Just-Eat Group Holdings Limited

Annual report and financial statements

for the year ended 31 December 2011

Registered number 06947854

Just-Eat Group Holdings Limited

Report and Financial Statements 2011

Officers and Professional Advisers

Directors

B Holmes
K Nyengaard
F Coorevits
L Bowden
J Hughes CBE

Secretary

M Wroe

Registered office

90 Fetter Lane
London
EC4A 1EQ

Bankers

Barclays Bank plc
180 Oxford Street
London
W1D 1EA

Solicitors

Bird & Bird LLP
15 Fetter Lane
London
EC4A 1JP

Auditor

Deloitte LLP
Reading, United Kingdom

Just-Eat Group Holdings Limited

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31 December 2011 The directors adopted International Financial Reporting Standards (IFRS) in the prior year This is applied to the consolidated financial statements only The Company financial statements continue to be prepared under UK GAAP as permitted by IFRS 1 and the Companies Act 2006

Principal activities

The Company's principal activity continues to be the ultimate holding company for the Just-Eat Group ("the Group") The Group focuses on the provision of online takeaway ordering for restaurants and consumers around the world

Business review

This has been another exciting year for the Just-Eat Group The Group's turnover has increased by 87% from £18 8 million to £35 1 million led by an 80% growth in order numbers from 8 4 million to over 15 1 million (75% on a like for like basis) Just-Eat websites processed over £244 million worth of orders in 2011 (2010 £140 million) The Group's profit and loss account is set out on page 10 During 2011, the number of delivery restaurants in the Just-Eat network increased from 12,600 to over 21,000, an increase of more than 67% We consider revenue, restaurant and order numbers to be the Group's main KPIs

The Group completed a funding round in March 2011 of £29 8 million, £15 million of which was new equity issued by the Company This funding, from Index Ventures, Greylock Partners and Redpoint Ventures, has been used to continue the Group's expansion In 2011 operations in Italy, India, UK, Brazil and Canada (West coast) were acquired and joint venture partnerships were entered into in Switzerland and France Further information on the acquisitions finalised during 2011 is included in notes 33-34 At the date of this report, the Group controlled operations in 11 countries and had joint ventures in two further countries In the recently acquired entities mentioned above, the Group will be implementing the business model that it has employed in its core European businesses

The two Established Geographies (UK and Denmark) continue to generate significant profits and the Group's strategy in 2011 and into 2012 is to continue to invest all profits generated back into the wider business to drive continued global growth

This strategy has resulted in order numbers outside of the UK and Denmark increasing by over 104% year on year (82% on a like for like basis, excluding any adjustments for share ownership)

In conclusion, the directors continue to be delighted with the growth and geographical expansion of the Group High levels of organic and acquisitive investment will be maintained during 2012

Principal risks and uncertainties

The business operates in a fast moving and technical environment To protect against technology becoming obsolete and to preserve and build market share, management has embarked on a recruitment drive to attract talented staff in key business areas such as online marketing, technology, product and business development The Company is in a strong position to preserve and build market share through a diverse and pro-active marketing effort and through access to significant equity finance

The Group has substantial operations outside the UK and as such is exposed to movements in exchange rates To protect against a high level of exchange rate risk, the Group treasury policy is to source favourable exchange rate deals in advance of significant committed foreign currency purchases (for example, acquisitions of overseas operations) The Group does not currently enter into forward exchange contracts to hedge foreign exchange exposure

Just-Eat Group Holdings Limited

Directors' Report (continued)

Capital structure

Details of the authorised and issued share capital, together with details of the movement in the Company's issued share capital during the year are shown in note 26 The Company has two classes of ordinary share which carry no right to fixed income The Company also has two classes of preference share Additional details relating to the capital structure of the business are included in note 26

Details of employee share schemes are set out in note 7 and 37 No person has any special rights of control over the Company's share capital and all issued shares are fully paid

In 2011, a 12% convertible loan was partially converted in to equity as part of the funding round in March 2011 with the remainder being repaid and the loan settled Also in 2011, the Group increased its overdraft facilities to £4 2 million and agreed a one year 12% £3 million facility which was undrawn at year end See note 39 and 22 for further details

Going concern

At 31 December 2011, the Group had net current liabilities of £2,985,736 and generated cash inflows from operating activities of £3,171,994

In July 2009, the Company raised new equity funding from, amongst others, Index Ventures In March 2011, a second funding round of £29 8 million was completed with significant new equity being injected from Greylock Partners and Redpoint Ventures with continued substantial support from Index Ventures This additional funding combined with debt facilities available to the wider Just-Eat Group and the funds realised from the post year end sale of the Group's investment in Online Pizza Norden AB, means that the directors have a reasonable expectation, given the economic uncertainties, that the Company and Group have adequate resources to continue in operational existence for the foreseeable future Thus, the directors continue to adopt the going concern basis in preparing the annual financial statements

On 30 April 2012 the Group secured the closure of a financing round of £40 million ($65 million) led by funds managed by Vitruvian Partners, a European private equity firm, with Index Ventures, Greylock Partners and Redpoint Ventures also participating This investment marks the Company's third and largest funding round in less than two years The investment will be used to continue Just-Eat's growth, entries into new countries and product innovation, further cementing its global leadership in the online takeaway category

Dividends

The directors do not recommend payment of a final dividend (2010 £nil)

Just-Eat Group Holdings Limited

Directors' Report (continued)

Financial risk management objectives and policies

The Group's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk The Group does not currently use derivative financial instruments to manage these risks and instead monitors risks on a case by case basis to ensure effective action is taken to mitigate risk where necessary

Cash flow risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates To protect against a high level of exchange rate risk the Group treasury policy is to source favourable exchange rate deals in advance of significant foreign currency purchases (for example, acquisitions of overseas operations) The Group does not currently enter into forward exchange contracts to hedge foreign exchange exposure

As detailed in the business review, the two Established Geographies are profitable and cash generative This means the Group has Pound Sterling and Danish Kroner funding available to fund the global operations The Head Office and the majority of the technology expenditure is incurred in Pound Sterling The Group has a number of countries that operate in the Eurozone, and the Group is therefore able to benefit from a natural hedge against some of the currency exposure within the Eurozone as the Kroner is pegged to the Euro

Credit risk

The Group's principal financial assets are bank balances and cash, trade and other receivables and investments

The Group's credit risk is primarily attributable to trade receivables The amounts presented in the balance sheet are net of allowances for doubtful receivables and shown gross in the notes to the accounts An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of cash flows

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-ratings agencies

The Group has no significant concentration of credit risk, with its minimal exposure spread over a large number of entities The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short-, medium- and long-term funding and liquidity management requirements The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities Details of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk are set out in note 39

Directors

The directors, who served throughout the year to date of signing except as noted, were as follows

B Holmes

K Nyengaard

F Coorevits

L Bowden (appointed 16 March 2011)

J Hughes CBE (Chairman) (appointed 15 December 2011)

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report

Just-Eat Group Holdings Limited

Directors' Report (continued)

Directors' interests

The directors who held office at 31 December 2011 and at the date of this report had the following interests in the Ordinary A and B shares and also the Preference B shares of the Company (this has been calculated on a fully diluted basis)

Name of director	31 December 2011	As at date of signing
B Holmes	-	-
K Nyengaard	2 31%	2 31%
F Coorevits	-	-
L Bowden	0 04%	0.04%
J Hughes CBE	0 32%	0 32%

Supplier payment policy

The Group's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by those terms Trade creditors of the Group at 31 December 2011 were equivalent to 37 days' (2010 32 days') purchases, based on the average daily amount invoiced by suppliers during the year

Charitable and political contributions

During the year the group made no charitable or political donations (2010 nil).

Employees

The Group's employment policies are designed to ensure that the Group is able to attract the highest calibre of employees from all sectors of the communities in which it operates This helps ensure that the Group competes at the highest level with comparable companies The Group values diversity in the work place and is committed to providing equality of opportunity to all employees and potential employees It actively encourages continuous training and skill development in all its businesses

In the Group, the focus on advanced technologies requires a high level of technical expertise and management works closely with vendors to ensure that employees are trained appropriately Management is committed to building an environment where each employee can fulfil their potential

The Group's personnel practices ensure that every employee, wherever they work, whatever their role, is treated equally, fairly and respectfully at all times Adherence to health and safety standards ensures that our people are properly protected and cared for, wherever they operate The Group maintains consistent and transparent diversity policies across all our markets We firmly believe that career opportunity, recognition and reward should be determined by a person's capabilities and achievement, not their age, sex, race, religion or nationality

The policy of the Group for the employment of disabled persons is to provide equal opportunities with other employees to train for and attain any position in the Group, having regard to the maintenance of a safe working environment and the constraints of their disabilities

To support the Group's commitment to open communication with employees, the Group discusses with employees, through briefings and an international portal matters likely to affect employees' interests Information on matters of concern to employees is given through notices, meetings and reports, including information to help employees achieve a common awareness of the factors affecting the performance of the Group

Just-Eat Group Holdings Limited

Directors' Report (continued)

Auditor

Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the 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

A resolution to reappoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting

Subsequent events

In January 2012 the Group exercised its option to acquire the remaining 44% not controlled in Just-Eat Benelux BBVA The acquisition was made for consideration of €3,880,000, of which €325,000 was paid on completion with €930,000 due to be paid in July 2012 and the remainder settled in 2013 Due to the proximity of the acquisition date to the date of approval of the financial statements, it is impracticable to provide further information

On 23 March 2012, the Group realised its investment in Online Pizza AB through a sale of its interest to a third party for £6,847,786 payable in two tranches

The entire share capital of Fillmybelly Ltd was acquired on 18 April 2012 Operating as fillmybelly com, the company was the UK's third largest provider of online takeaways Due to the proximity of the acquisition date to the date of approval of the financial statements, it is impracticable to provide further information

On 30 April 2012 the Group secured the closure of a financing round of £40 million ($65 million) led by funds managed by Vitruvian Partners, a European private equity firm, with Index Ventures, Greylock Partners and Redpoint Ventures also participating This investment marks the Company's third and largest funding round in less than two years The investment will be used to continue Just-Eat's growth, entries into new countries and product innovation, further cementing its global leadership in the online takeaway category

Klaus Nyengaard
Director

3 July 2012

Just-Eat Group Holdings Limited

Directors' responsibility 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 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 Company and of the profit or loss of the Company 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 judgements and accounting 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

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

Klaus Nyengaard
Director
3 July 2012

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JUST-EAT GROUP HOLDINGS LIMITED

We have audited the financial statements of Just-Eat Group Holdings Limited for the year ended 31 December 2011 which comprise the Group Income Statement, the Group Statement of Comprehensive Income, the Group and Parent Company Balance Sheets, the Group Cash Flow Statement, the Group Statement of Changes in Equity and the related notes 1 to 49 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 European Union The financial reporting framework that has been applied in the preparation of the parent Company financial statements 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 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 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 2011 and of the group's loss for the year then ended,
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union,
- the parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JUST-EAT GROUP HOLDINGS LIMITED (CONTINUED)

Opinion on other matter prescribed by the Companies Act 2006

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

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

John Clennett

John Clennett FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Reading, United Kingdom
3 July 2012

Just-Eat Group Holdings Limited

Consolidated Income Statement
For the year ended 31 December 2011

	Note	Year ended 2011 £	Year ended 2010 £
Continuing operations			
Revenue	4	35,092,097	18,825,690
Cost of sales		(3,353,647)	(2,257,302)
Gross profit		31,738,450	16,568,388
Other administrative expenses		(32,699,936)	(17,396,367)
Long term employee incentive provision	7	-	(722,592)
Acquisition related costs		(850,561)	-
Impairment charges		(18,377)	-
Total administrative expenses		(33,568,874)	(18,118,959)
Operating loss		(1,830,424)	(1,550,571)
Other gains/(losses)	8	(34,445)	42,077
Investment revenue	11	99,278	9,824
Finance costs	12	(96,310)	(82,176)
Loss before tax		(1,861,901)	(1,580,846)
Tax	13	281,943	(52,403)
Loss for the year	6	(1,579,958)	(1,633,249)
Attributable to			
Owners of the Company	30	(1,131,423)	(1,352,466)
Non-controlling interests	31	(448,535)	(280,783)
		(1,579,958)	(1,633,249)

Just-Eat Group Holdings Limited

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2011

	Note	Year ended 2011 £	Year ended 2010 £
Loss for the year		(1,579,958)	(1,633,249)
Exchange differences on translation of foreign operations	29	(259,748)	119,057
Fair value adjustment on Available For Sale financial assets	29	4,624,368	45,749
Exchange differences on Available For Sale financial assets	29	98,097	27,198
Tax relating to components of other comprehensive income	29	(1,154,633)	(19,696)
Other comprehensive income for the period		3,308,084	172,308
Total comprehensive income/(loss) for the period		1,728,126	(1,460,941)
Attributable to			
Owners of the Company		2,195,427	(1,373,722)
Non-controlling interests		(467,301)	(87,219)
		1,728,126	(1,460,941)

Just-Eat Group Holdings Limited

Consolidated Balance Sheet
As at 31 December 2011

	Note	2011 £	2010 £
Non-current assets			
Goodwill	14	10,143,274	1,828,129
Other intangible assets	15	4,362,731	422,046
Property, plant and equipment	16	2,913,093	1,986,111
Investments	19	6,918,097	418,952
Deferred tax asset	23	806,004	-
		25,143,199	4,655,238
Current assets			
Inventories	20	41,796	48,815
Trade and other receivables	21	2,600,726	2,253,664
Cash and bank balances		8,680,033	5,032,170
Current tax asset		-	217,298
		11,322,555	7,551,947
Total assets		36,465,754	12,207,185
Current liabilities			
Trade and other payables	24	13,250,964	6,123,725
Current tax liabilities		90,946	-
Borrowings	22	263,608	2,122,922
Provisions	25	-	1,036,592
Deferred revenue	38	702,773	555,381
		14,308,291	9,838,620
Net current liabilities		(2,985,736)	(2,286,673)
Non-current liabilities			
Borrowings	22	401,539	76,860
Deferred tax liabilities	23	2,342,960	102,182
Deferred revenue	38	767,510	598,981
		3,512,009	778,023
Total liabilities		17,820,300	10,616,643
Net assets		18,645,454	1,590,542

Just-Eat Group Holdings Limited

Consolidated Balance Sheet (continued)
As at 31 December 2011

	Note	2011 £	2010 £
Equity			
Share capital	26	91,427	1,369
Share premium account	27	19,407,976	4,679,500
Merger reserve	28	1,921,180	1,921,180
Other reserves	29	3,395,862	106,544
Share based payment reserve	32	306,039	75,887
Retained earnings	30	(6,103,583)	(5,038,648)
Equity attributable to owners of the Company		19,018,901	1,745,832
Non-controlling interest	31	(373,447)	(155,290)
Total equity		18,645,454	1,590,542

The financial statements of Just-Eat Group Holdings Limited (Registration number 06947854) were approved by the board of directors and authorised for issue on 3 July 2012 They were signed on its behalf by

Klaus Nyengaard

Director

3 July 2012

Just-Eat Group Holdings Limited
Consolidated Statement of Changes in Equity
31 December 2011

	Share capital	Share premium account	Merger reserve	Foreign exchange reserve	Available for sale reserve	Share based payment reserve	Retained earnings	Total	Non-controlling interest (NCI)	Total equity
	£	£	£	£	£	£	£	£	£	£
1 January 2010	1,327	4,679,500	1,921,180	(65,764)	-	-	(3,686,182)	2,850,061	(68,071)	2,781,990
Loss for the period	-	-	-	-	-	-	(1,352,466)	(1,352,466)	(280,783)	(1,633,249)
Other comprehensive income (OCI)	-	-	-	119,057	72,947	-	-	192,044	1,396	193,400
Deferred tax liability on components of OCI	-	-	-	-	(19,696)	-	-	(19,696)	-	(19,696)
Issue of capital	42	-	-	-	-	-	-	42	-	42
Share based payments	-	-	-	-	-	75,887	-	75,887	-	75,887
Movement in retained earnings due to acquisitions	-	-	-	-	-	-	-	-	192,168	192,168
31 December 2010	1,369	4,679,500	1,921,180	53,293	53,251	75,887	(5,038,648)	1,745,832	(155,290)	1,590,542
Loss for the period	-	-	-	-	-	-	(1,131,423)	(1,131,423)	(448,535)	(1,579,958)
Other comprehensive income	-	-	-	(180,417)	4,624,368	-	-	4,443,951	18,766	4,462,717
Deferred tax liability on components of OCI	-	-	-	-	(1,154,633)	-	-	(1,154,633)	-	(1,154,633)
Issue of capital	90,058	14,728,476	-	-	-	-	-	14,818,534	-	14,818,534
Share based payments	-	-	-	-	-	230,152	-	230,152	-	230,152
Adjustment arising from change in NCI in Achindra online (see note 31)	-	-	-	-	-	-	66,488	66,488	(35,608)	30,880
NCI equity investment in Just-Eat Canada Inc (see note 31)	-	-	-	-	-	-	-	-	247,220	247,220
31 December 2011	91,427	19,407,976	1,921,180	(127,124)	3,522,986	306,039	(6,103,583)	19,018,901	(373,447)	18,645,454

Just-Eat Group Holdings Limited

Consolidated Cash Flow Statement
For the year ended 31 December 2011

	Note	Year ended 2011 £	Year ended 2010 £
Net cash from operating activities	35	3,171,994	1,091,057
Investing activities			
Interest received	11	99,278	9,824
Increase investment in OnlinePizza Norden AB	19	(1,616,722)	(57,166)
Net cash (outflow)/inflow on acquisition of subsidiaries	33	(3,150,037)	28,947
Net cash outflow on acquisition of interest in joint-venture	34	(5,894,436)	-
Purchases of property, plant and equipment	16	(2,178,782)	(1,613,000)
Net cash used in investing activities		(12,740,699)	(1,631,395)
Financing activities			
(Decrease)/increase in borrowings	22	(98,696)	1,094,560
Net proceeds arising on issue of shares	26,27	14,439,998	42
(Decrease)/increase in bank overdrafts	22	(1,059,230)	510,728
Net cash from financing activities		13,282,072	1,605,330
Net increase in cash and cash equivalents		3,713,367	1,064,992
Cash and cash equivalents at beginning of year		5,032,170	4,218,775
Effect of foreign exchange rate changes		(65,504)	(251,597)
Cash and cash equivalents at end of year		8,680,033	5,032,170

Just-Eat Group Holdings Limited

Notes to the consolidated financial statements
For the year ended 31 December 2011

1. Significant accounting policies

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) 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 Company financial statements continue to be prepared under UK GAAP as permitted by IFRS 1 and the Companies Act 2006

The financial statements have been prepared on the historical cost basis, except for the revaluation of financial instruments Historical cost is generally based on the fair value of the consideration given in exchange for the assets The principal accounting policies adopted are set out below

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities The Company also has interests in Joint Ventures which are accounted for under the proportional consolidation method

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the group All intra-group transactions, balances, income and expenses are eliminated on consolidation

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein The interests of non-controlling shareholders may be initially 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 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

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

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i e reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities are disposed of The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 *Financial Instruments Recognition and Measurement* or, when applicable, the costs on initial recognition of an investment in an associate or jointly controlled entity

1. Significant accounting policies (continued)

Going concern

At 31 December 2011, the Group had net current liabilities of £2,985,736 and generated cash inflows from operating activities of £3,171,994 The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the directors' report on page 2 This also describes the financial position of the Group, its cash flows, liquidity position and borrowing facilities, the Group's objectives, policies and processes for managing its exposure to credit risk and liquidity risk

In July 2009, the Company raised new equity funding from, amongst others, Index Ventures In March 2011, a second funding round, which raised £29 8 million, was completed with significant new equity being injected from Greylock Partners and Redpoint Ventures with continued substantial support from Index Ventures This additional funding combined with debt facilities available to the wider Just-Eat Group and the convertible loan held with a related party, means that the directors have a reasonable expectation given the economic uncertainties that the Company and Group have adequate resources to continue in operational existence for the foreseeable future Thus, the directors continue to adopt the going concern basis in preparing the annual financial statements

On 30 April 2012 the Group secured the closure of a financing round of £40 million ($65 million) led by funds managed by Vitruvian Partners, a European private equity firm, with Index Ventures, Greylock Partners and Redpoint Ventures also participating This investment marks the Company's third and largest funding round in less than two years The investment will be used to continue Just-Eat's growth, entries into new countries and product innovation, further cementing its global leadership in the online takeaway category

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree Acquisition-related costs are recognised in profit or loss as incurred

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below) All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant IFRSs

Where a business combination is achieved in stages, the Group's previously-held interests in the acquired entity are remeasured to fair value at the acquisition date (i e the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3(2008) *Business Combinations* are recognised at their fair value at the acquisition date, except that

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively,

- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with IFRS 2 *Share-based Payment*, and

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date

1. Significant accounting policies (continued)

Business combinations (continued)

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year

Joint ventures

The Group has investments in jointly controlled entities and applies the proportional consolidation method of accounting to its interest in those entities Interests in the joint venture are presented using the line-by-line format for proportional consolidation Aggregate amounts of current and long-term assets and liabilities, income and expenses are disclosed in note 18 Where applicable, the aggregate amount of capital commitments and contingent liabilities are also disclosed

Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date) Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain

Goodwill is not amortised but is reviewed for impairment at least annually For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit An impairment loss recognised for goodwill is not reversed in a subsequent period

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal The Group's policy for goodwill arising on the acquisition of an associate is described above

Revenue recognition

Revenue is derived from commission and Just Connect Technology (JCT) box equipment and installation fees charged to restaurants JCT boxes are order confirmation terminals situated at restaurant sites for the purposes of communicating between end user customers and restaurants via the central Just-Eat ordering infrastructure

Commission is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes

JCT box equipment fee revenue is deferred to the balance sheet and recognised on a straight line basis over the useful economic life of the boxes, which is estimated as three years Installation fees are recognised up-front as the fair value of the consideration received or receivable for the installation of the JCT box equipment

1. Significant accounting policies (continued)

Leasing

The Group as lessee

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset 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, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed

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

Foreign currencies

The individual financial statements of each group Company are presented in the currency of the primary economic environment in which it operates (its functional currency) For the purpose of the consolidated financial statements, the results and financial position of each group Company are expressed in pound sterling, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated

Exchange differences are recognised in profit or loss in the period in which they arise except for

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate)

On the disposal of a foreign operation (i e a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate

1 Sıgnıficant accountıng polıcıes (contınued)

Operatıng profit or loss

Operatıng profit or loss ıs stated after chargıng for long-term employee ıncentıve provısıons and acquısıtıon related costs but before restructurıng costs, ınvestment ıncome and finance costs

Retırement benefit costs

Payments to defined contrıbutıon retırement benefit schemes are charged as an expense as they fall due

Taxatıon

The tax expense represents the sum of the tax currently payable and deferred tax

Current tax

The tax currently payable ıs based on taxable profit for the year Taxable profit dıffers from net profit as reported ın the ıncome statement because ıt excludes ıtems of ıncome or expense that are taxable or deductıble ın other years and ıt further excludes ıtems that are never taxable or deductıble The group's lıabılıty for current tax ıs calculated usıng tax rates that have been enacted or substantıvely enacted by the balance sheet date

Deferred tax

Deferred tax ıs the tax expected to be payable or recoverable on dıfferences between the carryıng amounts of assets and lıabılıtıes ın the financıal statements and the correspondıng tax bases used ın the computatıon of taxable profit, and ıs accounted for usıng the balance sheet lıabılıty method Deferred tax lıabılıtıes are generally recognısed for all taxable temporary dıfferences and deferred tax assets are recognısed to the extent that ıt ıs probable that taxable profits wıll be avaılable agaınst whıch deductıble temporary dıfferences can be utılısed Such assets and lıabılıtıes are not recognısed ıf the temporary dıfference arıses from the ınıtıal recognıtıon of goodwıll or from the ınıtıal recognıtıon (other than ın a busıness combınatıon) of other assets and lıabılıtıes ın a transactıon that affects neıther the taxable profit nor the accountıng profit Deferred tax lıabılıtıes are recognısed for taxable temporary dıfferences arısıng on ınvestments ın subsıdıarıes and assocıates, and ınterests ın joınt ventures, except where the group ıs able to control the reversal of the temporary dıfference and ıt ıs probable that the temporary dıfference wıll not reverse ın the foreseeable future

The carryıng amount of deferred tax assets ıs revıewed at each balance sheet date and reduced to the extent that ıt ıs no longer probable that suffıcıent taxable profits wıll be avaılable to allow all or part of the asset to be recovered

Deferred tax ıs calculated at the tax rates that are expected to apply ın the perıod when the lıabılıty ıs settled or the asset ıs realısed based on tax laws and rates that have been enacted at the balance sheet date Deferred tax ıs charged or credıted ın the ıncome statement, except when ıt relates to ıtems charged or credıted ın other comprehensıve ıncome, ın whıch case the deferred tax ıs also dealt wıth ın other comprehensıve ıncome

Deferred tax assets and lıabılıtıes are offset when there ıs a legally enforceable rıght to set off current tax assets agaınst current tax lıabılıtıes and when they relate to ıncome taxes levıed by the same taxatıon authorıty and the Group ıntends to settle ıts current tax assets and lıabılıtıes on a net basıs

1 Significant accounting policies (continued)

Intangible assets

The Group has four classes of intangible asset Patents, Intellectual property, Customer lists and Brands

Patents and intellectual property

Patents and Intellectual Property are included at cost and depreciated in equal annual instalments over their useful economic life, which is typically 3-5 years depending on the period over which benefits are expected to be realised from the asset Provision is made for any impairment

Customer lists

A Customer List intangible asset is recorded as part of the acquisition accounting for business combinations or when an associate is acquired or joint venture established They are initially recorded at fair value and amortised over the useful economic life of the asset This period of time is the period over which the acquired Customer List is reasonably expected to confer economic benefits to the Group Fair value of Customer Lists is established with reference to value in use calculations Cash flows and discount rates used in the value in use calculation are risk adjusted to the extent deemed necessary by management to accurately reflect local risks and uncertainties associated with the asset

Brands

A Brand intangible asset is recorded as part of the acquisition accounting for business combinations or when an associate is acquired or joint venture established They are initially recorded at fair value and amortised over the useful economic life of the asset, which is estimated at 10 years This period of time is the period over which the acquired Brand is reasonably expected to confer economic benefits to the Group Fair value of Brand assets are established using the relief from royalty valuation method Cash flows and discount rates used in the relief from royalty model are risk adjusted to the extent deemed necessary by management to accurately reflect local risks and uncertainties associated with the asset

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows

Fixtures and fittings	33% per annum
Equipment	33% per annum
Motor vehicles	33% per annum
Leasehold improvements	20% per annum

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any) Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired

1. Significant accounting policies (continued)

Impairment of tangible and intangible assets excluding goodwill (continued)

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount An impairment loss is recognised immediately in profit or loss

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

Inventories

Inventories are stated at the lower of cost and net realisable value Cost comprises direct materials Cost is calculated using the first in first out method Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution

Financial instruments

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

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 The Group currently only holds 'available-for-sale' (AFS) financial assets and 'loans and receivables'

Available for sale financial assets

The Group has investments in unlisted shares that are not traded in an active market but are classified as AFS financial assets and stated at fair value (because the directors consider that fair value can be reliably measured) Fair value is determined in the manner described in note 39 Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognised in other comprehensive income Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is reclassified to profit or loss

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established

1. Significant accounting policies (continued)

Financial instruments (continued)

Available for sale financial assets (continued)

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the balance sheet date The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset Other foreign exchange gains and losses are recognised in other comprehensive income

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables' Loans and receivables are measured at amortised cost using the effective interest method, less any impairment Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period

Derecognition of financial assets

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

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities' The Group currently does not hold any financial liabilities 'at FVTPL'

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs
Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition

1 Significant accounting policies (continued)

Financial instruments (continued)

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire

Derivative financial instruments

The Group may enter into derivative financial instrument arrangements as part of its acquisition of subsidiary undertakings and interests obtained in associates or jointly controlled entities

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

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months Other derivatives are presented as current assets or current liabilities

Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows

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 37

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 the equity-settled employee benefits reserve

Just-Eat Group Holdings Limited

Notes to the consolidated financial statements (continued)
For the year ended 31 December 2011

2. New standards and interpretations not yet adopted

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU)

- Amendments to IFRS 7, 'Financial Instruments Disclosure', effective for annual periods beginning on or after 1 July 2011
- IFRS 9 'Financial Instruments – Classification and Measurement'
- IFRS 10 'Consolidated Financial Statements'
- IFRS 11 'Joint Arrangements'
- IFRS 12 'Disclosure of Interests in Other Entities'
- IFRS 13 'Fair Value Measurement'
- Amendment to IFRS 1, 'Limited Exemption from Comparative IFRS 7 disclosures for first time adopters'
- Amendments to IFRS 1 'Removal of Fixed Dates for First-time Adopters' - The amendments are effective for annual periods beginning on or after 1 July 2011 Earlier application is permitted EU endorsement is expected in quarter 3 2012
- Amendments to IFRS 1 'First-time Adoption of IFRSs after a period of Severe Hyperinflation' - The amendments are effective for annual periods beginning on or after 1 July 2011 Earlier application is permitted EU endorsement is expected in quarter 3 2012
- Amendments to IAS 12 'Deferred Tax Recovery of Underlying Assets' - The effective date of the amendments is for annual periods beginning on or after 1 January 2012 Earlier application is permitted EU endorsement is expected in quarter 3 2012
- Amendments to IAS 1 '(Presentation of Financial Statements) Presentation of Items of Other Comprehensive Income' - The amendments to IAS set out in *Presentation of Items of Other Comprehensive Income* are effective for financial years beginning on or after 1 July 2012 with retrospective application EU endorsement is expected in quarter 2 2012
- Amendments to IAS 19 'Employee benefits' - The amended version of IAS 19 comes into effect for financial years beginning on or after 1 January 2013 Retrospective application is required except where benefit costs are included in the carrying value of assets outside the scope of IAS 19 (e g inventories) these assets do not need to be adjusted on adoption, and as noted above comparative information for the sensitivity disclosures are not required for periods beginning before 1 January 2014 Earlier application is permitted EU endorsement is expected in quarter 2 2012
- 'Improvements to IFRSs 2011' - The amendments are effect for annual periods beginning on or after 1 January 2013 with earlier application permitted A final version is expected in the second quarter 2012
- ED/2010/13 'IASB exposure draft on Hedge Accounting' - The comment deadline for the IASB proposals closed in March 2011 When finalised, the new hedge accounting requirements will form part of IFRS 9 *Financial Instruments* An entity that wishes to adopt the new hedge accounting requirements may only do so if at the same time it adopts (or has already adopted) the other requirements of IFRS 9 EU endorsement of IFRS 9 is currently postponed and it is expected that all the financial instrument measures will be endorsed together when finalised
- Supplement to ED/2009/12 'IASB supplement to Financial instruments amortised costs and impairment' - The comment deadline for the IASB proposals closed in April 2011 The IASB intends to issue a re-exposure or review draft in the second half 2011 and will consider the effective date with the redeliberations on other aspects of the original exposure draft When finalised, the new impairment requirements will be added to IFRS 9 *Financial Instruments* EU endorsement of IFRS 9 is currently postponed and it is expected that all the financial instrument measures will be endorsed together when finalised

2. New standards and interpretations not yet adopted (continued)

- Amendments to IAS 32 'Offsetting Financial Assets and Financial Liabilities'- The amendments to IAS 32 are not effective until annual periods beginning on or after 1 January 2014 However, the new offsetting disclosure requirements are effective sooner - for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods The amendments need to be provided retrospectively to all comparative periods EU endorsement is expected in Q4 2012
- Amendments to IFRS 7 'Disclosures - Offsetting Financial Assets and Financial Liabilities' - The amendments to IAS 32 are not effective until annual periods beginning on or after 1 January 2014 However, the new offsetting disclosure requirements are effective sooner - for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods The amendments need to be provided retrospectively to all comparative periods EU endorsement is expected in Q4 2012
- ED 2011/4 'IASB exposure draft on investment entities'- The ED does not propose an effective date, although there is a possibility that it will have an effective date of 1 January 2013 to coincide with the effective date for IFRSs 10-12 and IASs 27 and 28 Early adoption is application is permitted so long as the above standards have also been applied Entities meeting the definition of an investment entity would apply the provisions in the ED prospectively The comment period closed on 5 January 2012
- Amendments to IFRS 1 'Government loans' - The proposals are effective for annual periods beginning on or after 1 January 2013 However, earlier application is permitted EU endorsement schedule not yet known
- Amendment to IAS 24, 'Related Party Disclosures'
- Amendment to IFRIC 14, 'Prepayment on a Minimum Funding Requirement'
- IFRIC 19, 'Extinguishing Financial Liabilities with Equity Instruments'
- Improvements to IFRSs – 2010

The directors anticipate (except IFRS 10 – 13, see below) that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group, except for IFRS 9 'Financial Instruments', which will introduce a number of changes in the presentation of financial instruments

IFRS 10 – 13 were issued by the IASB on 12 May 2011 and are effective for annual periods beginning on or after 1 January 2013

These pronouncements have not yet been endorsed for use in the EU The Group has not completed its assessment of the impact of these pronouncements on the consolidated results, financial position or cash flows of the Group

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant Actual results may differ from these estimates

The estimates and underlying assumptions are reviewed on an ongoing basis Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date used in preparing these accounts are

Acquired intangible assets

An intangible resource acquired with a subsidiary undertaking is recognised as an intangible asset if it is separable from the acquired business or arises from contractual or legal rights, is expected to generate future economic benefits and its fair value can be measured reliably Acquired intangible assets, comprising brands and customer lists, are amortised through the consolidated income statement on a straight-line basis over their estimated economic lives of between three and 10 years Significant judgement is required in determining the fair value and economic lives of acquired intangible assets

Share based payments

Judgements are applied in relation to estimations of the number of options that will vest and of the fair value of the options granted to employees Estimates of fair value are made using widely recognised share option value models and are referred to third party experts where necessary, in order to obtain an accurate valuation

Financial instruments

Derivative financial instruments are carried at fair value in accordance with IAS 39 *Financial Instruments Recognition and Measurement* In determining the fair value of derivatives, there is a degree of judgement involved For written put and call options valuations are performed based on management's best estimate of fair value with reference to discounted cash flow models and the Company's experience of arms' length transactions with third parties

Impairment of goodwill and intangible assets

Determining whether goodwill and intangibles are impaired requires an estimation of the value in use of the cash-generating units to which the goodwill has been allocated The value in use calculation requires the Company to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate the present value

4. Revenue

An analysis of the Group's revenue is as follows	Year ended 2011 £	Year ended 2010 £
Revenues generated from activities	35,092,097	18,825,690
	35,092,097	18,825,690
Investment income (see note 11)	99,278	9,824
	35,191,375	18,835,514

Business and geographical segments

Class of business The Group has one class of business, the facilitation of online ordering of food and soft drinks for delivery restaurants and associated activities A geographical analysis of the Group's revenue by destination as shown below Revenue from "acquisitions" relates to revenue generated post acquisition by business or joint ventures

	Year ended 2011 £	Year ended 2010 £
United Kingdom (like for like)	21,550,327	9,434,052
United Kingdom (acquisitions)	105,202	-
Rest of Europe (like for like)	12,457,036	9,194,627
Rest of Europe (acquisitions)	128,043	-
Rest of World (like for like)	693,700	197,011
Rest of World (acquisitions)	157,789	-
	35,092,097	18,825,690

5. Underlying EBITDA

Management assesses the performance of the Group at the underlying EBITDA level Underlying EBITDA presents the result for the Group before the effects of depreciation, amortisation, acquisition related costs, the long term employee incentive plan and the effects of foreign exchange recognised in the income statement

	Year ended 2011 £	Year ended 2010 £
Gross profit	31,738,450	16,568,388
Total administrative expenses	(33,568,874)	(18,118,959)
Depreciation and amortisation	1,375,235	856,655
Long term employee incentive provision	-	722,592
Acquisition related costs written off	850,561	-
Impairment charges	18,377	-
Foreign exchange gain	(126,773)	(7,429)
Underlying EBITDA	286,976	21,247

6. Loss for the year

Loss for the year has been arrived at after charging/(crediting)

	Year ended 2011 £	Year ended 2010 £
Depreciation of property, plant and equipment	1,231,065	757,254
Amortisation of intangibles	144,170	99,401
Operating lease payments	613,410	533,282
Foreign exchange gain	(126,773)	(7,429)
Staff costs (see note 10)	17,915,345	8,059,820
Impairment charges	18,377	-
Bad debt expense	127,550	71,144
Acquisition related expenses	850,561	-

A provision for impairment has been made in relation to the Group's investment in Biteguide GmbH This subsidiary was in the process of liquidation at the balance sheet date and the Group does not expect to realise the carrying value of the investment held within Just Eat Holding Limited

Included in acquisition related expenses is £59,317 of accrued legal fees relating to the purchase, subsequent to the balance sheet date, of the remaining 44% interest in Just-Eat Benelux BV not already held by the Group (see note 40)

7. Long term employee incentive provision

The total expense recorded in relation to the long term employee incentive provision in 2011 was £nil (2010 £722,592)

8. Other (losses)/gains

	Year ended 2011 £	Year ended 2010 £
Profit on deemed disposal of foreign subsidiary	-	129,399
Loss on sale of fixed assets	(34,445)	(87,322)
	(34,445)	42,077

9. Auditor's remuneration

The analysis of auditor's remuneration is as follows

	Year ended 2011 £	Year ended 2010 £
Fees payable to the Company's auditor for the audit of the Group	135,106	60,064
Fees payable to the Company's auditor and their associates for other services to the Group	126,527	95,000
Total fees	261,633	155,064

Other services to the Group comprise accounts preparation services in Belgium (£3,014), financial due diligence services on overseas acquisitions (£102,500) and taxation and other advisory services (£21,013)

Notes to the consolidated financial statements (continued)
For the year ended 31 December 2011

10. Staff costs

	2011 Number	2010 Number
Average full time equivalent persons employed during the year (including executive directors) was	443	201
	443	201

Their aggregate remuneration comprised	Year ended 2011 £	Year ended 2010 £
Wages and salaries	16,526,046	7,257,673
Social security costs	1,081,617	676,954
Pension costs	211,438	49,306
Share-based payments charge (see note 32)	96,245	75,887
	17,915,345	8,059,820

Included within the above are the following amounts relating to directors		
Wages and salaries	167,845	232,377
Other pension costs	-	36,105
	167,845	268,482

The above is in respect of one director (2010 one)

11. Investment revenue

	Year ended 2011 £	Year ended 2010 £
Interest revenue		
Bank deposits	99,278	9,824
Total interest revenue	99,278	9,824

12. Finance costs

	Year ended 2011 £	Year ended 2010 £
Interest on bank overdrafts and loans	21,942	54,194
Interest on convertible loan notes	68,219	17,701
Interest on loans to associates	6,149	10,281
Total interest expense	96,310	82,176

13 Tax

	Year ended 2011 £	Year ended 2010 £
Corporation tax		
Current year	514,958	56,764
Adjustment for prior years	43,583	-
	558,541	56,764
Deferred tax (see note 23)		
Temporary timing differences	(875,639)	(4,345)
Adjustment for prior years	35,155	-
Rate change	-	(16)
	(840,484)	(4,361)
	(281,943)	52,403

Corporation tax is calculated at 26 5% (2010 28%) of the estimated taxable profit for the year Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions

The Finance Act 2011, which was substantively enacted on 29 March 2011 provided for a reduction in the main rate of corporation tax from 28% to 26% effective from 1 April 2011 and a further reduction to 25% per cent from April 2012 which was substantively enacted on 5 July 2011

Subsequent to the balance sheet date, on 21 March 2012 under the Provisional Collection of Taxes Act, the corporation tax rate was reduced to 24% with effect from 1 April 2012

13. Tax (continued)

The (credit)/charge for the year can be reconciled to the loss per the income statement as follows

	Year ended 2011 £	Year ended 2010 £
Loss before tax on continuing operations	(1,861,901)	(1,580,846)
Tax at the UK corporation tax rate of 26 5% (2010 28%)	(493,404)	(442,637)
Income not taxable	(294,807)	-
Expenses not deductible for tax purposes	266,035	31,105
Share based payments	382,816	-
Profit on sale of investment	-	(84,912)
Adjustment to prior periods	78,738	2,668
Effect of different tax rates of subsidiaries operating in other jurisdictions	5,503	(5,671)
Change in unrecognised deferred tax asset	(246,996)	551,866
Reduction in tax rate in UK	20,172	(16)
Total tax (credit)/charge for the year	(281,943)	52,403

A deferred tax asset has not been recognised in all tax jurisdictions in respect of timing differences relating to tax losses and short term timing differences where there is insufficient evidence that the asset will be recovered The amount of the asset not recognised is £3,318,180 (2010 £2,757,477) The asset would be recognised if sufficient suitable taxable profits were made in the future See note 23 for the total asset recognised in 2011

	Year ended 2011 £	Year ended 2010 £
Deferred tax not recognised:		
Accelerated capital allowances	(6,932)	88,207
Short term timing differences	32,498	232,719
Unrelieved tax losses	2,833,517	2,302,109
Share based payments	287,832	-
Unrelieved tax losses in joint venture entities	171,265	134,442
	3,318,180	2,757,477

14. Goodwill

	Total
	£
Cost	
At 1 January 2011	1,738,719
Cumulative exchange differences to 1 January 2011	89,410
At 1 January 2011	1,828,129
Recognised on acquisition of subsidiaries and joint ventures	8,176,194
Current year effect of foreign exchange	(21,364)
Recognised on increase in shareholding in joint ventures not resulting in a change of control (see note 18)	160,315
At 31 December 2011	10,143,274
Accumulated impairment losses	
At 1 January 2011 and 31 December 2011	-
Carrying amount	
At 31 December 2011	10,143,274
At 31 December 2010	1,828,129

Goodwill acquired in a business combination is allocated, at acquisition, to the Cash Generating Units (CGUs) that are expected to benefit from that business combination Before recognition of impairment losses, the carrying amount of goodwill, including total deferred tax of £1,192,792 and foreign exchange of £68,046 had been allocated as follows

		Goodwill allocated by CGU	
Legal entity	**Country of operation**	**2011**	**2010**
		£	£
Just Eat dk ApS	Denmark	1,811,657	1,673,105
Just Eat Host A/S	Denmark	132,796	122,641
Just-Eat Canada Inc	Canada	631,618	12,079
EatStudent Ltd	United Kingdom	31,002	20,304
FBA Invest SaS	France	5,312,308	-
Justeat Brasil Servicos Online LTDA	Brazil	1,360,115	-
Achindra Online Marketing Private Limited	India	127,531	-
Just-Eat Italy S r l	Italy	387,269	-
Eat ch GmbH	Switzerland	83,748	-
Urbanbite Limited	United Kingdom	104,915	-
Just-Eat Benelux BV	Netherlands	160,315	-
		10,143,274	1,828,129

Just-Eat Group Holdings Limited

Notes to the consolidated financial statements (continued)
For the year ended 31 December 2011

14. Goodwill (continued)

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired

The recoverable amounts of the CGUs are determined from value in use calculations The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period These assumptions have been revised in the year in light of the current economic environment which has resulted in more conservative estimates about the future Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs The growth rates are based on management's past experience Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market It is anticipated that sales volumes will grow in all jurisdictions over the forthcoming years

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next three years and extrapolates cash flows out to 20 years based on an estimated growth rates This rate does not exceed the average long-term growth rate for the relevant markets

The rates used to discount the forecast cash flows lie in the range 12 92% to 17 13% (2010 12 71%)

At the beginning and end of the financial period, the fair value of goodwill was substantially in excess of its book value

15. Other intangible assets

	Intellectual property	Customer lists	Patents	Brands	Total
	£	£	£	£	£
Cost					
At 1 January 2011	87,823	303,936	162,250	-	554,009
Intangible assets recognised through acquisitions in the year	-	2,016,937	-	2,072,776	4,089,713
Exchange movements	(1,921)	(11,966)	(154)	8,337	(5,704)
At 31 December 2011	85,902	2,308,907	162,096	2,081,113	4,638,018
Amortisation					
At 1 January 2011	35,129	20,313	76,521	-	131,963
Charge for the year	8,782	76,744	54,032	4,612	144,170
Exchange movements	(467)	(318)	(73)	12	(846)
At 31 December 2011	43,444	96,739	130,480	4,624	275,287
Carrying amount					
At 31 December 2011	42,458	2,212,168	31,616	2,076,489	4,362,731
At 31 December 2010	52,694	283,623	85,729	-	422,046

The amortisation period for Intellectual property, Customer list and Brands is ten years

Patents are amortised over their estimated useful lives, which is on average three years

Notes to the consolidated financial statements (continued)
For the year ended 31 December 2011

16. Property, plant and equipment

	Fixtures and fittings £	Equipment £	Motor vehicles £	Leasehold improvements £	Total £
Cost					
At 1 January 2010	212,347	1,904,536	53,529	-	2,170,412
Additions	233,384	1,369,502	10,114	-	1,613,000
Acquisition of subsidiary	1,573	27,932	-	-	29,505
Exchange differences	(5,267)	(24,669)	-	-	(29,936)
Disposals	(799)	(174,773)	-	-	(175,572)
At 31 December 2010	441,238	3,102,528	63,643	-	3,607,409
Additions	779,643	1,066,305	-	332,834	2,178,782
Acquisition of subsidiary	8,662	39,941	-	9,846	58,449
Exchange differences	(1,942)	(12,562)	-	-	(14,504)
Disposals	(28,692)	(37,078)	(10,365)	-	(76,135)
At 31 December 2011	1,198,909	4,159,134	53,278	342,680	5,754,001
Accumulated depreciation					
At 1 January 2010	89,363	835,828	45,355	-	970,546
Charge for the year	82,469	663,492	11,293	-	757,254
Exchange differences	(3,715)	(14,537)	-	-	(18,252)
Disposals	(111)	(88,139)	-	-	(88,250)
At 31 December 2010	168,006	1,396,644	56,648		1,621,298
Charge for the year	221,524	986,903	5,997	16,642	1,231,066
Acquisition of subsidiary	4,208	23,757	-	2,748	30,713
Exchange differences	(524)	(9,586)	-	-	(10,110)
Disposals	(17,196)	(5,496)	(9,367)	-	(32,059)
At 31 December 2011	376,018	2,392,222	53,278	19,390	2,840,908
Carrying amount					
At 31 December 2011	822,891	1,766,912	-	323,290	2,913,093
At 31 December 2010	273,232	1,705,884	6,995	-	1,986,111

At 31 December 2011, the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to £384,445 (2010 £nil)

Notes to the consolidated financial statements (continued)
For the year ended 31 December 2011

17. Subsidiaries

A list of the significant investments in subsidiaries, including the name, country of incorporation, and proportion of ownership interest is given below

Representing:	Incorporated in	Proportion of voting rights held 2011	Proportion of voting rights held 2010	Nature of business
Subsidiary undertakings				
Just-Eat Group Limited	Gibraltar	100%	100%	Non-trading
Just Eat Holding Limited	UK	100% *	100% *	Holding company
Just Eat co uk Ltd	UK	100% *	100% *	Online takeaway portal
Biteguide GmbH	Germany	100% *	100% *	Online takeaway portal
Just-Eat Ireland	Ireland	100% *	100% *	Online takeaway portal
Just Eat Host A/S	Denmark	100% *	100% *	Online takeaway portal
Just Eat dk ApS	Denmark	100% *	100% *	Online takeaway portal
Just Eat no As	Norway	100% *	100% *	Online takeaway portal
Just-Eat ca Management Limited	Canada	100% *	100% *	Holding company
Just Eat Canada Inc	Canada	81 8% *	71 9% *	Online takeaway portal
Just-Eat Belgie BVBA	Belgium	91 5% *	75% *	Online takeaway portal
Just-Eat Spain SLU	Spain	100% *	100% *	Online takeaway portal
EatStudent Limited	UK	100% *	100% *	Online takeaway portal
Justeat Brasil Servicos Online LTDA	Brazil	100% *	-	Online takeaway portal
Achindra Online Marketing Private Limited	India	67% *	-	Online takeaway portal
Just-Eat Italy S r l	Italy	100% *	-	Online takeaway portal
Urbanbite Holdings Limited	UK	100% *	-	Holding company
Urbanbite Limited	UK	100% *	-	Online takeaway portal
Yummyweb Inc	Canada	100% *	-	Online takeaway portal
Joint venture				
Just-Eat Benelux BV	Netherlands	56% *	50% *	Online takeaway portal
FBA Invest SaS	France	50% *	-	Holding company
Eat Online	France	50% *	-	Online takeaway portal
Eat ch GmbH	Switzerland	50% *	-	Online takeaway portal
Fixed asset investments				
OnlinePizza Norden AB	Sweden	18 56% *	8 59% *	Online takeaway portal

* Indirect holding by Just-Eat Group Holdings Limited

The Group established a wholly owned subsidiary, Justeat Brasil Servicos Online LTDA, in Brazil during the current period The purpose of this company was to acquire the trade and assets of "RestauranteWeb", an established business in Brazil, which was acquired on 18 August 2011

In January 2011 the Group acquired a 33% shareholding in Achindra Online Marketing Private Limited, the owner of the business trading in India as "Hungryzone" At the time of purchase the Group entered into an agreement to provide future funding to the company and thereby increase its economic interest The substance of the transaction and provisions within the agreement were such that the company has been treated as a subsidiary of the group for the entire period from acquisition During the year, capital injections were made in accordance with the agreement made with the former owners such that the closing equity interest of the Group was 67%

The Group established a wholly owned subsidiary, Just-Eat Italy S r l, in Italy in the period The purpose of this entity was to acquire the trade and assets of the "Clickeat it" business owned by Deepsun S r l, which was completed on 4 April 2011

17. Subsidiaries (continued)

On 29 September 2011 the Group acquired 100% of the share capital of Urbanbite Holdings Limited, which in turn owns 100% of the share capital of Urbanbite Limited This is a UK based trading company trading under "urbanbite com" with a focus on the corporate market in the United Kingdom

On 11 April 2011 the Group acquired 100% of the share capital of Yummyweb Inc, a company trading as "Yummyweb ca" on the Canadian West coast This company was acquired by Just-Eat Canada Inc, an established Just-Eat business operating on the Canadian East coast

The Group holds 81 84% of the shares in Just Eat Canada Inc When this shareholding was established, a put option was entered into whereby Just-Eat has the option to buy the non-controlling interest in Just Eat Canada Inc This option becomes exercisable at various points after 31 December 2014 for a price based on a fair value valuation

18. Joint Ventures

The following are amounts included in the consolidated financial statements in respect of the Group interests in joint ventures under proportional consolidation

	2011 £	2010 £
Aggregated amounts relating to joint ventures		
Non-current assets	7,668,251	22,861
Current assets	1,097,997	157,025
Total assets	8,766,248	179,886
Non-current liabilities	15,121	-
Current liabilities	1,848,390	439,278
Total liabilities	1,863,511	439,278
Group's share of net assets of joint ventures	6,902,737	259,392
Revenue	1,005,071	663,236
Expenses	(1,277,151)	(814,715)
Group's share of loss of joint ventures	(272,080)	(151,479)

The Group holds 56% of the shares in Just-Eat Benelux BV (2010 50%) The Group increased its shareholding in the company by 6% in the current year, by acquiring the entire holding of a minority shareholder This transaction did not alter the joint-venture agreement or result in the Group obtaining control of the company When the Just-Eat Benelux BV joint venture agreement was established, a put and call option was entered into whereby the other shareholder has the option to sell its 50% interest in Just-Eat Benelux BV to the Group and the Group also has the option to buy the other 50% shareholding This option becomes exercisable at any point after 31 December 2011 once a minimum EBITDA target has been reached, for a price based on a predetermined multiple of reported EBITDA At 31 December 2011 the fair value of this option was £nil (2010 £nil)

The 2010 results for Joint Ventures include partial year results for Just-Eat Canada Inc which was a joint venture for part of the previous period, before becoming a subsidiary of the Group Proportionate consolidation was used to account for the results of Just-Eat Canada Inc up to the date that control was obtained at 1 April 2010, after which the company was treated as a subsidiary

18. Joint Ventures (continued)

On 23 December 2011 the Group acquired 50% of the share capital of FBA Invest SaS, which owns 100% of the share capital of Eat On Line, the company trading under the brands "Alloresto fr" At the time of acquiring the shareholding, the Group entered into a joint-venture agreement with the other shareholders, this agreement established two call options The Group has the first option to buy the remaining 20-50% of the shareholding not already held, thus obtaining between 70%-100% of the company's share capital This option is only exercisable between 1 June and 30 June 2014, after which point it will lapse The purchase price for these shares will be according to a pre-determined range of prices set out in the Share Purchase Agreement This price is dependent on the performance of the business over the period to June 2014

The second call option is held by the other 50% shareholders and only becomes exercisable should the Group option lapse and only for the period 30 July 2014 to 31 December 2014 This option entitles the other 50% shareholders to purchase 30-50% of the Group's original holding in FBA invest for a price determined by a fixed formula

At 31 December 2011, the fair value of the first call option was £nil The second call option is also considered to have a fair value of £nil as it is not expected to be activated

On 22 March 2011, the Group acquired 33% of the share capital of Eat ch GmbH, a company established in Switzerland At the time of acquisition the Group entered into a joint venture agreement and commitment to provide additional funding to the company and by doing so extend its economic interest to 50% within the current period Additional funding was duly provided in the year and at year end the Group's interest stood at 50%

At 31 December 2011, the fair value of the first call option was £nil The second call option is also considered to have a fair value of £nil as it is not expected to be activated

The company was considered to be jointly controlled from the outset with a substantive economic interest held by the group of 50% 50% of the result of the company has therefore been proportionally consolidated as part of the results shown above

The above have been treated as joint ventures and their results and balance sheets have been proportionately consolidated according to the details laid out above

19. Investments

	2011 £	2010 £
Available for Sale investments carried at fair value		
Shares (see note 39)	6,918,097	418,952
Total investments	6,918,097	418,952

The Group holds a non-controlling interest of 18 56% per cent (2010 8 59%) in OnlinePizza Norden AB The increased shareholding in 2011 was the result of an additional cost investment £1,776,680 (of which £1,616,722 was settled in cash and £159,958 was held within other financial liabilities, payable in 2012 and settled in March 2012) and a fair value adjustment of £4,624,368 A foreign exchange gain of £98,097 was also recognised and forms part of the above carrying value, a corresponding credit to the translation reserve was made in respect of this exchange gain

These shares are not held for trading and accordingly are classified as Available for Sale The shares represent investments in unlisted equity securities The valuation was obtained with reference to relevant and timely market data that became available around year end A credit has been recorded in the Available for Sale reserve held within equity, (see note 29 below)

On 23 March 2012, the Group realised its investment in Online Pizza AB through a sale of its interest to a third party for £6,847,786 payable in two tranches

20. Inventories

	2011 £	2010 £
Finished goods	41,796	48,815

21. Trade and other receivables

	2011 £	2010 £
Amount receivable for the sale of goods	1,794,180	1,043,259
Allowance for doubtful debts	(319,809)	(192,259)
	1,474,371	851,000
Other debtors	18,490	76,470
Prepayments	673,267	951,194
Amounts due from related parties (see note 41)	162,274	169,362
Amounts due from Joint Ventures	272,324	205,638
	2,600,726	2,253,664

Trade receivables

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost

The average credit period taken on sales of goods is 18 days (2010 16 days)

The Group has reviewed all balances and has made an allowance for debts which are considered unlikely to be collectable based on past default experience, and an analysis of the counterparty's current financial position Allowances against doubtful debts are recognised against trade receivables

Trade receivables disclosed above include amounts which are past due at the reporting date but against which the Group has not recognised an allowance for doubtful receivables because there has not been a significant change in credit quality and the amounts (which include interest accrued after the receivable is over 30 days outstanding) are still considered recoverable The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Group to the counterparty

Movement in the allowance for doubtful debts

	2011 £	2010 £
Balance at the beginning of the period	(192,259)	(121,115)
Net movement in the provision for doubtful debt	(127,550)	(71,144)
Balance at the end of the period	(319,809)	(192,259)

In determining the recoverability of a trade receivable the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date The concentration of credit risk is limited due to the customer base being large and unrelated

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value

22. Borrowings

	2011 £	2010 £
Unsecured borrowing at amortised cost		
Bank loans	602,308	-
Bank overdrafts	9,282	1,105,221
Convertible loan	-	1,017,701
	611,590	2,122,922
Secured borrowing at amortised cost		
Bank loans	53,557	76,860
	665,147	2,199,782
Total borrowings		
Amount due for settlement within 12 months	263,608	2,122,922
Amount due for settlement after 12 months	401,539	76,860
Total	665,147	2,199,782

Analysis of borrowings by currency:	Canadian Dollar £	Euro £	British Pound £	Danish Kroner £	Total £
31 December 2011					
Bank overdrafts	-	-	-	9,282	9,282
Bank loans	53,557	602,308	-	-	655,865
	53,557	602,308	-	9,282	665,147
31 December 2010					
Bank overdrafts	-	-	-	1,105,221	1,105,221
Bank loans	76,860	-	-	-	76,860
Convertible loans	-	-	1,017,701	-	1,017,701
	76,860	-	1,017,701	1,105,221	2,199,782

22. Borrowings (continued)

The other principal features of the group's borrowings are as follows

(i) Bank overdrafts are repayable on demand The average effective interest rate on bank overdrafts approximates 6 75% per cent (2010 6 88% per cent) per annum During the year, the Group increased its overall overdraft facility to £4 2 million by extending its facility with Sydbank A/S and opening a new facility with Barclays Bank plc

(ii) Just Eat Canada Inc has a loan with the Royal Bank of Canada It was granted in 2009 and bears interest at Canadian prime plus 3% The loan is secured by a general security arrangement covering all assets and guarantees and postponement of claims in the amount of C$ 43,223 signed by each of the corporate shareholders of Just Eat Canada Inc Repayments commenced in 2009

At year end the fair value of the loan was Canadian Dollar (C$) 84,411 (2010 C$ 157,635) The loan matures on 20 July 2014

(iii) In the prior year, the parent Company, Just-Eat Group Holdings Limited issued convertible loan notes in two tranches on 22 October 2010 and 1 December 2010, totalling £1 million The notes were convertible into Ordinary A shares of the Company at any time between the date of issue of the notes and their settlement date, or upon a qualifying financing event On issue, the loan notes were convertible at 1 share per £1 loan note If the notes were not converted, they could be redeemed on 13 October 2011 at par The loan notes carried an interest rate of 12%, due annually up until that settlement date

On 14 March 2011, £340,000 of loan notes were converted to 52,843 shares (£6 43 per share)

On 11 October 2011, the remaining £660,000 of loan notes were repaid, with accrued interest of £73,233

(iv) In November 2011, the Group agreed an unsecured £3 million facility with SM Trust, a related party to the Group This facility could be drawn down at any point before 1 May 2012 Once drawn, the facility charged interest at 12% and is fully repayable within 12 months At the year-end date, the facility was not drawn down

The weighted average interest rates paid during the year were as follows

	2011	2010
	%	%
Bank overdrafts	6 75	6 88
Unsecured bank loans	4 17	5 60
Convertible loan notes	12 00	12 00

Just-Eat Group Holdings Limited

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23. Deferred tax

Deferred tax is provided for as follows

	Losses	Share based payment	Available for sale	Short term timing differences	Acquired intangibles	Total
	£	£	£	£	£	£
At 31 December 2010	-	-	(19,696)	(4,687)	(77,799)	(102,182)
Credit to the income statement	519,183	3,583	-	332,534	20,339	875,639
Credit/(debit) to equity	-	1,701	(1,156,092)	-	-	(1,154,391)
Foreign exchange	-	-	-	(11,155)	3,822	(7,333)
Rate change	-	-	1,459	-	5,763	7,222
Prior year adjustment	-	-	-	(35,155)	-	(35,155)
Amounts arising on acquisition of subsidiary undertakings	-	-	-	-	(1,120,756)	(1,120,756)
	519,183	5,284	(1,174,329)	281,537	(1,168,631)	(1,536,956)

	2011	2010
	£	£
Analysed as		
Non-current deferred tax liability	(2,342,960)	(102,182)
Non-current deferred tax asset	806,004	-
Balance at the end of the year	(1,536,956)	(102,182)

The Finance Act 2011, which was substantively enacted on 29 March 2011 provided for a reduction in the main rate of corporation tax from 28% to 26% effective from 1 April 2011 and a further reduction to 25% per cent from April 2012 which was substantively enacted on 5 July 2011 The deferred tax which has been recognised is therefore shown at the reduced rate of 25%

Subsequent to the balance sheet date, on 21 March 2012 under the Provisional Collection of Taxes Act, the corporation tax rate was reduced to 24% with effect from 1 April 2012

The Government has also indicated that it intends to enact future reductions in the main tax rate of 1% each year down to 22% by 1 April 2014 The future 1% main tax rate deductions are expected to have a similar impact on the Company's financial statements as outlined above, subject to the impact of other developments in the Company's tax position As the further reductions in UK corporate tax rates have not been substantially enacted at the balance sheet date, this is considered a non-adjusting event in accordance with FRS 21 and no adjustments have been made The impact of any further reduction will be taken into account at subsequent reporting dates, once the change has been substantively enacted

24. Other financial liabilities

Trade and other payables

	2011	2010
	£	£
Trade creditors	7,332,574	4,355,407
Other creditors and accruals	2,921,164	934,955
Contingent and deferred consideration	1,059,285	-
Other taxes and social security	1,777,442	703,868
Amounts due to related parties	160,499	129,495
	13,250,964	6,123,725

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs The average credit period taken for trade purchases is 37 days (2010 32 days) For most suppliers no interest is charged on the trade payables for the first 30 days from the date of the 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

The directors consider that the carrying amount of trade payables approximates to their fair value

25 Provisions

	2011	2010
	£	£
Employee bonus scheme	-	1,036,592
	-	1,036,592

The employee bonus scheme was settled in 2011 for an amount equal to the provision made in 2010

26 Share capital

	Ordinary A shares £	Ordinary B shares £	Preference A shares £	Preference B shares £	Total £
At 1 January 2011	830	42	497	-	1,369
Exercise of Ordinary B options	-	39	-	-	39
1,755,683 Preference B shares at £8 3428 issued on 18 March 2011	-	-	-	176	176
71,874 Ordinary B shares at £1 25 issued on 18 March 2011	-	89,843	-	-	89,843
	830	89,924	497	176	91,427

Ordinary A shares (par value of £0 0001 each) entitle the holder to one vote per share held

Ordinary B shares (par value of £0 0001 each) do not entitle the holders to receive notice, attend, speak or vote at any general meetings

Dividends must be distributed among Ordinary A shares and, to the extent that the aggregate amount of Qualifying Payments exceeds the Ordinary B Shares participating amount, Ordinary B shares (pro rata to their respective holdings of shares accruing on the basis of a 365 day year)

Upon liquidation, the distribution shall be first to Preference Series B holders, surplus assets remaining are split pro rata between Series A Ordinary shareholders and Series B Ordinary shareholders

71,874 Ordinary B shares at £1 25 issued on 18 March 2011 were issued for cash of £89,843

27. Share premium account

	Share premium £
Balance at 1 January 2010	4,679,500
Premium arising on issue of equity shares (Series B March 2011)	14,999,824
Premium arising on exercise of share options over Ordinary B shares	38,321
Share issue costs	(309,669)
Balance at 31 December 2011	19,407,976

28 Merger reserve

	Merger reserve £
Balance at 1 January 2011 and 31 December 2011	1,921,180

In July 2009 a group reconstruction was undertaken Under this reconstruction ordinary shares were issued and cancelled and preference A shares were issued This was treated as a common control transaction under IFRS as the ultimate shareholders and their relative rights were the same before and afterwards This reserve represents the difference between the nominal value of the shares issued and the nominal value of the shares on the group reorganisation in July 2009

29. Other reserves

	Available for Sale reserve £	Translation reserve £	Total £
Balance at 1 January 2010	-	(65,764)	(65,764)
Exchange differences on translating the net assets of foreign operations	-	119,057	119,057
Fair value adjustment of Available for Sale investment	72,947	-	72,947
Deferred tax liability on Available for Sale investment	(19,696)	-	(19,696)
Balance at 1 January 2011	53,251	53,293	106,544
Exchange differences arising on Available for Sale investment	-	98,097	98,097
Exchange differences on translating the net assets of foreign operations	-	(259,748)	(259,748)
Effects of foreign exchange attributable to NCI	-	(18,766)	(18,766)
Fair value adjustment of Available for Sale investment	4,624,368	-	4,624,368
Deferred tax liability on Available for Sale investment	(1,154,633)	-	(1,154,633)
Balance at 31 December 2011	3,522,986	(127,124)	3,395,862

Translation reserve

Exchange differences relating to the translation of the net assets of the Group's foreign operations, which relate to subsidiaries and proportionally consolidated joint ventures, from their functional currency into the parent's reporting currency, being Sterling, are recognised directly in the translation reserve

Available for sale reserve

This arises on the revaluation to fair value of the Group's investment in OnlinePizza Norden AB See note 19 and 39

30. Retained earnings

	£
Balance at 1 January 2010	(3,686,182)
Loss attributable to the Group	(1,352,466)
Balance at 1 January 2011	(5,038,648)
Loss attributable to the Group	(1,131,423)
Adjustment arising from change in non-controlling interest (see note 31)	66,488
Balance at 31 December 2011	(6,103,583)

31. Non-controlling interest

	£
Balance at 1 January 2010	(68,071)
Share of loss for the year	(280,783)
Adjustment to NCI on change of control Just Eat Canada Inc	192,168
Other comprehensive income attributable to NCI	1,396
Balance at 1 January 2011	(155,290)
Share of loss for the year	(448,535)
Initial recognition of NCI on acquisition of Achindra Online Marketing Private Limited	30,880
Adjustment to NCI on increase in group ownership interest in Achindra Online Marketing Private Limited	(66,488)
NCI Equity Investment in Just-Eat Canada Inc	247,220
Effects of foreign exchange attributable to NCI	18,766
Balance at 31 December 2011	(373,447)

In 2010 the Group made a series of equity investments into Just-Eat Canada Inc which, in April 2010 conferred control of the company to the Group The accounting for the step-acquisition resulted in a credit to non-controlling interest of £192,168

In January 2011 the Group acquired a 33% shareholding in Achindra Online Marketing Private Limited This rose to 67% in line with planned injections of capital into the business by the Group throughout 2011 The substance of the original investment transaction in January 2011 conferred control to the Group, subsequent injections of capital were therefore accounted for wholly within equity in accordance with IFRS 3 (2008) *Business Combinations* A credit to Group retained earnings and a corresponding debit to non-controlling interest was recorded as a result of the transactions recorded wholly within equity Included within the balance of £35,608 above is a credit of £30,880, being the initial recognition of non-controlling interest at the acquisition date The initial non-controlling interest was measured using the proportion of net assets method, permitted under IFRS 3

In November 2011, the non-controlling interest in Just-Eat Canada Inc subscribed for new shares to a value of £247,220 The subscription for new shares was timed to coincide with the Group's conversion of an intercompany loan to equity, thereby preserving the existing ownership interests of the two parties The subscription, which was settled for cash has been recorded wholly within non-controlling interest as shown above

Notes to the consolidated financial statements (continued)
For the year ended 31 December 2011

32. Share based payment reserve

	£
Balance at 1 January 2011	75,887
Credit to equity for equity-settled share-based payments	96,245
Adjustment for share options exercised in the period	(38,321)
Tax adjustment to share based payment reserve	172,228
Balance at 31 December 2011	306,039

The tax adjustment to share based payment reserve arises because under IFRS the current tax corporation tax relief available on the exercise of the share options, in excess of the cumulative IFRS 2 charge is recognised in equity rather than being taken directly to the income statement This follows the treatment of deferred tax arising on share options

33. Acquisition of businesses

Achindra Online Marketing Private Limited ("Hungryzone in")

In January 2011 the Group acquired a 33% shareholding in Achindra Online Marketing Private Limited, based in India and trading as "Hungryzone" At the time of purchase, the Group entered into an agreement to provide future funding to the Company and also increase its equity interest The substance of the transaction and provisions within the agreement were such that the Company has been treated as a subsidiary of the Group for the entire period from acquisition During the year, capital injections were made in accordance with the agreement made with the former owners such that the Group's closing equity interest in the Indian business was 67% The Indian business now trades as "Just-Eat in"

The acquisition has been accounted for as a business combination in accordance with IFRS 3 (2008) *Business Combinations*, as management consider the substance of the transaction to constitute a business combination in the sense laid out in the general provisions of IFRS 3 and the specific provisions of IAS 27 relating to establishing control and the requirement to consolidate all subsidiaries over which control is established

	Provisional book value £	Provisional fair value £
Net assets acquired:		
Property, plant and equipment	9,647	9,647
Trade and other receivables	26,437	26,437
Cash and cash equivalents	974	974
Trade and other payables	(22,350)	(22,350)
Intangible assets – customer list	-	32,355
Recognition of deferred tax on acquired intangibles	-	(8,238)
	14,708	38,825
Goodwill		148,798
Total consideration		187,623
Satisfied by		
Cash		187,623
		187,623
Net cash outflow arising on acquisition		
Cash consideration		187,623
Cash and cash equivalents acquired		(974)
		186,649

The goodwill arising on the acquisition of Achindra Online Marketing Private Limited is attributable to the anticipated profitability of the sale of the Company's products and the anticipated future operating synergies From the date control passed, this Company contributed turnover of £56,146 and operating loss of £87,291 to the Group

Had the company been acquired on 1 January 2011, it would have contributed £57,891 to revenue and £90,003 of operating loss

Acquisition costs of £35,810 were recognised in the income statement in relation to this business combination

33 Acquisition of businesses (continued)

Urbanbite Limited ("urbanbite com")

On 29 September 2011, a Group company acquired 100% of the share capital of Urbanbite Holdings Limited, which owns 100% of the share capital of Urbanbite Limited, an established business in the United Kingdom, based predominately in London

The acquisition has been accounted for as a business combination in accordance with IFRS 3 (2008) *Business Combinations* Urbanbite's main focus is on the London corporate sector

	Provisional book value £	Provisional fair value £
Net assets acquired:		
Trade and other receivables	175,576	175,576
Cash and cash equivalents	1,685	1,685
Trade and other payables	(78,337)	(78,337)
Intangible asset – customer list	-	364,913
Contingent liabilities assumed	-	(25,000)
Recognition of deferred tax on acquired intangibles	-	(91,228)
	98,924	347,609
Goodwill		104,915
Total consideration		452,524
Satisfied by		
Cash		452,524
Net cash outflow arising on acquisition		
Cash consideration		452,524
Cash and cash equivalents acquired		(1,685)
		450,839

The goodwill arising on the acquisition of Urbanbite Limited is attributable to the anticipated profitability of the sale of the Company's products in the corporate market and the anticipated future operating synergies from the combination

Urbanbite Limited contributed £105,202 to revenue and an operating loss of £26,980 in the period between the date of acquisition and the balance sheet date, 31 December 2011

Had the company been acquired on 1 January 2011, it would have contributed £420,810 to revenue and £110,427 of operating loss

Acquisition costs of £225,622 were recognised in the income statement in relation to this business combination

33. Acquisition of businesses (continued)

YummyWeb Inc ("yummyweb com")

On 11 April 2011, a Group company acquired 100% of the share capital of YummyWeb Inc, an established business based on the Canadian West coast

The acquisition has been accounted for as a business combination in accordance with IFRS 3 (2008) *Business Combinations* YummyWeb operates on the Canadian West coast so this acquisition allowed Just-Eat Canada to operate a coast-to-coast business The YummyWeb website now directs traffic to the Just-Eat ca website

	Provisional book value £	Provisional fair value £
Net assets acquired:		
Trade and other receivables	11,542	11,542
Trade and other payables	(21,959)	(21,959)
Intangible asset – customer list	-	65,222
Recognition of deferred tax on acquired intangibles	-	(18,460)
	(10,417)	36,345
Goodwill		200,811
Total consideration		237,156
Satisfied by		
Cash		237,156
Net cash (inflow)/outflow arising on acquisition		
Cash consideration		237,156
Cash and cash equivalents acquired		-
		237,156

The goodwill arising on the acquisition of YummyWeb Inc is attributable to the anticipated profitability of the sale of the Company's products in the student market and the anticipated future operating synergies from the combination

YummyWeb Inc contributed £15,059 to revenue and an operating profit of £1,998 in the period between the date of acquisition and the balance sheet date, 31 December 2011

There is no material difference between the revenue and operating profit contributed for the period between the acquisition and balance sheet date and the period commencing 1 January 2011

Acquisition costs of £35,202 were recognised in the income statement in relation to this business combination

33 Acquisition of businesses (continued)

RestauranteWeb ("restauranteweb br")

The Group established a wholly owned subsidiary, Justeat Brasil Servicos Online LTDA, in Brazil during the current period The purpose of this company was to acquire the trade and assets of "RestauranteWeb", an established business in Brazil The transaction was completed on 18 August 2011

The trade and assets acquired were deemed by management to constitute an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return to the Group, and has accordingly been accounted for as a business combination under the provisions of IFRS 3 (2008) *Business Combinations*

	Provisional book value £	Provisional fair value £
Net assets acquired:		
Property, plant and equipment	382	382
Intangible asset – customer list	-	45,742
Recognition of deferred tax on acquired intangibles	-	(14,123)
	382	32,001
Goodwill		1,496,349
Total consideration		1,528,350
Satisfied by		
Cash		954,143
Acquisition date FV of contingent consideration		574,207
Net cash outflow arising on acquisition		
Cash consideration		954,143
Cash and cash equivalents acquired		-
		954,143

The goodwill arising on the acquisition of the trade and assets of RestauranteWeb is attributable to the anticipated profitability of the sale of the Company's products in the market and the anticipated future operating synergies from the combination

Justeat Brasil Servicos Online LTDA contributed revenue of £86,583 and operating loss of £823,244 in the period between the date of acquisition and the balance sheet date, 31 December 2011 Substantially all of the result for the period was derived from the trade and assets acquired

Included in the Group consolidated financial statements is a liability of £138,788, which has been recognised in respect of an agreement entered into with the former owners of RestauranteWeb to provide post-combination services to the newly acquired entity In accordance with the provisions of IFRS 3, this arrangement has been recorded as a separate transaction to the business combination outlined above

33. Acquisition of businesses (continued)

RestauranteWeb ("restauranteweb br") (continued)

Acquisition costs of £10,490 were recognised in the income statement in relation to this business combination

Contingent consideration is payable over a 12 month period subject the business meeting certain performance criteria At the acquisition date management estimated that the performance criteria would be met and have therefored included this value as part of the consideration for acquiring the business

Grub Canada Inc ("grubcanada com")

On 13 October 2011 the Group, via its subsidiary Just-Eat Canada Inc , acquired the trade and assets of the Canadian trading company Grub Canada Inc The acquisition was deemed by management to constitute an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return to the Group, and has accordingly been accounted for as a business combination under the provisions of IFRS 3 (2008) *Business Combinations*

	Provisional book value £	Provisional fair value £
Net assets acquired:		
Intangible asset – customer list	-	478,210
Recognition of deferred tax on acquired intangibles	-	(135,321)
	-	342,889
Goodwill		359,987
Total consideration		702,876
Satisfied by		
Cash		702,876
Net cash outflow arising on acquisition		
Cash consideration		702,876
Cash and cash equivalents acquired		-
		702,876

The goodwill arising on the acquisition of the trade and assets of Grub Canada Inc is attributable to the anticipated profitability of the sale of the Company's products in the market and the anticipated future operating synergies from the combination

Grub Canada Inc contributed revenue of £91,453 and operating loss of £55,248 in the period between the date of acquisition and the balance sheet date, 31 December 2011 These amounts are included in the overall results of Just-Eat Canada Inc

Had the trade and assets been acquired on 1 January 2011, it would have contributed £209,401 to revenue and £179,549 of operating loss

Acquisition costs of £61,330 were recognised in the income statement in relation to this business combination

33. Acquisition of businesses (continued)

Clickeat it ("clickeat it")

The Group established a wholly owned subsidiary, Just-Eat Italy S r l, in Italy during the current period The purpose of this entity was to acquire the trade and assets of "Clickeat it", an established business owned by Deepsun S r l The transaction was completed on 4 April 2011 The trade and assets acquired were deemed by management to constitute an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return to the Group, and has accordingly been accounted for as a business combination under the provisions of IFRS 3 (2008) *Business Combinations*

	Provisional book value £	Provisional fair value £
Net assets acquired:		
Property, plant and equipment	883	883
Intangible asset – customer list	-	68,999
Recognition of deferred tax on acquired intangibles	-	133,003
	883	202,885
Goodwill		415,489
Total consideration		618,374
Satisfied by		
Cash		618,374
Net cash outflow arising on acquisition		
Cash consideration		618,374
Cash and cash equivalents acquired		-
		618,374

The goodwill arising on the acquisition of the trade and assets of Clickeat it is attributable to the anticipated profitability of the sale of the Company's products in the market and the anticipated future operating synergies from the combination

Clickeat it contributed revenue of £34,211 and operating loss of £398,933 in the period between the date of acquisition and the balance sheet date, 31 December 2011 Substantially all of the result for the period was derived from the trade and assets acquired

Included in the Group consolidated financial statements is a liability of £29,465, which has been recognised in respect of an agreement entered into with the former owners of Clickeat it to provide post-combination services to the newly acquired entity In accordance with the provisions of IFRS 3, this arrangement has been recorded as a separate transaction to the business combination outlined above

Acquisition costs of £1,500 were recognised in the income statement in relation to this business combination

34. Acquısıtıon of ınterests ın joınt ventures

FBA Invest SaS ("Alloresto fr")

On 23 December 2011, the Group acquıred a 50% ınterest ın FBA Invest SaS, a French holdıng company whıch owns 100% of the share capıtal of Eat Onlıne Srl, tradıng as "Alloresto fr" As part of the deal to acquıre the 50% shareholdıng, the Group entered ınto a joınt venture agreement wıth the prevıous owners The results for thıs Company have been ıncorporated ın the Group consolıdated fınancıal statements usıng the proportıonal consolıdatıon method permıtted under IAS 31 *Joınt Ventures*

	Provısıonal book value (50% Share Acquıred)	Provısıonal fair value (50% Share Acquıred)
	£	£
Net assets acquıred:		
Property, plant and equıpment	84,548	5,793
Trade and other receıvables	341,280	341,280
Cash and cash equıvalents	731,711	731,711
Trade and other payables	(1,186,812)	(1,186,812)
Intangıble asset – customer lıst	-	816,761
Intangıble asset – brand	-	2,072,776
Recognıtıon of deferred tax on acquıred ıntangıbles	-	(973,935)
	(29,273)	1,807,574
Goodwıll		5,294,929
Total consıderatıon		7,102,503
Satısfied by		
Cash		6,417,196
Acquısıtıon date FV of contıngent consıderatıon		685,307
Net cash outflow arısıng on acquısıtıon		
Cash consıderatıon		6,417,196
Cash and cash equıvalents acquıred		(731,711)
		5,685,485

The goodwıll arısıng on the acquısıtıon of the 50% share ın FBA Invest SaS ıs attrıbutable to the antıcıpated profitabılıty of the sale of the Company's products ın the market and the antıcıpated future operatıng synergıes from the combınatıon

FBA Invest SaS contrıbuted operatıng profit of £4,591 ın the perıod between the date of acquısıtıon and the balance sheet date, 31 December 2011 There ıs no materıal dıfference between the revenue and operatıng profit contrıbuted for the perıod between the acquısıtıon and balance sheet date and the perıod commencıng 1 January 2011

Had the ınterest ın the company been acquıred on 1 January 2011, ıt would have contrıbuted £2 81 mıllıon to revenue and £209,465 of operatıng profit

Acquısıtıon costs of £310,000 were recognısed ın the ıncome statement ın relatıon to thıs busıness combınatıon

34. Acquisition of interests in joint ventures (continued)

Eat ch GmbH ("eat ch")

On 22 March 2011, the Group acquired a 33% economic interest in Eat ch, a Swiss company As part of the deal to acquire the 33% shareholding, the Group entered into a joint venture agreement with the previous owners, which committed the Group to contribute future funding to the venture and thereby increasing its economic interest to 50% Management does not consider the substance of the transaction to confer control to the Group, and therefore have recorded balances in accordance with IAS 31 *Joint Ventures* and have applied the proportional consolidation method to record those balances in the Group consolidated financial statements

	Provisional book value (50% Share Acquired) £	Provisional fair value (50% Share Acquired) £
Net assets acquired:		
Property, plant and equipment	2,449	-
Cash and cash equivalents	204,054	204,054
Trade and other payables	(6,210)	(6,210)
Intangible asset – customer list	-	144,735
Recognition of deferred tax on acquired intangibles	-	(12,454)
	200,293	330,125
Goodwill		82,880
Total consideration		413,005
Satisfied by		
Cash		413,005
Net cash outflow arising on acquisition		
Cash consideration		413,005
Cash and cash equivalents acquired		(204,054)
		208,951

The goodwill arising on the acquisition of the 50% share in Eat ch GmbH is attributable to the anticipated profitability of the sale of the Company's products in the market and the anticipated future operating synergies from the combination

Eat ch GmbH contributed revenue of £93,833 and operating loss of £167,393 in the period between the date of acquisition and the balance sheet date, 31 December 2011

Had the interest in the company been acquired on 1 January 2011, it would have contributed £125,111 to revenue and £223,191 of operating loss

Acquisition costs of £109,792 were recognised in the income statement in relation to this business combination

35. Notes to the cash flow statement

	2011 £	2010 £
Loss for the year	(1,579,958)	(1,633,249)
Adjustments for		
Depreciation of property, plant and equipment	1,231,065	757,254
Amortisation of intangible assets	144,170	99,401
Share-based payment expense	96,245	75,887
Foreign exchange gain	(126,773)	(7,429)
Movement in doubtful debt provision	127,550	71,144
Income tax (credit)/expense	(281,943)	52,403
Movement in employee bonus provision	-	722,592
Loss on disposal of property, plant and equipment	34,445	87,322
Gain on disposal of subsidiary	-	(129,399)
Provision for impairment	18,377	-
Movement in other provisions	173,092	-
Operating cash flows before movements in working capital	(163,730)	95,926
Decrease/(increase) in inventories	5,537	(1,271)
Increase in receivables	(343,370)	(772,131)
Increase in payables and deferred income	4,025,086	2,548,018
Cash generated by operations	3,523,523	1,870,542
Income taxes paid	(255,219)	(697,309)
Interest paid	(96,310)	(82,176)
Net cash from operating activities	3,171,994	1,091,057

Cash and cash equivalents

	2011 £	2010 £
Cash and bank balances	8,680,033	5,032,170

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less, net of outstanding bank overdrafts The carrying amount of these assets is approximately equal to their fair value

36. Operatıng lease arrangements

The group as lessee

	2011 £	2010 £
Mınımum lease payments under operatıng leases recognısed as an expense ın the year	613,410	533,282

At the balance sheet date, the group had outstandıng commıtments for future mınımum lease payments under non-cancellable operatıng leases, whıch fall due as follows

	2011 £ Property	2011 £ Plant and equıpment	2010 Property	2010 £ Plant and Equıpment
Wıthın one year	192,758	351,356	480,064	230,302
In the second to fifth years ınclusıve	1,113,071	467,279	130,071	246,542
	1,305,829	818,635	610,135	476,844

37. Share based payments

Equıty-settled share optıon scheme

The Company has a share optıon scheme for certaın employees of the Group Optıons are exercısable at a prıce equal to the estımated faır value of the Company's shares on the date of grant The vestıng perıod varıes, but ıs, on average, four years Optıons are forfeıted ıf the employee leaves the Group before the optıons vest Detaıls of the share optıons outstandıng durıng the year are as follows

	2011 Number of share optıons	2011 Weıghted average exercıse prıce (ın £)	2010 Number of share optıons	2010 Weıghted average exercıse prıce (ın £)
Outstandıng at 1 January 2011	676,750	0 37	-	
Granted durıng the perıod	154,700	4 12	1,092,650	0 23
Forfeıted durıng the perıod	(4,751)	2 34	(2,000)	1 25
Exercısed durıng the perıod	(396,374)	0 02	(413,900)	0 00
Expıred durıng the perıod	-		-	-
Outstandıng at the end of the perıod	430,325	2 05	676,750	0 37
Exercısable at the end of the perıod	141,175	1 71	71,131	0 81

37 Share based payments (continued)

Equity-settled share option scheme (continued)

The weighted average share price at the date of exercise for share options exercised during the period was £0 02 The options outstanding at 31 December 2011 had a weighted average exercise price of £2 05 and a weighted average remaining contractual life of 48 months In 2011, options were granted on 21 November The aggregate of the estimated fair values of the options granted on those dates was £686,258

	2011	2010
Weighted average share price	825p	21p
Weighted average exercise price	412p	23p
Expected volatility (based on FTSE 350 3 year)	19 2%	20%
Expected life	48 months	30 months
Risk-free rate	1 60%	2 51%
Expected dividend yields	0%	0%

The Group recognised total expenses of £96,245 related to equity-settled share-based payment transactions in 2011 (2010 £75,887)

The widely used Black Scholes valuation model has been used to calculate the fair value of the share options granted in 2011 Expected volatility has been derived from the FTSE 350 3 year average index, a publicly available source This measure represents the historic average volatility of the FTSE 350 index over the previous 3 years The risk-free rate is the UK LIBOR 1 year rate at the grant date, which was on or after the vesting date for the majority of share options

38 Deferred revenue

	2011 £	2010 £
Arising from the sale of the JCT box	1,470,283	1,154,362
Current	702,773	555,381
Non-current	767,510	598,981
	1,470,283	1,154,362

39. Financial instruments

Financial instruments comprise both financial assets and financial liabilities The carrying value of these financial assets and liabilities approximate their fair value

Financial assets in the Group comprise Available for Sale financial assets, trade and other receivables and cash and cash equivalents which are classified as other financial assets

Financial liabilities in the Group comprise convertible loan notes and borrowings which are categorised as debt at amortised cost Financial liabilities also comprise trade and other payables and provisions which are classified as other financial liabilities

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance

The capital structure of the Group consists of debt, which includes the borrowings, as disclosed in note 22, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in notes 26, 30, 32

The Group is not subject to any externally imposed capital requirements

Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in note 1

Financial risk management objectives

The main financial risks faced by the Group are credit risk, liquidity risk and market risks, which include interest rate risk and currency risk The Board regularly reviews these risks and approves written policies covering the management of these risks The group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes

39. Financial instruments (continued)

Categories of financial instruments

	2011 £	2010 £
Financial assets		
Other financial assets		
Cash and bank balances	8,680,033	5,032,170
Trade and other receivables	2,600,726	2,253,664
Available-for-sale financial assets	6,918,097	418,952
Total	18,198,856	7,704,786
Financial liabilities		
At amortised cost		
Borrowings	665,147	1,182,081
Convertible loan	-	1,017,701
	665, 147	2,199,782
Other financial liabilities		
Trade and other payables	13,250,965	6,123,725
Provisions	-	1,036,592
	13,250,965	7,160,317
Total	13,916,112	9,360,099

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates

39. Financial instruments (continued)

Foreign currency risk management

The Group undertakes transactions denominated in foreign currencies, consequently exposures to exchange rate fluctuations arise
The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows

	Assets		Liabilities	
	2011	2010	2011	2010
	£	£	£	£
Euro	4,343,954	2,607,140	3,137,110	482,437
Canadian Dollar	262,258	893,357	651,189	88,512
Danish Kroner	2,844,589	7,626,445	2,887,979	8,513,970
Norwegian Kroner	223,699	80,254	178,943	113,266
Indian Rupee	184,108	-	17,352	-
Swiss Franc	52,485	-	22,882	-
Brazilian Reals	128,020	-	187,457	-

Foreign currency sensitivity analysis

The Group is mainly exposed to the Euro and Danish Kroner

The following table details the Group's sensitivity to a 10% increase and decrease in Sterling against the relevant foreign currencies 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of a reasonably possible change in foreign exchange rates The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates The sensitivity analysis includes external loans as well as loans to foreign operations within the Group A positive number below indicates an increase in profit where Sterling strengthens 10% against the relevant currency For a 10% weakening of Sterling against the relevant currency, there would be a comparable impact on profit, and the balances below would be negative

	Euro impact		Danish Kroner impact		Canadian Dollar impact		Brazilian Real Impact	
	2011	2010	2011	2010	2011	2010	2011	2010
	£	£	£	£	£	£	£	£
(Loss)/profit	(72,054)	52,828	(70,811)	(12,891)	(106,646)	-	76,947	-

The Group's sensitivity to foreign currency is the result of increased activity in the foreign owned subsidiaries which has led to a significant increase in foreign currency denominated trade payables and trade receivables

The Group established a new company in Brazil in the current period and acquired the trade and assets of an established business in that country, thus exposing it to a potential foreign exchange impact on translation between the Reals and Sterling

The Group has significantly expanded its operations in Canada in the year through the acquisition of YummyWeb Inc on the west coast and the trade and assets of Grub Canada Inc Due to the increase in operating activity the Canadian Dollar exposure to a strengthening of Sterling is now shown In 2010 the effects were negligible due to lower trading volumes

39. Financial instruments (continued)

Interest rate risk management

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates at the balance sheet date For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year A 10% increase or decrease of the interest rate is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates

If interest rates had been 10% higher/lower and all other variables were held constant, the Group's

- Loss for the year ended 31 December 2011 would decrease/increase by £9,631 (2010 decrease/increase by £499) This is attributable to the Group's exposure to interest rates on its variable rate borrowings in its Canadian subsidiary, and

- There would have been no effect on amounts recognised directly in equity

Other price risks

The Group is exposed to equity price risks arising from equity investments Equity investments are held for strategic rather than trading purposes The Group does not actively trade these investments

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties

Trade receivables consist of a large number of customers, spread across geographical areas On-going credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk as no collateral or other credit enhancements are held

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies

Just-Eat Group Holdings Limited

Notes to the consolidated financial statements (continued)
For the year ended 31 December 2011

39. Financial instruments (continued)

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short-, medium- and long-term funding and liquidity management requirements The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities Details of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk are set out below

Liquidity and interest risk tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay The table includes both interest and principal cash flows To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the balance sheet date The contractual maturity is based on the earliest date on which the Group may be required to pay

	Weighted average effective interest rate	Less than 1 year	1-2 years	2-5 years	5+ years	Total
	%	£	£	£	£	£
31 December 2011						
Non-interest bearing		13,250,965	-	-	-	13,250,965
Variable interest rate instruments	4 17	55,790	-	-	-	55,790
Fixed interest rate instruments	12 00	-	-	-	-	-
Fixed interest rate instruments	6 75	224,231	214,231	214,231	-	652,693
		13,530,986	214,231	214,231	-	13,959,448
31 December 2010						
Non-interest bearing		7,160,317	-	-	-	7,160,317
Variable interest rate instruments	6 00	27,244	25,829	31,622	-	84,695
Fixed interest rate instruments	12 00	1,120,000	-	-	-	1,120,000
Fixed interest rate instruments	6 88	1,181,205	-	-	-	1,181,205
		9,488,766	25,829	31,622	-	9,546,217

39. Financial instruments (continued)

The following table details the Group's expected maturity for its non-derivative financial assets The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets The inclusion of information on non-derivative financial assets is necessary to understand the Group's liquidity risk management as the liquidity is managed on a net asset and liability basis

	Weighted average effective interest rate	Less than 1 year	1-2 years	2-5 years	5+ years	Total
	%	£	£	£	£	£
2011						
Non-interest bearing		8,795,461	-	-	-	8,795,461
Fixed interest rate instruments	0 40	2,485,298	-	-	-	2,485,298
		11,280,759	-	-	-	11,280,759
2010						
Non-interest bearing		2,672,616	-	-	-	2,672,616
Fixed interest rate instruments	0 40	5,233,457	-	-	-	5,233,457
		7,906,073	-	-	-	7,906,073

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the reporting date

The Group has access to financing overdraft facilities, of which £4 2 million were unused at the balance sheet date (2010 £0 7 million) The Group expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets

39. Financial instruments (continued)

Financing facilities

	2011	2010
	£	£
Unsecured bank overdraft facility, reviewed annually and payable at call		
- amount used	9,282	1,105,221
- amount unused	4,244,947	713,779
	4,254,229	1,819,000

Included in the above is a new £2 million overdraft facility with Barclays Bank plc which became available to the Group in the year At the balance sheet date the amount drawn down on this facility was £nil

Term loan

In November 2011, a £3 million term loan facility was provided by one of the Group's shareholders STM Fidecs Trust Company Limited At the balance sheet date the amount drawn down on this facility was £nil

Fair value of financial instruments

Fair value of financial instruments carried at amortised cost

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values

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

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

- The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities,

- Level 2 fair value measurements are those derived from 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), and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs)

39. Financial Instruments (continued)

	2011			
	Level 1	Level 2	Level 3	Total
	£	£	£	£
Available for Sale financial assets				
Unquoted equities	-	6,918,097	-	6,918,097
Total	-	6,918,097	-	6,918,097

	2010			
	Level 1	Level 2	Level 3	Total
	£	£	£	£
Available for Sale financial assets				
Unquoted equities	-	-	418,952	418,952
Total	-	-	481,952	418,952

There were no transfers between Level 1 and 2 during the year As OnlinePizza Norden AB is not listed, a number of assumptions were used to calculate the fair value of the shares held

Reconciliation of Level 2 fair value measurements of financial assets:

	Available for Sale Unquoted equities		
	Level 2	Level 3	Total
	£	£	£
Balance at 1 January 2011	-	418,952	418,952
Transfers out of level 3 into level 2	418,952	(418,952)	-
Total gains or losses			
- in profit or loss	-	-	-
- in other comprehensive income	4,624,368	-	4,624,368
Additional purchases (paid up in 2011)	1,616,722	-	1,616,722
Additional purchase (payable in 2012, settled in March 2012)	159,958	-	159,958
Effects of foreign exchange	98,097	-	98,097
Balance at 31 December 2011	6,918,097	-	6,918,097

The table above only includes financial assets All gain and losses included in other comprehensive income relate to unquoted equities held at the balance sheet date and are reported as changes of 'Available for sale reserve' (see note 29) The transfer from level 3 to level 2 was made as market data became increasing available

Significant assumptions used in determining fair value of financial assets and liabilities

<u>Convertible notes</u>

The fair value of the liability component of convertible notes was determined assuming redemption on 1 September 2012 and using a 12% interest rate based on a quoted swap rate of 12% for a 12 month loan and holding the credit risk margin constant

39 Fınancıal ınstruments (contınued)

Unlısted shares

The financıal statements ınclude holdıngs ın unlısted shares whıch are measured at faır value (note 19) Faır value ıs estımated usıng a market data model, whıch refers to observable market prıces or rates In the prıor year a dıscounted cash flow model was used ın the absence of observable market prıces, whıch have become avaılable ın the current year

In determınıng the faır value ın the prıor year, an earnıngs growth factor of 3 8% and a cash flow rısk adjustment factor of 2% are used Cash flows were dıscounted at 12 74% If the dıscount rate used ın the model was ıncreased by 10% to 14 01% whıle all the other varıables were held constant, the carryıng amount of the shares would decrease by £43,870 In the current year, as the valuatıon ıs derıved from observable market prıces, the valuatıon rısk present ın the prıor year ıs substantıally reduced

40. Events after the balance sheet date

In January 2012 the Group exercısed ıts optıon to acquıre the remaınıng 44% not held ın Just-Eat Benelux BBVA joınt venture The acquısıtıon was made for consıderatıon of €3,880,000, of whıch €325,000 was paıd on completıon wıth €930,000 due to be paıd ın July 2012 and the remaınder settled ın 2013 Due to the proxımıty of the acquısıtıon date to the date of approval of the financıal statements, ıt ıs ımpractıcable to provıde further ınformatıon

On 16 March 2012 the Group drew down £2 mıllıon of the term loan referred to ın note 39 above A further £1 mıllıon was drawn down ın Aprıl 2012 The term loan was repaıd ın full followıng completıon of the financıng round referred to below

On 23 March 2012, the Group realısed ıts ınvestment ın Onlıne Pızza AB through a sale of ıts ınterest to a thırd party for £6,847,786 payable ın two tranches

The entıre share capıtal of Fıllmybelly Ltd was acquıred on 18 Aprıl 2012 Operatıng as fillmybelly com, the company was the UK's thırd largest provıder of onlıne takeaways Due to the proxımıty of the acquısıtıon date to the date of approval of the financıal statements, ıt ıs ımpractıcable to provıde further ınformatıon

On 30 Aprıl 2012 the Group secured the closure of a financıng round of £40 mıllıon ($65 mıllıon) led by funds managed by Vıtruvıan Partners, a European prıvate equıty firm, wıth Index Ventures, Greylock Partners and Redpoınt Ventures also partıcıpatıng Thıs ınvestment marks the Company's thırd and largest fundıng round ın less than two years The ınvestment wıll be used to contınue Just-Eat's growth, entrıes ınto new countrıes and product ınnovatıon, further cementıng ıts global leadershıp ın the onlıne takeaway category

41 Related party transactions

Balances and transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note

Loans to related parties

The following amounts were outstanding at the balance sheet date

	Amounts owed to related parties		Amounts owed from related parties	
	2011	2010	2011	2010
	£	£	£	£
Key management personnel	-	-	162,274	162,274
Happy Investments BV	160,499	129,495	-	7,088
	160,499	129,495	162,274	169,362

Happy Investments BV is a related party through its 46% shareholding in Just Eat Benelux BV and 25% shareholding in Just-Eat Belgie BVBA

In July 2010, Just-Eat Group Limited loaned Mr M Rozendaal €189,000 (£162,274) Mr M Rozendaal is not a director, but is considered to be key management personnel in Just-Eat Benelux BV The loan was made on the proviso that the loan proceeds were to be used to acquire shares in Happy Investments BV (the other shareholder in Just Eat Benelux BV) on the understanding that at a future date these shares will be transferred to Just-Eat Group to increase its holding On 26 January 2011, the Just-Eat Group acquired 2,100 shares from Happy Investments BV, thus taking its investment in Just-Eat Benelux BV to 56% for £160,499 This amount, and the £162,274 owed by Mr M Rozendaal were settled in January 2012 when the Group acquired the remaining 44% of Just-Eat Benelux BV

Just-Eat Group Holdings Limited

Company balance sheet – under UK GAAP
As at 31 December 2011

	Note	2011 £	2010 £
Fixed assets			
Investments	43	88,984	1,092
		88,984	1,092
Current assets			
Amounts due from subsidiary companies	44	18,305,996	5,660,724
Total assets		18,394,980	5,661,816
Creditors. amounts falling due within one year			
Accruals and deferred income		-	(8,500)
Convertible loan notes	45	-	(1,017,701)
Provisions	46	-	(1,036,592)
Total liabilities		-	(2,062,793)
Net assets		18,394,980	3,599,023
Capital and reserves			
Called-up share capital	47	91,427	1,369
Share premium account	48	19,407,976	4,679,500
Retained earnings	49	(1,238,234)	(1,157,733)
Share based payment reserve	49	133,811	75,887
Shareholders' funds		18,394,980	3,599,023

The financial statements of Just-Eat Group Holdings Limited (Registration number 06947854) were approved by the Board of Directors and authorised for issue on 3 July 2012 They were signed on its behalf by

Klaus Nyengaard

Director

3 July 2012

Just-Eat Group Holdings Limited

Reconciliation of movements on shareholders' funds
At 31 December 2011

	Share Capital £	Share Premium Account £	Retained Earnings and Share Based Payment Reserve £	Total Equity £
Balance at 1 January 2010	1,327	4,679,500	(19,961)	4,660,866
Current year result	-	-	(1,137,772)	(1,137,772)
Total comprehensive loss for the period	-	-	(1,157,733)	3,523,094
Shares issued	42	-	-	42
Credit to equity for equity settled share based payments	-	-	75,887	75,887
Balance at 31 December 2010	1,369	4,679,500	(1,081,846)	3,599,023
Total comprehensive loss for the period	-	-	(80,501)	(80,501)
Shares issued	90,058	14,728,476	-	14,818,534
Credit to equity for equity-settled share based payments	-	-	96,245	96,245
Adjustment for share options exercised in the period			(38,321)	(38,321)
Balance at 31 December 2011	91,427	19,407,976	(1,104,423)	18,394,980

42. Significant accounting policies

Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards The particular accounting policies adopted are described below They have all been applied consistently throughout the year and the preceding year

The Company has taken the exemption permitted under UK GAAP that allows companies for which consolidated financial statements are prepared not to prepare a statement of cash flow statement, related parties disclosure and profit and loss account

Going concern

See note 1 to the Group consolidated financial statements

Investments

Fixed asset investments are shown at cost less provision for impairment Current asset investments are stated at the lower of cost and net realisable value

In the company balance sheet, for investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value only of the shares issued Any premium is ignored

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 Company'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 when, 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 not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold

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 Deferred tax is measured on a non-discounted basis

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date

42. Significant 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

Convertible loan notes

The component parts of compound instruments issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement On initial recording the financial liability component is recorded at its fair value

At the date of issue, in the case of a convertible bond denominated in a local currency of the issuer that may be converted into a fixed number of equity shares, the fair value of the liability component is estimate using the prevailing market interest rate for a similar non-convertible instrument The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole This is recognised and included in equity and is not subsequently remeasured

Issue costs are apportioned between the liability and equity components of the convertible instrument based on their relative carrying amounts on the date of issue The portion relating to the equity component is charged directly against equity

The finance costs of the financial liability are recognised over the term of the debt at a constant rate on the carrying amount

Derivative financial instruments

The Company uses derivative financial instruments to reduce exposure to foreign exchange risk The Company does not hold or issue derivative financial instruments for speculative purposes See note 39 in the Group accounts

Share based payments

See note 1 to the Group consolidated financial statements

43 Investments

	2011 £	2010 £
At cost less amounts written off at beginning of year	1,092	1,092
Additions	87,892	-
At cost less amounts written off at end of year	88,984	1,092

The increase in the year relates to the Company's increased investment in one of its subsidiaries

A list of the significant investments in subsidiaries, including the name, country of incorporation, and proportion of ownership is given below

Representing:	Incorporated in	Proportion of voting rights held 2011	Proportion of voting rights held 2010	Nature of business
Subsidiary undertakings				
Just-Eat Group Limited	Gibraltar	100%	100%	Non-trading
Just Eat Holding Limited	UK	100% *	100% *	Holding company
Just Eat co uk Ltd	UK	100% *	100% *	Online takeaway portal
Biteguide GmbH	Germany	100% *	100% *	Online takeaway portal
Just-Eat Ireland	Ireland	100% *	100% *	Online takeaway portal
Just Eat Host A/S	Denmark	100% *	100% *	Online takeaway portal
Just Eat dk ApS	Denmark	100% *	100% *	Online takeaway portal
Just Eat no As	Norway	100% *	100% *	Online takeaway portal
Just-Eat ca Management Limited	Canada	100% *	100% *	Holding company
Just Eat Canada Inc	Canada	81 8% *	71 9% *	Online takeaway portal
Just-Eat Belgie BVBA	Belgium	75% *	75% *	Online takeaway portal
Just-Eat Spain SLU	Spain	100% *	100% *	Online takeaway portal
EatStudent Limited	UK	100% *	100% *	Online takeaway portal
Justeat Brasil Servicos Online LTDA	Brazil	100% *	-	Online takeaway portal
Achindra Online Marketing Private Limited	India	67% *	-	Online takeaway portal
Just-Eat Italy S r l	Italy	100% *	-	Online takeaway portal
Urbanbite Holdings Limited	UK	100% *	-	Holding company
Urbanbite Limited	UK	100% *	-	Online takeaway portal
Yummyweb Inc	Canada	100% *	-	Online takeaway portal
Joint venture				
Just-Eat Benelux BV	Netherlands	56% *	50% *	Online takeaway portal
FBA Invest SaS	France	50% *	-	Holding company
Eat Online	France	50% *	-	Online takeaway portal
Eat ch GmbH	Switzerland	50% *	-	Online takeaway portal
Fixed asset investments				
OnlinePizza Norden AB	Sweden	18 56% *	8 59% *	Online takeaway portal

* Indirect holding by Just-Eat Group Holdings Limited

44. Financial assets

Amounts due from subsidiary companies

At the balance sheet date amounts receivable from fellow group companies are £18,305,996 (2010 £5,660,724) The carrying amount of these assets approximates their fair value There are no past due or impaired receivable balances (2010 £nil)

45. Financial liabilities

Convertible loan notes

In the prior year, the Company issued convertible loan notes in two tranches on 22 October 2010 and 1 December 2010, totalling £1 million The notes were convertible into Ordinary A shares of the Company at any time between the date of issue of the notes and their settlement date, or upon a qualifying financing event On issue, the loan notes were convertible at 1 share per £1 loan note If the notes were not converted, they could be redeemed on 13 October 2011 at par The loan notes carried an interest rate of 12%, due annually up until that settlement date

On 14 March 2011, £340,000 of loan notes were converted to 52,843 shares (£6 43 per share)

On 11 October 2011, the remaining £660,000 of loan notes were repaid, with accrued interest of £73,233

46 Provisions

	2011	2010
	£	£
Long term employee incentive provision	-	1,036,592
	-	1,036,592

The employee bonus scheme was settled in 2011 for an amount equal to the provision made in 2010

47. Share capital

	Ordinary A shares	Ordinary B shares	Preference A shares	Preference B shares	Total
	£	£	£	£	£
At 1 January 2011	830	42	497	-	1,369
Exercise of Ordinary B share options	-	39	-	-	39
1,755,683 Preference B shares at £8 3428 issued on 18 March 2011	-	-	-	176	176
71,874 Ordinary B shares at £1 25 issued on 18 March 2011	-	89,843	-	-	89,843
At 31 December 2011	830	89,924	497	176	91,427

Ordinary A shares (par value of £0 01 each) entitle the holder to one vote per share held

Ordinary B shares (par value of £0 0001 each) do not entitle the holders to receive notice, attend, speak or vote at any general meetings

47. Share capital (continued)

Dividends must be distributed among Ordinary A shares and, to the extent that the aggregate amount of Qualifying Payments exceeds the Ordinary B Shares participating amount, Ordinary B shares (pro rata to their respective holdings of shares accruing on the basis of a 365 day year)

Upon liquidation, the distribution shall be first to Preference Series B holders, surplus assets remaining are split pro rata between Series A Ordinary shareholders and Series B Ordinary shareholders

71,874 Ordinary B shares at £1 25 issued on 18 March 2011 were issued for cash of £89,843

48. Share premium

	Share premium £
Balance at 1 January 2010	4,679,500
Premium arising on issue of equity shares (Series B March 2011)	14,999,824
Premium arising on exercise of share options over Ordinary B shares	38,321
Share issue costs	(309,669)
Balance at 31 December 2011	19,407,976

49. Retained earnings and share based payment reserve

	£
Balance at 1 January 2010	(19,961)
Net loss for the year	(1,137,772)
Total comprehensive loss at 31 December 2010	(1,157,733)
Credit to equity for equity settled share based payments	75,887
Retained earnings at 1 January 2011	(1,081,846)
Net loss for the year	(80,501)
Total comprehensive loss at 31 December 2011	(1,162,347)
Credit to equity for equity settled share based payments	96,245
Adjustment for share options exercised in the period	(38,321)
Retained earnings at 31 December 2011	(1,104,423)