally undertakes, represents, warrants to and agrees with Ctrip (so as to bind him and his personal representatives, heirs, successors and assigns) to the following effect:

- (a) that the execution of an Acceptance shall constitute an acceptance of the Offer in respect of all SIP Shares beneficially owned by the Holder;

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- (b) that the SIP Shares in respect of which the Offer is accepted, or is deemed to be accepted, are transferred fully paid with Full Title Guarantee and free from all Encumbrances and together with all rights attaching thereto on or after 5 p.m. on the Closing Date including, without limitation, the right to receive and retain all dividends and other distributions, if any, declared, paid or made on or after that date;
  - (c) that the electronic execution of the Acceptance and its submission constitutes, subject to the Offer becoming unconditional in all respects in accordance with its terms, the irrevocable separate appointment of Skyscanner and each of its directors severally as such Holder's attorney (each, an "**Attorney**"), and an irrevocable instruction to the Attorney to complete and execute all or any form(s) of transfer and/or other document(s) in the Attorney's discretion in relation to the SIP Shares referred to in paragraph (a) of this paragraph 5 in favour of Ctrip and to deliver such form(s) of transfer and/or other document(s) at the attorney's discretion together with any share certificate(s) and/or other document(s) of title relating to such SIP Shares for registration and to execute such other documents and to do all such other acts or things as may in the opinion of such attorney be necessary or expedient for the purpose of, or in connection with, the acceptance of the Offer and the making of any election thereunder and to vest such SIP Shares in Ctrip or its nominee(s);
  - (d) that, subject to the Offer becoming unconditional in all respects in accordance with its terms, the execution of the Acceptance and its submission constitutes a separate and irrevocable authority and request to Skyscanner or its agents to procure the registration of the transfer of the SIP Shares in certificated form pursuant to the Offer and the delivery of the share certificate(s) and/or other document(s) of title in respect thereof to Ctrip or as it may direct;
  - (e) that any Acceptance executed and submitted by or on behalf of a Holder shall be irrevocable and cannot be withdrawn;
  - (f) after the Offer has become unconditional in all respects that:
    - (i) Ctrip or its agents shall be entitled to exercise or direct the exercise of any votes and any or all other rights and privileges (including the right to requisition the convening of a general meeting of Skyscanner or of any class of its shareholders) attaching to any SIP Shares, in respect of which the Offer has been accepted, or is deemed to have been accepted, such votes where relevant to be cast so far as possible to satisfy any outstanding condition of the Offer;
    - (ii) the execution of an Acceptance on behalf of a Holder in respect of the SIP Shares:
      - (A) constitutes an irrevocable authority to Skyscanner from such Holder to send any notice, circular, warrant or other document or communication which may be required to be sent to him as a member of Skyscanner in respect of such SIP Shares to Ctrip at its registered office;

- (B) constitutes an irrevocable authority to Ctrip or its agents to sign any document and to do such things as may in the opinion of Ctrip or that agent be deemed necessary or desirable in connection with the exercise of any votes or other rights and privileges attaching to such SIP Shares, (including, but without limitation, signing any consent to short notice of a general meeting or form of proxy on his behalf and/or, where appropriate, nominated by Ctrip to attend general meetings and separate class meetings of Skyscanner or its members or any of them (and any adjournment thereof) and/or attending any such meeting and exercising the votes attaching to such SIP Shares on his behalf, where relevant such votes to be cast so far as possible to satisfy any outstanding condition of the Offer);
- (C) will also constitute the agreement of such Holder not to exercise any of such rights attaching to such SIP Shares without the consent of Ctrip and the irrevocable undertaking of such Holder not to appoint a proxy to attend and

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not himself to attend any such general meeting or separate class meeting; and

- (D) that the Holder:
- (1) has not received or sent copies or originals of the Offer Document or any related offering documents, in, into, or from Australia, Canada or South Africa (a “**Restricted Jurisdiction**”) and has not otherwise utilised in connection with the Offer, directly or indirectly, the mails for, any means or instrumentality of (including, without limitation, facsimile transmission, telephone or e-mail) of commerce of, or any facility of a national securities exchange, of a Restricted Jurisdiction;
  - (2) was outside a Restricted Jurisdiction when the Acceptance was delivered and at the time of accepting the Offer;
  - (3) in respect of the SIP Shares to which the Acceptance relates, is not an agent or a fiduciary agent on a non-discretionary basis for a principal who has given any instructions with respect to the Offer from within a Restricted Jurisdiction;
  - (4) if a citizen, resident or national of a jurisdiction outside the United Kingdom, has observed the laws of the relevant jurisdiction, obtained all requisite governmental, exchange control and other consents, complied with all other necessary formalities and paid any issue, transfer or other taxes or other requisite payments due in any such jurisdiction in connection with such acceptance and has not taken or omitted to take any action that may result in Ctrip, Skyscanner, the Sellers’ Representatives or other person acting in breach of the legal or regulatory requirements of any such jurisdiction in connection with the Offer or the Holder’s acceptance thereof;
- (g) that the Holder will deliver to Skyscanner his share certificate(s) or other document(s) of title in respect of all SIP Shares held by the Holder, and in respect of which the Offer has been accepted or is deemed to have been accepted, or an indemnity acceptable to Ctrip in lieu thereof as soon as possible and in any event within 3 months of the Offer becoming unconditional in all respects and will execute any further documents, do such acts and give any further assurances that may be required or desirable in connection with his acceptance of the Offer in respect of such SIP Shares;
- (h) that Ctrip or its agents shall be entitled to settle the Consideration in the manner set out in Part II of this Offer Document;
- (i) that the Holder is irrevocably and unconditionally entitled to transfer the SIP Shares in respect of which the Acceptance is completed and that the entire beneficial interest in such SIP Shares, in respect of which the Offer is accepted or deemed to be accepted will be acquired by Ctrip or its nominee under the Offer;
- (j) that the Holder acknowledges and agrees that any transfer of SIP Shares to Ctrip by any Skyscanner shareholder pursuant to this Offer, the Share Purchase Agreement and any other documents effecting the Acquisition is a transfer made in accordance with Article 16.4 of the Articles;
- (k) that the terms and conditions of the Offer contained in this Offer Document will be incorporated and deemed to be incorporated in and form part of the Acceptance, which will be read and construed accordingly;
- (l) that the Holder will ratify each and every act or thing which may be done or effected by Ctrip, Skyscanner or any officer or authorised representatives or agents of them, as the case may

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be, in the exercise of any of his or its power and/or authorities hereunder;

- (m) that, if any provision of this Offer Document or Acceptance is or becomes unenforceable or invalid or does not or becomes unable to operate so as to afford Ctrip and/or Skyscanner or any officer or authorised representative of any of them, or their respective agents the benefit or authority expressed to be given therein, the Holder will, as promptly as practicable, do all such acts and things and execute all such documents that may be required or desirable to enable those persons to secure the full benefit of this Offer Document;
- (n) that on execution, the Acceptance on page 13 will take effect and be delivered as a deed;
- (o) that the Holder accepts the Offer on the basis of the information set out in this Offer Document only and acknowledges that he/it has not relied upon any other representations, statements, undertakings or warranties made by Ctrip in any context, including in any other document;
- (p) that the Holder waives any right of pre-emption over any SIP Shares set out in the Articles or otherwise;

- (q) that the Holder appoints Carolyn Jameson and Colin McLellan of c/o Skyscanner Holdings Limited, Quartermile One, 15 Lauriston Place, Edinburgh, EH3 9EN, United Kingdom to be the Sellers' Representatives for all purposes of this Offer Document;
- (r) that the execution of the Acceptance and its submission constitutes, subject to the Offer becoming unconditional in all respects, a separate instruction and authorisation to Skyscanner or its agents to procure the registration of the transfer of such SIP Shares at or following the Closing Date;
- (s) that, subject to paragraph (t) below, the Offer, the Offer Document and all matters arising out of the Offer and the execution of the Acceptance shall be governed by and construed in accordance with English law, and that such Holder submits to the exclusive jurisdiction of the English Courts in respect of such matters; and
- (t) that the powers of attorney granted in paragraphs (c) and (r) above and in the Acceptance and any dispute, proceedings or claim of whatever nature arising out of or in connection with them shall be governed by and construed in accordance with the laws of Scotland, and such Holder submits to the exclusive jurisdiction of the Scottish Courts in respect of any dispute or claim that arises in connection with those powers of attorney or their formation.

## 6. Non-UK Applicants

No person receiving a copy of this Offer Document or an Acceptance in any territory other than the UK may treat the same as constituting an invitation or offer to him, nor should he in any event use such Acceptance unless, in the relevant territory, such an invitation or offer could lawfully be made to him or such Acceptance could lawfully be used without contravention of any registration or other legal requirements. It is the responsibility of any person outside the UK wishing to make an application hereunder to satisfy himself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities requiring to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.

## 7. General

- (a) References to a Holder include references to the person or persons executing an Acceptance and any person or persons on whose behalf such person or persons executing the Acceptance is/are acting. In the event of more than one person executing an Acceptance such paragraphs will apply jointly and severally;
- (b) Any omission or failure to despatch this Offer Document or any other document relating to the Offer and/or any notice required to be despatched under the terms of the Offer to or any failure to receive the same by any person to whom the Offer is or should be made will not invalidate the Offer in any way or create any implication that the Offer has not been made to

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any such person;

- (c) Ctrip reserves the right to treat acceptances of the Offer as valid if not entirely in order or not accompanied by the relevant share certificates and/or other relevant documents of title or if received by Ctrip at any place or places determined by them otherwise than as set out in this Offer Document;
- (d) The Offer will lapse unless the Condition has been fulfilled or (if capable of being waived) waived or where appropriate has been determined by Ctrip in its reasonable opinion to be or remain satisfied by no later than the Longstop Date. If the Offer lapses for any reason, the Offer will cease to be capable of further acceptance and the Holder and Ctrip will cease to be bound by prior acceptances;
- (e) The Holders agree that no press conference, announcement or other communication concerning the transactions referred to in this document or in connection with the Skyscanner Group or Ctrip or otherwise relating to the financial condition or trading or financial prospects of the Skyscanner Group shall be made or despatched by the Holders or any Connected Person without the prior written consent of Ctrip save as may be required by:
  - (i) law; or
  - (ii) any applicable regulatory authority to which either party is subject where such requirement has the force of law;
- (f) The Holders shall treat as strictly confidential all information received or obtained as a result of entering into or performing any obligations in this document or supplied by on or behalf of Ctrip or the Skyscanner Group in the negotiations leading to this document, which relates to the provisions of this Offer Document, the negotiations relating to this Offer Document or, the subject matter of the document or in any of these cases relating to the Acceptance (the "**Information**") and shall not without the prior written consent of Ctrip publish or otherwise disclose to any person any Information except to the extent that:
  - (i) the Information before it is furnished to the Holder is in the public domain; or
  - (ii) the Information after it is furnished to the Holder enters the public domain otherwise than as a result of a breach by the Holder of its obligations to treat such information as confidential; or
  - (iii) the Holder discloses the Information to any person in compliance with any requirement of law; in response to any applicable regulatory authority to which it is subject where such requirement has the force of law; in order to obtain tax or other clearance consents from HM Revenue & Customs or other relevant taxing or regulatory authority;
- (g) This Offer Document is being distributed on the basis that the proposed Offer is one falling within Article 62(2) (Sale of a body corporate) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (SI 2005/1529) in that the purpose of the Offer (together with the other transactions pursuant to which the Acquisition is to be implemented) is for Ctrip to acquire the day-to-day control of the affairs of Skyscanner.

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## PART IV

### IMPORTANT INFORMATION

The statements contained in this document are not to be construed as legal, business, financial or tax advice. If you are in any doubt about the content of this document, you should consult your own legal, financial or tax adviser for legal, business, financial or tax advice. The statements contained in this document are made as at the date of this document, unless some other time is specified in relation to them, and service of this document shall not give rise to any implication that there has been no change in the facts set out in this document since such date. No dealer, salesperson or other person is authorised to give any information or to make any representations with respect to the Offer other than such information or representations as are contained in this document and, if given or made, such information or representations must not be relied upon as having been authorised by Ctrip or Skyscanner.

#### *General*

This Offer Document should not be distributed, forwarded or transmitted in or into Australia, Canada, the People's Republic of China (which for this purpose only should exclude the Hong Kong and Macau Special Administrative Regions and Taiwan) or South Africa. To the best of the knowledge and belief of the directors of Ctrip.com International, Ltd., who have taken all reasonable care to ensure that such is the case, the information contained in this Offer Document is in accordance with the facts and does not omit anything likely to affect the import of such information. This document should be read in connection with the accompanying Form of Acceptance. The terms of this Offer are recommended by all the directors of Skyscanner Holdings Limited.

**The availability of the Offer to persons not resident in the United Kingdom may be affected by the laws of relevant jurisdictions in which they are located. This document does not constitute an offer or solicitation to any person in any jurisdiction in which such an offer or solicitation would be unlawful. Persons who are not resident in the United Kingdom should inform themselves of, and observe, any applicable requirements.**

#### *Notice to U.S. Holders*

The Offer is made for the securities of a UK company. The Offer is subject to disclosure requirements of the United Kingdom that are different from those in the United States. Financial statements included in, or incorporated by reference in, the document, if any, have been prepared in accordance with non-U.S. accounting standards that may not be comparable to the financial statements of U.S. companies.

The Offer is being made in the United States in reliance on and in compliance with Rule 14d-1(c) under the U.S. Securities Exchange Act of 1934, as amended. Ctrip will furnish to the SEC a Form CB with respect to the Offer.

It may be difficult for Holders to enforce their rights and any claim they may have arising under the federal securities laws since Ctrip and Skyscanner are located outside the United States, and some or all of their officers and directors are resident outside the United States. As a result, it may be difficult to compel Ctrip and Skyscanner and their affiliates to subject themselves to a U.S. court's judgment, or to enforce, in courts outside the United States, judgments obtained in U.S. courts against any such person, including judgments based on the civil liability provisions of the U.S. securities laws. Additionally, Holders may not be able to sue Ctrip or Skyscanner or their respective officers or directors in a non-U.S. court for violations of the U.S. securities laws.

As further described herein, Holders should be aware that Ctrip may purchase Skyscanner's securities other than under this Offer, such as in privately negotiated purchases.

**In making the decision whether or not to accept the Offer, Holders must rely upon their own examination of the Offer, including the merits and risks involved.**

**THE OFFER HAS NOT BEEN APPROVED OR RECOMMENDED BY ANY U.S. FEDERAL OR STATE SECURITIES AUTHORITY NOR HAS ANY SUCH AUTHORITY PASSED UPON THE**

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**ACCURACY OR ADEQUACY OF THIS DOCUMENT. THE MAKING OF ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.**

#### *Other Restricted Jurisdictions*

Unless otherwise determined by Ctrip, the Offer is not being made, directly or indirectly, in or into, or by use of the mails of, or by any means or instrumentality (including, without limitation, facsimile transmission, telex, telephone or e-mail) of commerce of, or any facilities of, a national securities exchange of, Australia, Canada or South Africa, and cannot be accepted by any such use, means, instrumentality or facility from or within Australia, Canada or South Africa, nor is it being made in or into any jurisdiction where they such delivery or receipt of the Offer would be contrary to applicable law in that jurisdiction, and the Offer is not capable of acceptance from any such jurisdiction by any such use, means, instrumentality or facilities.

#### *Forward-looking statements*

This Offer Document, oral statements made regarding the Offer, and other information published by Ctrip and Skyscanner contain statements which are, or may be deemed to be, "forward-looking statements". All statements, other than statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and projections of the management of Ctrip and Skyscanner about future events, and are therefore subject to risks and uncertainties which could cause actual results, performance or events to differ materially from those expressed or implied by the forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as "plan", "expect", "budget", "target", "aim", "scheduled", "estimate", "forecast", "intend", "anticipate", "assume" or "believe", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. Although Ctrip and Skyscanner believe that the expectations reflected in such forward-looking statements are reasonable, Ctrip and Skyscanner can give no assurance that such expectations will prove to be correct. By their nature, forward-

looking statements involve risks (known and unknown) and uncertainties (and other factors that are in many cases beyond the control of Ctrip and/or Skyscanner) because they relate to events and depend on circumstances that may or may not occur in the future.

There are a number of factors that could affect the future operations of Ctrip and/or the Skyscanner Group and that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements, such as: domestic and global business and economic conditions; asset prices; market related risks such as fluctuations in interest rates and exchange rates, industry trends, competition, changes in government and regulation, changes in the policies and actions of governments and/or regulatory authorities (including changes related to capital and tax), changes in political and economic stability, disruption in business operations due to re-organisation activities, interest rate, inflation and currency fluctuations, the timing impact and other uncertainties of future or planned acquisitions or disposals or combinations. Other unknown or unpredictable factors could affect future operations and/or cause actual results to differ materially from those in the forward-looking statements. Such forward-looking statements should therefore be construed in the light of such factors.

Each forward-looking statement speaks only as of the date of this Offer Document. Neither Ctrip nor Skyscanner, nor any of their respective associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this Offer Document will actually occur. All forward-looking statements contained in this Offer Document are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Readers are cautioned not to place undue reliance on these forward-looking statements. Other than in accordance with their legal or regulatory obligations, neither Ctrip nor Skyscanner is under or undertakes any obligation, and each of the foregoing expressly disclaims any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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## PART V

### FINANCIAL INFORMATION RELATING TO SKYSCANNER

The documents referred to below (which contain financial information in respect of the Skyscanner Group) have been filed at Companies House in the UK and are incorporated into the Offer by reference.

Document	Companies House reference
Skyscanner Holdings Limited annual report and consolidated financial statements for the year ended 31 December 2015	S56BLH5K
Skyscanner Holdings Limited annual report and consolidated financial statements for the year ended 31 December 2014	S46WEEGB
Skyscanner Holdings Limited annual report and consolidated financial statements for the year ended 31 December 2013	S39HTOA2

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## PART VI

### ADDITIONAL INFORMATION

#### 1. Directors

1.1. The Ctrip Directors and their respective positions are set out below:

Name	Position
James Jianzhang Liang	Executive Chairman of the Board
Min Fan	Vice Chairman of the Board and President
Jane Jie Sun	Director and Chief Executive Officer
Gabriel Li	Vice Chairman of the Board, Independent Director
JP Gan	Independent Director
Neil Nanpeng Shen	Independent Director
Qi Ji	Independent Director
Robin Yanhong Li	Director
Tony Yip	Director

The registered office of Ctrip is the offices of Maples Corporate Services Limited, P.O Box 309, Ugland House, Grand Cayman, KY1-1104 and the principal executive office address of Ctrip is 968 Jin Zhong Road, Shanghai 200335, People's Republic of China.

1.2. The Skyscanner Directors and their respective positions are as follows:

<u>Name</u>	<u>Position</u>
Gareth Williams	Director
Barry Smith	Director
Julian Pancholi	Director
Calum Paterson	Director
Sir Michael Moritz	Director
Mark Logan	Director

The registered office of Skyscanner is the offices Suite 7-001, 1 Fore Street, London, EC2Y 5EJ.

## 2. Other Information

Save as disclosed in this document:

- (a) there is no agreement, arrangement or understanding by which any SIP Shares to be acquired by Ctrip in pursuance of the Offer will be transferred to any other person; and

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- (b) the Skyscanner Board is not aware of any significant adverse change in the financial or trading position of Skyscanner since 31 December 2015 (the date to which the most recent annual results of Skyscanner were made up).

## 3. Documents on display

Copies of the following documents will be available free of charge, for inspection at the head office of Skyscanner until the Closing Date:

- (a) this document;
- (b) the memorandum and articles of association of Skyscanner; and
- (c) Skyscanner Holdings Limited annual reports and consolidated financial statements for the years ended 31 December 2013, 31 December 2014 and 31 December 2015.

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## PART VII

### DEFINITIONS

The following definitions apply throughout this Offer Document unless the context requires otherwise:

“2006 Act”	means the Companies Act 2006;
“Acceptance” or “Form of Acceptance”	means the relevant acceptance set out on pages 13 to 14 or 15 of Part II of this Offer Document in respect of which the SIP Participants and SIP Registered Holders may accept the Offer (in respect of SIP Shares);
“Accumulation Period”	has the meaning given to such term in the SIP Rules;
“Acquisition”	means the proposed acquisition of substantially all of the issued share capital in Skyscanner by Ctrip;
“Articles”	means the articles of association of Skyscanner in force as at the date of this Offer Document;
“Business Day”	means any day (other than a Saturday, Sunday or public holiday in England, Scotland or the PRC) on which clearing banks in the City of London, Edinburgh and Shanghai are open for the transaction of normal sterling banking business;
“C1 Shares”	has the meaning given in the Articles;
“C2 Shares”	has the meaning given in the Articles;
“C3 Shares”	has the meaning given in the Articles;
“C4 Shares”	has the meaning given in the Articles;

“C6 Shares”	has the meaning given in the Articles;
“C7 Shares”	has the meaning given in the Articles;
“C8 Shares”	has the meaning given in the Articles;
“C9 Shares”	has the meaning given in the Articles;
“C10 Shares”	has the meaning given in the Articles;
“Closing Date”	means: <ul style="list-style-type: none"> <li>(a) the date which is the fifth Business Day after the date on which the Condition is satisfied (or waived); or</li> <li>(b) such later date as the Sellers’ Representatives and Ctrip may agree in writing (each acting reasonably);</li> </ul>
“Condition”	means the condition set out in paragraph 2 of Part III of this Offer Document;
“Conditional Subscription Shares”	means shares in the capital of Skyscanner in respect of which Skyscanner has previously granted to a person a conditional right to subscribe for those shares;

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“Consideration”	means the cash sum payable by Ctrip to Holders in respect of the Offer as specified in paragraph 3 of Part II of the Offer Document;
“Connected Person” and “Connected”	has the meaning attributed to it in section 1122 of the Corporation Tax Act 2010;
“Ctrip”	means Ctrip.com International, Ltd., a company incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and having its principal executive office address at 968 Jin Zhong Road, Shanghai 200335, People’s Republic of China and “Ctrip Group” shall be construed as Ctrip and its subsidiary undertakings immediately prior to the Offer being made;
“Dividend Payment”	means any dividend, return of capital (whether by way of reduction of share capital, repurchase or redemption (or otherwise) or any other distribution in respect of any Share which has been declared, made or paid by Skyscanner or which has a record date, in each case, on or after the date of this Offer Document;
“Employee Offer Document”	Means the offer document setting out Ctrip’s offer to purchase shares held and to be held (upon exercise of all options or other rights to acquire shares) by certain employees and option holders in Skyscanner;
“Encumbrance”	means any encumbrance, lien, pledge, charge (fixed or floating), mortgage, third party claim, debenture, option, right of pre-emption, right to acquire, assignment by way of security, trust arrangement for the purpose of providing security or other security interests of any kind, including retention arrangements or other encumbrances of any nature whatsoever and any agreement to create any of the foregoing;
“Full Title Guarantee”	means the benefit of the implied covenants set out in Part 1 of the Law of Property (Miscellaneous Provisions) Act 1994 when a disposition is expressed to be made with full title guarantee;
“Holder”	means a registered holder of SIP Shares;
“Institutional and Certain Other Shareholders”	means SEP III and certain other shareholders in Skyscanner, defined as “Institutional and Other Non Management Sellers” in the Share Purchase Agreement;
“Loan Note Instrument”	means the loan note instrument pursuant to which Ctrip will create the Loan Notes;
“Loan Notes”	means unsecured zero coupon redeemable loan notes to be issued by Ctrip;
“Longstop Date”	means 23 February 2017, or such later date as the Sellers’ Representatives and Ctrip may agree in writing;
“Management Shareholders”	means Gareth Williams and certain other members of the management team of Skyscanner defined as “Management Sellers” in the Share Purchase Agreement;

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“Matching Shares”	means shares awarded under part C of the Skyscanner Holdings Limited share incentive plan;
“NASDAQ”	means the NASDAQ Stock Exchange;
“Non-UK Holder”	means a Holder who is not a UK Holder;

<b>“Offer”</b>	means the recommended offer made by Ctrip in paragraph 5 of Part II of the Offer Document to relevant recipients of this Offer Document to acquire the issued (and to be issued) SIP Shares to which this Offer Document relates, subject to the terms and conditions set out in this Offer Document and in the Acceptance;
<b>“Offer Document”</b>	means this document;
<b>“Partnership Shares”</b>	means shares acquired under part B of the Skyscanner Holdings Limited share incentive plan;
<b>“PRC”</b>	means the People’s Republic of China (excluding, for the purposes of this Offer Document, the Hong Kong and Macau Special Administrative Regions and Taiwan);
<b>“SEC”</b>	means the United States Securities and Exchange Commission;
<b>“Sellers’ Representatives”</b>	means the persons nominated from time to time as the representatives of the Holders as a whole, at the date of this Offer Document being Carolyn Jameson and Colin McLellan of c/o Skyscanner Holdings Limited, Quartermile One, 15 Lauriston Place, Edinburgh, EH3 9EN, United Kingdom;
<b>“Share Purchase Agreement”</b>	means the share purchase agreement relating to shares in the capital of Skyscanner on or about the date hereof between, amongst others, Ctrip and Gareth Williams
<b>“SIP Share”</b>	means a SIP share of £0.01 each in the capital of Skyscanner and being fully paid up and non-redeemable and having the rights, and being subject to the restrictions, set out in the Articles;
<b>“SIP Trustee”</b>	means the Yorkshire Building Society in its capacity as trustee of the SIP;
<b>“Skyscanner”</b>	means Skyscanner Holdings Limited whose registered office is at Suite 7-001, 1 Fore Street, London, EC2Y 5EJ, United Kingdom;
<b>“Skyscanner Board”</b>	means the board of directors of Skyscanner whose names are set out in Part I of this Offer Document;
<b>“Skyscanner Group”</b>	means Skyscanner and its subsidiary undertakings;
<b>“subsidiary undertakings”</b>	means a subsidiary undertaking within the meaning ascribed to such expression by section 1161 of the 2006 Act (as the context shall admit or require);
<b>“Trust Deed and Rules” or “SIP Rules”</b>	means the trust deed and rules of the Skyscanner Holdings Limited share incentive plan dated 31 July 2013;

<b>“Top-Up Contribution”</b>	has the meaning given to it in paragraph 6 of Part II of this Offer Document
<b>“UK” or “United Kingdom”</b>	means the United Kingdom of Great Britain and Northern Ireland;
<b>“UK Holder”</b>	means a Holder who is a resident in the UK;
<b>“United States” or “U.S.”</b>	means the United States of America.

Company Registration No. 07777261

Skyscanner Holdings Limited

Annual report and consolidated financial statements

For the year ended 31 December 2015

THURSDAY



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SCT 05/05/2016 #228  
COMPANIES HOUSE

Skyscanner Holdings Limited

Annual report and consolidated financial statements 2015

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Skyscanner Holdings Limited

Annual report and consolidated financial statements 2015

Officers and professional advisers

Directors

Gareth Williams  
Barry Smith  
Julian Pancholi  
Calum Paterson  
Sir Michael Moritz  
Mark Logan  
Margaret Rice-Jones

Secretary

Shane Corstorphine

Registered Number

07777261

## Registered Office

Suite 7-001  
1 Fore Street  
London  
EC2Y 5EJ

## Bankers

Barclays  
2<sup>nd</sup> Floor, Quay  
139 Fountainbridge  
Edinburgh  
EH3 9QG

HSBC  
1 Collyer Quay  
07-01 HSBC Building  
Singapore 049320

Clydesdale Bank  
7th Floor  
Clydesdale Bank Exchange  
20 Waterloo Street  
Glasgow  
G2 6DB

Royal Bank of Scotland  
The Gemini Building  
2nd Floor  
24 St Andrew Square  
Edinburgh  
EH2 1AF

## Solicitors

Pinsent Masons LLP  
139 Fountainbridge  
Edinburgh  
EH3 9QG

## Auditor

Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Edinburgh  
United Kingdom

## Skyscanner Holdings Limited

### Strategic report

The Directors present their Strategic Report for the Company and Group for the financial year ended 31 December 2015. The Strategic Report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to Skyscanner Holdings Limited and its subsidiary undertakings (together “the Group”) when viewed as a whole.

### Business model

The Group owns and operates an integrated online travel metasearch service connecting users wishing to book travel with travel service providers around the world. The Group derives substantially all of its revenue and gross profit from:

- Commissions earned from facilitating the booking of Flight, Hotel and Car Hire services;
- Commissions earned from facilitating click through of visitors to our Flight, Hotel and Car Hire partner websites;
- Display advertising based on number of impressions; and
- Subscription agreements for Analytics products.

### Business review

The Group reported revenue in 2015 of £119,715k (2014: £92,897k) up 29% year on year. Profit after tax for the year was £13,272 (2014: £10,386k).

The result was achieved despite some significant headwinds:

- An increasing proportion of total unique monthly visitors (‘UMVs’)<sup>1</sup> access Skyscanner via a mobile device. The Group earns lower commission, on average, from visitors on mobile devices as users are less likely to exit<sup>2</sup> and book. A number of performance improvements were tested and released across our products during 2015 to address this. Being highly product and engineering focussed gives the Group the ability to respond quickly to required product changes and also to continually innovate to meet consumers’ evolving needs and expectations.
- Approximately 50% of the Group’s revenue is denominated in Euros. While the net exposure to foreign exchange risk is managed through the Group hedging policy (in the Financial risk management section on page 7), the depreciation of the Euro during 2015 had a negative impact on Group reported revenue.

Flight metasearch continues to be the Group's largest revenue channel. However, in 2015, revenue from the Group's Hotel and Car Hire products has grown to contribute more than 7% (2014 – 6%) of overall revenue in the financial year. The Group's Business to Business ('B2B') partnerships have also attracted additional UMVs to the website which has had a positive impact on revenue.

The Group's long term strategy is centred on owning a greater part of the travel journey from destination selection through to post travel engagement. We have made significant strides toward this objective and collectively have reached some extremely exciting milestones in 2015:

- Total Ticket Value ('TTV') in relation to flights<sup>3</sup> reached an estimated \$11.3bn, representing 49% year on year growth
- Total App downloads exceeded 40m (2014:30m)
- UMVs exceeded 50m for the first time (2014: 30m)
- The new Skyscanner Flights App was launched
- We expanded our global reach with Skyscanner now localised in 31 different languages

<sup>1</sup> UMVs represent the number of unique individual users visiting Skyscanner each month irrespective of device used.

<sup>2</sup> Where a user on the Skyscanner site clicks out from Skyscanner to the website of a travel service provider.

<sup>3</sup> The gross value of flight related bookings made via the Skyscanner website and app

## Skyscanner Holdings Limited

### Strategic report (continued)

#### Business review (continued)

- We launched our facilitated booking product with AirCanada and the first New Distribution Capability ('NDC') facilitated booking solution with British Airways
- We powered flight search for over 500 (2014: over 200) partners through API and White Label products
- We concluded the largest ever UK tech private fund raise (further details included Sources of funding on page 6).

The Group also entered into a joint venture ('JV') with Yahoo! Japan on 6 July 2015. The objective of the venture is to accelerate growth in Japan by better serving the needs of the Japanese traveller both domestically and abroad. The JV is operating profitably and has generated revenue of £ 1,846k in the year to 31 December 2015. The JV is based in Tokyo adding to the Group's existing operations in Barcelona, Beijing, Budapest, Edinburgh, Glasgow, Miami, Shenzhen, Singapore and Sofia.

In executing our strategy, the Group has continued to invest in headcount, particularly product and engineering talent, and the development of its core travel products. While this investment has supported another year of growth in the volume of UMVs to the website and mobile applications, the real benefits will be seen over the longer term. Therefore, within 2015 the additional cost of this headcount has, as management fully expected, had a subduing effect on Earnings Before Interest, Tax, Depreciation and Amortisation ('EBITDA'). The Directors remain confident that a strategy of continued investment in product and technology will lead to continued future success and growth.

On the 23<sup>rd</sup> of December 2015 the Group issued 293,916 ordinary shares in return for consideration of £30m to a group of new global investors. The primary issuance was part of a wider transaction in which existing investors also sold a portion of their holdings. As a result, Artemis, Baillie Gifford, Khazanah Nasional Berhad, Vitruvian Partners and Yahoo! Japan have joined Scottish Equity Partners ('SEP') and Sequoia Capital as investors in our journey.

#### Key performance indicators

The Directors use Key Performance Indicators ('KPIs') to monitor and assess company performance. The principal KPIs used during the year ended 31 December 2015 were as follows:

	2015	2014
Revenue (£'000)	119,715	92,897
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) (£'000)	17,552	17,046
Average UMVs ('000)	44,861	30,386

#### Taxation

The Group is reporting a tax credit £372k (2014: charge of £2,799k) during the financial year. Note 11 to these financial statements provides further detail on the composition of the tax position. We hold ourselves to a high standard in relation to paying a fair rate of tax in all of the jurisdictions in which we operate. We believe the Company and its employees should be contributors to the funding of public services and infrastructure of the country in which they are located and that this is integral to us operating sustainably and building a core value of trust with our users. The tax on ordinary activities charge has reduced since 2014 as a direct result of an increase in the accounting deferred tax asset as well as certain prior year adjustments relating primarily to tax credits associated with research and development. Removing the impact of prior year adjustments and deferred tax, our normalised current year effective tax rate is 17%. This is

## Skyscanner Holdings Limited

### Strategic report (continued)

#### Principal risks and uncertainties

The Group actively manages the business risks it is exposed to as part of its internal risk management and control framework. The key business risks relevant to the Group and Company are set out below:

##### *The Group's performance is linked to the health of the worldwide travel industry*

The Group's business and financial performance is linked to the health of the worldwide travel industry. Travel expenditure is sensitive to personal and business discretionary spending levels and tends to decline or grow more slowly during economic downturns. The general economic climate and/or unforeseen events, such as political instability, terrorist events, regional hostilities, increases in fuel prices, travel-related accidents and unusual weather patterns also may adversely affect the travel industry. Any future downturn in the industry could have a material adverse effect on the Group's business, prospects, results of operations and financial position.

In particular, the Group's revenue is highly dependent on transaction volumes in the global travel industry, particularly air travel transaction volumes. Changes to the air travel industry in general, and the airline industry in particular, could materially adversely impact the business, prospects, results of operations and financial position of the Group.

Our primary strategy for mitigation of this risk is the expansion of our global operations and product base, reducing our reliance on any one market or product and increasing our ability to withstand macroeconomic volatility.

##### *Competition*

The global travel & tourism industry is forecast to grow by 4.6% per annum through to 2025 when it is expected to reach c.US\$1.3tn representing c.4.9% of global GDP<sup>4</sup>. Within that, the online travel market (the relevant market for Skyscanner) is estimated to be worth \$500bn in TTV. Inevitably the market is extremely competitive. The travel metasearch industry specifically has a number of large global businesses competing for market share, with no one company currently dominating the space globally. If new entrants continue to enter the market with services which directly compete with those provided by Skyscanner this may have an adverse effect on our financial results. However, one of Skyscanner's differentiators is that it has over 1,200 direct connections with online travel partners. This has taken over 10 years to establish and means Skyscanner is not as reliant on Global Distribution System (GDS) data in the same way as most of our competitors are and represents a significant barrier to new entrants.

In addition, we believe we offer a quality product, focused on the user, which sets us apart from the competition. We aim to hire the best people and strive to remain ahead of the marketplace in terms of innovation in order to ensure that we remain competitive and continue to grow.

##### *Website disruption*

If the Group's systems are not expanded to handle increased demand from users of its websites, or should such systems fail to perform, the Group's websites may experience unanticipated disruptions in service, slower response times or decreased customer service. Any of these issues could impair the Group's reputation, damage the Group's brand and have a material adverse effect on the Group's business, prospects, results of operations and financial condition.

Our dedicated Service Management team ensure our systems are secure, efficient and robust. We have invested in new data centres at different sites in the last two years to minimise the impact that the loss of any one site would have on the operations of the Skyscanner website. We are increasingly looking at cloud based hosting products as an alternative way to manage our system infrastructure and further reduce this risk. We take this risk very seriously and set stringent KPIs relating to availability of Skyscanner's services which are continually monitored.

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<sup>4</sup> <http://www.wttc.org/research/economic-impact-research/2015>

## Skyscanner Holdings Limited

### Strategic report (continued)

#### Principal risks and uncertainties (continued)

##### *Global expansion*

The Group continues to experience growth in headcount and operations globally. Rapid international growth can place extreme demands on the management and operational infrastructure of a business. If our growth is not appropriately managed to mitigate this risk, the quality of our product and efficiency of our operations could be negatively impacted.

Our Finance and Legal teams are central to managing the primary risks associated with global expansion. We actively monitor cash flow and review the internal control structures of our subsidiary companies in order to ensure the probability of this risk having an impact on our business is mitigated.

## *Changing user habits*

Users are changing the way in which they use technology products at an increasingly fast rate. Staying ahead of user trends and avoiding the risk of the Group's product offerings becoming obsolete is critical to the future success of the Group. For example, users are moving away from desktop computers and laptops and increasingly use their mobile devices so it is important that the Group ensures that its websites, applications and other platforms are accessible and easy to use on such devices. Furthermore, with the shift to mobile, users may use the Group's platforms on mobile devices to access travel information but may be reluctant to click through to the websites of travel providers to make a booking due to the increased difficulty of inputting information on smaller screen sizes or because of security concerns. There is also an added risk that the mobile platforms of the Group's partners may have low functionality or are difficult to use, causing the number of bookings made with such partners following a referral from the Group to decrease, resulting in a consequential decrease in the referral fees the Group might have otherwise received from its partners had such bookings been made. This is an industry wide challenge and one which Skyscanner is making significant progress to resolve for our users.

Any failure of the Group to evolve to meet the needs, expectations and likes of users or any failure to do so in a cost-effective way could have a material adverse effect on the Group's business, prospects, results of operations' and financial condition.

We are not complacent to these challenges: we know the future of our businesses rests on our ability to be ever more useful to travellers. We aim to mitigate this risk through continual analysis of user data with a focus on lead indicators. We invest in the recruitment of high quality talent who are responsive to the needs of our users and we devolve product responsibility through our organisational squad model which allows for rapid testing and release.

### *The Group may suffer losses if its reputation and brand are damaged*

The Group's success and results are dependent in part on the strength and reputation of the Group and its brand. The Group and its brand are exposed to the risks of litigation, misconduct by employees and others, significant adverse publicity attaching to the Group's business, operational failures, allegations or determinations that the Group has failed to comply with regulatory or legislative requirements, the outcome of regulatory or other investigations or actions, market forces, and negative press speculation or social media comment, whether or not founded, that could damage its brand and reputation. Any damage to the Group's brand and reputation could cause existing customers, users, partners or intermediaries to withdraw their business from, or restrict their business with, the Group. Such damage to the Group's brand or reputation could cause disproportionate damage to the Group's business, even if the negative publicity is factually inaccurate or unfounded. Furthermore, negative publicity could result in greater regulatory scrutiny and could influence market perception of the Group. The occurrence of any of these events could have a material adverse effect on the Group's business, prospects, results of operations and financial position.

## **Skyscanner Holdings Limited**

### **Strategic report (continued)**

#### **Principal risks and uncertainties (continued)**

##### *Regulatory environment*

Our metasearch services are subject to various laws and regulations in the jurisdictions in which we operate. The competition authorities in some of our operating regions have begun investigations into competitive practices within the online travel industry and we may be involved in or affected by such investigations and their results.

In addition, our strategy involves geographic expansion which will increasingly expose the Group to vastly different regulatory environments and tax laws: In this context we may experience unforeseen legal, regulatory or tax consequences which may have both favourable and adverse effects on our business in the future.

In order to manage the associated risks our Finance and Legal teams actively monitor and react to the changing legal, regulatory and tax compliance challenges arising across the Group.

##### *Our business could be negatively affected by changes in internet search engine algorithms*

We use certain internet search engines to generate a significant portion of the traffic to our website. The pricing and operating dynamics on these search engines can experience rapid change commercially, technically and competitively such that the placement of links to our websites can be negatively affected and our costs to improve or maintain our placement in search results can increase.

We aim to mitigate this risk through continual analysis of data with a focus on lead indicators. We invest in the recruitment of specialist talent who are responsive to changes in the internet search environment and we devolve product responsibility through our organisational structure which allows for rapid response to any threats to our online marketing model.

#### **Sources of funding**

The Group finances its activities through cash and working capital. Bank loans including an overdraft facility, are available but are not utilised. Overdraft facilities are available and are used to satisfy short term cash flow requirements. Other financial assets and liabilities, such as trade receivables and trade payables, arise directly from the Company's operating activities.

On the 23<sup>rd</sup> of December 2015 the Company issued 293,916 ordinary shares in return for consideration of £30m to a group of new global investors. The primary issuance was part of a wider transaction in which existing investors also sold a portion of their holdings. These funds contribute to the healthy reported cash balance of £46,762k (2014 - £6,528k) and will be used to drive strategy and growth in 2016 and beyond.

#### **Strategy and future outlook**

Our vision is to become the most trusted and most used online travel brand in the world. We are confident in the global strategy underpinning this objective and believe that we can continue growing headcount, unique users, sessions, revenue and profitability in the coming year and beyond.

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

/s/ Gareth Williams

Gareth Williams

Director

29 April 2016

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## Skyscanner Holdings Limited

### Directors' report

The Directors present their report and the Group and Company financial statements of Skyscanner Holdings Limited (the 'Company') and its subsidiaries (together the 'Group') for the financial year ended 31 December 2015.

### Results

The Group's and Company's audited financial statements for the year ended 31 December 2015 are set out on pages 13 to 65. The Group made a profit after tax for the financial year of £13,272k (2014: £10,386k) and had net assets of £118,163k at 31 December 2015 (2014: £70,640k) The Company made a profit for the financial year of £3,775k (2014: £747k) and had net assets of £72,829k at 31 December 2015 (2014: £38,474k).

### Share capital and control

The issued share capital of the Company comprises 9,508,027 ordinary shares of £1 each, 675,218 C shares of £0.01 each, 78,589 SIP shares of £0.01 each and 19,314 D shares of £0.01 each. Further information is included in note 23.

### Proposed dividend

The Directors do not propose payment of a dividend.

### Going concern

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to continue to be profitable and cash generative going forward. The forecasts give due regard to available banking facilities and show that the Group will continue to remain well within related covenant requirements. The forecasts also show that, following the new share issuance described in the Strategic Report, the Group will continue to have significant cash reserves for the forecast period.

On this basis the Directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

### Financial instruments and financial risk management

The Group finances its activities with a combination of third party finance lease arrangements, cash and short term deposits, as disclosed in note 20 to 22. Overdraft facilities are available but are not utilised. Other financial assets and liabilities, such as trade debtors and trade creditors, arise directly from the Company's operating activities.

Financial instruments give rise to foreign currency, interest rate, credit and liquidity risk. Information on how these risks arise is set out below, as are the policies and processes for their management.

The Group's interest bearing financial liabilities are exposed in part to the risks associated with fluctuations in prevailing levels of market interest rates on its financial position and cash flows.

#### *Liquidity risk*

The Group manages liquidity risk by closely monitoring cash flow performance and forecasting cash flow for future periods. Adequate cash reserves are maintained in the required currencies and entities in order to support the future growth of the business and the Group has access to a rolling credit facility from external lenders:

#### *Foreign exchange risk*

The Group operates in many different geographies and as a result is subject to the risks associated with dealing in foreign currency. The Group has an established currency hedging policy under which a percentage of forecast net Euro and US dollar exposure is hedged by way of forward contracts each month

#### *Credit risk*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group has adopted a policy of only extending credit terms to credit worthy counterparties as a means of mitigating risk of financial loss from default. The Group's exposure is continually monitored by the credit control team and credit insurance is used to mitigate exposure to risk.

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**Skyscanner Holdings Limited****Directors' report (continued)****Financial instruments and financial risk management (continued)***Interest rate risk*

The Company finances its operations through a mixture of cash, working capital and overdraft facilities. The overdraft facilities are currently not utilised therefore exposure to fluctuations in interest rates is minimal. The Company will continue to monitor interest rate fluctuations should overdraft facilities be utilised in the future.

**Corporate governance and Directors**

The Group's governance structure includes accountability to key stakeholders as well as policies and management systems that contribute to efficient and effective operations. Improvements in good corporate governance have been continually focused upon and the Group aims to continually evolve in this area and eventually incorporate standards universally practiced.

The Board has oversight responsibilities in preserving and enhancing the Group's long-term value for the stakeholders and oversees the Group's overall performance objectives, key organisational initiatives, financial plans and annual budget, major investments, financial performance reviews, risk management and corporate governance practices. In order to discharge its responsibilities the Board of the Group has met regularly during 2015 to address key decision-making issues and review reports from designated committees and management.

The Directors who held office during the period or subsequently were as follows:

Gareth Williams  
Barry Smith  
Julian Pancholi  
Calum Paterson  
Sir Michael Moritz  
Mark Logan  
Margaret Rice-Jones

**Equal opportunities**

The Group is committed to providing equality of opportunity to all employees without discrimination and applies fair and equitable employment policies which seek to promote entry into and progression within the Group. Appointments are determined solely by application of job criteria, personal ability, behaviour and competency.

**Political contributions**

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the period.

**Disabled employees**

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged.

**Employee Involvement**

A great deal of effort is devoted to engaging with employees on matters that impact them and the performance of the Group. This includes quarterly business and performance updates by members of the management team for all employees, regular internal briefings and team meetings, and the circulation to employees of company announcements and developments.

The Directors actively encourage the participation of employees in the performance and success of the business through companywide employee bonus and share schemes.

**Skyscanner Holdings Limited****Directors' report (continued)****Research and development**

The Group undertook research and development work during the year. This included but was not limited to development of mobile applications, product enhancement and optimisation of the site for mobile devices.

## Directors' liabilities

At the date of signing these financial statements, the Company does not have any indemnity provisions to or in favour of one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006.

## Disclosure of information to the auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

## Auditor

The statutory financial statements of the Group have been audited by Deloitte LLP and pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Deloitte LLP will therefore continue in office.

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

/s/ Gareth Williams

Gareth Williams

Director

29 April 2016

## Skyscanner Holdings Limited

### Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union and the parent company financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period.

In preparing the parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

In preparing the Group financial statements, International Accounting Standard 1 requires that directors:

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

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Independent auditor's report to the members of Skyscanner Holdings Limited

We have audited the financial statements of Skyscanner Holdings Limited for the year ended 31 December 2015 set out on pages 13 to 65. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU. The financial reporting framework that has been applied in the preparation of the parent company financial

statements is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2015 and of the Group's profit for the year ended 31 December 2015;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the Parent Company financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

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

## **Independent auditor's report to the members of Skyscanner Holdings Limited (continued)**

### **Matters on which we are required to report by exception**

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

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

/s/ Michael McGregor

Michael McGregor ACA (Senior Statutory Auditor)

For and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

Edinburgh, United Kingdom

29 April 2016

**Consolidated statement of comprehensive income**  
**For the year ended 31 December 2015**

	Notes	2015 £000	(Restated) 2014 £000
<b>Revenue</b>	4	119,715	92,897
Cost of sales		(35,253)	(21,376)
<b>Gross profit</b>		84,462	71,521
Administrative expenses		(72,226)	(58,895)
Share of results of joint venture		335	—
<b>Operating profit</b>	10	12,571	12,626
Finance income	8	1,199	990
Finance expense	9	(870)	(431)
<b>Profit before tax</b>		12,900	13,185
Taxation	11	372	(2,799)
<b>Profit for the period from continuing operations</b>		13,272	10,386
<b>Attributable to:</b>			
<b>Equity holders of the parent</b>		13,272	10,386
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods</b>			
Exchange differences on translation of foreign operations		319	(337)
<b>Other comprehensive income for the period, net of income tax</b>		319	(337)
<b>Total comprehensive income for the period from continuing operations</b>		13,591	10,049
<b>Attributable to:</b>			
<b>Equity holders of the parent</b>		13,591	10,049

**Skyscanner Holdings Limited**

**Consolidated statement of financial position at 31 December 2015**

	Notes	2015 £000	(Restated) 2014 £000	(Restated) 2013 £000
<b>Non-current assets</b>				
Property, plant and equipment	12	8,540	8,605	8,417
Intangible assets	13	54,013	54,054	51,220
Investments	14	131	79	71
Interest in joint ventures	15	1,113	—	—
Deferred tax asset	18	6,377	2,887	980
		70,174	65,625	60,688
<b>Current assets</b>				
Trade and other receivables	19	19,779	13,526	11,864
Income tax receivable		2,065	—	—
Derivative financial instruments	17	—	80	—
Cash and cash equivalents	20	46,762	6,528	9,610
		68,606	20,134	21,474
<b>Total assets</b>		138,780	85,759	82,162
<b>Current liabilities</b>				
Trade and other payables	21	19,195	11,157	8,033
Derivative financial instruments	17	384	—	104
Interest-bearing loans and borrowings	22	503	1,011	1,153
Income tax payable		—	2,198	1,061
		20,082	14,366	10,351
<b>Non-current liabilities</b>				
Interest-bearing loans and borrowings	22	535	737	16,007
Deferred tax liabilities	18	—	16	—
		535	753	16,007
<b>Total liabilities</b>		20,617	15,119	26,358
<b>Net assets</b>		118,163	70,640	55,804
<b>Equity attributable to equity holders</b>				
Share capital	23	9,516	9,195	9,185
Share premium		33,765	1,174	209
Retained earnings		51,886	35,767	21,570
Retranslation reserve		(89)	(408)	(71)

Merger reserve	34,645	34,645	34,645
Own shares held	(11,714)	(9,845)	(9,845)
Capital redemption reserve	154	112	111
<b>Total equity</b>	<b>118,163</b>	<b>70,640</b>	<b>55,804</b>

The financial statements of Skyscanner Holdings Limited, registered number 07777261 were approved by the Board of Directors on 29 April 2016 and were signed on its behalf by:

Signed on behalf of the Board of Directors

/s/ Gareth Williams

Gareth Williams

Director

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## Skyscanner Holdings Limited

### Consolidated statement of changes in equity For the year ended 31 December 2015

	Share capital £000	Share premium £000	Retranslation reserve £000	Retained earnings £000	Merger reserve £000	Own shares held £000	Capital redemption reserve £000	Total equity £000
Balance at 31 December 2013	9,185	209	(71)	20,974	34,645	(9,845)	111	55,208
Effect of change in accounting framework (note 3)	—	—	—	596	—	—	—	596
Balance at 31 December 2013 (Restated)	9,185	209	(71)	21,570	34,645	(9,845)	111	55,804
Shares issued in the period	10	965	—	—	—	—	—	975
Credit in relation to share based payments	—	—	—	2,430	—	—	—	2,430
Deferred tax on share-based payment transactions	—	—	—	1,513	—	—	—	1,513
Share buyback	—	—	—	(132)	—	—	1	(131)
Total comprehensive income for the year	—	—	(337)	10,386	—	—	—	10,049
Balance at 31 December 2014	9,195	1,174	(408)	35,767	34,645	(9,845)	112	70,640
	Share capital £000	Share premium £000	Retranslation reserve £000	Retained earnings £000	Merger reserve £000	Own shares held £000	Capital redemption reserve £000	Total equity £000
Balance at 31 December 2014	9,195	1,174	(408)	35,767	34,645	(9,845)	112	70,640
Shares issued in the period	321	32,591	—	(1,609)	—	—	—	31,303
Credit in relation to share based payments	—	—	—	3,411	—	—	—	3,411
Deferred tax on share based payment transactions	—	—	—	3,352	—	—	—	3,352
Share buyback	—	—	—	(2,307)	—	(1,869)	42	(4,134)
Total comprehensive income for the year	—	—	319	13,272	—	—	—	13,591
<b>Balance at 31 December 2015</b>	<b>9,516</b>	<b>33,765</b>	<b>(89)</b>	<b>51,886</b>	<b>34,645</b>	<b>(11,714)</b>	<b>154</b>	<b>118,163</b>

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## Skyscanner Holdings Limited

### Consolidated statement of changes in equity (continued) For the year ended 31 December 2015

#### Equity share capital

The balance classified as equity share capital includes the nominal value on issue of the Company's equity share capital, refer to note 23 for details of shares issued.

#### Share premium

The balance classified as share premium includes the difference between the value of shares issued and their nominal value. The premium above is shown net of share issue costs of £721k.

#### Retranslation reserve

Exchange differences relating to the translation of the net assets of the Group's foreign operations, which relate to subsidiaries only, from their functional currency into the parent's functional currency, being Sterling, are recognised in the retranslation reserve.

#### Merger reserve

The balance classified as merger reserve arose during the financial year ended 31 December 2011 when the Company acquired the share capital of Skyscanner Limited.

#### Own shares held

The own shares reserve represents the cost of shares purchased and held by the Skyscanner Holdings Limited Employee Benefit Trust to satisfy options under the Group's share options scheme (see note 27). The number of ordinary shares held by the Employee Benefit Trust at 31 December 2015 was 843,078 (2014: 1,029,713).

#### Capital redemption reserve

On the purchase of own shares from departing employees, a transfer is made from retained earnings to the capital redemption reserve equivalent to the nominal value of shares purchased.

### Skyscanner Holdings Limited

#### Consolidated statement of cash flows For the year ended 31 December 2015

	Note	2015 £000	(Restated) 2014 £000
<b>Operating activities</b>			
Profit before tax		12,900	13,185
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation of property, plant and equipment	12	4,606	4,022
Amortisation of intangible assets	13	375	260
Adjustment for joint venture profit share		(335)	—
Loss on disposal of property, plant and equipment		—	138
Foreign exchange translation		396	652
Finance income	8	(1,199)	(990)
Finance expense	9	870	431
Acquisition costs		—	198
Share based payments charge	27	3,411	2,430
Working capital adjustments:			
Increase in trade and other receivables		(6,373)	(1,323)
Increase in trade and other payables		9,120	2,777
		23,771	21,780
Interest paid		(140)	(376)
Interest received		46	41
Taxes paid		(3,725)	(2,116)
<b>Net cash from operating activities</b>		<b>19,952</b>	<b>19,329</b>
<b>Investing activities</b>			
Purchase of property plant and equipment		(4,629)	(3,755)
Acquisition of interest in joint venture		(762)	—
Acquisition of subsidiaries		(150)	(2,477)
Development expenditures capitalised	13	(282)	—
<b>Net cash flows used in investing activities</b>		<b>(5,823)</b>	<b>(6,232)</b>
<b>Financing activities</b>			
Proceeds from share issues		30,004	357
Outflow associated with share buybacks		(3,189)	(127)
Repayment of borrowings		(710)	(16,409)
<b>Net cash from/(used in) financing activities</b>		<b>26,105</b>	<b>(16,179)</b>
Net increase/(decrease) in cash and cash equivalents		40,234	(3,082)
Cash and cash equivalents brought forward		6,528	9,610

**Skyscanner Holdings Limited****Notes to the financial statements  
For the year ended 31 December 2015****1. Summary of significant accounting policies**

Skyscanner Holdings Limited (the “Company”) is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The principal activities of the Company and its subsidiaries (the Group) and the nature of the Group’s operations are set out in the Strategic Report on page 2.

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the “Group”).

The Group financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU.

The accounting policies set out below have, unless otherwise stated, been applied consistently to the period presented in these consolidated financial statements and/or are expected to apply to subsequent periods.

Judgements made by the Directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

**1.1 Measurement convention**

The financial statements have been prepared in accordance with International Financial Reporting Standards (‘IFRS’). The financial statements have also been prepared in accordance with IFRSs adopted by the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS Regulation.

The financial statements have been prepared on the historical cost basis, except for financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based payment*, leasing transactions that are within the scope of IAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as value in use in IAS 36 *Impairment of assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies adopted are set out below.

**Skyscanner Holdings Limited****Notes to the financial statements (continued)  
For the year ended 31 December 2015****1. Summary of significant accounting policies (continued)****1.2 Going concern**

The Group financial statements have been prepared on a going concern basis. The Group has a consolidated profit for the period of £13.3 million and total assets of £118.2 million and is well placed to pursue market growth opportunities.

The Directors have prepared and considered forecast cash flows (extended beyond one year from the signing of the financial statements) and the future operations of the Group. The forecasts show that, following the new share issuance described in the Strategic Report, the Group will continue to have significant cash reserves for the forecast period.

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and the financial statements have therefore been prepared under the going concern basis.

### **1.3 Basis of consolidation**

#### *Subsidiaries*

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing whether potential voting rights contribute to control, the Group examines all facts and circumstances that affect potential voting rights, except the intention of management and the financial ability to exercise and convert such rights. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

### **1.4 Foreign currency**

#### *Functional and presentational currency*

The Group's consolidated financial statements are presented in GBP sterling. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

#### *Group Companies*

On consolidation the assets and liabilities of foreign operations are translated into GBP sterling at the rate of exchange prevailing at the reporting date and their statements of comprehensive income are translated at average exchange rates. The exchange differences arising on translation are recognised in other comprehensive income.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the rate of exchange at the reporting date.

## **Skyscanner Holdings Limited**

### **Notes to the financial statements (continued) For the year ended 31 December 2015**

#### **1. Summary of significant accounting policies (continued)**

##### **1.4 Foreign currency (continued)**

#### *Transactions and balances*

Transactions in foreign currency are initially recorded by the Group entities at their respective functional currency exchange rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency exchange rate at the reporting date.

All differences arising on settlement or translation of monetary items are taken to the statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on retranslation of non-monetary items is treated in line with recognition of gain or loss on change in the fair value item.

The main exchange rates used throughout the Group at the statement of financial position date, compared to GBP sterling were as follows:

USD: 1.4746  
EUR: 1.3568  
CNY: 9.5790

## 1.5 Classification of financial instruments issued by the Group

Financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

- 1) they include no contractual obligations upon the Company (or Group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company (or Group); and
- 2) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy.

## 1.6 Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

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'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

## Skyscanner Holdings Limited

### Notes to the financial statements (continued) For the year ended 31 December 2015

#### 1. Summary of significant accounting policies (continued)

##### 1.7 Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

###### *Trade and other receivables*

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

###### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits.

###### *Interest-bearing borrowings*

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method.

Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate (EIR). The EIR amortisation is included as finance costs in the statement of comprehensive income.

###### *Trade and other payables*

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

##### 1.8 Derivative financial instruments

The Group enters into foreign exchange forward contracts to manage its exposure to foreign exchange rate risk. The Group does not hold or issue derivative financial instruments for speculative purposes.

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

Financial instruments are initially measured at fair value with any gains or losses arising on remeasurement recognised in profit or loss. Transaction costs directly attributable to the acquisition of such instruments are recognised immediately in profit or loss.

## 1.9 Derecognition of financial instruments

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

A financial asset is derecognised when the rights to receive cash flows from the asset have expired.

## 1.10 Property, plant and equipment

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

Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

- plant and equipment 3 years
- furniture, fittings and equipment 3 - 5 years

Plant and equipment comprises the Group's and Company's data centre assets.

## Skyscanner Holdings Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2015

## 1. Summary of significant accounting policies (continued)

### 1.10 Property, plant and equipment (continued)

The residual value and useful life of each asset is reviewed at each financial period end and, if expectations differ from previous estimates, the changes are accounted for prospectively in the statement of comprehensive income in the period of the change and future periods. An increase in the residual value of an asset will decrease the depreciation charge for the period and future periods and vice versa.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds less cost of sale with the carrying amount and are recognised in the statement of comprehensive income.

An item of property, plant and equipment and any significant spare parts initially recognised are derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

### 1.11 Business combinations

All business combinations are accounted for by applying the acquisition method. Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain on bargain purchase is recognised in the statement of comprehensive income.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

### 1.12 Intangible assets and goodwill

#### *Goodwill*

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units that are expected to benefit from the combination and is not amortised but is tested annually for impairment.

#### *Other intangible assets*

Other intangible assets that are acquired by the Group are stated at fair value at acquisition date less accumulated amortisation and less accumulated impairment losses.

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**Skyscanner Holdings Limited**

**Notes to the financial statements (continued)  
For the year ended 31 December 2015**

**1. Summary of significant accounting policies (continued)**

**1.12 Intangible assets and goodwill**

*Amortisation*

Amortisation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of intangible assets. The Group has no intangible assets with an indefinite useful life. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

· Development costs	4 – 5 years
· Licences	1 – 2 years

**1.13 Interests in joint ventures**

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control; that is, when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

The Group reports its interests in jointly controlled entities using the equity accounting method. The Group's investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of net assets of the investee. The profit or loss of the investor includes the investor's share of the profit or loss of the investee, and the investor's other comprehensive income includes its share of the investee's other comprehensive income.

Any goodwill arising on the acquisition of the Group's interest in a jointly controlled entity is accounted for in accordance with the Group's accounting policy for goodwill arising on the acquisition of a subsidiary.

**1.14 Impairment of assets**

*Financial assets (including receivables)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and there is observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statement of comprehensive income.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of comprehensive income.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables includes the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

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**Skyscanner Holdings Limited**

**Notes to the financial statements (continued)  
For the year ended 31 December 2015**

**1. Summary of significant accounting policies (continued)**

**1.14 Impairment of assets (continued)**

*Non-financial assets*

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated each year at the same time.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The recoverable amount of an asset or cash-generating unit ("CGU") is the greater of its value in use and its fair value less costs to sell. 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. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## **1.15 Employee benefits**

### *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of comprehensive income in the periods during which services are rendered by employees.

### *Short-term benefits*

Employee benefits are classified as short-term if they are expected to be settled wholly within 12 months from the reporting date. Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

## **1.16 Provisions**

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability. The expense relating to a provision is presented in the statement of comprehensive income net of any reimbursement.

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## **Skyscanner Holdings Limited**

### **Notes to the financial statements (continued) For the year ended 31 December 2015**

#### **1. Summary of significant accounting policies (continued)**

##### **1.17 Investments**

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

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

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

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if all of the following conditions have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

In practice it is stretching to demonstrate that all of the above criteria fully met for ongoing projects where a degree of uncertainty exists. Therefore, the majority of development expenditure is expensed as it is incurred.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised 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 amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

### **1.19 Revenue**

Revenue is measured at the fair value of the consideration received or receivable, excluding taxes or duty and after eliminating revenue within the Group. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as agent in the majority of its revenue arrangements.

The following specific recognition criteria must be met before revenue is recognised:

#### *Flight commission*

Revenues from flight commission are recognised at the point the Group has performed its obligations under the contract. This is typically at the point of booking. Accrued revenue is recognised for all flight commission to the end of the financial reporting period in respect of commission due but not yet invoiced.

#### *Hotel and car hire commission*

Revenues from hotel and car hire commission are recognised at the point the Group has performed its obligations under the contract. This is typically at the point of stay or hire. Accrued revenue is recognised for all hotel and car hire commission to the end of the financial reporting period in respect of commission due but not yet invoiced.

## **Skyscanner Holdings Limited**

### **Notes to the financial statements (continued) For the year ended 31 December 2015**

#### **1. Summary of significant accounting policies (continued)**

##### **1.19 Revenue (continued)**

#### *Other services revenue*

Revenue from other services rendered is recognised at the point the contractual service is provided to the end customer.

#### *Interest income*

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the statement of comprehensive income.

##### **1.20 Current versus non-current classification**

The Group presents assets and liabilities in its statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or

There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

## **1.21 Leases**

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Finance leases that transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit and loss account. A leased asset is depreciated over the useful economic life of the asset.

However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful economic life of the asset and the lease term.

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## **Skyscanner Holdings Limited**

### **Notes to the financial statements (continued) For the year ended 31 December 2015**

#### **1. Summary of significant accounting policies (continued)**

##### **1.21 Leases (continued)**

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. Contingent rentals arising under operating leases are recognised 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 recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental 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.

##### **1.22 Taxation**

###### ***i. Current tax***

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax related to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or equity not in the profit or loss.

###### ***ii. Deferred tax***

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of 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.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

##### **1.23 Cash and cash equivalents**

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**Skyscanner Holdings Limited**

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2015**

**1. Summary of significant accounting policies (continued)**

**1.24 Capital management**

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Group's capital management is to maximise the shareholder value.

In order to achieve this overall objective, the Group manages its capital structure and makes adjustments in light of changes in economic conditions. The Group monitors capital using the return on capital employed and a gearing ratio, which is net debt divided by total capital plus net debt.

**1.25 Share based payments**

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. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 27.

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. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

SAYE share options granted to employees are treated as cancelled when employees cease to contribute to the scheme. This results in accelerated recognition of the expenses that would have arisen over the remainder of the original vesting period.

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

**1.26 Adoption of new and revised International Financial Reporting Standards**

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have been applied in preparing these consolidated financial statements.

There are no other changes to IFRS effective in 2015 which have a material impact on the Group.

*Amendments to IFRS 2, Share-based Payment*

The amendments to IFRS 2 amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition' (which were part of the definition of 'vesting condition' before). The amendment had no impact on the Group's financial presentation or performance.

*Amendments to IFRS 3, Business Combinations*

The amendments to IFRS 3 clarifies that contingent consideration that is classified as an asset or a liability shall be measured at fair value at each reporting date. The amendment had no impact on the Group's financial presentation or performance.

**Skyscanner Holdings Limited**

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2015**

**1. Summary of significant accounting policies (continued)**

**1.26 Adoption of new and revised International Financial Reporting Standards (continued)**

*Amendments to IFRS 13, Fair Value Measurement*

The amendments to IFRS 13 clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting if the effect of not discounting is immaterial. The amendment had no impact on the Group's financial presentation or performance.

### *Amendments to IAS 16, Property, Plant and Equipment*

The amendments to IFRS 16 clarifies that when an item of property, plant and equipment is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount. The amendment had no impact on the Group's financial presentation or performance.

### *Amendments to IAS 19, Employee Benefits*

The amendments to IAS 19 clarifies the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. The amendment had no impact on the Group's financial presentation or performance.

### *Amendments to IAS 24, Related Party Disclosures*

The amendments to IAS 24 clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity. The amendment had no impact on the Group's financial presentation or performance.

### *Amendments to IAS 38, Intangible Assets*

The amendments to IAS 38 clarifies that when an intangible asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount. The amendment had no impact on the Group's financial presentation or performance.

## **1.27 New standards, interpretations and amendments thereof not yet effective**

Standards issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. This listing of standards and interpretations issued are those that the Group reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date.

The Company intends to adopt these standards when they become effective.

### *IFRS 9, Financial Instruments: Classification and Measurement*

IFRS 9 as issued reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to the classification and measurement of financial assets and financial liabilities as defined in IAS 39. The mandatory date of adoption is for periods commencing 1 January 2018.

### *IFRS 15, Revenue from Contracts with Customers*

The IASB and FASB published a new joint revenue standard on revenue recognition in May 2014. It replaces existing IFRS and US GAAP guidance and introduces a new recognition model for contracts with customers. The new standard (IFRS 15) retains a principles-based approach to the recognition of revenue from contracts. It introduces new concepts for obligations satisfied over time, or at a point in time. In particular, IFRS 15 may change the way complex, long-term or multiple component contracts are accounted for. The new standard is not yet approved by the EU but will be effective for periods commencing 1 January 2018.

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods and will monitor future developments closely.

## **Skyscanner Holdings Limited**

### **Notes to the financial statements (continued) For the year ended 31 December 2015**

## **2. Accounting estimate and judgements**

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these judgements, assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability recognised in future periods.

### **Key Accounting judgements**

#### *Allocation of goodwill to cash generating units*

Goodwill arising on business combinations has not been allocated to individual cash generating units as this is not the level at which the goodwill is monitored for internal management purposes.

### **Key Accounting estimates**

#### *Revenue*

The reported revenue for any financial period includes an accrual reflective of revenue" earned not yet billed. The accrual is derived based on the volume of clicks to third party websites multiplied by revenue per click. In most instances this is corroborated with the counterparty by way of an affiliate data portal or explicit confirmation.

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates.

#### *Fair value measurement*

The fair value of an asset or a liability is measured using the assumption that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value.

#### *Provision for impairment of receivables*

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position.

#### *Share-based payments*

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model taking into account terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

#### *Recovery of deferred tax assets*

Judgement is required to determine whether deferred tax assets are recognised in the balance sheet. Deferred tax assets, including those arising from unutilised tax losses, require management to assess the likelihood that the Group will generate sufficient taxable earnings in future periods, in order to utilise recognised deferred tax assets. Assumptions about the generation of future taxable income are based on forecasted cash flows from operations and judgement about the application of existing tax laws.

## **Skyscanner Holdings Limited**

### **Notes to the financial statements (continued) For the year ended 31 December 2015**

#### **2. Accounting estimate and judgements (continued)**

##### **Key Accounting estimates (continued)**

##### *Impairment testing for goodwill*

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next year and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in note 13.

#### **3. First time adoption of IFRS**

These financial statements, for the year ended 31 December 2015, are the first the Group has prepared in accordance with IFRS. From the Group's incorporation on 16 September 2011 to the period ended 31 December 2014, the Group prepared its financial statements in accordance with UK generally accepted accounting principles ('UK GAAP').

The Group has prepared financial statements which comply with IFRS applicable for periods ending on or after 31 December 2015, together with the comparative period data for the period ended 31 December 2014, as described in the summary of significant accounting policies. The Group's transition date to IFRS is deemed to be the date of the start of the comparative period end, being 1 January 2014. This note explains the principal adjustments made by the Group in restating its UK GAAP financial statements for the year ended 31 December 2014.

##### **Exemptions applied**

IFRS 1 *First-time Adoption of International Financial Reporting Standards* allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS.

The Group has applied the following exemptions:

- The Group has not applied IFRS 3 *Business Combinations* retrospectively to fair value adjustments and goodwill recognised on acquisitions before the date of transition.

- The Group has not applied IAS 21 *The Effects of Changes in Foreign Exchange Rates* retrospectively to fair value adjustments and goodwill from business combinations that occurred before the date of transition. Such fair value adjustments and goodwill are treated as assets and liabilities of the parent rather than as assets and liabilities of the acquiree. Therefore, those assets and liabilities are already expressed in the functional currency of the parent or are non-monetary foreign currency items and no further translation differences occur.
- All other items of property, plant and equipment and intangible assets are measured at the previous UK GAAP carrying amounts at the date of transition to IFRS.
- The Group has applied the transitional provision in IFRIC 4 *Determining whether an Arrangement Contains a Lease* and has assessed all arrangements based upon the conditions in place as at the date of transition.
- In the Skyscanner Holdings Limited separate financial statements, investment in subsidiary entities are measured at deemed cost (previous GAAP carrying amount) in its separate opening IFRS statement of financial position.

## Estimates

The estimates at 1 January 2014 are consistent with those made for the same dates in accordance with UK GAAP (after adjustments to reflect any differences in accounting policies).

## Skyscanner Holdings Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2015

#### 3. First time adoption of IFRS (continued)

##### Group reconciliation of equity as at 1 January 2014 (date of transition to IFRS)

	Note	UK GAAP	Reclassifications	Remeasurements	IFRS as at 31 December 2014
<b>Non-current assets</b>					
Property, plant and equipment		8,197	—	—	8,197
Intangible assets	A	51,471	—	(31)	51,440
Investments		71	—	—	71
Deferred tax asset	B,D	249	—	731	980
		<b>59,988</b>	<b>—</b>	<b>700</b>	<b>60,688</b>
<b>Current assets</b>					
Trade and other receivables		11,864	—	—	11,864
Cash and cash equivalents		9,610	—	—	9,610
		<b>21,474</b>	<b>—</b>	<b>—</b>	<b>21,474</b>
<b>Total assets</b>		<b>81,462</b>	<b>—</b>	<b>700</b>	<b>82,449</b>
<b>Current liabilities</b>					
Other interest-bearing loans and borrowings		1,153	—	—	1,153
Trade and other payables		8,033	—	—	8,033
Tax payable		1,061	—	—	1,061
Derivative financial instruments	C	—	—	104	104
		<b>10,247</b>	<b>—</b>	<b>104</b>	<b>10,351</b>
<b>Non-current liabilities</b>					
Other interest-bearing loans and borrowings		16,007	—	—	16,007
		<b>16,007</b>	<b>—</b>	<b>—</b>	<b>16,007</b>
<b>Total liabilities</b>		<b>26,254</b>	<b>—</b>	<b>104</b>	<b>26,358</b>
<b>Net assets</b>		<b>55,208</b>	<b>—</b>	<b>596</b>	<b>55,804</b>
<b>Equity attributable to equity holders of the parent</b>					
Share capital		9,185	—	—	9,185
Share premium		209	—	—	209
Retranslation reserve		(71)	—	—	(71)
Retained earnings	A, B, C, D	20,974	—	596	21,570
Merger reserve		34,645	—	—	34,645
Own shares held		(9,845)	—	—	(9,845)
Capital redemption reserve		111	—	—	111
<b>Total equity</b>		<b>55,208</b>	<b>—</b>	<b>596</b>	<b>55,804</b>

##### Notes to the reconciliation of equity as at 1 January 2014:

#### A Intangible assets amortisation

Under IFRS software development intangible acquired as part of the Experience on Ventures LLC acquisition in 2013 will be amortised over its useful life of 5 years, resulting in an additional amortisation charge (the initial amortised period was over 20 years). The result is an increase (debit) of £31,000 in the

amortisation expense in 2013 included within the administrative expenses line item and a decrease (credit) of £31,000 in the development costs balance included within intangible assets at 1 January 2014.

Skyscanner Holdings Limited

Notes to the financial statements (continued)  
For the year ended 31 December 2015

3. First time adoption of IFRS (continued)

B Deferred tax asset on share based payments

IAS 12 *Income Taxes* requires that the deferred tax asset arising from future anticipated tax deductions on the exercise of share options should be recognised. The result is the recognition of a deferred tax asset at 1 January 2014, the date of transition, of £1,018,000 with a corresponding credit to retained earnings of £1,018,000.

C Derivative financial instruments

IAS 39 *Financial Instruments: Recognition and Measurement* requires that derivative financial instruments require to be recognised at fair value through profit and loss ('FVTPL'). In order to correctly record the fair value of Group's financial instruments at transition date a loss was recognised at 1 January 2014 of £104,000 with the corresponding credit to current liabilities under derivative financial instruments.

D Deferred tax liability

Under IAS 12 *Income Taxes* it is necessary to recognise deferred tax on the difference between the carrying and tax value of land and buildings. Recording this in accordance with the standard results in the recognition of a deferred tax liability at 1 January 2014 of £287,000 with a corresponding debit of £287,000 to retained earnings.

Group reconciliation of equity as at 31 December 2014

	Note	UK GAAP	Reclassifications	Remeasurements	IFRS as at 31 December 2014
<b>Non-current assets</b>					
Property, plant and equipment	E	8,998	(393)	—	8,605
Intangible assets	F, G, H	51,121	393	2,540	54,054
Investments		79	—	—	79
Deferred tax asset	I, K	496	—	2,375	2,871
		<b>60,694</b>	<b>—</b>	<b>4,915</b>	<b>65,609</b>
<b>Current assets</b>					
Trade and other receivables	L, M	13,468	—	58	13,526
Derivative financial instruments	J	—	—	80	80
Cash and cash equivalents		6,528	—	—	6,528
		<b>19,996</b>	<b>—</b>	<b>138</b>	<b>20,134</b>
<b>Total assets</b>		<b>80,690</b>	<b>—</b>	<b>5,053</b>	<b>85,743</b>
<b>Current liabilities</b>					
Other interest-bearing loans and borrowings		1,011	—	—	1,011
Trade and other payables		11,157	—	—	11,157
Tax payable		2,198	—	—	2,198
		<b>14,366</b>	<b>—</b>	<b>—</b>	<b>14,366</b>
<b>Non-current liabilities</b>					
Other interest-bearing loans and borrowings		737	—	—	737
		<b>737</b>	<b>—</b>	<b>—</b>	<b>737</b>
<b>Total liabilities</b>		<b>15,103</b>	<b>—</b>	<b>—</b>	<b>15,103</b>
<b>Net assets</b>		<b>65,587</b>	<b>—</b>	<b>5,053</b>	<b>70,640</b>
<b>Equity attributable to equity holders of the parent</b>					
Share capital		9,195	—	—	9,195
Share premium		1,174	—	—	1,174
Retranslation reserve		(408)	—	—	(408)
Retained earnings	F, G, H, I, J, K, L, M	30,714	—	5,053	35,767
Merger reserve		34,645	—	—	34,645
Own shares held		(9,845)	—	—	(9,845)
Capital redemption reserve		112	—	—	112
<b>Total equity</b>		<b>65,587</b>	<b>—</b>	<b>5,053</b>	<b>70,640</b>

3. First time adoption of IFRS (continued)

Group reconciliation of total comprehensive income as at 31 December 2014

	Note	UK GAAP	Reclassifications	Remeasurements	IFRS as at 31 December 2014
Revenue		92,897	—	—	92,897
Cost of sales		(21,376)	—	—	(21,376)
Gross profit		71,521	—	—	71,521
<b>Other income and expenses</b>					
Administrative expenses	F, G, H, J, L, M, N	(60,757)	(765)	2,627	(58,895)
		10,764	(765)	2,627	12,626
<b>Operating profit</b>					
Finance income	J, N	41	765	184	990
Finance expense	M	(408)	—	(23)	(431)
		10,397	—	2,788	13,185
<b>Profit before taxation</b>					
Taxation	H, I, K	(2,955)	—	156	(2,799)
<b>Profit for the period</b>		<b>7,442</b>	<b>—</b>	<b>2,944</b>	<b>10,386</b>
<b>Other comprehensive income</b>					
Foreign exchange gains or losses		(337)	—	—	(337)
<b>Total comprehensive income for the year attributable to equity holders of the parent</b>		<b>7,105</b>	<b>—</b>	<b>2,944</b>	<b>10,049</b>

Notes to the reconciliation of equity as at 31 December 2014 and total comprehensive income for the year ended 31 December 2014:

E Intangible assets reclassification

During 2014 Licences and software with a net book value of £393k were reclassified from property, plant and equipment in order to comply with the requirements of IAS 38 *Intangible Assets*. This has been reflected in the adjusted transition statement of financial position.

F Reversal of goodwill amortisation

Under UK GAAP, the Group amortised goodwill recognised on acquisition of subsidiary entities over its estimated useful life. Goodwill amortisation is prohibited under IAS 38 *Intangible Assets* and therefore the amortisation charge has been reversed for the year ended 31 December 2014.

Goodwill amortisation of £2,880,000 was reversed out of administrative expenses for the year ended 31 December 2014 resulting in a debit to goodwill of £2,880,000 and an equivalent credit to administrative expenses.

Skyscanner Holdings Limited

3. First time adoption of IFRS (continued)

G Business combinations

When consolidating the subsidiary entities within the Group, IFRS is more prescriptive than UK GAAP on the identification of separately identifiable intangible assets. The standard requires that such assets are measured at their fair value disclosed separately from goodwill. In addition, directly attributable acquisitions costs must be expenses as they are incurred under IFRS 3 *Business Combinations* and not capitalised as was the case under UK GAAP. These differences have given rise to the following adjustments:

An intangible asset related to the Chinese operating licence acquired as part of the purchase of Reacher Investments Limited was recognised and separated from goodwill at a fair value of £127,000. The result was a decrease in the goodwill balance of £102,000 and an increase in the deferred tax liability balance of £25,000.

Acquisition related costs of £198,000 associated with the business combinations during 2014 were expensed as required by IFRS 3. The result was a credit to goodwill of £198,000 and a debit to administrative expenses.

H Intangible assets amortisation

The intangible asset recognised in respect of the Chinese operating licence described in note G will be amortised over its estimated useful life of 1 year and 2 months. The result is an increase (debit) of £45,000 in the amortisation expense included within the administrative expenses for the year ended 31 December 2014 and a corresponding decrease (credit) of £45,000 in the licence balance included within intangible assets. The associated tax impact of this is a decrease (debit) in the deferred tax liability of £9,000 and a decrease (credit) in the tax expense of £9,000.

Under IFRS software development intangible acquired as part of the Experience on Ventures LLC acquisition in 2013 will be amortised over its useful life of 5 years, resulting in an additional amortisation charge (the initial amortised period was over 20 years). The result is a net increase (debit) of £122,000 in the amortisation expense in 2014 included within the administrative expenses line item and a decrease (credit) of £122,000 in the development costs balance included within intangible assets at 31 December 2014.

#### **I Deferred tax asset on share based payments**

IAS 12 *Income Taxes* requires that the deferred tax asset arising from anticipated future tax deductions on the exercise of share options should be recognised. In line with this requirement a further deferred tax asset has been recognised at 31 December 2014 of £1,551,000 with a corresponding credit in the statement of comprehensive income of £38,000 and a credit to retained earnings of £1,513,000. The split between comprehensive income and retained earnings is determined by the level of cumulative historic share based payment charges recognised in the profit and loss account.

#### **J Derivative financial instruments**

Under IAS 39 *Financial Instruments: Recognition and Measurement*, derivative financial instruments require to be recognised at fair value through profit and loss ('FVTPL'). In the statement of comprehensive income for the year ended 31 December 2014 a gain of £184,000 has been recognised with a corresponding debit of £104,000 to current liabilities derivative financial instruments relating to the balance at 1 January 2014. The balancing adjustment was a debit of £80,000 to current assets derivative financial instruments at 31 December 2014, reflecting the fair value of the Group's instruments at this point in time.

#### **K Deferred tax liability**

Under IAS 12 *Income Taxes*, it is necessary to recognise deferred tax on the difference between the carrying and tax value of land and buildings. At 31 December 2014 the computed liability reduced to £178,000 from £287,000 at 1 January 2014 give rise to a corresponding credit of £109,000 to the taxation line in the statement of comprehensive income.

### **Skyscanner Holdings Limited**

#### **Notes to the financial statements (continued) For the year ended 31 December 2015**

#### **3. First time adoption of IFRS (continued)**

#### **L Trade and other receivables**

Under UK GAAP, the provision for impairment of receivables consists of both a specific amount for incurred losses and general amount for expected future losses. IAS 39 *Financial Instruments: Recognition and Measurement* prohibits the recognition of expected losses. A non-specific 'collective' provision can be set up but must be based upon incurred loss expectation at the year end. As there is no evidence to support such a provision at the year-end an amount of £81,000 has been credited to the profit and loss account and other comprehensive income for the year ended 31 December 2014.

#### **M Bank arrangement fee**

Under UK GAAP the bank arrangement fee on the Group's revolving credit facility was capitalised and amortised over the term of the facility. IAS 23 *Borrowing Costs* does not allow for bank arrangement fees to be capitalised generally unless they relate specifically to debt drawn in relation to the creation of an asset. Therefore, the unamortised portion of the arrangement fee amounting to £23,000 at 31 December 2014 has been written off to the statement of comprehensive income in the year to 31 December 2014. The result is an increase (debit) in finance costs of £23,000 and a decrease (credit) to prepayments of £23,000.

#### **N Reclassification of foreign exchange gain**

The foreign exchange gain of £765,000 during the year ended 31 December 2014 classified under administrative expenses has been reclassified to finance income in the statement of comprehensive income, in accordance with the presentation requirements of IFRS.

#### **Material adjustments to the statement of cash flows for 2014**

There are no material differences between the statement of cash flows presented under IFRS and the statement of cash flows under local GAAP.

#### **4. Revenue**

	2015 £000	2014 £000
Flight commissions	94,929	73,948
Hotel and car hire commissions	8,092	5,760
Other services	16,694	13,189
	<u>119,715</u>	<u>92,897</u>

Revenue relates to activities in the following regions:

	2015 £000	2014 £000
UK & Ireland	33,520	25,137
Europe	52,734	44,299
Rest of World	33,461	23,461
	<u>119,715</u>	<u>92,897</u>

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## Skyscanner Holdings Limited

### Notes to the financial statements (continued) For the year ended 31 December 2015

#### 5. Auditor's remuneration

	2015 £000	2014 £000
Audit of these financial statements	8	8
Amounts receivable by the Company's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the Company	73	57
Total audit fees	<u>81</u>	<u>65</u>
Taxation compliance services	—	34
Other taxation advisory services	61	106
Corporate finance services	95	—
Total non-audit fees	<u>156</u>	<u>140</u>

All non-audit services were reviewed by the Audit Committee. The other tax services performed during the year relate to acquisition and share issue advice. The services were performed by individuals independent of the audit team and the Audit Committee is satisfied that adequate controls were in place to safeguard the independence of the audit process.

#### 6. Staff numbers and costs

The average number of persons employed by the Group (including directors) during the period, analysed by category, was as follows:

	2015 No.	2014 No.
Development, operations and commercial	593	425
Administration	81	67
	<u>674</u>	<u>492</u>

The aggregate payroll costs of these persons were as follows and are included within the administrative expenses and cost of sales line items in the statement of comprehensive income:

	2015 £000	2014 £000
Wages and salaries	35,036	22,464
Social security costs	2,888	2,094
Contributions to defined contribution plans	1,049	662
Share based payments (note 27)	3,411	2,430
	<u>42,384</u>	<u>27,650</u>

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## Skyscanner Holdings Limited

### Notes to the financial statements (continued) For the year ended 31 December 2015

#### 7. Directors' remuneration

2015 £000	2014 £000
--------------	--------------

Wages and salaries	422	287
Social security costs	32	34
Contributions to defined contribution plans	44	26
Amounts paid to third parties in respect of directors' services	37	26
	<u>535</u>	<u>373</u>

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to directors. There are no other forms of director emoluments or post-employment benefits during the period.

The number of directors accruing benefits under defined contribution plans is 2 (2014: 2). Company contributions of £44,000 (2014: £26,000) were made to defined contribution plans on their behalf.

The number of directors who exercised share options in the year was 1 (2014: nil).

The highest paid Director received remuneration of £245,466 (2014: £175,625).

## 8. Finance income

	2015 £000	(Restated) 2014 £000
Interest income	46	41
Net foreign exchange differences	1,153	765
Gain on financial instruments at fair value through profit or loss	—	184
Total finance income	<u>1,199</u>	<u>990</u>

## 9. Finance expense

	2015 £000	(Restated) 2014 £000
Total interest expense on financial liabilities measured at amortised cost	140	408
Loss on financial instruments at fair value through profit or loss	463	—
Other fees and charges	267	23
Total finance expense	<u>870</u>	<u>431</u>

## Skyscanner Holdings Limited

### Notes to the financial statements (continued) For the year ended 31 December 2015

## 10. Operating profit

Operating profit is stated after charging

	2015 £000	(Restated) 2014 £000
Depreciation on property, plant and equipment	4,606	4,022
Amortisation of intangible assets	375	260
Loss on disposal of property, plant and equipment	—	138
Research & development	4,423	4,901
Amount provided in the year against trade receivables (note 24)	84	225
Lease payments recognised as an operating lease expense	<u>3,347</u>	<u>2,242</u>

## 11. Taxation

The major components of income tax expense for the period ended are:

	2015 £000	(Restated) 2014 £000
<i>UK and foreign corporation tax:</i>		
Current income tax charge	2,315	3,578
Adjustments in respect of prior periods	(2,517)	(376)
<i>Deferred tax:</i>		
Relating to the origination and reversal of temporary differences	(170)	(403)
Income tax reported in the statement of comprehensive income	<u>(372)</u>	<u>2,799</u>

Taxation for non UK jurisdictions is calculated at the rates prevailing in the respective jurisdictions

## Reconciliation of effective tax rate

Reconciliation of tax expense and the accounting profit multiplied by the Group's tax rate for the period:

	2015 £000	(Restated) 2014 £000
Accounting profit before tax	12,900	13,185
At the Group's statutory tax rate of 20.25% (2014: 21.50%)	2,612	2,835
<i>Adjust for the effects of:</i>		
Expenses not deductible for tax purposes	13	72
Difference between capital allowances and depreciation	(457)	(2)
Short term timing differences	32	(29)
Foreign losses generated	(141)	113
Adjustments in respect of prior periods	(2,012)	(376)
R&D relief	(519)	(129)
Employee share options	96	429
Tax rate changes	—	(54)
Non-taxable provision release	4	(60)
Total tax charge for the period	<u>(372)</u>	<u>2,799</u>

## Skyscanner Holdings Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2015

#### 11. Taxation (continued)

##### Change in Corporation Tax rate

Reductions in the UK corporation tax rate from 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 December 2015 has been calculated based on the rates of 20% substantively enacted at the balance sheet date.

The tax on ordinary activities charge has reduced since 2014 as a direct result of an increase in the accounting deferred tax asset as well as certain prior year adjustments relating primarily to tax credits associated with research and development. Removing the impact of prior year adjustments and deferred tax, our normalised is 17%. This is lower than the standard rate of corporation tax in the UK of 20.25% as a result of the Company's participation in HM Revenue and Customs supported initiatives allowing enhanced deductions for our research and development activities and related capital expenditure.

#### 12. Property, plant and equipment

	Furniture, fittings and equipment £000	Plant and equipment £000	Total £000
<b>Cost</b>			
At 1 January 2014	7,527	3,333	10,860
Reclassified from intangible assets (note 3)	—	—	—
At 1 January 2014 (Restated)	7,527	3,333	10,860
Additions	3,330	1,150	4,480
Acquisition of subsidiary undertaking	102	—	102
Disposals	(243)	—	(243)
Reclassification between categories	(511)	511	—
At 31 December 2014	10,205	4,994	15,199
Exchange differences	(105)	(1)	(106)
Additions	3,605	1,024	4,629
Disposals	(3)	(16)	(19)
At 31 December 2015	<u>13,702</u>	<u>6,001</u>	<u>19,703</u>
<b>Depreciation</b>			
At 1 January 2014	2,213	463	2,676
Reclassified from intangible assets (note 3)	—	—	—
At 1 January 2014 (Restated)	2,213	463	2,676
Depreciation charge for the year	2,498	1,525	4,023
Disposals	(164)	—	(164)
Write off	59	—	59
Reclassification between categories	(149)	149	—

At 31 December 2014	4,457	2,137	6,594
Exchange differences	(16)	(2)	(18)
Depreciation charge for the year	2,680	1,926	4,606
Disposals	(3)	(16)	(19)
At 31 December 2015	7,118	4,045	11,163
<b>Net book value</b>			
At 31 December 2014	5,748	2,857	8,605
At 31 December 2015	6,584	1,956	8,540

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## Skyscanner Holdings Limited

### Notes to the financial statements (continued) For the year ended 31 December 2015

#### 12. Property, plant and equipment (continued)

##### Leased plant and machinery

At 31 December 2015 the carrying amount of property, plant and equipment leased was £1,244,267 (2014: £2,023,000). There are no legal charges in place in relation to these leases however in the event of default the entire amount of the leases will become payable. The depreciation charged to the financial statements in the year in respect of these assets amounted to £1,247,744 (2014: £994,000).

The Group has assets with an accumulated cost of £593,034 (2014: £516,000) that are fully depreciated but still in use as at the period end.

Data centre assets were reclassified from furniture, fittings and equipment to plant and equipment during 2014 in order to better reflect their nature in the financial statements.

#### 13. Intangible assets

	Goodwill £'000	Development costs £'000	Licences and software £'000	Total £'000
<b>Cost</b>				
At 1 January 2014	56,269	829	125	57,223
Reclassified to property, plant and equipment (note 3)	—	—	—	—
At 1 January 2014 (Restated)	56,269	829	125	57,223
Additions	—	307	13	320
Write offs	—	(57)	—	(57)
Acquisition of subsidiary undertakings	2,483	—	128	2,611
At 31 December 2014	58,752	1,079	266	60,097
Additions	—	—	282	282
Prior year adjustments	57	—	—	57
At 31 December 2015	58,809	1,079	548	60,436
<b>Amortisation</b>				
On 1 January 2014	5,631	10	111	5,752
Reclassified to property, plant and equipment (note 3)	—	—	—	—
Effect of change in accounting policy (note 3)	—	31	—	31
At 1 January 2014 (Restated)	5,631	41	111	5,783
Amortisation for the period	—	201	59	260
At 31 December 2014	5,631	242	170	6,043
Amortisation for the period	—	292	83	375
Foreign exchange differences	—	—	5	5
At 31 December 2015	5,631	534	258	6,423
<b>Net book value</b>				
At 31 December 2014	53,121	837	96	54,054
At 31 December 2015	53,178	545	290	54,013

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Notes to the financial statements (continued)  
For the year ended 31 December 2015

13. Intangible assets (continued)

Prior year adjustments relate to adjustments made to the accounting applied under IFRS 3 *Business Combinations* to the acquisition of Distinction Kft whereby the level of investment on purchase was increased to include an additional amount of cash contingent consideration subsequently paid during 2015.

*Amortisation charge*

The amortisation charge for the period is recognised in the administrative expenses line item of the consolidated statement of comprehensive income.

*Impairment testing*

Goodwill is tested annually for impairment, or more frequently if there are indicators that goodwill might be impaired.

Goodwill considered significant in comparison to the Group's total carrying amount of such assets have been allocated to cash generating units or groups of cash generating units as follows:

	Goodwill 2015 £'000	(Restated) Goodwill 2014 £'000
Skyscanner Holdings Limited	53,178	53,121

Goodwill arising on business combinations has not been allocated to individual cash generating units as any allocation is considered by the Directors to be on an arbitrary basis and so, they have allocated and tested it at the lowest level within the entity at which the goodwill is monitored for internal management purposes. The key assumptions used in the value in use calculation are shown below:

	2015 £'000	2014 £'000
Period on which management approved forecasts are based	1 year	1 year
Growth rate applied in years 2 to 5	nil	nil
Growth rate applied beyond 5 years	2%	2%
Discount rate	15.05%	15.05%

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next year and uses this budget for years two through to year five and extrapolates cash flows beyond five years based on an estimated growth rate of 2% (2014: 2%). This rate does not exceed the average long-term growth rate for markets in which the Group is trading.

The recoverable amount of the CGU calculated using the above listed assumptions far exceeded the carrying amount of the CGU to which goodwill was allocated and no resulting impairment loss was recognised. For an impairment loss to occur, the growth rate applied beyond the approved forecast period would need to move from 2% to -121% or the discount rate used would have to increase from 15.05% to 37.7%.

Notes to the financial statements (continued)  
For the year ended 31 December 2015

14. Investments

	2015 £'000	2014 £'000
Other investments and loans	131	79
	131	79

The other investment balance represents fixed term cash deposits held by Experience on Ventures LLC which have been disclosed as investments as they are not available on demand.

15. Interests in joint ventures

During the year ended 31 December 2015 the Group made the following investment in joint ventures:

	£'000
<b>Cost</b>	
At 1 January 2015	—
Addition in year	1,113
At 31 December 2015	1,113

Details of the joint ventures in which the Company holds 20% or more of the nominal value of any class of share capital at 31 December 2015:

<u>Name of company</u>	<u>Class of shares held</u>	<u>Proportion of voting rights and shares held</u>	<u>Nature of Business</u>	<u>Country of incorporation</u>
Subsidiary undertakings:				
Skyscanner KK	Ordinary	51%	Trading entity	Japan

## 16. Subsidiary entities consolidated into the Group accounts

These Group financial statements consolidate the results of the following subsidiaries:

<u>Company — Direct and indirect subsidiaries</u>	<u>Country of Incorporation</u>	<u>Class of held shares</u>	<u>Ownership</u>
Skyscanner Limited	England	Ordinary	100% (direct)
Skyscanner Pte	Singapore	Ordinary	100% (indirect)
Experience on Ventures LLC	Spain	Ordinary	100% (indirect)
Skyscanner Inc	United States of America	Ordinary	100% (indirect)
Skyscanner Beijing	China	Ordinary	100% (indirect)
Reacher Investments Limited	Hong Kong	Ordinary	88% (indirect)
Youbibi Technology (Shenzhen) Limited	China	Ordinary	100% (indirect)
Distinction Kft	Hungary	Ordinary	100% (indirect)
Distinction Software Development Services Limited	England	Ordinary	100% (indirect)
Edinburgh Digital Limited	Scotland	Ordinary	100% (indirect)
Skyscanner EOOD	Bulgaria	Ordinary	100% (indirect)

Direct ownership refers to a direct subsidiary of Skyscanner Holdings Limited. Indirect ownership indicates that these entities are controlled by a subsidiary of Skyscanner Holdings Limited.

## Skyscanner Holdings Limited

### Notes to the financial statements (continued) For the year ended 31 December 2015

## 17. Derivative financial instruments

The fair value of the foreign currency forward contracts outstanding at the reporting dates are as follows:

	<u>2015 £'000</u>	<u>(Restated) 2014 £'000</u>
Derivative assets at fair value through profit or loss	—	80
Derivative liabilities at fair value through profit or loss	(384)	—
	<u>(384)</u>	<u>80</u>

The Group uses foreign currency forward contracts to hedge against fluctuations in foreign currency exchange rates.

The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

Further details on financial instruments are provided in note 24.

## 18. Deferred tax assets and liabilities

### Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	<u>Consolidated statement of Financial Position 2015 £'000</u>	<u>Consolidated statement of profit and loss 2015 £'000</u>	<u>Consolidated statement of Financial Position (Restated) 2014 £'000</u>	<u>Consolidated statement of profit and loss (Restated) 2014 £'000</u>
Accelerated capital allowances	98	78	20	314
Intangible assets	(16)	16	(16)	9
Share based payments	5,904	(17)	2,569	38
Pensions	37	37	—	—
Tax losses available	351	239	112	(22)
Other temporary differences	3	(183)	186	64
Net deferred tax assets	6,377		2,871	
Deferred tax credit		170		403

Reflected in the statement of financial position as follows:

Deferred tax assets	6,377	2,887
Deferred tax liabilities	<u>—</u>	<u>(16)</u>

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## Skyscanner Holdings Limited

### Notes to the financial statements (continued) For the year ended 31 December 2015

#### 18. Deferred tax assets and liabilities (continued)

##### Reconciliation of deferred tax during the period

	2015 £'000	(Restated) 2014 £'000
At start of period	2,871	980
Acquisition of subsidiary	—	(25)
Other temporary differences	(16)	—
Tax expense during the period recognised in profit or loss	170	403
Share based payment through equity	3,352	1,513
At end of period	<u>6,377</u>	<u>2,871</u>

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

At 31 December 2015, there was no recognised deferred tax asset for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries. The Group has determined that undistributed profits of its subsidiaries will not be distributed in the foreseeable future.

##### Change in Corporation Tax rate

In recent years the UK Government has steadily reduced the rate of UK corporation tax, with the latest rates enacted now standing at 21% with effect from 1 April 2014, 20% from 1 April 2015, 19% from 1 April 2017 and 18% from 1 April 2020. The closing deferred tax assets and liabilities have been calculated taking into account that existing temporary differences may unwind in periods subject to the reduced rates. The tax rate used for tax on profit on ordinary activities is the effective standard rate for UK corporation tax for the year ended 31 December 2015 of 20.25% (21.5%). In the Budget on 16 March 2016, the UK Government proposed, amongst other things, to further reduce the rate of UK corporation tax to 17% with effect from 1 April 2020. Existing temporary differences on which deferred tax has been provided may therefore unwind in periods subject to this reduced rate. The rate change is to be included in Finance Bill 2016 but this has not yet been substantively enacted.

#### 19. Trade and other receivables

	2015 £'000	(Restated) 2014 £'000
Trade receivables	13,464	9,424
Provision for doubtful debts	(508)	(540)
Other receivables	469	421
Prepayments	3,357	1,706
Accrued income	2,997	2,515
	<u>19,779</u>	<u>13,526</u>
Non-current	—	—
Current	<u>19,779</u>	<u>13,526</u>

Refer to note 24 for the debtors' age analysis and the reconciliation of the movement in the provision for doubtful debts.

Trade receivables are non-interest bearing and are generally on terms of 45 days (2014: 40 days).

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## Skyscanner Holdings Limited

### Notes to the financial statements (continued) For the year ended 31 December 2015

#### 20. Cash and cash equivalents

2015 £'000	2014 £'000
---------------	---------------

Cash at bank and in hand	46,762	6,528
Cash and cash equivalents per cash flow statements	<u>46,762</u>	<u>6,528</u>

The Group had undrawn borrowing facilities at 31 December 2015 of £5 million (2014: £15 million).

There was no cash pledged as collateral.

The Group has no short-term investments.

## 21. Trade and other payables

	2015 £'000	2014 £'000
<b>Current</b>		
Trade payables	10,079	4,963
Amounts due to joint venture	1,145	—
Other creditors	—	150
Accruals and other payables	6,146	4,725
Other taxes and social security	1,825	1,319
	<u>19,195</u>	<u>11,157</u>

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 55 days (2014: 45 days). For most suppliers no interest is charged on the trade payables for the first 60 days from the date of invoice. Thereafter, interest is charged on the outstanding balances at various interest rates. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

Other creditors refer to deferred consideration which formed part of the purchase of Edinburgh Digital Limited by the Group on 17 October 2014. This was paid during 2015.

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

## 22. Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group and Company's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group and Company's exposure to interest rate and foreign currency risk, see note 26.

	2015 £'000	2014 £'000
<b>Non-current liabilities</b>		
Finance lease liabilities	163	258
Bank loans	372	479
	<u>535</u>	<u>737</u>
<b>Current liabilities</b>		
Finance lease liabilities	455	903
Bank loans	48	108
	<u>503</u>	<u>1,011</u>

## Skyscanner Holdings Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2015

## 22. Interest-bearing loans and borrowings (continued)

### Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Face value 2015 £'000	Carrying amount 2015 £'000	Face value 2014 £'000	Carrying amount 2014 £'000
Finance lease liabilities	GBP	0%	2015/16	618	618	1,161	1,161
Bank loans	Euro	0%	2015/25	420	420	587	587
Total				<u>1,038</u>	<u>1,038</u>	<u>1,748</u>	<u>1,748</u>

### Bank Loans

The bank loans are secured by fixed and floating charges on the assets of the Group.

The Group has a rolling credit facility of £5m which is repayable in full on 5 November 2016 at an interest rate of 2.2% plus LIBOR. The facility was repaid during 2014 and is not currently drawn down.

The Group also has credit facilities with CIDEM and Mityc in Spain which are repayable in agreed instalments up to 30 June 2025. No interest is payable on the loans.

## Finance Lease Liabilities

There are no legal charges in place in relation to finance leases however in the event of default the entire amount of the leases will become payable.

The finance leases entered into by the Group do not attract finance charges given the short term nature of the arrangements and the commercial relationship in place with the provider of the finance, therefore there are no finance charges to be allocated to future periods.

Finance lease liabilities are payable as follows:

	Minimum lease payment £'000s	Future interest £'000	Carrying amount £'000
<b>2015</b>			
Less than one year	455	—	455
Between one and five years	163	—	163
	<u>618</u>	<u>—</u>	<u>618</u>
	Minimum lease payment £'000s	Future interest £'000	Carrying amount £'000
<b>2014</b>			
Less than one year	903	—	903
Between one and five years	258	—	258
	<u>1,161</u>	<u>—</u>	<u>1,161</u>

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## Skyscanner Holdings Limited

### Notes to the financial statements (continued) For the year ended 31 December 2015

#### 23. Capital and reserves

##### Share capital

	2015 £'000	2014 £'000
<b>Allotted, called up and fully paid:</b>		
9,508,027 (2014: 9,191,615) ordinary shares of £1 each	9,508	9,191
17,000 (2014: 17,000) C1 shares of £0.01 each	—	—
87,250 (2014: 88,250) C2 shares of £0.01 each	1	1
120,226 (2014: 120,406) C3 shares of £0.01 each	1	1
77,756 (2014: 84,396) C4 shares of £0.01 each	1	1
1,186 C6 shares of £0.01 each	1	—
76,913 (2014: 76,915) C7 shares of £0.01 each	—	1
289,410 C8 shares of £0.01 each	3	—
5,477 C9 shares of £0.01 each	—	—
19,314 D shares of £0.01 each	—	—
78,589 (2014: 42,280) SIP shares of £0.01 each	1	—
	<u>9,516</u>	<u>9,195</u>

The holders of C shares are only permitted to participate in the growth in value of the Group above a predefined hurdle rate. The shares rank pari passu in all other respects.

##### Voting

Ordinary shareholders are entitled to attend and vote at annual general meetings. No such right is conferred to holders of C or SIP share capital.

##### Dividends

No dividends were approved during the financial year.

##### Share issues

During the year the following share issues took place:

- 293,916 ordinary shares were issued as part of a private fundraising giving rise to a share premium of £29,706k (£28,985k net of direct transaction costs).
- 22,496 ordinary shares were issued as part of earn out arrangements with acquired entities giving rise to a premium of £1,589k
- 291,105 C8 shares were issued giving rise to a premium of £27k

- 5,477 C9 shares were issued giving rise to a premium of less than £1k
- 37,466 SIP shares were issued giving rise to a premium of £691k
- 19,314 D shares were issued giving rise to a premium of £1,299k

In addition, 37,553 C and 384 SIP shares were bought back from both previous and existing employees during the year and cancelled.

## Skyscanner Holdings Limited

### Notes to the financial statements (continued) For the year ended 31 December 2015

#### 24. Financial instruments

##### (a) Fair values of financial instruments

The fair values of all financial assets and financial liabilities by class together with their carrying amounts shown in the statement of financial position are as follows:

	Fair value 2015 £'000	Carrying amount 2015 £'000	Fair value 2014 £'000	Carrying amount 2014 £'000
<b>Loans and receivables</b>				
Investments (note 14)	131	131	79	79
Cash and cash equivalents (note 20)	46,762	46,762	6,528	6,528
Trade and other receivables excluding prepayments (note 19)	16,422	16,422	11,820	11,820
<b>Total loans and receivables</b>	<b>63,315</b>	<b>63,315</b>	<b>18,427</b>	<b>18,427</b>
<b>Financial instruments designated as fair value through profit or loss</b>				
Derivative financial instruments (note 17)	(384)	(384)	80	80
<b>Total financial instruments at fair value through profit or loss</b>	<b>(384)</b>	<b>(384)</b>	<b>80</b>	<b>80</b>
<b>Financial liabilities measured at amortised cost</b>				
Interest-bearing loans and borrowings (note 22)	(1,038)	(1,038)	(1,748)	(1,748)
Trade and other payables (note 21)	(17,370)	(17,370)	(9,838)	(9,838)
<b>Total financial liabilities measured at amortised cost</b>	<b>(18,408)</b>	<b>(18,408)</b>	<b>(11,586)</b>	<b>(11,586)</b>
<b>Total financial instruments</b>	<b>44,417</b>	<b>44,417</b>	<b>6,921</b>	<b>6,921</b>

Management considers that the carrying amount of financial assets and liabilities recognised at amortised cost in the financial statements approximate their fair value.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

##### Fair value hierarchy

The table below analyses financial instruments measured at fair value, into a fair value hierarchy based on the valuation technique used to determine fair value.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

## Skyscanner Holdings Limited

### Notes to the financial statements (continued) For the year ended 31 December 2015

## 24. Financial instruments (continued)

### (b) Fair values of financial instruments (continued)

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>2015</b>				
Foreign currency forward contracts	—	(384)	—	(384)
<b>2014</b>				
Foreign currency forward contracts	—	80	—	80

In the current period under analysis, no financial instruments classified as levels 1 and 3 were observed and no level transfers were made.

The fair value of derivatives was determined from the foreign currency forward contract mark to market statements at 31 December 2015 provided by the Group's lenders. The Directors consider the valuation impact of credit risk adjustments to be negligible.

### (c) Credit risk

#### Financial risk management

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and deposits with banks and other financial instruments.

#### Trade receivables

The Group seeks to limit its credit risk with respect to customers by on-going assessment of the credit worthiness of the customer and monitoring the ageing of outstanding receivables. The Group also adopts a robust credit insurance policy.

#### Bank balance and deposits

The Group seeks to limit its credit risk with regard to bank balances and deposits by only dealing with reputable banks.

The maximum exposure to credit risk at the statement of financial position date by class of financial instrument was:

	2015 £'000	2014 £'000
Investments	131	79
Cash and cash equivalents	46,762	6,528
Trade and other receivables	16,422	11,820
	<u>63,315</u>	<u>18,427</u>

## Skyscanner Holdings Limited

### Notes to the financial statements (continued) For the year ended 31 December 2015

## 24. Financial instruments (continued)

### (c) Credit risk (continued)

The concentration of credit risk for trade receivables at the statement of financial position date by geographic region was:

	2015 £'000	2014 £'000
United Kingdom	3,079	1,883
Rest of Europe	6,734	5,407
Asia Pacific	2,331	1,553
USA and Americas	1,238	534
Africa	82	47
	<u>13,464</u>	<u>9,424</u>

#### Credit quality of financial assets and impairment losses

The ageing of trade receivables at the statement of financial position date was:

	Gross 2015 £'000	Impairment 2015 £'000	Gross 2014 £'000	Impairment 2014 £'000
--	------------------------	-----------------------------	------------------------	-----------------------------

Not past due	9,167	—	8,635	(7)
Past due 0-30 days	3,196	(63)	191	
Past due 31-60 days	632	—	35	(5)
Past due 61-90 days	24	—	46	(11)
More than 91 days	445	(445)	517	(517)
	<u>13,464</u>	<u>(508)</u>	<u>9,424</u>	<u>(540)</u>

The movement in the allowance for impairment in respect of trade receivables and other receivables during the period was as follows:

	<u>2015</u>	<u>2014</u>
	<u>£'000</u>	<u>£'000</u>
At start of year	540	614
Impairment loss recognised	(116)	(299)
Amounts provided during the year	84	225
At end of year	<u>508</u>	<u>540</u>

The allowance account for trade receivables is used to record impairment losses unless the Group or Company is satisfied that no recovery of the amount owing is possible; at that point the amounts considered irrecoverable are written off against the trade receivables directly.

## Skyscanner Holdings Limited

### Notes to the financial statements (continued) For the year ended 31 December 2015

#### 24. Financial instruments (continued)

##### (d) Liquidity risk

###### Financial risk management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group monitors its risk to a shortage of funds by considering the maturity of both its financial investments and financial assets and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank funding and leases.

###### Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements:

	Carrying amount £'000	Contractual cash flows £'000	1 year or less £'000	1 to 2 years £'000	2 to 5 years £'000	5 years and over £'000
<b>2015</b>						
Derivative financial liabilities (note 17)	384	384	384	—	—	—
Finance lease liabilities (note 22)	618	618	455	163	—	—
Bank loans (note 22)	420	420	48	96	153	123
Trade and other payables (note 21)	17,370	17,370	17,370	—	—	—
	<u>18,792</u>	<u>18,792</u>	<u>18,257</u>	<u>259</u>	<u>153</u>	<u>123</u>
<b>2014</b>						
Derivative financial liabilities (note 17)	—	—	—	—	—	—
Finance lease liabilities (note 22)	1,161	1,161	903	258	—	—
Bank loans (note 22)	587	587	108	41	167	271
Trade and other payables (note 21)	9,688	9,688	9,688	—	—	—
	<u>11,436</u>	<u>11,436</u>	<u>10,699</u>	<u>299</u>	<u>167</u>	<u>271</u>

##### (e) Market risk

###### Financial risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. Risk management is carried out by a central treasury department under policies approved by the board of Directors. Group treasury identifies, evaluates and hedges financial risks.

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the UK pound. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities and net investments in foreign operations.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through the use of foreign currency forward exchange contracts.

**Skyscanner Holdings Limited**
**Notes to the financial statements (continued)**  
**For the year ended 31 December 2015**
**24. Financial instruments (continued)**
**(e) Market risk (continued)**
**Market risk - Foreign currency risk**

The carrying amounts of the Group's foreign currency net exposure at the reporting date are as follows:

	31 December 2015 £'000	31 December 2014 £'000
Euro (EUR)	2,012	3,599
US Dollar (USD)	3,076	955
Australian Dollars (AUD)	(38)	487
Singapore Dollars (SGD)	177	91
Japanese Yen (JPY)	111	53
Chinese Yuan (CNY)	89	(67)
Other	338	98
Total	<u>5,765</u>	<u>5,216</u>

Sales and purchases in 2016 will have broadly the same mix of currencies as in 2015.

**Sensitivity analysis**

At 31 December 2015 were the GBP sterling exchange rate to weaken by 1% this would result in an increase in profit before tax of GBP £57k (2014: £52k). There are no other balances with significant exposure to exchange rate fluctuations.

This analysis assumes that all other variables, in particular other exchange rates and interest rates, remain constant.

**Market risk — Interest rate risk**

Interest rate risk results from the possibility of the Group suffering gains or losses arising from oscillations of interest rates levied on their financial assets and liabilities.

The group is not materially exposed to movements in interest rates on its financial instruments.

**25. Operating leases**

Non-cancellable minimum lease rentals are payable as follows:

	2015 £'000	2014 £'000
Less than one year	3,977	2,886
Between one and five years	4,438	5,185
More than five years	95	—
	<u>8,510</u>	<u>8,071</u>

The Group leases office space under non-cancellable operating lease arrangements. The lease terms are between 2 years and 6 years, and the majority of lease arrangements are renewable at the end of the lease period at market rate.

During the period £3,347,000 (2014: £2,242,000) was recognised as an expense in the statement of comprehensive income in respect of operating leases.

**Skyscanner Holdings Limited**
**Notes to the financial statements (continued)**  
**For the year ended 31 December 2015**
**26. Commitments**
**Capital commitments**

At 31 December 2015 there were no capital commitments (2014: £183,000).

## Contingent liabilities

At 31 December 2015 there were no contingent liabilities (2014: none).

## 27. Share based payments

### Equity-settled share option scheme

Skyscanner Holdings Limited grants share options to employees of the Group. Options are exercisable at a price equal to the estimated fair value of the Company's shares on the date of grant. All options are settled by physical delivery of shares. The number of outstanding options and the conditions attached to each tranche are detailed below:

Nature of scheme/Grant date	Number of options	Contractual life of options
Equity-settled granted on April 2007	20,885	10 years or exercisable on sale or listing
Equity-settled granted on January 2008	12,064	10 years or exercisable on sale or listing
Equity-settled granted on September 2008	154	10 years or exercisable on sale or listing
Equity-settled granted on January 2009	14,405	10 years or exercisable on sale or listing
Equity-settled granted on November 2009	37,015	10 years or exercisable on sale or listing
Equity-settled granted on June 2010	258,384	10 years or exercisable on sale or listing
Equity-settled granted on June 2012	490,764	10 years or exercisable on sale or listing

As at 31 December 2015, 245,382 of the above noted options had vesting conditions attached. These options have a -vesting condition of 36 months from the date of issue. All other options have no conditions attached.

Details of the share options outstanding during the year are as follows:

	2015		2014	
	Weighted average exercise price (£)	Number of options	Weighted average exercise price (£)	Number of options
Outstanding at the beginning of the period	3.32	904,945	3.39	959,253
Granted during the period	0.00	—	—	—
Options lapsed	(2.28)	(9,587)	(4.33)	(54,308)
Exercised during the period	(3.15)	(61,687)	—	—
Share buyback	—	—	—	—
Outstanding at the end of the period	3.41	833,671	3.32	904,945
Exercisable at the end of the period	3.32	253,979	3.47	253,979

The options outstanding at the period end have an exercise price in the range of £0.12 to £4.62.

## Skyscanner Holdings Limited

### Notes to the financial statements (continued) For the year ended 31 December 2015

## 27. Share based payments (continued)

The estimated fair value of equity settled share options is determined using the Black Scholes option pricing model at the date of grant. No new options were granted during the current financial year. The inputs into the Black Scholes model for the most recent issue in June 2012 are as follows:

	2015	2014
Basic price	£ 4.62	£ 4.62
Share price	£ 4.62	£ 4.62
Risk-free interest rate	1.36%	1.36%
Expected volatility	20.74%	20.74%
Vesting period (in months)	36	36
Maturity (in months)	120	120
Fair value per share option	£ 1.17	£ 1.17

Expected volatility is based on historical share price volatility of a group of comparable listed businesses

### Share Incentive Plan

In addition to share options, the Group also operates a Share Incentive Plan ('SIP') for all employees. The SIP includes the offer of partnership matching shares to employees who save through their salary towards the purchase of shares in the company. The associated charge to the profit and loss account has

been determined based on the estimated fair value of these shares at grant date, taken over the vesting period. The number of SIP shares issued and the conditions attached to each tranche are detailed below:

Nature of scheme/Grant date	Number of SIP shares
Partnership equity-settled granted in August 2013	2,499
Partnership equity-settled granted in April 2014	21,520
Matching equity-settled issued in April 2014	18,261
Partnership equity-settled issued in April 2015	16,038
Matching equity settled issued in April 2015	21,162

As at 31 December 2015 all of the above matching SIP shares had vesting conditions attached. The partnership shares have an accumulation period of 12 months from the date of entry to the SIP. Matching shares have a vesting period of 36 months from the date the partnership shares are issued. All of the partnership shares that were issued in 2015 had a subscription price of £47.22. Matching shares are issued for free at the end of the vesting period.

The estimated fair value of equity settled share based payments is determined using the Black Scholes option pricing model at the date of grant. The inputs into the Black Scholes model for the most recent scheme in April 2014 were as follows:

	Partnership shares	Matching shares
Basic price	£ 47.22	£ 0.00
Share price	£ 47.22	£ 47.22
Risk-free interest rate	1.25%	1.25%
Expected volatility	50.91%	50.91%
Vesting period (in months)	12	44
Fair value per share	£ 9.58	£ 47.22

Expected volatility is based on historical share price volatility of a group of comparable listed businesses.

## Skyscanner Holdings Limited

### Notes to the financial statements (continued) For the year ended 31 December 2015

#### 27. Share based payments (continued)

##### Charge for the year

The total expense recognised for the period arising from share based payments is as follows:

	2015 £'000	2014 £'000
Equity settled share based payments	3,411	2,430

The Company has issued a certain class of share ('C shares') which only have economic value in the event of a future exit event at which point the shares will convert into ordinary shares as set out in the articles of association. No share based payment charge has been recognised in relation to these awards, as such and exit is not yet deemed to be highly probable. The associated latent share based payment charge as at the balance sheet date is £5.4m.

#### 28. Related parties

The Directors have identified the following related parties with whom the Group has performed transactions with in the period:

- During the year the Company paid Nitro Ventures Limited £25,000 (year ending 31 December 2014: £24,800) in respect of non-executive services and £35,295 (year ending 31 December 2014: £nil) in respect of consultancy services. Nitro Ventures Limited is partly owned by Julian Pancholi, a director of Skyscanner Limited.
- During the year £12,000 (year ending 31 December 2014: £12,000) was paid to Scottish Equity Partners in respect of monitoring fees. Scottish Equity Partners owns a proportion of the share capital of Skyscanner Holdings Limited.

##### Transactions with key management personnel

Directors of the Company and their immediate relatives control 18.2% of the voting shares of the Company.

The compensation of key management personnel (including the directors) is as follows:

	2015 £'000	2014 £'000
Short-term employee benefits	1,399	852
Post-employment benefits	241	174
	1,640	1,026

## 28. Ultimate controlling party

In the opinion of the Directors the Company has no single individual controlling party.

## 29. Subsequent events

On 5th February 2016 the Company conducted a buyback of shares and share option from certain employees. The total value of the buyback was £15.9m and this was recorded as the repurchase of an equity interest through the Company financial statements under IFRS 2 Share based payments. As a result, the transaction had no material impact on the Company or Group profit and loss account.

Other than this, there have been no material subsequent events between the period end and the date the financial statements were authorised for issue.

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**Company Registration No. 07777261**

**Skyscanner Holdings Limited**

**Annual report and company financial statements**

**For the year ended 31 December 2015**

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## Skyscanner Holdings Limited

### Company statement of financial position at 31 December 2015

	Notes	2015 £000	(Restated) 2014 £000
<b>Non-current assets</b>			
Investment	3	64,584	61,175
		64,584	61,175
<b>Current assets</b>			
Trade and other receivables	4	10,160	40
Cash and cash equivalents		13	1
		10,173	41
<b>Total assets</b>		74,757	61,216
<b>Current liabilities</b>			
Trade and other payables	5	1,928	22,742
<b>Current and total liabilities</b>		1,928	22,742
<b>Net assets</b>		72,829	38,474
<b>Equity attributable to equity holders of the parent</b>			
Share capital	6	9,516	9,195
Share premium		33,765	1,174
Retained earnings		6,463	3,193
Merger reserve		34,645	34,645
Own shares held		(11,714)	(9,845)
Capital redemption reserve		154	112
<b>Total equity</b>		72,829	38,474

The financial statements of Skyscanner Holdings Limited, registered number 07777261 were approved by the Board of Directors on 29 April 2016 and were signed on its behalf by:

Signed on behalf of the Board of Directors

/s/ Gareth Williams

Gareth Williams

Director

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## Skyscanner Holdings Limited

### Company statement of changes in equity

**For the year ended 31 December 2015**

	Share capital £000	Share premium £000	Retained earnings £000	Merger reserve £000	Own shares held £000	Capital redemption reserve £000	Total equity £000
Balance at 31 December 2013	9,185	209	198	34,645	(9,845)	111	34,503
Effect of change in accounting framework	—	—	(50)	—	—	—	(50)
Balance at 31 December 2013 (Restated)	9,185	209	148	34,645	(9,845)	111	34,453
Shares issued in the period	10	965	—	—	—	—	975
Credit in relation to share based payments	—	—	2,430	—	—	—	2,430
Share buyback	—	—	(132)	—	—	1	(131)
Total comprehensive income for the year	—	—	747	—	—	—	747
Balance at 31 December 2014	9,195	1,174	3,193	34,645	(9,845)	112	38,474
Shares issued in the period	321	32,591	(1,609)	—	—	—	31,303
Credit in relation to share based payments	—	—	3,411	—	—	—	3,411
Share buybacks	—	—	(2,307)	—	(1,869)	42	(4,134)
Total comprehensive income for the year	—	—	3,775	—	—	—	3,775
<b>Balance at 31 December 2015</b>	<b>9,516</b>	<b>33,765</b>	<b>6,463</b>	<b>34,645</b>	<b>(11,714)</b>	<b>154</b>	<b>72,829</b>

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**Skyscanner Holdings Limited**

**Notes to the financial statements  
For the year ended 31 December 2015**

**Summary of significant accounting policies**

The financial statements of the Parent Company present information about the Company as a separate entity and not about its group.

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, in the year ended 31 December 2015 the Company has decided to adopt FRS101 and has undergone transition from reporting under UK GAAP to FRS101 as issued by the Financial Reporting Council. Accordingly, the financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the company has adopted FRS 101 for the first time. In the transition to FRS 101, the Company has applied IFRS 1 First-time Adoption of International Financial Reporting Standards whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. An explanation of how the transition to FRS 101 has affected the reported financial position and financial performance of the Company is provided in note 2.

The accounting, policies, set out in the consolidated accounts, unless otherwise stated have been applied consistently to the period presented in these Company financial statements.

The Company has elected to apply the exemption in s408 of the Companies Act and has not presented its separate statement of comprehensive income and related notes. It has also taken advantage of the exemptions available under FRS 101 in relation to share-based payments, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement and certain related party transactions.

The Company's information relating to these disclosures are included within the consolidated accounts of Skyscanner Holdings Limited.

Judgements made by the Directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2 of the consolidated accounts.

The financial statements have been prepared on the historical cost basis, except for and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies note 1 of the consolidated accounts. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The financial statements are presented in GBP Sterling (£) and all values are rounded to the nearest thousand pounds (£000) except when otherwise stated.

**1. Transition to FRS 101**

For all periods up to and including the year ended 31 December 2014, the Company prepared its financial statements in accordance with United Kingdom generally accepted accounting practice ('UK GAAP'). These financial statements, for the year ended 31 December 2015, are the first the Company have prepared in accordance with FRS 101.

Accordingly, the Company has prepared financial statements which comply with FRS 101 applicable for periods beginning on or after 1 January 2014 and the significant accounting policies meeting those requirements are described in the relevant notes.

Skyscanner Holdings Limited

Notes to the financial statements (continued)  
For the year ended 31 December 2015

2. Transition to FRS 101 (continued)

In preparing these financial statements, the Company has started from an opening balance sheet as at 1 January 2014, the Company's date of transition to FRS 101, and made those changes in accounting policies and other restatements required for the first-time adoption of FRS 101. As such, this note explains the principal adjustments made by the Company in restating its UK GAAP balance sheet as at 1 January 2014 and its previously published UK GAAP financial statements for the year ended 31 December 2014.

Reconciliation of equity as at 1 January 2014	Notes	UK GAAP £000	FRS 101 Remeasurements £000	FRS 101 £000
<b>Non-current assets</b>				
Investments		58,745	—	58,745
<b>Current assets</b>				
Trade and other receivables: amounts falling due within one year		37	—	37
Cash at bank and in hand		9	—	9
		46	—	46
<b>Current liabilities</b>				
Creditors: amounts falling due within one year		(9,288)	—	(9,288)
Derivative financial instruments	A	—	(50)	(50)
		(9,288)	(50)	(9,338)
Net current liabilities		(9,242)	(50)	(9,292)
Total assets less current liabilities		49,503	(50)	49,453
<b>Non-current liabilities</b>				
Other interest-bearing loans and borrowings		(15,000)	—	(15,000)
<b>Net assets</b>		34,503	(50)	34,453
<b>Capital and reserves</b>				
Called up share capital		9,185	—	9,185
Share premium		209	—	209
Retained earnings	A	198	(50)	148
Merger reserve		34,645	—	34,645
Own shares held		(9,845)	—	(9,845)
Capital redemption reserve		111	—	111
<b>Total equity</b>		34,503	(50)	34,453

Skyscanner Holdings Limited

Notes to the financial statements (continued)  
For the year ended 31 December 2015

2. Transition to FRS 101 (continued)

Notes to the reconciliation of equity as at 1 January 2014:

A Derivative financial instruments

Under IAS 39 *Financial Instruments: Recognition and Measurement*, derivative financial instruments require to be recognised at fair value through profit and loss ('FVTPL'). This results in a loss being recognised at 1 January 2014 of £50,000 with the corresponding credit to current liabilities under derivative financial instruments.

Reconciliation of equity as at 1 January 2014	Notes	UK GAAP £000	FRS 101 Remeasurements £000	FRS 101 £000
<b>Non-current assets</b>				
Investments		61,175	—	61,175
<b>Current assets</b>				
Trade and other receivables: amounts falling due within one year	B	63	(23)	40
Cash at bank and in hand		1	—	1
		64	(23)	41

**Current liabilities**

Creditors: amounts falling due within one year	(22,742)	—	(22,742)
	<u>(22,742)</u>	<u>—</u>	<u>(22,742)</u>
Net current liabilities	(22,678)	(23)	(22,701)
Total assets less current liabilities	38,497	(23)	38,474
Net assets	<u>38,497</u>	<u>(23)</u>	<u>38,474</u>

**Capital and reserves**

Called up share capital	9,195	—	9,195
Share premium	1,174	—	1,174
Retained earnings	3,216	(23)	3,193
Merger reserve	34,645	—	34,645
Own shares held	(9,845)	—	(9,845)
Capital redemption reserve	112	—	112
Total equity	<u>38,497</u>	<u>(23)</u>	<u>38,474</u>

**Skyscanner Holdings Limited****Notes to the financial statements (continued)****For the year ended 31 December 2015****2. Transition to FRS 101 (continued)**

Notes to the reconciliation of equity as at 31 December 2014:

**B Bank arrangement fee**

Under UK GAAP the bank arrangement fee on the Group's revolving credit facility was capitalised and amortised over the term of the facility. IAS 23 *Borrowing Costs* does not allow for bank arrangement fees to be capitalised generally unless they relate specifically to debt drawn in relation to the creation of an asset. Therefore, the unamortised portion of the arrangement fee amounting to £23,000 at 31 December 2014 has been written off to the statement of comprehensive income in the year to 31 December 2014. The result is an increase (debit) in finance costs of £23,000 and a decrease (credit) to prepayments of £23,000.

**2. Investments**

	<u>£000</u>
At 31 December 2014	61,175
Investment in Skyscanner Limited	3,282
Investment in Skyscanner Pte	79
Investment in Skyscanner Inc	12
Investment in Experience on Ventures LLC	14
Investment in Distinction Kft	14
Investment in Skyscanner EOOD	7
Investment in Reacher Investments Limited	1
At 31 December 2015	<u>64,584</u>

**3. Trade and other receivables**

	<u>2015 £'000</u>	<u>(Restated) 2014 £'000</u>
Prepayments	20	2
Amounts due from Subsidiary companies	10,140	38
	<u>10,160</u>	<u>40</u>
Non-current	—	—
Current	<u>10,160</u>	<u>40</u>

All amounts due from subsidiary companies are repayable on demand.

**4. Trade and other payables**

	<u>2015 £'000</u>	<u>(Restated) 2014 £'000</u>
<b>Current</b>		
Trade payables	1,547	8
Accruals and other payables	381	32
Amounts due to related parties	—	22,702
	<u>1,928</u>	<u>22,742</u>

**Skyscanner Holdings Limited**
**Notes to the financial statements (continued)  
For the year ended 31 December 2015**
**5. Capital and reserves**

	2015 £'000	2014 £'000
<b>Allotted, called up and fully paid:</b>		
9,508,027 (2014: 9,191,615) ordinary shares of £1 each	9,508	9,191
17,000 (2014: 17,000) C1 shares of £0.01 each	—	—
87,250 (2014: 88,250) C2 shares of £0.01 each	1	1
120,226 (2014: 120,406) C3 shares of £0.01 each	1	1
77,756 (2014: 84,396) C4 shares of £0.01 each	1	1
1,186 C6 shares of £0.01 each	1	—
76,913 (2014: 76,915) C7 shares of £0.01 each	—	1
289,410 C8 shares of £0.01 each	3	—
5,477 C9 shares of £0.01 each	—	—
19,314 D shares of £0.01 each	—	—
78,589 (2014: 42,280) SIP shares of £0.01 each	1	—
	<u>9,516</u>	<u>9,195</u>

The holders of C shares are only permitted to participate in the growth in value of the Group above a predefined hurdle rate. The shares rank pari passu in all other respects.

**Voting**

Ordinary shareholders are entitled to attend and vote at annual general meetings. No such right is conferred to holders of C or SIP share capital.

**Dividends**

No dividends were approved during the financial year.

**Share issues**

During the year the following share issues took place:

- 293,916 ordinary shares were issued as part of a private fundraising giving rise to a share premium of £29,706k (£28,985k net of direct transaction costs).
- 22,496 ordinary shares were issued as part of earn out arrangements with acquired entities giving rise to a premium of £ 1,589k
- 291,105 C8 shares were issued giving rise to a premium of £27k
- 5,477 C9 shares were issued giving rise to a premium of less than £1k
- 37,466 SIP shares were issued giving rise to a premium of £691k
- 19,314 D shares were issued giving rise to a premium of £1,299k

In addition, 37,553 C and 384 SIP shares were bought back from both previous and existing employees during the year and cancelled.

**6. Commitments**
*Capital commitments*

The Company had no capital commitments at 31 December 2015 (2014: none).

*Contingent liabilities*

The Company had no contingent liabilities at 31 December 2015 (2014: none).

**Skyscanner Holdings Limited**
**Notes to the financial statements (continued)  
For the year ended 31 December 2015**
**7. Ultimate controlling party**

In the opinion of the Directors the Company has no single individual controlling party.

#### **8. Subsequent events**

On 5th February 2016 the Company conducted a buyback of shares and share option from certain employees. The total value of the buyback was £15.9m and this was recorded as the repurchase of an equity interest through the Company financial statements under IFRS 2 *Share Based Payments*. As a result, the transaction had no material impact on the Company or Group profit and loss account.

Other than this, there have been no material subsequent events between the period end and the date the financial statements were authorised for issue.

Company Registration No. 07777261

Skyscanner Holdings Limited

Report and Financial Statements

31 December 2014




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**Skyscanner Holdings Limited**

**Report and financial statements 2014**

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**Skyscanner Holdings Limited**

**Report and financial statements 2014**

**Officers and professional advisers**

**Directors**

Gareth Williams  
 Barry Smith  
 Julian Pancholi  
 Calum Paterson  
 Sir Michael Moritz  
 Mark Logan  
 Margaret Rice-Jones

**Secretary**

Shane Corstorphine

**Registered Office**

Pinsent Masons LLP  
5 Old Bailey  
London  
EC4M 7BA

## Bankers

Barclays  
2nd Floor, Quay 2  
139 Fountainbridge  
Edinburgh  
EH3 9QG

HSBC  
21 Collyer Quay  
07-01 HSBC Building  
Singapore 049320

Clydesdale Bank PLC  
7th Floor  
Clydesdale Bank Exchange  
20 Waterloo Street  
Glasgow  
G2 6DB

Royal Bank of Scotland  
The Gemini Building  
2nd Floor  
24 St Andrew Square  
Edinburgh  
EH2 1AF

## Solicitors

Pinsent Masons LLP  
139 Fountainbridge  
Edinburgh  
EH3 9QG

## Auditor

Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Edinburgh, United Kingdom

## Skyscanner Holdings Limited

### Strategic report

The Directors present their Strategic Report for the Company and Group for the financial year ended 31 December 2014. The Strategic Report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to Skyscanner Holdings Limited and its subsidiary undertakings (together “the Group”) when viewed as a whole.

### Business model

The Group owns and operates an integrated online travel metasearch service connecting users wishing to book travel with travel service providers around the world. The Group derives substantially all of its revenue and gross profit from:

- Commissions earned from facilitating the booking of Flight, Hotel and Car Hire services;
- Commissions earned from facilitating click through of visitors to our Flight, Hotel and Car Hire partner websites;
- Display advertising based on number of impressions; and
- Subscription agreements for Analytics products.

### Business review

The Group reported record revenue in 2014 of £92,897k (2013 - £65,819k) up 41% year on year. Profit after tax for the year was £7,442k (2013 - £14,374k).

As with previous years the Group has continued to invest in headcount and the development of its core travel products. This investment has supported another year of growth in the volume of unique monthly visitors (‘UMVs’) to the website and mobile applications<sup>1</sup>. The investment has inevitably manifested itself in the financial result and has driven the decrease in profitability noted above. However, the Directors are confident that the strategy of continued investment will be hugely beneficial to the future success and growth of the Group.

The Group also made three strategic acquisitions during the financial year, acquiring the share capital of the following entities:

- Reacher Holdings Limited, a Hong Kong based holding company with Chinese trading subsidiaries, in July 2014;
- Distinction Kft, a mobile application developer based in Budapest, in October 2014; and
- Edinburgh Digital Limited, an Edinburgh based travel management software company, in October 2014.

The acquisitions were made in furtherance of the Group’s geographical expansion and product development objectives. Further details are included in note 13 to these financial statements.

Flight metasearch continues to be the Group's largest revenue channel. However, in 2014, revenue from the Group's Hotel and Car Hire products has grown to contribute more than 6% of overall revenue in the financial year. The Group's Business to Business ('B2B') partnerships have also attracted additional UMVs to the website which has had a positive impact on revenue.

The Group continued its international expansion in 2014 and now has offices in Barcelona, Beijing, Budapest, Edinburgh, Glasgow, Miami, Shenzhen, Singapore and Sofia. A fifth data centre, situated in Amsterdam, was also added during the financial year to supplement capacity at the existing centres in London (x2), Singapore and Hong Kong. Going forward the Group's infrastructure strategy will increasingly focus on cloud based hosting solutions.

The Group also redesigned its internal operating structure during the year, moving from a linear hierarchical model to a decentralised squad based model. The new structure distributes decision making throughout the business to small teams of skilled employees, breaking down key man and technological dependencies whilst ensuring the business continues to be product led. The reorganisation has had the impact of significantly increasing the frequency of new product releases.

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<sup>1</sup> UMVs represent the number of unique individual users visiting Skyscanner each month irrespective of device used.

## Skyscanner Holdings Limited

### Strategic report (continued)

#### Business review (continued)

During 2014 there was an increasing trend of users using Skyscanner on mobile devices (smartphone and tablet). Alongside the aforementioned organisation restructure to squads, the Group undertook to transform our approach to mobile (both applications and web) and as a result saw mobile conversion dramatically increase and mobile device UMVs grow by 77%. Growth in desktop UMVs has also continued in 2014, albeit not on the same trajectory, with 23% growth year on year.

The Group's success in 2014 was only possible because of the continued dedication and commitment of the global team which totalled 583 staff, of more than 50 nationalities, across 9 global offices by the end of 2014.

#### Key performance indicators

The Directors use Key Performance Indicators ('KPIs') to monitor and assess company performance. The principal KPIs used during the year ended 31 December 2014 were as follows:

	2014	2013
Revenue (£'000)	92,897	65,819
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) (£'000)	17,790	22,608
Average UMVs ('000)	30,386	21,235

#### Principal risks and uncertainties

The Group actively manages the business risks it is exposed to as part of its internal risk management and control framework. The key business risks relevant to the Group and Company are set out below:

##### Industry stability

Our business and financial performance is linked to the health of the worldwide travel industry. Travel expenditure is sensitive to personal and business discretionary spending levels and tends to decline or grow more slowly during economic downturns. Any future downturn in the industry may have a negative impact on the results of our operations.

Our primary strategy for mitigation of this risk is the expansion of our global operations and product base, reducing our reliance on any one market or product and increasing our ability to withstand macroeconomic volatility.

##### Competition

According to the World Travel and Tourism Council ('WTTC') the tourism industry will have global value of \$10.8 trillion by 2018<sup>2</sup>. Inevitably the market is extremely competitive. The travel metasearch industry specifically has a number of large global businesses competing for market share, with no one company currently dominating the space. If new entrants continue to enter the market with services which directly compete with those provided by Skyscanner this may have an adverse effect on our financial results.

We believe we offer a quality product which sets us apart from the competition. We aim to hire the best people and strive to remain ahead of the marketplace in terms of innovation in order to ensure that we remain competitive and continue to grow.

##### Website disruption

The Group continues to experience growth in UMVs. If our systems are not expanded to handle increased demand or should they fail to perform, the website may experience unanticipated disruptions in service, slower response times or decreased customer service. Such an event could impair our reputation, damage our brand and have a negative impact on the results of our operations.

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<sup>2</sup> <http://www.wttc.org/research/economic-impact-research/2014>

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**Skyscanner Holdings Limited****Strategic report (continued)****Principal risks and uncertainties (continued)**

Our dedicated Service Management team ensure our systems are secure, efficient and robust. We have invested in four new data centres at different sites in the last two years to minimise the impact that the loss of any one site would have on the operations of the Skyscanner website.

*Global expansion*

The Group continues to experience growth in headcount and operations globally. Rapid international growth can place extreme demands on the management and operational infrastructure of a business. If our growth is not appropriately managed to mitigate this risk, the quality of our product and efficiency of our operations could be negatively impacted.

Our Finance team are central to managing the primary risks associated with global expansion. We actively monitor cash flow and review the internal control structures of our subsidiary companies in order to ensure the probability of this risk having an impact on our business is mitigated.

*Changing user habits*

Users are changing the way in which they use technology products at an increasingly fast rate. Staying ahead of user trends and avoiding the risk of our product offerings becoming obsolete is critical to the future success of the Group.

We aim to mitigate this risk through continual analysis of user data. We invest in the recruitment of high quality personnel who are responsive to the needs of our users and we devolve product responsibility through our organisational squad model.

*Regulatory environment*

Our metasearch services are subject to various laws and regulations in the jurisdictions in which we operate. The competition authorities in some of our operating regions have begun investigations into competitive practices within the online travel industry and we may be involved in or affected by such investigations and their results.

In addition, our strategy involves geographic expansion which will increasingly expose the Group to vastly different regulatory environments and tax laws. In this context we may experience unforeseen legal, regulatory or tax consequences which may have both favourable and adverse effects on our business in the future.

In order to manage the associated risks our Finance and Legal teams actively monitor and react to the changing legal, regulatory and tax compliance challenges arising across the Group.

*Environmental*

As with all businesses in the sector our business and financial results may be negatively impacted by natural events which affect people's ability to travel, such as a repeat of the 2011 Icelandic ash cloud.

The probability of such an event having a sustained global, cross product impact is low. Our strategy for mitigating the impact this risk may have on the business is geographic and product based expansion, reducing our reliance on any one market or product.

**Strategy and future outlook**

Our vision is to become the most trusted and most used online travel brand in the world. We are confident in the global strategy underpinning this objective and believe that we can continue growing headcount, unique users, sessions, revenue and profitability in the coming year and beyond.

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

/s/ Gareth Williams

Gareth Williams

Director

30th April 2015

**Skyscanner Holdings Limited****Directors' report**

The Directors present their report and the Group and Company financial statements of Skyscanner Holdings Limited (the 'Company') and its subsidiaries (together the 'Group') for the financial year ended 31 December 2014.

## Results and dividends

The Group's and Company's audited financial statements for the year ended 31 December 2014 are set out on pages 10 to 43. The Group made a profit after tax for the financial year of £7,442k (2013 - £14,374k) and had net assets of £65,587k at 31 December 2014 (2013 - £55,208k). The Company made a profit for the financial year of £720k (2013 - £2,625k) and had net assets of £38,497k at 31 December 2014 (2013 - £34,503k).

## Share capital and control

The issued share capital of the Company comprises 9,191,615 ordinary shares of £1 each, 387,973 C shares of £0.01 each and 42,280 SIP shares of £0.01 each. Further information is included in note 18.

## Going concern

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to continue to be profitable and cash generative going forward. The forecasts give due regard to available banking facilities and show that the Group will continue to remain well within related covenant requirements.

On this basis the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

## Directors

The Directors of the Company during the year, and up to the date of the report, were:

Gareth Williams  
Barry Smith  
Julian Pancholi  
Calum Paterson  
Sir Michael Moritz  
Mark Logan  
Margaret Rice-Jones

## Employees

A great deal of effort is devoted to engaging with employees on matters that impact them and the performance of the Group. This includes quarterly business and performance updates by members of the management team for all employees, regular internal briefings and team meetings, and the circulation to employees of company announcements and developments.

The Directors actively encourage the participation of employees in the performance and success of the business through companywide employee bonus and share schemes.

## Equal opportunities

The Group is committed to providing equality of opportunity to all employees without discrimination and applies fair and equitable employment policies which seek to promote entry into and progression within the Group. Appointments are determined solely by application of job criteria, personal ability, behaviour and competency.

## Skyscanner Holdings Limited

### Directors' report (continued)

#### Employment of disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged.

#### Research and development

The Group undertook research and development work during the year. This included but was not limited to development of mobile applications, product enhancement and optimisation of the site for mobile devices.

#### Financial risk management

The Group manages financial risk so as to minimise non-operational volatility in profitability and cash flow. The key financial risks relevant to the Company and Group and the policies for managing them effectively are set out below.

##### *Liquidity risk*

The Group manages liquidity risk by closely monitoring cash flow performance and forecasting cash flow for future periods. Adequate cash reserves are maintained in the required currencies and entities in order to support the future growth of the business and the Group has access to a rolling credit facility from external lenders.

## Foreign exchange risk

The Group operates in many different geographies and as a result is subject to the risks associated with dealing in foreign currency. The Group has an established currency hedging policy under which a percentage of forecast Euro exposure is hedged by way of forward contracts each month.

## Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group has adopted a policy of only extending credit terms to credit worthy counterparties as a means of mitigating risk of financial loss from default. The Group's exposure is continually monitored by the credit control team and credit insurance is used to mitigate exposure to risk.

## Auditor

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

Deloitte LLP have indicated their willingness to accept re-appointment as auditors of the Company. A resolution proposing their re-appointment will be put to the members at the forthcoming Annual General Meeting.

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

/s/ Gareth Williams

Gareth Williams

Director

30th April 2016

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## Skyscanner Holdings Limited

### Directors' responsibilities statement

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdiction.

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### Independent auditor's report to the members of Skyscanner Holdings Limited

We have audited the financial statements of Skyscanner Holdings Limited for the year ended 31 December 2014 which comprise the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the consolidated and company balance sheets, the consolidated cash flow statement and the related notes 1 to 28. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other

purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of directors and auditor

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

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31 December 2014 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Opinion on matters prescribed in the Companies Act 2006

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

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### Independent auditor's report to the members of Skyscanner Holdings Limited (continued)

#### Matters on which we are required to report by exception

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

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

/s/ Colin Gibson CA

Colin Gibson CA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Edinburgh, United Kingdom  
3 May 2015

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### Skyscanner Holdings Limited

#### Consolidated profit and loss account For the year ended 31 December 2014

	Notes	2014 £'000	2013 £'000
<b>Turnover</b>			
- existing operations		92,828	65,801
- acquisitions		69	18
	2	92,897	65,819

Cost of sales		(21,376)	(14,695)
<b>Gross profit</b>		<u>71,521</u>	<u>51,124</u>
Administrative expenses		(60,757)	(33,388)
<b>Operating profit</b>			
- existing operations		11,458	18,119
- acquisitions		(694)	(383)
	3	<u>10,764</u>	<u>17,736</u>
Interest receivable	6	41	20
Interest payable	7	(408)	(624)
<b>Profit on ordinary activities before taxation</b>		<u>10,397</u>	<u>17,132</u>
Tax on profit on ordinary activities	8	(2,955)	(2,758)
<b>Profit for the financial year</b>	19	<u><u>7,442</u></u>	<u><u>14,374</u></u>

The result for the current year and previous year has been derived from continuing activities.

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## Skyscanner Holdings Limited

### Consolidated statement of recognised gains and losses For the year ended 31 December 2014

	Notes	2014 £'000	2013 £'000
Profit for the financial year	19	7,442	14,374
Currency translation difference on conversion of foreign operations	19	(337)	(71)
Total gains recognised since last annual report and financial statements		<u><u>7,105</u></u>	<u><u>14,303</u></u>

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## Skyscanner Holdings Limited

### Consolidated balance sheet at 31 December 2014

	Notes	2014 £'000	2013 £'000
<b>Fixed assets</b>			
Intangible assets	10	51,121	51,471
Tangible assets	11	8,998	8,197
Investments	12	79	71
		<u>60,198</u>	<u>59,739</u>
<b>Current assets</b>			
Debtors	14	13,964	12,113
Cash at bank and in hand		6,528	9,610
		<u>20,492</u>	<u>21,723</u>
<b>Creditors: amounts falling due within one year</b>	15	<u>(14,366)</u>	<u>(10,247)</u>
<b>Net current assets</b>		<u>6,126</u>	<u>11,476</u>
<b>Total assets less current liabilities</b>		<u>66,324</u>	<u>71,215</u>
<b>Creditors: amounts falling due after one year</b>	16	<u>(737)</u>	<u>(16,007)</u>
<b>Net assets</b>		<u><u>65,587</u></u>	<u><u>55,208</u></u>
<b>Capital and reserves</b>			
Called up share capital	18	9,195	9,185
Share premium account	19	1,174	209
Profit and loss account	19	30,714	20,974
Foreign currency translation reserve	19	(408)	(71)
Merger reserve	19	34,645	34,645
Own shares held	19	(9,845)	(9,845)
Capital redemption reserve	19	112	111
<b>Shareholders' funds</b>	20	<u><u>65,587</u></u>	<u><u>55,208</u></u>

Signed on behalf of the Board of Directors

/s/ Gareth Williams

Gareth Williams

Director

**Skyscanner Holdings Limited**

**Company balance sheet  
at 31 December 2014**

	Notes	2014 £'000	2013 £'000
<b>Fixed assets</b>			
Investments	12	61,175	58,745
		<u>61,175</u>	<u>58,745</u>
<b>Current assets</b>			
Debtors	14	63	37
Cash at bank and in hand		1	9
		<u>64</u>	<u>46</u>
<b>Creditors: amounts falling due within one year</b>	15	(22,742)	(9,288)
<b>Net current liabilities</b>		<u>(22,678)</u>	<u>(9,242)</u>
<b>Total assets less current liabilities</b>		38,497	49,503
<b>Creditors: amounts falling due after one year</b>	16	—	(15,000)
<b>Net assets</b>		<u>38,497</u>	<u>34,503</u>
<b>Capital and reserves</b>			
Called up share capital	18	9,195	9,185
Share premium account	19	1,174	209
Profit and loss account	19	3,216	198
Merger reserve	19	34,645	34,645
Own shares held	19	(9,845)	(9,845)
Capital redemption reserve	19	112	111
<b>Shareholders' funds</b>	20	<u>38,497</u>	<u>34,503</u>

The financial statements of Skyscanner Holdings Limited, registered number 07777261 were approved by the Board of Directors on 30th April 2015.

Signed on behalf of the Board of Directors

/s/ Gareth Williams

Gareth Williams

Director

**Skyscanner Holdings Limited**

**Consolidated cash flow statement  
For the year ended 31 December 2014**

	Note	2014 £'000	2013 £'000
Net cash inflow from operating activities	21	21,630	22,828
Returns on investment and servicing of finance	22	(335)	(604)
Taxation	22	(2,116)	(2,418)
Capital expenditure and financial investment	22	(3,755)	(6,183)
Acquisition and disposals	22	(2,327)	(4,934)
Cash inflow before financing		<u>13,097</u>	<u>8,689</u>
Financing	22	(16,179)	(5,670)
(Decrease)/increase in cash in the period		<u>(3,082)</u>	<u>3,019</u>

**Reconciliation of net cash flow to movement in net debt**

	31 December 2013 £'000	Cash flows £'000	Non-cash movements £'000	31 December 2014 £'000
Net cash:				
Cash at bank	9,610	(3,082)	—	6,528
Debt:				
Debt due within 1 year	(54)	54	(108)	(108)
Debt due after more than 1 year	(15,675)	15,054	142	(479)
Finance leases	(1,431)	1,301	(1,031)	(1,161)
	<u>(17,160)</u>	<u>16,409</u>	<u>(997)</u>	<u>(1,748)</u>
Net debt	<u>(7,550)</u>	<u>13,327</u>	<u>(997)</u>	<u>4,780</u>

## Skyscanner Holdings Limited

### Notes to the financial statements Year ended 31 December 2014

#### 1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and in the preceding year except where noted.

##### Basis of preparation

The financial statements have been prepared in accordance with applicable UK accounting standards and under the historical cost accounting rules.

##### Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 December each year. The results of subsidiaries acquired or sold are consolidated from the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method.

##### Going concern

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to continue to be profitable and cash generative going forward. The forecasts give due regard to available banking facilities and show that the Group will continue to remain well within related covenant requirements.

On this basis the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

##### Intangible fixed assets and amortisation

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life. This period ranges from 8 to 20 years. Provision is made for any impairment.

Intangible fixed assets purchased separately from the business are capitalised at their cost. Concessions, patents, licences and trademarks purchased by the Company are fully amortised to nil by equal annual instalments over their useful economic lives which is 4 years.

##### Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment. Depreciation is calculated so as to write off the cost less the estimated residual value of tangible fixed assets, over their estimated useful economic lives as follows:

Furniture, fittings and equipment	Between 3 and 5 years straight line
Plant and equipment	3 years straight line

Plant and equipment comprises the Group's and Company's data centre assets.

In 2014 the Group estimate of useful life was updated from 5 to 3 years for computer equipment and from 3 to 5 years for fixtures and fittings. The change in estimate has been applied consistently throughout the year but has not been applied retrospectively.

##### Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

**Skyscanner Holdings Limited****Notes to the financial statements (continued)**  
**Year ended 31 December 2014****1. Accounting policies (continued)****Foreign currencies (continued)**

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of results of overseas operations are reported in the statement of recognised gains and losses. All other exchange differences are included in the profit and loss account.

**Investments**

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

**Leases**

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

**Research and development expenditure**

Expenditure on research and development, other than expenditure on internal software development and associated licences, is written off to the profit and loss account in the year in which it is incurred.

**Taxation**

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Pensions**

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

**Skyscanner Holdings Limited****Notes to the financial statements (continued)**  
**Year ended 31 December 2014****1. Accounting policies (continued)****Turnover**

Turnover comprises revenue recognised by the Group in respect of services supplied, exclusive of value added tax and trade discounts. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded

at the value of the consideration due.

Turnover is recognised at the point the Company has performed its obligations under the contract. For flights revenue, this is typically at point of booking. For other products this is at the point of stay or hire.

### Derivative financial instruments

The Group uses derivative financial instruments to reduce exposure to foreign exchange risk and interest rate movements. The Group does not hold or issue derivative financial instruments for speculative purposes.

### Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges are accounted for on an accruals basis in the profit and loss account and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

### Share based payments

The Group has applied the requirements of FRS 20 *Share Based Payments*. FRS 20 requires that where the ultimate parent's shares or options over the Company's shares are granted to a subsidiary undertaking's employees, an expense should be recorded in the profit and loss account, with a corresponding credit to reserves. This charge is measured at the fair value of the share or share option at the date of grant and is expensed on a straight line basis over the vesting period. The fair value is measured using either the Black Scholes pricing model, taking into account the terms and conditions upon which the options were granted, or the fair value of shares at grant date.

## 2. Analysis of turnover

	2014 £'000	2013 £'000
UK & Ireland	25,137	19,112
Europe	44,299	32,942
Rest of World	23,461	13,765
	<u>92,897</u>	<u>65,819</u>

## Skyscanner Holdings Limited

### Notes to the financial statements (continued) Year ended 31 December 2014

## 3. Operating profit

	2014 £'000	2013 £'000
<b>Operating profit is stated after charging/(crediting)</b>		
Depreciation on tangible fixed assets - owned	3,118	1,713
Depreciation on tangible fixed assets — leased	994	399
Amortisation of intangible fixed assets	2,914	2,760
Research & development	4,901	1,444
Auditor's remuneration — audit services	65	45
Auditor's remuneration — non audit services	140	311
Foreign exchange (gain)/loss	(765)	336
Operating lease rentals — land and buildings	<u>2,242</u>	<u>2,201</u>

The analysis of auditor's remuneration is as follows:

	2014 £'000	2013 £'000
<b>Fees payable to the Group's auditor for the audit of the Group's annual accounts</b>	65	45
<b>Fees payable to the Group's auditor for other services to the Group</b>		
- Tax compliance services	34	10
- Other taxation advisory services	<u>106</u>	<u>301</u>
<b>Total fee payable to the Group's auditor</b>	<u>205</u>	<u>356</u>

All non-audit services were reviewed by the Audit Committee. The other tax services performed during the year relate to acquisition and share issue advice. The services were performed by individuals independent of the audit team and the Board of Directors is satisfied that adequate controls were in place to safeguard the independence of the audit process.

The Group undertook certain strategic acquisitions during the year. No individual acquisition was deemed to be financially significant to the Group. The aggregate amount relating to acquisitions included in cost of sales and administrative expenses for the financial year was £nil and £660k respectively.

## Skyscanner Holdings Limited

Notes to the financial statements (continued)  
Year ended 31 December 2014

## 4. Remuneration of directors

	2014 £'000	2013 £'000
Directors' emoluments	287	395
Company contributions to money purchase pension schemes	26	12
Amounts paid to third parties in respect of directors' services	26	60
	<u>339</u>	<u>467</u>

The aggregate emoluments of the highest paid director was £175,625 (2013: £206,626) and Company pension contributions of £11,550 (2013: £9,736) were made to a money purchase scheme on their behalf.

The number of directors who exercised share options in the year was nil (2013: 3).

	2014 Number	2013 Number
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	<u>2</u>	<u>3</u>

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## Skyscanner Holdings Limited

Notes to the financial statements (continued)  
Year ended 31 December 2014

## 5. Staff numbers and costs

The average number of persons employed by the Group (including directors) during the period, analysed by category, was as follows:

	2014 Number	2013 Number
Development, operations and commercial	425	235
Administration	67	41
	<u>492</u>	<u>276</u>

The aggregate payroll costs of these persons were as follows:

	2014 £'000	2013 £'000
Wages and salaries	22,464	13,315
Social security costs	2,094	1,261
Other pension costs	662	331
Share based payments (note 25)	2,430	431
	<u>27,650</u>	<u>15,338</u>

## 6. Interest receivable and similar income

	2014 £'000	2013 £'000
Bank interest receivable	<u>41</u>	<u>20</u>

## 7. Interest payable and similar expenditure

	2014 £'000	2013 £'000
Bank interest payable	<u>408</u>	<u>624</u>

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## Skyscanner Holdings Limited

## Notes to the financial statements (continued)

## 8. Taxation

## Analysis of charge in year

	2014 £'000	2013 £'000
UK corporation tax		
Current tax for the period	3,384	2,990
Adjustments in respect of prior periods	(363)	(225)
Total current tax	3,021	2,765
Overseas taxes	181	—
Deferred tax (note 14)		
Current year	(234)	(39)
Change in tax rate	—	(7)
Adjustment in respect of prior periods	(13)	39
Total deferred tax	(247)	(7)
Tax on profit on ordinary activities	2,955	2,758

## Factors affecting the tax charge for the current period

The current tax charge for the year is higher (2013: lower) than the standard rate of corporation tax in the UK of 21.50% (2013: 23.25%). The differences are explained below.

	2014 £'000	2013 £'000
Current tax reconciliation		
Profit on ordinary activities before tax	10,397	17,132
Current tax at 21.50% (2013: 23.25%)	2,235	3,983
Effects of:		
Expenses not deductible for tax purposes	655	1,189
Difference between capital allowances and depreciation	206	(21)
Depreciation on ineligible assets	106	—
Short term timing differences	64	(7)
Foreign losses generated	113	157
Adjustments in respect of prior periods	(363)	(225)
R&D Relief	(129)	(748)
Employee share options	429	(1,563)
Tax rate changes	(54)	—
Overseas taxes	(181)	—
Non-taxable provision release	(60)	—
Total current tax charge	3,021	2,765

## Skyscanner Holdings Limited

## Notes to the financial statements (continued)

Year ended 31 December 2014

## 8. Taxation (continued)

## Factors affecting the tax charge for the current period (continued)

Reductions in the UK corporation tax rate from 21% (effective from 1 April 2014) to 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly.

## 9. Profit attributable to the Company

The profit for the financial year dealt with in the financial statements of the parent Company was £720,000 (profit for the year ending 31 December 2013: £2,625,000). As permitted by section 408 of the Companies Act 2006, no separate profit and loss account is presented in respect of the parent company.

## 10. Intangible fixed assets

## Group

	Goodwill £'000	Development costs £'000	Licences and software £'000	Total £'000
Cost				

On 1 January 2014	56,269	623	331	57,223
Acquisition of subsidiary undertakings (note 13)	2,784	—	—	2,784
Transferred to fixed assets	—	—	(331)	(331)
At 31 December 2014	<u>59,053</u>	<u>623</u>	<u>—</u>	<u>59,676</u>
<b>Amortisation</b>				
On 1 January 2014	5,631	10	111	5,752
Transferred to fixed assets	—	—	(111)	(111)
Charge for the year	2,880	34	—	2,914
At 31 December 2014	<u>8,511</u>	<u>44</u>	<u>—</u>	<u>8,555</u>
<b>Net book value</b>				
At 31 December 2014	<u>50,542</u>	<u>579</u>	<u>—</u>	<u>51,121</u>
At 31 December 2013	<u>50,638</u>	<u>613</u>	<u>220</u>	<u>51,471</u>

At the start of the year, software previously categorised as an intangible asset has been reclassified to tangible fixed assets (note 11). This had no impact on the profit and loss account in either the current or prior year.

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## Skyscanner Holdings Limited

### Notes to the financial statements (continued) Year ended 31 December 2014

#### 11. Tangible fixed assets

##### Group

	Furniture, fittings and equipment £'000	Plant and equipment £'000	Total £'000
<b>Cost</b>			
On 1 January 2014	7,540	3,333	10,873
Reclassified from intangible fixed assets (note 10)	331	—	331
Additions	3,637	1,149	4,786
Acquisition of subsidiary undertaking (note 13)	45	—	45
Disposals	(243)	—	(243)
Reclassification between categories	(511)	511	—
At 31 December 2014	<u>10,799</u>	<u>4,993</u>	<u>15,792</u>
<b>Depreciation</b>			
On 1 January 2014	2,213	463	2,676
Reclassified from intangible fixed assets (note 10)	111	—	111
Charge for the year	2,588	1,524	4,112
Disposals	(164)	—	(164)
Write off	59	—	59
Reclassification between categories	(149)	149	—
At 31 December 2014	<u>4,658</u>	<u>2,136</u>	<u>6,794</u>
<b>Net book value</b>			
At 31 December 2014	<u>6,141</u>	<u>2,857</u>	<u>8,998</u>
At 31 December 2013	<u>5,327</u>	<u>2,870</u>	<u>8,197</u>

Included within tangible fixed assets is an amount of £2,023,000 (2013: £1,986,000) under finance leases. There are no legal charges in place in relation to these leases however in the event of default the entire amount of the leases will become payable. The depreciation charged to the financial statements in the year in respect of these assets amounted to £994,000 (2013: £399,000).

Data centre assets were reclassified from furniture, fittings and equipment to plant and equipment during the year in order to better reflect their nature in the financial statements.

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## Skyscanner Holdings Limited

### Notes to the financial statements (continued) Year ended 31 December 2014

#### 12. Fixed asset investments

Group

Company

	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Subsidiary undertakings	—	—	61,175	58,745
Other investments and loans	79	71	—	—
	79	71	61,175	58,745

The other investment balance on the Group balance sheet represents fixed term cash deposits held by Experience on Ventures LLC which have been disclosed as investments as they are not available on demand.

The Company made the following investments during the course of the financial year:

#### Subsidiary undertakings (Company)

	£'000
<b>Cost</b>	
At 1 January 2014	58,745
Investment in Skyscanner Limited through share scheme (note 25)	2,385
Investment in Skyscanner Pte through share scheme (note 25)	38
Investment in Skyscanner Inc through share scheme (note 25)	3
Investment in Experience on Ventures through share scheme (note 25)	4
At 31 December 2014	61,175

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### Skyscanner Holdings Limited

#### Notes to the financial statements (continued) Year ended 31 December 2014

#### 12. Fixed asset investments (continued)

The parent Company has investments in the following subsidiary undertakings:

Name of Company	Country of incorporation	Proportion of nominal value of issued share capital held	Principal activity
Skyscanner Limited	England	100%	Trading entity
Skyscanner Pte	Singapore	100%	Trading entity
Experience on Ventures LLC	Spain	100%	Trading entity
Skyscanner Inc	United States of America	100%	Sales office
Skyscanner Beijing	China	100%	Sales office
Reacher Investments Limited	Hong Kong	100%	Holding Company
Youbibi Technology (Shenzhen) Limited	China	100%	Trading entity
Distinction Kft	Hungary	100%	Trading entity
Distinction Software Development Services Limited	England	100%	Non-trading entity
Edinburgh Digital Limited	Scotland	100%	Non-trading entity
Skyscanner EOOD	Bulgaria	100%	Trading entity

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### Skyscanner Holdings Limited

#### Notes to the financial statements (continued) Year ended 31 December 2014

#### 13. Acquisition of subsidiary

##### Reacher Investments Limited

On 31 July 2014 the Group acquired 100% per cent of the issued share capital of Reacher Investments Limited ('Reacher'). As part of the acquisition the Group also acquired 100% of Reacher's subsidiary Youbibi Technology (Shenzhen) Limited and control over a Variable Interest Entity ('VIE') Shenzhen Zhuanbi Internet Limited.

The following table sets out the book values of the identifiable assets and liabilities acquired and their fair value to the Group:

	Book value £'000	Revaluation £'000	Fair value to Group £'000
<b>Current assets</b>			
Debtors	225	(225)	—
Cash	75	—	75
<b>Total assets</b>	<b>300</b>	<b>(225)</b>	<b>75</b>
<b>Creditors</b>			
Trade creditors	64	—	64
Other creditors	44	—	44
<b>Total liabilities</b>	<b>108</b>	<b>—</b>	<b>108</b>
Net assets	192	(225)	(33)
Goodwill			1,033
			<b>1,000</b>

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## Skyscanner Holdings Limited

### Notes to the financial statements (continued) Year ended 31 December 2014

#### 13. Acquisition of subsidiary (continued)

	£000
<b>Satisfied by</b>	
Cash consideration	267
9,174 ordinary shares in Skyscanner Holdings Limited	621
Acquisition costs	112
	<b>1,000</b>

A fair value adjustment was made in respect of the historical debtor balance in the acquisition balance sheet following an assessment of future recoverability. The asset was deemed to have a fair value of nil.

Net cash outflows in respect of the acquisition comprised:

	£000
Cash consideration	267
Costs associated with acquisition	112
Cash at bank and in hand acquired	(75)
	<b>304</b>

No amount has been charged to the Group profit and loss account in respect of costs incurred in reorganising, restructuring and integrating the acquisition in the period from 1 August 2014 to 31 December 2014.

Reacher Investments Limited Group made a loss of £519,194 from date of acquisition to 31 December 2014. No profit and loss account is available prior to this date.

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## Skyscanner Holdings Limited

### Notes to the financial statements (continued) Year ended 31 December 2014

#### 13. Acquisition of subsidiary (continued)

##### Distinction Kft

On 17 October 2014 the Group acquired 100% per cent of the issued share capital of Distinction Kft ('Distinction'), a mobile application development business registered in Hungary.

The following table sets out the book values of the identifiable assets and liabilities acquired and their fair value to the Group:

	Book value £'000	Revaluation £'000	Fair value to Group £'000
<b>Fixed assets</b>			

Tangible	45	—	45
<b>Current assets</b>			
Debtors	361	—	361
Other debtors	94	—	94
Cash	288	—	288
<b>Total assets</b>	<u>788</u>	<u>—</u>	<u>788</u>
<b>Creditors</b>			
Trade creditors	61	—	61
<b>Total liabilities</b>	<u>61</u>	<u>—</u>	<u>61</u>
Net assets	<u>727</u>	<u>—</u>	<u>727</u>
Goodwill			1,394
			<u>2,121</u>

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## Skyscanner Holdings Limited

### Notes to the financial statements (continued) Year ended 31 December 2014

#### 13. Acquisition of subsidiary (continued)

	£000
<b>Satisfied by</b>	
Cash consideration	2,035
Acquisition costs	86
	<u>2,121</u>

No fair value adjustments were deemed necessary based on an assessment of the acquisition balance sheet. Net cash outflows in respect of the acquisition comprised:

	£000
Cash consideration	2,035
Costs associated with acquisition	86
Cash at bank and in hand acquired	(288)
	<u>1,833</u>

No amount has been charged to the Group profit and loss account in respect of costs incurred in reorganising, restructuring and integrating the acquisition in the period from 18 October 2014 to 31 December 2014.

Distinction Kft made a profit after taxation of £302,000 in the year ended 31 December 2014. Since the date of acquisition the entity has generated a loss of £88,000. The summarised profit and loss account from the period from 1 January 2014 to 17 October 2014 shown on the basis of the accounting policies of Distinction Kft prior to the acquisition, are as follows:

	£000
<b>Profit and loss account</b>	
Turnover	1,136
Cost of sales	(329)
<b>Gross profit</b>	807
Other operating expenses (net)	(406)
<b>Operating profit</b>	401
Interest receivable	24
<b>Profit on ordinary activities before taxation</b>	425
Tax on profit on ordinary activities	(35)
<b>Profit for the financial period</b>	<u>390</u>

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## Skyscanner Holdings Limited

### Notes to the financial statements (continued) Year ended 31 December 2014

#### 13. Acquisition of subsidiary (continued)

##### Edinburgh Digital Limited

On 17 October 2014 the Group acquired 100% per cent of the issued share capital of Edinburgh Digital Limited ('EDL'), a travel development company registered in Edinburgh.

The following table sets out the book values of the identifiable assets and liabilities acquired and their fair value to the Group:

	Book value £'000	Revaluation £'000	Fair value to Group £'000
<b>Current assets</b>			
Debtors	2	—	2
Cash	17	—	17
<b>Total assets</b>	<b>19</b>	<b>—</b>	<b>19</b>
<b>Creditors</b>			
Other creditors	19	—	19
<b>Total liabilities</b>	<b>19</b>	<b>—</b>	<b>19</b>
Net assets	—	—	—
Goodwill			357
			<b>357</b>

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## Skyscanner Holdings Limited

### Notes to the financial statements (continued) Year ended 31 December 2014

#### 13. Acquisition of subsidiary (continued)

	£000
<b>Satisfied by</b>	
Cash consideration	207
Contingent cash consideration	150
	<b>357</b>

No fair value adjustments were deemed necessary based on an assessment of the acquisition balance sheet.

Net cash outflows in respect of the acquisition comprised:

	£000
Cash consideration	207
Cash at bank and in hand acquired	(17)
	<b>190</b>

No amount has been charged to the Group profit and loss account in respect of costs incurred in reorganising, restructuring and integrating the acquisition in the period from 18 October 2014 to 31 December 2014.

Edinburgh Digital Limited made a profit after taxation of £16,000 in the year ended 31 December 2014 all of which was earned prior to the date of acquisition. The summarised profit and loss account from the period from 1 January 2014 to 17 October 2014 shown on the basis of the accounting policies of Edinburgh Digital Limited prior to the acquisition, are as follows:

	£000
<b>Profit and loss account</b>	
Turnover	48
Cost of sales	(27)
<b>Gross profit</b>	21
Other operating expenses (net)	(5)
<b>Operating loss</b>	16
Interest receivable	—
<b>Loss on ordinary activities before taxation</b>	16
Tax on loss on ordinary activities	—
<b>Loss for the financial period</b>	<b>16</b>

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## Skyscanner Holdings Limited

### Notes to the financial statements (continued) Year ended 31 December 2014

#### 14. Debtors

Group

Company

	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Trade debtors	8,653	8,977	—	—
Prepayments and accrued income	4,394	2,862	25	—
Amounts due from group undertakings	—	—	38	37
Deferred tax	496	249	—	—
Other debtors	421	25	—	—
	<u>13,964</u>	<u>12,113</u>	<u>63</u>	<u>37</u>

All amounts are due within one year.

The elements of deferred taxation are as follows:

	Group	
	2014 £'000	2013 £'000
Difference between accumulated depreciation and amortisation and capital allowances	198	(7)
Short term timing differences	186	122
Tax losses available	112	134
	<u>496</u>	<u>249</u>

The movement in the deferred tax asset can be explained as:

	Group	
	2014 £'000	2013 £'000
As at 1 January 2014	249	108
Acquisition of subsidiary (note 13)	—	134
Adjustments in respect of prior periods	13	—
(Charge)/credit to the profit and loss account	234	7
As at 31 December 2014	<u>496</u>	<u>249</u>

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## Skyscanner Holdings Limited

### Notes to the financial statements (continued) Year ended 31 December 2014

#### 15. Creditors: amounts falling due within one year

	Group		Company	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Trade creditors	4,963	5,242	8	—
Taxation and social security	1,319	143	—	(6)
Corporation tax	2,198	1,061	—	—
Accruals and deferred income	4,725	2,467	32	—
Obligations under finance leases (note 17)	903	1,099	—	146
Amounts due to group undertakings	—	—	22,702	9,148
Bank loans (note 17)	108	54	—	—
Other creditors	150	181	—	—
	<u>14,366</u>	<u>10,247</u>	<u>22,742</u>	<u>9,288</u>

#### 16. Creditors: amounts falling due after more than one year

	Group		Company	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Bank loans (note 17)	479	15,675	—	15,000
Obligations under finance leases (note 17)	258	332	—	—
	<u>737</u>	<u>16,007</u>	<u>—</u>	<u>15,000</u>

#### 17. Borrowings

##### Group

	2014 £'000	2013 £'000
Bank loans	587	15,729
Obligations under finance leases	1,161	1,431
	<u>1,748</u>	<u>17,160</u>

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Notes to the financial statements (continued)  
Year ended 31 December 2014

## 17. Borrowings (continued)

	2014 £'000	2013 £'000
<b>Bank loans</b>		
Within one year	108	54
Between one and two years	41	15,675
Between two and five years	167	—
After more than five years	271	—
	<u>587</u>	<u>15,729</u>
<b>Finance leases</b>		
Within one year	903	1,099
Between one and two years	258	332
Between two and five years	—	—
After more than five years	—	—
	<u>1,161</u>	<u>1,431</u>
<b>Total borrowings including finance leases</b>		
Within one year	1,011	1,153
Between one and two years	299	16,007
Between two and five years	167	—
After five years	271	—
	<u>1,748</u>	<u>17,160</u>

The bank loans are secured by fixed and floating charges on the assets of the Group.

The Group has a rolling credit facility of £15m which is repayable in full on 5 November 2016 at an interest rate of 2.2% plus LIBOR. The facility was repaid during the year and is not currently drawn down. The arrangement fee of £25,000 paid for the facility was capitalised and is being written off over the term of the facility.

The Group also has credit facilities with CIDEM and Mityc in Spain which are repayable in agreed instalments up to 30 June 2025.

There are no legal charges in place in relation to finance leases however in the event of default the entire amount of the leases will become payable. No interest is charged on the finance lease arrangements.

The Company has no external borrowings at the balance sheet date.

Notes to the financial statements (continued)  
Year ended 31 December 2014

## 18. Called up share capital

	2014 £'000	2013 £'000
<b>Allotted, called up and fully paid</b>		
9,191,615 (2013 – 9,182,441) ordinary shares of £1 each	9,191	9,182
17,000 (2013 - 48,500) C1 shares of £0.01 each	—	1
88,250 (2013 - 88,250) C2 shares of £0.01 each	1	1
120,226 (2013 - 120,406) C3 shares of £0.01 each	1	1
84,396 C4 shares of £0.01 each	1	—
1,186 C6 shares of £0.01 each	—	—
76,915 C7 shares of £0.01 each	1	—
42,280 (2013 - 2,499) SIP shares of £0.01 each	—	—
	<u>9,195</u>	<u>9,185</u>

Ordinary shareholders are entitled to attend and vote at annual general meetings. No such right is conferred to holders of C or SIP share capital.

The holders of C shares are only permitted to participate in the growth in value of the Group above a predefined hurdle rate.

The shares rank pari passu in all other respects.

During the year the following share issues took place:

- 9,174 ordinary shares were issued giving rise to a share premium of £583k
- 40,165 SIP shares were issued giving rise to a premium of £367k
- 90,499 C4 shares were issued with a premium of £8k
- 1,186 C6 shares were issued with a premium of less than £1k
- 76,915 C7 shares were issued with a premium of £7k

In addition, 37,553 C and 384 SIP shares were bought back from both previous and existing employees during the year and cancelled.

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## Skyscanner Holdings Limited

### Notes to the financial statements (continued) Year ended 31 December 2014

#### 19. Reserves

##### Group

	Own shares held £000	Foreign translation reserve £000	Share premium account £000	Merger reserve £000	Profit and loss account £000	Capital redemption reserve £000	Total £000
At 1 January 2014	(9,845)	(71)	209	34,645	20,974	111	46,023
Profit for the year	—	—	—	—	7,442	—	7,442
Credit in relation to share based payments (note 25)	—	—	—	—	2,430	—	2,430
Translation difference on foreign subsidiaries)	—	(337)	—	—	—	—	(337)
Shares issued in financial period (note 18)	—	—	965	—	—	—	965
Share buyback	—	—	—	—	(132)	1	(131)
<b>At 31 December 2014</b>	<b>(9,845)</b>	<b>(408)</b>	<b>1,174</b>	<b>34,645</b>	<b>30,714</b>	<b>112</b>	<b>56,392</b>

The Company bought back shares from departing employees during the year (note 18). These shares were purchased from wholly distributable profits and cancelled. As such a capital redemption reserve was credited in accordance with the Companies Act 2006 s733.

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## Skyscanner Holdings Limited

### Notes to the financial statements (continued) Year ended 31 December 2014

#### 19. Reserves (continued)

##### Company

	Own shares held £000	Merger reserve £000	Share premium account £000	Profit and loss account £000	Capital redemption reserve £000	Total £000
At 1 January 2014	(9,845)	34,645	209	198	111	25,318
Profit for the year	—	—	—	720	—	720
Credit in relation to share based payments (note 25)	—	—	—	2,430	—	2,430
Shares issued in financial period (note 18)	—	—	965	—	—	965
Share buyback	—	—	—	(132)	1	(131)
<b>At 31 December 2014</b>	<b>(9,845)</b>	<b>34,645</b>	<b>1,174</b>	<b>3,216</b>	<b>112</b>	<b>29,302</b>

The Company bought back shares from departing employees during the year (note 18). These shares were purchased from wholly distributable profits and cancelled. As such a capital redemption reserve was credited in accordance with the Companies Act 2006 s733.

As a result of previous share buybacks, 1,029,713 (2013 – 1,029,713) shares are held in trust in the name of the Company. None of these shares have vested unconditionally in the name of any employee.

## Skyscanner Holdings Limited

Notes to the financial statements (continued)  
Year ended 31 December 2014

## 20. Reconciliation of movements in shareholders' funds

## Group

	2014 £'000	2013 £'000
Profit for the financial period	7,442	14,374
Credit in relation to share based payment (note 25)	2,430	431
Shares issued in financial period	976	67
Consideration paid for the purchase of own shares	(132)	(8,881)
Translation difference on conversion of foreign subsidiaries	(337)	(71)
<b>Net addition to shareholder funds</b>	<b>10,379</b>	<b>5,920</b>
Opening shareholders' funds	55,208	49,288
<b>Closing shareholders' funds</b>	<b>65,587</b>	<b>55,208</b>

## Company

	2014 £'000	2013 £'000
Profit for the financial period	720	2,625
Credit in relation to share based payments (note 25)	2,430	431
Shares issued in the financial period	976	67
Consideration paid for the purchase of own shares	(132)	(8,881)
Recognition of Company as sponsor of EBT	—	(2,592)
<b>Net addition to/(reduction in) shareholder's funds</b>	<b>3,994</b>	<b>(8,350)</b>
Opening shareholders' funds	34,503	42,853
<b>Closing shareholders' funds</b>	<b>38,497</b>	<b>34,503</b>

## Skyscanner Holdings Limited

Notes to the financial statements (continued)  
Year ended 31 December 2014

## 21. Reconciliation of operating profit to cashflow from operating activities

	2014 £'000	2013 £'000
Operating profit	10,764	17,736
Depreciation charges	4,112	2,112
Amortisation charge	2,914	2,760
Loss on disposal of fixed assets	138	—
Increase in debtors	(1,242)	(5,989)
Increase in creditors	2,627	5,801
Share based payments charge (note 25)	2,430	431
Currency gains	(113)	(23)
<b>Net cash inflow from operating activities</b>	<b>21,630</b>	<b>22,828</b>

## 22. Analysis of cash flows

## Returns on investment and servicing of finance

	2014 £'000	2013 £'000
Interest received	41	20
Interest paid	(376)	(624)
<b>Net cash outflow from returns on investments and servicing of finance</b>	<b>(335)</b>	<b>(604)</b>

## Taxation

	2014 £'000	2013 £'000
Tax paid	(2,116)	(2,418)
<b>Capital expenditure and financial investment</b>		
	2014 £'000	2013 £'000
Payments to acquire tangible fixed assets	(3,755)	(5,991)
Payments to acquire intangible assets	—	(192)
Net cash outflow from capital expenditure and financial investment	(3,755)	(6,183)

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## Skyscanner Holdings Limited

### Notes to the financial statements (continued) Year ended 31 December 2014

#### 22. Analysis of cash flows (continued)

##### Acquisitions and disposals

	2014 £'000	2013 £'000
Repayment of deferred consideration associated with previous acquisition	—	(2,991)
Purchase of subsidiary undertakings (note 13)	(2,509)	(2,038)
Costs associated with acquisitions	(198)	(95)
Net cash acquired with subsidiary undertakings	380	190
Net cash outflow as a result of acquisitions	(2,327)	(4,934)

##### Financing

	2014 £'000	2013 £'000
Issue of shares	357	7
Finance leases	(1,301)	(911)
Loan repayments	(15,108)	(8,643)
New borrowings	—	15,000
Repayment of loan notes	—	(2,303)
Cash outflow associated with share buyback	(127)	(8,820)
Net cash outflow from financing	(16,179)	(5,670)

#### 23. Financial commitments

Annual commitments under non-cancellable operating leases are as follows:

	2014 Land and buildings £'000	2013 Land and buildings £'000
<b>Group</b>		
Operating leases which expire:		
Within one year	470	411
Between two to five years	2,547	1,159
Over five years	—	—
	3,017	1,570

The Group had a capital commitment contracted but not provided for at the balance sheet date amounting to £183,000 (2013: £nil) in respect of costs of the Shenzhen office fit out which will be incurred in 2015.

#### 24. Retirement benefit scheme

The Group operates defined contribution retirement benefit schemes for all qualifying employees. The assets of the scheme are held separately from those of the Group in funds under control of the trustees. The total cost charged to the profit and loss account of £662,000 (2013: £331,000) represents contributions payable to the scheme by the Group at rates specified in the scheme rules.

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Notes to the financial statements (continued)  
Year ended 31 December 2014

## 25. Share based payments

*Equity-settled share option scheme*

Skyscanner Holdings Limited grants share options to employees of the Group. Options are exercisable at a price equal to the estimated fair value of the Company's shares on the date of grant. All options are settled by physical delivery of shares. The number of outstanding options and the conditions attached to each tranche are detailed below:

<u>Nature of scheme/Grant date</u>	<u>Number of options</u>	<u>Contractual life of options</u>
Equity-settled granted on April 2007	33,270	10 years or exercisable on sale or listing
Equity-settled granted on January 2008	12,064	10 years or exercisable on sale or listing
Equity-settled granted on September 2008	154	10 years or exercisable on sale or listing
Equity-settled granted on January 2009	16,711	10 years or exercisable on sale or listing
Equity-settled granted on November 2009	38,960	10 years or exercisable on sale or listing
Equity-settled granted on June 2010	295,273	10 years or exercisable on sale or listing
Equity-settled granted on June 2012	508,513	10 years or exercisable on sale or listing

As at 31 December 2014, 288,574 of the above noted options had vesting conditions attached. These options have a vesting condition of 36 months from the date of issue. All other options have no conditions attached.

Details of the share options outstanding during the year are as follows:

	<u>2014</u>		<u>2013</u>	
	<u>Weighted average exercise price (£)</u>	<u>Number of options</u>	<u>Weighted average exercise price (£)</u>	<u>Number of options</u>
Outstanding at the beginning of the period	3.39	959,253	2.82	1,619,984
Granted during the period	—	—	—	—
Options lapsed	(4.33)	(54,308)	(3.00)	(87,075)
Exercised during the period	—	—	—	—
Share buyback	—	—	(1.67)	(573,656)
Outstanding at the end of the period	<u>3.32</u>	<u>904,945</u>	<u>3.39</u>	<u>959,253</u>
Exercisable at the end of the period	<u>3.47</u>	<u>253,979</u>	<u>3.08</u>	<u>135,358</u>

The options outstanding at the period end have an exercise price in the range of £0.12 to £4.62.

Notes to the financial statements (continued)  
Year ended 31 December 2014

## 25. Share based payments (continued)

The estimated fair value of equity settled share options is determined using the Black Scholes option pricing model at the date of grant. No new options were granted during the current financial year. The inputs into the Black Scholes model for the most recent issue in June 2012 are as follows:

	<u>2014</u>		<u>2013</u>	
Basic price	£	4.62	£	4.62
Share price	£	4.62	£	4.62
Risk-free interest rate		1.36%		1.36%
Expected volatility		20.74%		20.74%
Vesting period (in months)		36		36
Maturity (in months)		120		120
Fair value per share option	£	1.17	£	1.17

Expected volatility is based on historical share price volatility of a group of comparable listed businesses

*Share Incentive Plan*

In addition to share options, the Group also operates a Share Incentive Plan ('SIP') for all employees. The SIP includes the offer of partnership matching shares to employees who save through their salary towards the purchase of shares in the company. The associated charge to the profit and loss account has been determined based on the estimated fair value of these shares at grant date, taken over the vesting period. The number of SIP shares issued and the conditions attached to each tranche are detailed below:

Nature of scheme/Grant date	Number of SIP shares
Partnership equity-settled granted in August 2013	2,499
Partnership equity-settled granted in April 2014	21,520
Matching equity-settled issued in April 2014	18,261

As at 31 December 2014 all of the above matching SIP shares had vesting conditions attached. The partnership shares have an accumulation period of 12 months from the date of entry to the SIP. Matching shares have a vesting period of 36 months from the date the partnership shares are issued. All of the partnership shares that were issued in 2014 had a subscription price of £14.62. Matching shares are issued for free at the end of the vesting period.

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## Skyscanner Holdings Limited

### Notes to the financial statements (continued) Year ended 31 December 2014

#### 25. Share based payments (continued)

The estimated fair value of equity settled share based payments is determined using the Black Scholes option pricing model at the date of grant. The inputs into the Black Scholes model for the most recent scheme in April 2014 were as follows:

	Partnership shares		Matching shares	
Basic price	£	39.86	£	0.00
Share price	£	39.86	£	39.86
Risk-free interest rate		0.44%		0.44%
Expected volatility		39.12%		39.12%
Vesting period (in months)		12		44
Fair value per share	£	6.26	£	39.86

Expected volatility is based on historical share price volatility of a group of comparable listed businesses.

#### Charge for the year

The total expense recognised for the period arising from share based payments is as follows:

	2014 £'000	2013 £'000
Equity settled share based payments	2,430	431

#### 26. Related party disclosures

During the year £24,800 (2013: £22,500) in consultancy fees was paid to Nitro Ventures Limited. The company is partly owned by Julian Pancholi, one of the directors.

During the year £12,000 (2013: £12,000) was paid to Scottish Equity Partners in respect of monitoring fees.

Related party transactions with Group companies have not been disclosed in accordance with the exemption for subsidiary undertakings contained in Financial Reporting Standard No 8 "Related Party Disclosures".

#### 27. Derivatives not included at fair value

The Company and Group has derivatives which are not included at fair value in the accounts:

	Principal 2014 £'000	Principal 2013 £'000	Fair Value 2014 £'000	Fair Value 2013 £'000
Forward foreign exchange contracts	8,959	12,390	80	(54)
Interest rate swaps	—	15,000	—	(50)

The Group uses the derivatives to hedge exposure to changes in foreign currency exchange rates. There and to manage exposure to interest rate movements on bank borrowings. The fair value is based on market values of equivalent instruments at the balance sheet date.

#### 28. Ultimate controlling party

In the opinion of the Directors the Company has no single individual controlling party.

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Company Registration No. 07777261

Skyscanner Holdings Limited

Report and Financial Statements

31 December 2013




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**Skyscanner Holdings Limited**
**Report and financial statements 2013****Contents**

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**Skyscanner Holdings Limited****Report and financial statements 2013****Officers and professional advisers****Directors**

Gareth Williams	
Bonamy Grimes	(resigned 27/09/2013)
Barry Smith	
Julian Pancholi	
Calum Paterson	
Ray Nolan	(resigned 30/09/2013)
Sir Michael Moritz	(appointed 27/09/2013)
Mark Logan	(appointed 27/09/2013)
Margaret Rice Jones	(appointed 26/11/2013)

**Secretary**

Shane Corstorphine

## Registered Office

Pinsent Masons LLP  
5 Old Bailey  
London  
EC4M 7BA

## Bankers

Clydesdale Bank PLC  
7th Floor  
Clydesdale Bank Exchange  
20 Waterloo Street  
Glasgow  
G2 6DB

Royal Bank of Scotland  
The Gemini Building  
2nd floor  
24 St Andrew Square  
Edinburgh  
EH2 1 AF

Barclays  
2nd Floor, Quay 2  
139 Fountainbridge  
Edinburgh  
EH3 9QG

HSBC  
21 Collyer Quay  
07-01 HSBC Building  
Singapore 049320

## Solicitors

Pinsent Masons LLP  
139 Fountainbridge  
Edinburgh  
EH3 9QG

## Auditor

Deloitte LLP  
Saltire Court, 20 Castle Terrace  
Edinburgh  
EH1 2DB

## Skyscanner Holdings Limited

### Strategic report

The Directors present their Strategic Report report for the Company and Group for the financial year ended 31 December 2013

### Business model

The Group owns and operates an integrated online travel metasearch service connecting users wishing to book travel with travel service providers around the world The Group derives substantially all of its revenue and gross profit from

- Commissions earned from facilitating the booking of Flight, Hotel and Car Hire services,
- Commissions earned from facilitating click through of unique visitors to our Flight, Hotel and Car Hire partner websites, and
- Display advertising based on number of impressions

### Business review

The Group achieved record financial results in 2013 with revenue of £65,819k (16 month period ending 31 December 2012 - £33,479k) and profit after tax of £14,374k (16 month period ending 31 December 2012 - £4,881k) As with previous years the Group has continued to invest in developing its website, mobile application and brand The continued investment in our product has led to an increase in both new and repeat users in 2013, driving the volume of unique monthly visitors ('UMVs') to the website <sup>1</sup>

Flight metasearch continues to be the Group's largest revenue channel However in 2013, as a result of the Group's continued investment in research and development, the website now provides metasearch functionality for two further travel products Hotels and Car Hire The addition of the former was facilitated by the Group's acquisition of Experience on Ventures LLC ('Fogg'), a specialist hotel metasearch company based in Barcelona, in September 2013 Further details of the acquisition are included in note 13 to the financial statements

The Group continued its international expansion in 2013 and now has offices in Glasgow, Miami, Barcelona, Beijing, Singapore and Edinburgh A further two data centres, situated in London and Singapore, were also added during the financial year to supplement the existing London centre Subsequent to the year end, the Group has added a fourth data centre in Hong Kong in order to support continued growth in the Asia Pacific region

Several other milestones have been achieved during this financial year including, but not limited to, the following

- We launched our new Car Hire and Hotel metasearch products on web and mobile applications,

- We introduced a Group wide Share Incentive Plan (“SIP”) for all employees,
- We bought back shares from current and previous employees through the Employee Benefit Trust (‘EBT’) as part of a wider share incentive project,
- We moved our external lender from Clydesdale to Barclays and refinanced our facilities with a £20m rolling credit facility of which £15m was utilised at the balance sheet date,
- We managed a change of business entity of the Singapore branch to a local private limited company and incorporated a US subsidiary in Miami,
- We developed and launched Travel Insights, our new business to business product offering, and
- Sequoia Capital (‘Sequoia’) acquired a minority holding in Skyscanner Holdings Limited, the ultimate parent company, from existing shareholders Sequoia is a world leading technology venture capitalist with vast experience in the sector

The Group’s success in 2013 was only possible because of the continued dedication and commitment of the global team which totalled 377 staff, of more than 35 nationalities, across 6 global offices by the end of 2013

<sup>1</sup> UMVs represent the number of unique individual users visiting Skyscanner irrespective of device used

## Skyscanner Holdings Limited

### Strategic report (continued)

#### Key performance indicators

The Directors use Key Performance Indicators (‘KPIs’) to monitor and assess company performance The principal KPIs for the year ended 31 December 2013 were as follows

	2013	2012 <sup>2</sup>
Revenue (£’000)	65,819	33,479
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) (£’000)	22,608	11,514
Average Unique Monthly Visitors (‘000)	22,570	12,918

#### Principal risks and uncertainties

The Group actively manages the business risks it is exposed to as part of its internal risk management and control framework The key business risks relevant to the Group and Company are set out below

##### Industry stability

Our business and financial performance is linked to the health of the worldwide travel industry Travel expenditure is sensitive to personal and business discretionary spending levels and tends to decline or grow more slowly during economic downturns Any future downturn in the industry may have a negative impact on the results of our operations

Our primary strategy for mitigation of this risk is the expansion of our global operations and product base, reducing our reliance on any one market or product and increasing our ability to withstand macroeconomic volatility

##### Competition

According to the World Travel and Tourism Council (‘WTTC’) the contribution of the tourism industry to global GDP was \$2.2 trillion in 2013<sup>3</sup> Inevitably the market is extremely competitive The travel metasearch industry specifically has a number of large global businesses competing for market share, with no one company currently dominating the space If new entrants continue to enter the market with services which directly compete with those provided by Skyscanner this may have an adverse effect on our financial results

We believe we offer a quality product which sets us apart from the competition We aim to hire the best people and strive to remain ahead of the marketplace in terms of innovation in order to ensure that we remain competitive and continue to grow

##### Website disruption

The Group continues to experience rapid growth in UMVs If our systems are not expanded to handle increased demand or should they fail to perform, the website may experience unanticipated disruptions in service, slower response times or decreased customer service Such an event could impair our reputation, damage our brand and have a negative impact on the results of our operations

Our dedicated Service Management team ensure our systems are secure, efficient and robust We have invested in three new data centres at different sites in 2013 to minimise the impact that the loss of any one site would have on the operations of the Skyscanner website

##### Global expansion

The Group continues to experience growth in headcount and operations globally Rapid international growth can place extreme demands on the management and operational infrastructure of a business If our growth is not appropriately managed to mitigate this risk, the quality of our product and efficiency of our

operations could be negatively impacted

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<sup>2</sup> 16 month period ending 31 December 2012

<sup>3</sup> <http://www.wttc.org/research/economic-impact-research/>

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## Skyscanner Holdings Limited

### Strategic report (continued)

#### Principal risks and uncertainties (continued)

Our Finance team are central to managing the primary risks associated with global expansion We actively monitor cash flow and review the internal control structures of our subsidiary companies in order to ensure the probability of this risk having an impact on our business is mitigated

#### *Environmental*

As with all businesses in the sector our business and financial results may be negatively impacted by natural events which affect people's ability to travel, such as a repeat of the 2011 Icelandic ash cloud

The probability of such an event having a sustained global, cross product impact is low Our strategy for mitigation of the impact this risk may have on the business is geographic and product base expansion, reducing our reliance on any one market or product

#### Strategy and future outlook

Our aim is to become the most trusted and most used online travel brand in the world We are confident in the global strategy underpinning this objective and believe that we can continue growing headcount, unique users, sessions, revenue and profitability in the coming year and beyond

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

/s/ Gareth Williams

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Gareth Williams

Director

2nd June 2014

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## Skyscanner Holdings Limited

### Directors' report

The Directors present their report and the Group and Company financial statements of Skyscanner Holdings Limited (the 'Company') and its subsidiaries (together the 'Group') for the Financial year ended 31 December 2013

#### Results and dividends

The Group's and Company's audited financial statements for the year ended 31 December 2013 are set out on pages 10 to 39 The Group made a profit after tax for the financial year of £ 14,374k (16 month period ending 31 December 2012 - £4,881k) and had net assets of £55,208k at 31 December 2013 (£2012 - £49,288k) The Company made a profit for the financial year of £2,625k (loss for the 16 month period ending 31 December £1,554k) and had net assets of £34,503k at 31 December 2013 (2012 - £42,853k)

#### Share capital and control

The issued share capital of the Company comprises 9,182,441 ordinary shares of £1 each, 257,156 growth shares of £0.01 each and 2,499 SIP shares of £0.01 each Further information is included in note 18

#### Going concern

After making appropriate enquiries, the Directors have a reasonable expectation that the Company, and the Group as a whole, has adequate resources to continue in operational existence for the foreseeable future Accordingly, the financial statements have been prepared on a going concern basis

#### Directors

The Directors of the Company during the year, and up to the date of the report, were

Gareth Williams

Bonamy Grimes

(resigned 27/09/2013)

Barry Smith  
Julian Pancholi  
Calum Paterson  
Ray Nolan (resigned 30/09/2013)  
Sir Michael Moritz (appointed 27/09/2013)  
Mark Logan (appointed 27/09/2013)  
Margaret Rice Jones (appointed 26/11/2013)

## **Employees**

A great deal of effort is devoted to engaging with the employees on matters that impact them and the performance of the Group. This includes quarterly business and performance updates by members of the management team for all employees, regular internal briefings and team meetings, and the circulation to employees of company announcements and developments.

The Directors actively encourage the participation of employees in the performance and success of business through companywide employee bonus and share schemes.

## **Equal opportunities**

The Group is committed to providing equality of opportunity to all employees without discrimination and applies fair and equitable employment policies which seek to promote entry into and progression within the Group. Appointments are determined solely by application of job criteria, personal ability, behaviour and competency.

## **Skyscanner Holdings Limited**

### **Directors' report (continued)**

#### **Employment of disabled persons**

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged.

#### **Financial risk management**

The Group manages financial risk so as to minimise non-operational volatility in profitability and cash flow. The key financial risks relevant to the Company and Group and the policies for managing them effectively are set out below.

##### *Liquidity risk*

The Group manages liquidity risk by closely monitoring cash flow performance and forecasting cash flow for future periods. Adequate cash reserves are maintained in order to support the future growth of the business and the Group operates with a rolling credit facility from external lenders.

##### *Foreign exchange risk*

The Group operates in many different geographies and as a result is subject to the risks associated with dealing in foreign currency. The Group has an established currency hedging policy and as at 31 December 2013 90% of forecast Euro and US dollar exposure was hedged by way of forward contracts.

##### *Credit risk*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group has adopted a policy of only extending credit terms to credit worthy counterparties as a means of mitigating risk of financial loss from default. The Group's exposure is continually monitored by the credit control team.

## **Auditor**

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

- so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and
- each Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

Deloitte LLP have indicated their willingness to accept re-appointment as auditors of the Company. A resolution proposing their re-appointment will be put to the members at the forthcoming Annual General Meeting.

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

/s/ Gareth Williams

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## **Skyscanner Holdings Limited**

### **Directors' responsibilities statement**

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and company and of the profit or loss of the Group for that period In preparing these financial statements, the directors are required to

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

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

### **Independent auditor's report to the members of Skyscanner Holdings Limited**

We have audited the financial statements of Skyscanner Holdings Limited for the year ended 31 December 2013 which comprise the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the consolidated and company balance sheets, the consolidated cash flow statement and the related notes 1 to 28 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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

### **Respective responsibilities of directors and auditor**

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

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the Group's and parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

### **Opinion**

In our opinion the financial statements

- give a true and fair view of the state of the group's and parent company's affairs as at 31 December 2013 and of the group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

### **Opinion on matters prescribed in the Companies Act 2006**

**Independent auditor's report, to the members of Skyscanner Holdings Limited (continued)**

**Matters on which we are required to report by exception**

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

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

/s/ Colin Gibson

Colin Gibson CA (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

Edinburgh, United Kingdom

2 June 2014

**Skyscanner Holdings Limited**

**Consolidated profit and loss account  
For the year ended 31 December 2013**

	Notes	Year ended 31 December 2013 £'000	16 month period ended 31 December 2012 £'000
<b>Turnover</b>	2	65,819	33,479
Cost of sales		(14,695)	(8,192)
<b>Gross profit</b>		51,124	25,287
Administrative expenses		(33,388)	(17,272)
<b>Operating profit</b>		17,736	8,015
Interest receivable	6	20	11
Interest payable	7	(624)	(1,132)
<b>Profit on ordinary activities before taxation</b>	3	17,132	6,894
Tax on profit on ordinary activities	8	(2,758)	(2,013)
<b>Profit for the financial year</b>	19	<u>14,374</u>	<u>4,881</u>

The result for the current year and previous period has been derived from continuing activities

**Skyscanner Holdings Limited**

**Consolidated statement of recognised gains and losses  
For the year ended 31 December 2013**

	Notes	Year ended 31 December 2013 £'000	16 month period ended 31 December 2012 £'000
Profit for the financial year	19	14,374	4,881
Currency translation difference on conversion of foreign subsidiary	19	(71)	—
<b>Total gains recognised since last annual report and financial statements</b>		<u>14,303</u>	<u>4,881</u>

Skyscanner Holdings Limited

Consolidated balance sheet  
at 31 December 2013

	Notes	2013 £'000	2012 £'000
<b>Fixed assets</b>			
Intangible assets	10	51,471	50,769
Tangible assets	11	8,197	2,379
Investments	12	71	—
		<u>59,739</u>	<u>53,148</u>
<b>Current assets</b>			
Debtors	14	12,113	6,000
Cash at bank and in hand		9,610	6,591
		<u>21,723</u>	<u>12,591</u>
<b>Creditors: amounts falling due within one year</b>	15	<u>(10,247)</u>	<u>(3,041)</u>
<b>Net current assets</b>		<u>11,476</u>	<u>9,550</u>
<b>Total assets less current liabilities</b>		<u>71,215</u>	<u>62,698</u>
<b>Creditors: amounts falling due after one year</b>	16	<u>(16,007)</u>	<u>(13,410)</u>
<b>Net assets</b>		<u>55,208</u>	<u>49,288</u>
<b>Capital and reserves</b>			
Called up share capital	18	9,185	9,289
Share premium account	19	209	149
Profit and loss account	19	20,974	7,797
Foreign currency translation reserve	19	(71)	—
Merger reserve	19	34,645	34,645
Own shares held	19	(9,845)	(2,592)
Capital redemption reserve	19	111	—
<b>Shareholders' funds</b>	20	<u>55,208</u>	<u>49,288</u>

The consolidated financial statements of Skyscanner Holdings Limited, registered number 07777261 were approved by the Board of Directors on 2nd June 2014

Signed on behalf of the Board of Directors

/s/ Gareth Williams

Gareth Williams  
Director

Skyscanner Holdings Limited

Company balance sheet  
at 31 December 2013

	Notes	2013 £'000	2012 £'000
<b>Fixed assets</b>			
Investments	12	58,745	58,312
		<u>58,745</u>	<u>58,312</u>
<b>Current assets</b>			
Debtors	14	37	—
Cash at bank and in hand		9	299
		<u>46</u>	<u>299</u>
<b>Creditors: amounts falling due within one year</b>	15	<u>(9,288)</u>	<u>(2,540)</u>
<b>Net current assets</b>		<u>(9,242)</u>	<u>(2,241)</u>
<b>Total assets less current liabilities</b>		<u>49,503</u>	<u>56,071</u>
<b>Creditors: amounts falling due after one year</b>	16	<u>(15,000)</u>	<u>(13,218)</u>
<b>Net assets</b>		<u>34,503</u>	<u>42,853</u>

<b>Capital and reserves</b>			
Called up share capital	18	9,185	9,289
Share premium account	19	209	149
Profit and loss account	19	198	(1,230)
Merger reserve	19	34,645	34,645
Own shares held	19	(9,845)	—
Capital redemption reserve	19	111	—
<b>Shareholders' funds</b>	<b>20</b>	<b>34,503</b>	<b>42,853</b>

The financial statements of Skyscanner Holdings Limited, registered number 07777261 were approved by the Board of Directors on 2nd June 2014

Signed on behalf of the Board of Directors

/s/ Gareth Williams

Gareth Williams

Director

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## Skyscanner Holdings Limited

### Consolidated cash flow statement For the year ended 31 December 2013

	Note	2013 £'000	2012 £'000
Net cash inflow from operating activities	21	22,828	10,829
Returns on investment and servicing of finance	22	(604)	(477)
Taxation	22	(2,418)	(2,811)
Capital expenditure and financial investment	22	(6,183)	(2,062)
Acquisition and disposals	22	(4,934)	(6,711)
Cash inflow/(outflow) before financing		8,689	(1,232)
Financing	22	(5,670)	7,823
Increase in cash in the period		3,019	6,591

### Reconciliation of net cash flow to movement in net debt

	31 December 2012 £'000	Cash flows £'000	Acquisition* £'000	Non-cash movements £'000	31 December 2013 £'000
Net cash					
Cash at bank	6,591	3,019	—	—	9,610
Debt					
Debt due within 1 year	—	1,424	(54)	—	1,370
Debt due after more than 1 year	(10,227)	(5,532)	(1,340)	—	(17,099)
Finance leases	(447)	911	—	(1,895)	(1,431)
	(10,674)	(3,197)	(1,394)	(1,895)	(17,160)
Net debt	(4,083)	(178)	(1,394)	(1,895)	(7,550)

\*excluding cash and overdrafts

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## Skyscanner Holdings Limited

### Notes to the financial statements Year ended 31 December 2013

#### 1. Accounting policies

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

## Basis of preparation

The financial statements have been prepared in accordance with applicable UK accounting standards and under the historical cost accounting rules

## Basis of consolidation

The Group financial statements consolidated the financial statements of the Company and its subsidiary undertakings drawn up to 31 December each year. The results of subsidiaries acquired or sold are consolidated from the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method.

## Going concern

After making appropriate enquiries, the Directors have a reasonable expectation that the Company, and the Group as a whole, have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

## Intangible fixed assets and amortisation

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life. This period is 20 years. Provision is made for any impairment.

Intangible fixed assets purchased separately from the business are capitalised at their cost. Concessions, patents, licences and trademarks purchased by the Company are fully amortised to nil by equal annual instalments over their useful economic lives. This period is between 4 and 20 years.

## Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment. Depreciation is calculated so as to write off the cost less the estimated residual value of tangible fixed assets, over their estimated useful economic lives as follows:

Furniture, fittings and equipment	Between 3 and 4 years straight line
Plant and equipment	3 years straight line

Plant and equipment comprises the Group's and Company's data centre assets.

## Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of results of overseas operations are reported in the statement of recognised gains and losses. All other exchange differences are included in the profit and loss account.

## Investments

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

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## Skyscanner Holdings Limited

### Notes to the financial statements (continued) Year ended 31 December 2013

#### 1. Accounting policies (continued)

##### Leases

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

##### Research and development expenditure

Expenditure on research and development, other than expenditure on internal software development and associated licences, is written off to the profit and loss account in the year in which it is incurred

## Taxation

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date

## Pension

The Group operates a defined contribution pension scheme The assets of the scheme are held separately from those of the Group in an independently administered fund The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period

## Turnover

Turnover comprises revenue recognised by the Group in respect of services supplied, exclusive of value added tax and trade discounts Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due

## Skyscanner Holdings Limited

### Notes to the financial statements (continued) Year ended 31 December 2013

#### 1. Accounting policies (continued)

##### Derivative financial instruments

The Group uses derivative financial instruments to reduce exposure to foreign exchange risk and interest rate movements The Group does not hold or issue derivative financial instruments for speculative purposes

##### Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs Finance charges are accounted for on an accruals basis in the profit and loss account and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise

##### Share based payments

The Group has applied the requirements of FRS 20 *Share Based Payments* FRS 20 requires that where the ultimate parent's shares or options over the Company's shares are granted to a subsidiary undertaking's employees, an expense should be recorded in the profit and loss account, with a corresponding credit to reserves This charge is measured at the fair value of the share or share option at the date of grant and is expensed on a straight line basis over the vesting period The fair value is measured using the Black Scholes pricing model, taking into account the terms and conditions upon which the options were granted

#### 2. Analysis of turnover

	Year ended 31 December 2013 £'000	16 month period ended 31 December 2012 £'000
UK & Ireland	19,112	12,316
Europe	32,942	15,935
Rest of World	13,765	5,228
	<u>65,819</u>	<u>33,479</u>

Notes to the financial statements (continued)  
Year ended 31 December 2013

## 3. Operating profit

	Year ended 31 December 2013 £'000	16 month period ended 31 December 2012 £'000
<b>Operating profit is stated after charging</b>		
Depreciation on tangible fixed assets - owned	1,713	552
Depreciation on tangible fixed assets — leased	399	21
Amortisation of intangible fixed assets	2,760	2,926
Research & development	1,444	625
Auditor's remuneration — audit services	45	25
Auditor's remuneration — non audit services	311	—
Foreign exchange loss	336	176
Operating lease rentals — land and buildings	2,201	347
Operating lease rentals — equipment	—	1,298

The analysis of auditor's remuneration is as follows

	Year ended 31 December 2013 £'000	16 month period ended 31 December 2012 £'000
<b>Fees payable to the Group's auditor for the audit of the Group's annual accounts</b>	45	25
<b>Fees payable to the Group's auditor for other services to the Group</b>		
- Tax compliance services	10	—
- Other taxation advisory services	301	—
<b>Total fee payable to the Group's auditor</b>	356	25

All non-audit services were reviewed by the Board of Directors. The tax services performed during the period relate to various matters including tax advice in relation to the employee share buyback performed by the ultimate parent company Skyscanner Holdings Limited. The services were performed by individuals independent of the audit team and the Board of Directors is satisfied that adequate controls were in place to safeguard the independence of the audit process.

Notes to the financial statements (continued)  
Year ended 31 December 2013

## 4. Remuneration of directors

	Year ended 31 December 2013 £'000	16 month period ended 31 December 2012 £'000
Directors' emoluments	395	542
Company contributions to money purchase pension schemes	12	20
Amounts paid to third parties in respect of directors' services	60	80
	467	642

The aggregate emoluments of the highest paid director was £206,626 (2012 £247,000) and Company pension contributions of £9,736 (2012 £9,226) were made to a money purchase scheme on their behalf.

The number of directors who exercised share options in the year was 3 (2012 nil). The highest paid director exercised share options during the year.

	Year ended 31 December 2013 Number	16 month period ended 31 December 2012 Number
Retirement benefits are accruing to the following number of directors under		
Money purchase schemes	3	3

## 5. Staff numbers and costs

The average number of persons employed by the Group (including directors) during the period, analysed by category, was as follows

	Year ended 31 December 2013 Number	16 month period ended 31 December 2012 Number
Development, operations and commercial	235	141
Administration	41	17
	276	158

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## Skyscanner Holdings Limited

### Notes to the financial statements (continued) Year ended 31 December 2013

#### 5. Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows

	Year ended 31 December 2013 £'000	16 month period ended 31 December 2012 £'000
Wages and salaries	13,315	5,995
Social security costs	1,261	650
Other pension costs	331	361
Share based payments (note 25)	431	337
	15,338	7,343

#### 6. Interest receivable and similar income

	Year ended 31 December 2013 £'000	16 month period ended 31 December 2012 £'000
Bank interest receivable	20	11

#### 7. Interest payable and similar expenditure

	Year ended 31 December 2013 £'000	16 month period ended 31 December 2012 £'000
Bank interest payable	624	1,132

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## Skyscanner Holdings Limited

### Notes to the financial statements (continued) Year ended 31 December 2013

#### 8. Taxation

##### Analysis of charge in year

	Year ended 31 December 2013 £'000	16 month period ended 31 December 2012 £'000
UK corporation tax		
Current tax for the period	2,990	2,298
Adjustments in respect of prior periods	(225)	(190)
Total current tax	2,765	2,108
Deferred tax (note 14)		
Current year	(39)	(95)
Change in tax rate	(7)	—
Adjustment in respect of prior periods	39	—

Total deferred tax	(7)	(95)
Tax on profit on ordinary activities	2,758	2,013

**Skyscanner Holdings Limited**
**Notes to the financial statements (continued)**  
**Year ended 31 December 2013**
**8. Taxation (continued)**
**Factors affecting the tax charge for the current period**

The current tax charge for the year is lower (2012 lower) than the standard rate of corporation tax in the UK of 23 25% (2012 24 5%) The differences are explained below

	Year ended 31 December 2013 £'000	16 month period ended 31 December 2012 £'000
<b>Current tax reconciliation</b>		
Profit on ordinary activities before tax	17,132	6,894
Current tax at 23 25% (2012 24 5%)	3,983	1,689
<b>Effects of</b>		
Expenses not deductible for tax purposes	1,189	717
Difference between capital allowances and depreciation	(21)	—
Depreciation on ineligible assets	—	41
Short term timing differences	(7)	12
Foreign losses generated	157	—
Adjustments in respect of prior periods	(225)	(190)
R&D Relief	(748)	(233)
Employee share options	(1,563)	72
<b>Total current tax charge</b>	<b>2,765</b>	<b>2,108</b>

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013 This will reduce the company's future current tax charge accordingly

**9. Profit attributable to the Company**

The profit for the financial year dealt with in the financial statements of the parent Company was £2,625,000 (loss for the 16 month period ending 31 December 2012 1,554,000) As permitted by section 408 of the Companies Act 2006, no separate profit and loss account is presented in respect of the parent company

**Skyscanner Holdings Limited**
**Notes to the financial statements (continued)**  
**Year ended 31 December 2013**
**10. Intangible fixed assets Group**
**Group**

	Goodwill £'000	Development costs £'000	Licences and software £'000	Total £'000
<b>Cost</b>				
On 1 January 2013	53,623	—	138	53,761
Acquisition of subsidiary undertaking (note 13)	2,646	623	—	3,269
Additions	—	—	193	193
At 31 December 2013	56,269	623	331	57,223
<b>Amortisation</b>				
On 1 January 2013	2,904	—	88	2,992
Charge for the year	2,727	10	23	2,760

At 31 December 2013	5,631	10	111	5,752
<b>Net book value</b>				
At 31 December 2013	50,638	613	220	51,471
At 31 December 2012	50,719	—	50	50,769

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## Skyscanner Holdings Limited

### Notes to the financial statements (continued)

Year ended 31 December 2013

#### 11. Tangible fixed assets

##### Group

	Furniture, fittings and equipment £'000	Plant and equipment £'000	Total £'000
<b>Cost</b>			
On 1 January 2013	3,512	—	3,512
Additions	4,558	3,333	7,891
Acquisition of subsidiary undertaking (note 13)	46	—	46
Disposals	(486)	—	(486)
At 31 December 2013	7,630	3,333	10,963
<b>Depreciation</b>			
On 1 January 2013	1,133	—	1,133
Charge for the year	1,649	463	2,112
Disposals	(479)	—	(479)
At 31 December 2013	2,303	463	2,766
<b>Net book value</b>			
At 31 December 2013	5,327	2,870	8,197
At 31 December 2012	2,379	—	2,379

Included within tangible fixed assets is an amount of £1,986,000 (2012 £447,230) under finance leases. There are no legal charges in place in relation to these leases however in the event of default the entire amount of the leases will become payable. The depreciation charged to the financial statements in the year in respect of these assets amounted to £399,319 (2012 £21,296).

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## Skyscanner Holdings Limited

### Notes to the financial statements (continued)

Year ended 31 December 2013

#### 12. Fixed asset investments

	Group		Company	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Subsidiary undertakings	—	—	58,745	58,312
Other investments and loans	71	—	—	—
	71	—	58,745	58,312

As part of the acquisition of Experience on Ventures LLC the Company acquired Spanish fixed term cash deposits of £71k which have been disclosed as investments as they are not available on demand.

The parent Company has investments in the following subsidiary undertakings

Name of Company	Country of incorporation	Proportion of nominal value of issued share capital held	Principal activity
Skyscanner Limited	England	100%	Trading entity
Skyscanner Pte	Singapore	100%	Trading entity
Experience on Ventures LLC	Spain	100%	Trading entity hotels

Skyscanner Inc	United States of America	100%	Sales office
Skyscanner Beijing	China	100%	Sales office

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## Skyscanner Holdings Limited

### Notes to the financial statements (continued) Year ended 31 December 2013

#### 13. Acquisition of subsidiary

On 1 September 2013 the Group acquired 100% per cent of the issued share capital of Experience on Ventures LLC

The following table sets out the book values of the identifiable assets and liabilities acquired and their fair value to the Group

	<u>Book value £'000</u>	<u>Revaluation £'000</u>	<u>Fair value to Group £'000</u>
<b>Fixed assets</b>			
Intangible	623		623
Tangible	46	—	46
Investments	71	—	71
<b>Current assets</b>			
Debtors	4	—	4
Deferred tax	726	(592)	134
Cash	190	—	190
Other debtors	18	—	18
<b>Total assets</b>	<u>1,678</u>	<u>(592)</u>	<u>1,086</u>
<b>Creditors</b>			
Bank loans	1,394	—	1,394
Trade creditors	24	—	24
Other creditors	181	—	181
<b>Total liabilities</b>	<u>1,599</u>	<u>—</u>	<u>1,599</u>
Net assets	<u>79</u>	<u>(592)</u>	<u>(513)</u>
Goodwill			2,646
			<u>2,133</u>
			<b>£000</b>
<b>Satisfied by</b>			
Cash consideration			2,038
Acquisition costs			95
			<u>2,133</u>

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## Skyscanner Holdings Limited

### Notes to the financial statements (continued) Year ended 31 December 2013

#### 13. Acquisition of subsidiary (continued)

Details of the fair value adjustments are as follows

The acquired deferred tax asset is recoverable against the future profits of Experience on Ventures LLC There is a degree of uncertainty in relation to the extent to which this is recoverable and the timing of future profits The fair value of the asset has been adjusted accordingly

Net cash outflows in respect of the acquisition comprised

	<u>£000</u>
Cash consideration	2,038
Costs associated with acquisition	95
Cash at bank and in hand acquired	(190)
	<u>1,943</u>

No amount has been charged to the Group profit and loss account in respect of costs incurred in reorganising, restructuring and integrating the acquisition in the period from 1 September 2013 to 31 December 2013

Experience on Ventures LLC made a loss after taxation of £657k in the year ended 31 December 2013 of which £366k arose in the period from 1 January 2013 to 31 August 2013. The summarised profit and loss account from the period from 1 January 2013 to 31 August 2013 shown on the basis of the accounting policies of Experience on Ventures LLC prior to the acquisition, are as follows

	£000
<b>Profit and loss account</b>	
Turnover	68
Cost of sales	—
<b>Gross profit</b>	68
Other operating expenses (net)	(420)
<b>Operating loss</b>	(352)
Interest receivable	(17)
<b>Loss on ordinary activities before taxation</b>	(369)
Tax on loss on ordinary activities	3
<b>Loss for the financial period</b>	(366)

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## Skyscanner Holdings Limited

### Notes to the financial statements (continued) Year ended 31 December 2013

#### 14. Debtors

	Group		Company	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Trade debtors	8,977	4,222	—	—
Prepayments and accrued income	2,862	1,670	—	—
Amounts due to group undertakings	—	—	37	—
Deferred tax	249	108	—	—
Other debtors	25	—	—	—
	<u>12,113</u>	<u>6,000</u>	<u>37</u>	<u>—</u>

All amounts are due within one year

The elements of deferred taxation are as follows

	Group	
	2013 £'000	2012 £'000
Difference between accumulated depreciation and amortisation and capital allowances	(7)	13
Short term timing differences	122	95
Tax losses available	134	—
	<u>249</u>	<u>108</u>

The movement in the deferred tax asset can be explained as

	Group	
	2013 £'000	2012 £'000
As at 1 January 2013	108	—
Acquisition of subsidiary (note 13)	134	—
(Charge)/credit to the profit and loss account	7	108
As at 31 December 2013	<u>249</u>	<u>108</u>

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## Skyscanner Holdings Limited

### Notes to the financial statements (continued) Year ended 31 December 2013

#### 15. Creditors: amounts falling due within one year

	Group		Company	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000

Trade creditors	5,242	988	—	—
Taxation and social security	143	236	(6)	—
Corporation tax	1,061	711	—	—
Accruals and deferred income	2,467	851	—	—
Obligations under finance leases	1,099	255	146	45
Amounts due to group undertakings	—	—	9,148	2,495
Bank loans	54	—	—	—
Other creditors	181	—	—	—
	<u>10,247</u>	<u>3,041</u>	<u>9,288</u>	<u>2,540</u>

## 16 Creditors' amounts falling due after more than one year

	Group		Company	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Bank loans	15,675	7,924	15,000	7,924
Deferred consideration	—	2,991	—	2,991
Loan notes	—	2,303	—	2,303
Obligations under finance leases	332	192	—	—
	<u>16,007</u>	<u>13,410</u>	<u>15,000</u>	<u>13,218</u>

## 17 Borrowings

### Group

	2013 £'000	2012 £'000
Bank loans	15,729	7,924
Loan notes	—	2,303
Obligations under finance leases	1,431	447
	<u>17,160</u>	<u>10,674</u>

## Skyscanner Holdings Limited

### Notes to the financial statements (continued) Year ended 31 December 2013

## 17 Borrowings (continued)

	Finance leases 2013 £'000	Loan notes 2013 £'000	Bank loans 2013 £'000	Total 2013 £'000
Within one year	1,099	—	54	1,153
Between one and two years	332	—	15,675	16,007
Between two and five years	—	—	—	—
	<u>1,431</u>	<u>—</u>	<u>15,729</u>	<u>17,160</u>

The bank loans are secured by fixed and floating charges on the assets of the Group

The Group has a rolling credit facility of £15m which is repayable in full on 30 April 2015 at an interest rate of 22% plus LIBOR

The Group also has credit facilities with CIDEM and Mityc in Spain which are repayable on 31 July 2015 and on which no interest is charged

There are no legal charges in place in relation to these finance leases however in the event of default the entire amount of the leases will become payable No interest is charged on the finance lease arrangements

The only borrowings held by the Company is the rolling credit facility of £15m which is repayable between one and two years

## 18 Called up share capital

	2013 £'000	2012 £'000
<b>Allotted, called up and fully paid</b>		
9,182,441 (2012 — 9,288,934) ordinary shares of £1 each	9,182	9,289
48,500 C1 shares of £0.01 each	1	—
88,250 C2 shares of £0.01 each	1	—
120,406 C3 shares of £0.01 each	1	—
2,499 SIP shares of £0.01 each	—	—
	<u>9,185</u>	<u>9,289</u>

Ordinary shareholders are entitled to attend and vote at annual general meetings No such right is conferred to holders of C or SIP share capital

The holders of C shares are only permitted to participate in the growth in value of the Group above a predefined hurdle rate

The shares rank *par passu* in all other respects

During the year the following share issues took place

- 4,675 ordinary shares were issued giving rise to a share premium of £17k
- 48,500 C1 shares were issued giving rise to a share premium of £5k
- 88,250 C2 shares were issued with no premium
- 120,406 C3 shares were issued with no premium

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## Skyscanner Holdings Limited

### Notes to the financial statements (continued) Year ended 31 December 2013

#### 18. Called up share capital (continued)

- 2,499 SIP shares were issued giving rise to a share premium of £38k

In addition, 111,168 ordinary shares were bought back from both previous and existing employees during the year and cancelled

#### 19. Reserves

##### Group

	Own shares held £000	Foreign translation reserve £000	Share premium account £000	Merger reserve £000	Profit and loss account £000	Capital redemption reserve £000	Total £000
At 1 January 2013	(2,592)	—	149	34,645	7,797	—	39,999
Profit for the year	—	—	—	—	14,374	—	14,374
Credit in relation to share based payments (note 25)	—	—	—	—	431	—	431
Translation difference on conversion of foreign subsidiaries)	—	(71)	—	—	—	—	(71)
Shares issued in financial period (note 18)	—	—	60	—	—	—	60
Share buyback	(7,253)	—	—	—	(1,628)	111	(8,770)
<b>At 31 December 2013</b>	<b>(9,845)</b>	<b>(71)</b>	<b>209</b>	<b>34,645</b>	<b>20,974</b>	<b>111</b>	<b>46,023</b>

On 24 June 2013 the Company bought back shares from both previous and existing employees 111,168 of these shares were purchased from wholly distributable profits and cancelled As such a capital redemption reserve was created in accordance with the Companies Act 2006 s733 The remaining bought back shares are held in the Employee Benefit Trust ('EBT') on behalf of the employees of the Group

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## Skyscanner Holdings Limited

### Notes to the financial statements (continued) Year ended 31 December 2013

#### 19. Reserves (continued)

##### Company

	Own shares held £000	Merger reserve £000	Share premium account £000	Profit and loss account £000	Capital redemption reserve £000	Total £000
At 1 January 2013	—	34,645	149	(1,230)	—	33,564
Profit for the year	—	—	—	2,625	—	2,625
Credit in relation to share based payments	—	—	—	431	—	431

(note 25)						
Recognition of Company as sponsor of EBT	(2,592)	—	—	—	—	(2,592)
Shares issued in financial period (note 18)	—	—	60	—	—	60
Share buyback	(7,253)	—	—	(1,628)	111	(8,770)
<b>At 31 December 2013</b>	<b>(9,845)</b>	<b>34,645</b>	<b>209</b>	<b>198</b>	<b>111</b>	<b>25,318</b>

On 24 June 2013 the Company bought back shares from both previous and existing employees 111,168 of these shares were purchased from wholly distributable profits and cancelled As such a capital redemption reserve was created in accordance with the Companies Act 2006 s733 The remaining bought back shares are held in the EBT on behalf of the employees of the Group As a result of the share buyback the Company became the sponsoring company of the EBT and the shares are therefore disclosed as own shares held

Skyscanner Holdings Limited

Notes to the financial statements (continued)  
Year ended 31 December 2013

20. Reconciliation of movements in shareholders' funds

Group

	Year ended 31 December 2013 £'000	16 month period ended 31 December 2012 £'000
Profit for the financial period	14,374	4,881
Credit in relation to share based payment (note 25)	431	337
Shares issued in financial period	67	44,083
Consideration paid for the purchase of own shares by EBT	(8,881)	(13)
Translation difference on conversion of foreign subsidiaries	(71)	—
Net addition to shareholder funds	5,920	49,288
Opening shareholders' funds	49,288	—
Closing shareholders' funds	55,208	49,288

Company

	Year ended 31 December 2013 £'000	16 month period ended 31 December 2012 £'000
Profit for the financial period	2,625	(1,554)
Credit in relation to share based payments (note 25)	431	337
Shares issued in the financial period	67	44,083
Consideration paid for the purchase of own shares by EBT	(8,881)	(13)
Recognition of Company as sponsor of EBT	(2,592)	—
(Reduction in)/net addition to shareholder's funds	(8,350)	42,853
Opening shareholders' funds	42,853	—
Closing shareholders' funds	34,503	42,853

Skyscanner Holdings Limited

Notes to the financial statements (continued)  
Year ended 31 December 2013

21. Reconciliation of operating profit to cashflow from operating activities

	Year ended 31 December 2013 £'000	16 month period ended 31 December 2012 £'000
Operating profit	17,736	8,015
Depreciation charges	2,112	573
Amortisation charge	2,760	2,926

(Increase)/decrease in debtors	(5,989)	(1,665)
Increase/(decrease) in creditors	5,801	643
Share based payments charge (note 25)	431	337
Currency translation	(23)	—
<b>Net cash inflow from operating activities</b>	<b>22,828</b>	<b>10,829</b>

## 22 Analysis of cash flows

### Returns on investment and servicing of finance

	Year ended 31 December 2013 £'000	16 month period ended 31 December 2012 £'000
Interest received	20	11
Interest paid	(624)	(488)
Net cash outflow from returns on investments and servicing of finance	(604)	(477)

### Taxation

	Year ended 31 December 2013 £'000	16 month period ended 31 December 2012 £'000
Tax paid	(2,418)	(2,811)

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## Skyscanner Holdings Limited

### Notes to the financial statements (continued) Year ended 31 December 2013

## 22 Analysis of cash flows (continued)

### Capital expenditure and financial investment

	Year ended 31 December 2013 £'000	16 month period ended 31 December 2012 £'000
Payments to acquire tangible fixed assets	(5,991)	(2,025)
Payments to acquire intangible assets	(192)	(37)
Net cash outflow from capital expenditure and financial investment	(6,183)	(2,062)

### Acquisitions and disposals

	Year ended 31 December 2013 £'000	16 month period ended 31 December 2012 £'000
Repayment of deferred consideration associated with previous acquisition	(2,991)	—
Purchase of subsidiary undertakings (note 13)	(2,038)	(9,487)
Costs associated with acquisition	(95)	—
Net cash acquired with subsidiary undertakings	190	2,776
Net cash outflow as a result of acquisitions	(4,934)	(6,711)

### Financing

	Year ended 31 December 2013 £'000	16 month period ended 31 December 2012 £'000
Issue of shares	7	279
Finance leases	(911)	—
Loan repayments	(8,643)	(1,500)
New borrowings	15,000	9,044
Repayment of loan notes	(2,303)	—
Cash outflow associated with share buyback	(8,820)	—
Net cash (outflow)/inflow from financing	(5,670)	7,823

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Notes to the financial statements (continued)  
Year ended 31 December 2013

## 23. Commitments

Annual commitments under non-cancellable operating leases are as follows

	Year ended 31 December 2013		16 month period ended 31 December 2012	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
<b>Group</b>				
Operating leases which expire				
Within one year	411	—	—	792
Between two to five years	1,159	—	432	—
Over five years	—	—	—	—
	<u>1,570</u>	<u>—</u>	<u>432</u>	<u>792</u>

## 24 Retirement benefit scheme

The Group operates defined contribution retirement benefit schemes for all qualifying employees. The assets of the scheme are held separately from those of the Group in funds under control of the trustees. The total cost charged to the profit and loss account of £331,000 (2012 £361,000) represents contributions payable to the scheme by the Group at rates specified in the scheme rules.

Notes to the financial statements (continued)  
Year ended 31 December 2013

## 25 Share based payments

*Equity-settled share option scheme*

Skyscanner Holdings Limited grants share options to employees of the Group. Options are exercisable at a price equal to the estimated fair value of the Company's shares on the date of grant. All options are settled by physical delivery of shares. The number of outstanding options and the conditions attached to each tranche are detailed below.

Nature of scheme/Grant date	Number of options	Contractual life of options
Equity-settled granted on April 2007	22,073	10 years or exercisable on sale or listing
Equity-settled granted on January 2008	12,472	10 years or exercisable on sale or listing
Equity-settled granted on September 2008	154	10 years or exercisable on sale or listing
Equity-settled granted on January 2009	16,379	10 years or exercisable on sale or listing
Equity-settled granted on November 2009	38,960	10 years or exercisable on sale or listing
Equity-settled granted on June 2010	301,171	10 years or exercisable on sale or listing
Equity-settled granted on June 2012	555,896	10 years or exercisable on sale or listing

As at 31 December 2013, 302,828 of the above noted options had vesting conditions attached. These options have a vesting condition of 36 months from the date of issue. All other options have no conditions attached.

Details of the share options outstanding during the year are as follows:

	Year ended 31 December 2013		16 month period ended 31 December 2012	
	Weighted average exercise price (£)	Number of options	Weighted average exercise price (£)	Number of options
Outstanding at the beginning of the period	2.82	1,619,984	1.46	977,361
Granted during the period	—	—	4.62	709,590
Options lapsed	3.00	(99,223)	1.46	(53,746)
Exercised during the period	—	—	0.75	(13,221)
Share buyback	1.67	(573,656)	—	—
Outstanding at the end of the period	<u>3.39</u>	<u>947,105</u>	<u>2.82</u>	<u>1,619,984</u>
Exercisable at the end of the period	<u>3.08</u>	<u>135,358</u>	<u>—</u>	<u>—</u>

The options outstanding at the period end have an exercise price in the range of £0.12 to £4.62.

## Skyscanner Holdings Limited

Notes to the financial statements (continued)  
Year ended 31 December 2013

## 25. Share based payments (continued)

The estimated fair value of equity settled share options is determined using the Black Scholes option pricing model at the date of grant. No new options were granted during the current financial year. The inputs into the Black Scholes model for the most recent issue in June 2012 are as follows:

	2013	2012
Basic price	—	£ 4.62
Share price	—	£ 4.62
Risk-free interest rate	—	1.36%
Expected volatility	—	20.74%
Vesting period (in months)	—	36
Maturity (in months)	—	120
Fair value per share option	—	£ 1.17

Expected volatility is based on historical volatility.

*Share Incentive Plan*

In addition to share options, the Group also operates a Share Incentive Plan ("SIP") for all employees. The SIP includes the offer of partnership matching shares to employees who save through their salary towards the purchase of shares in the company. The associated charge to the profit and loss account has been determined based on the estimated fair value of these shares at grant date, taken over the vesting period. The number of SIP shares and the conditions attached to each tranche are detailed below.

Nature of scheme/Grant date	Number of SIP shares
Partnership equity-settled granted on August 2013	2,499

As at 31 December 2013 all of the above SIP shares had vesting conditions attached. These shares have a vesting period of 8 months from the date of issue in the case of partnership shares and 44 months in the case of matching shares. All of the shares were outstanding at 31 December 2013 and had a price of £14.63.

The estimated fair value of equity settled share based payments is determined using the Black Scholes option pricing model at the date of grant. The inputs into the Black Scholes model for the most recent issue in August 2013 are as follows:

	Partnership shares		Matching shares	
Basic price	£	14.63	£	0.00
Share price	£	14.63	£	14.63
Risk-free interest rate		0.77%		0.77%
Expected volatility		39.12%		39.12%
Vesting period (in months)		8		44
Fair value per share	£	1.87	£	14.63
Expected volatility is based on historical volatility.				

## Skyscanner Holdings Limited

Notes to the financial statements (continued)  
Year ended 31 December 2013

## 25. Share based payments (continued)

*Charge for the year*

The total expense recognised for the period arising from share based payments is as follows:

	Year ended 31 December 2013 £'000	16 month period ended 31 December 2012 £'000
Equity settled share based payments	431	337

**26. Related party disclosures**

During the year £22,500 (year ending 31 December 2012 £27,000) in consultancy fees was paid to Nitro Ventures Limited The company is partly owned by Julian Pancholi, one of the directors

During the year £37,500 (year ending 31 December 2012 £53,065) was paid to Ray Nolan, Chairman, for his services to the company during the period

During the year £12,000 (year ending 31 December 2012 £12,000) was paid to Scottish Equity Partners in respect of monitoring fees

Related party transactions with Group companies have not been disclosed in accordance with the exemption for subsidiary undertakings contained in Financial Reporting Standard No 8 "Related Party Disclosures"

**27. Derivatives not included at fair value**

The Company and Group has derivatives which are not included at fair value in the accounts

	<u>Principal 2013 £'000</u>	<u>Principal 2012 £'000</u>	<u>Fair Value 2013 £'000</u>	<u>Fair Value 2012 £'000</u>
Forward foreign exchange contracts	12,390	4,260	(54)	(38)
Interest rate swaps	<u>15,000</u>	<u>2,500</u>	<u>(50)</u>	<u>(41)</u>

The Group uses the derivatives to hedge exposure to changes in foreign currency exchange rates and to manage exposure to interest rate movements on bank borrowings The fair value is based on market values of equivalent instruments at the balance sheet date

**28 Ultimate controlling party**

In the opinion of the Directors the Company has no single individual controlling party