

Registered number
3292373

Holiday Autos U K and Ireland Limited
Report and Financial Statements
for the fifteen month period to 31 December 2006



Holiday Autos U.K. and Ireland Limited
Report and financial statements
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Holiday Autos U.K. and Ireland Limited
Company information

Directors

I McCaig
B Murphy
E Kamm
M Ross

Secretary

I Lindsay

Auditors

Ernst & Young LLP
1 More London Place
London
SE1 2AF

Registered office

39 Victoria Street
London
SW1H 0EU

Registered number

3292373

Holiday Autos U.K. and Ireland Limited

Directors' report

The directors present their report and financial statements for the fifteen month period to 31 December 2006

Principal activities and review of the business

The Company's principal activity during the period was the provision of car rentals to the leisure traveller

The directors do not foresee any significant risks or uncertainties

The Company has changed its financial year end from September 30 to December 31 and therefore these results are for a fifteen month accounting period

The results for the Company show turnover of £73,950,000 (2005 £67,363,000) and net profit before tax of £5,572,000 (2005 £10,295,000)

Principal risks and uncertainties

The key business risks affecting the Company are world events that influence consumer travel and competition from other car rental companies

Future developments

Continued strategic investment is planned in the business in order to further develop our product and distribution in a cost-effective manner

Events since the balance sheet date

On 30 March 2007 Sabre Holdings Corporation ("Sabre Holdings"), the then ultimate holding company, announced the completion of the acquisition of Sabre Holdings by affiliates of Texas Pacific Group and Silver Lake Partners. The Group deregistered and delisted Sabre Holdings common stock and the stock ceased to trade on the New York Stock Exchange.

With effect from 30 March 2007 the ultimate holding company became Sovereign Holdings Inc, a company incorporated in Delaware, United States of America.

Directors and their interests

The directors who served during the period, and subsequently, are stated below

I McCaig

B Murphy

B Hoberman (resigned 26 October 2006)

M Jones (appointed 28 October 2005 and resigned 31 July 2007)

E Kamm (appointed 28 October 2005)

D Tassone (appointed 28 October 2005, resigned 6 February 2008)

M Ross (appointed 20 February 2008)

None of the directors hold shares and all the share schemes in the UK parent company have been cancelled.

The company secretaries who held office during the period, and subsequently, are stated below

S Watkins (resigned 28 October 2005)

I Lindsay (appointed 28 October 2005)

Employee policy and involvement

The Company's human resources strategy is to attract and retain the very best people in all areas of the Company. We will continue to do this through competitive and innovative performance related remuneration, providing the opportunity for our people to develop, and building an inspiring environment where each individual is invited to contribute to their maximum potential.

The human capital of the Company is key to the continuing success and significant importance is placed on the contributions of employees. Employees benefit from the Company's performance through bonus schemes aligned to both company targets and individual contribution.

Strong employee relations are built by the management team. Employees are kept informed of developments in the Company by way of the widely used company intranet, 'the Matrix', and regular local updates and presentations.

Holiday Autos U.K. and Ireland Limited

Qualified opinion arising from limitation in audit evidence about comparatives

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2006 and of its result for the period then ended and, except for any adjustments to the comparatives which might have been found to be necessary had we been able to obtain sufficient evidence concerning creditors and cash at 30 September 2005, have been properly prepared in accordance with the Companies Act 1985

In respect alone of the limitation on our work relating to the cash and creditors in the opening balance sheet

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit, and
- we were unable to determine whether proper accounting records had been maintained

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

Ernst & Young LLP
Ernst & Young LLP
Registered Auditor
London

18 April 2008

Holiday Autos U.K. and Ireland Limited
Directors' report

Employee policy and involvement (continued)

The Company does not discriminate on any grounds other than ability. It is Company policy to consider fully applications for employment by disabled persons, bearing in mind the aptitude of the applicant concerned. In the event of a member of staff becoming disabled, every effort is made to ensure their continued employment.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the Auditor in connection with preparing its report, of which the Auditor is unaware. Having made enquiries of fellow Directors and the Company's Auditor, each Director has taken all the steps that he is obliged to take as a Director in order to make himself aware of any relevant audit information and to establish that the Auditor is aware of that information.

Re-appointment of auditors

In accordance with section 386(1) of the Companies Act 1985 the company has passed a resolution electing to dispense with the obligation to appoint auditors annually. Ernst & Young LLP have expressed their willingness to continue in office as auditors.

On behalf of the board


M. Ross
Director

17th April 2008

Holiday Autos U.K. and Ireland Limited

Statement of directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Holiday Autos U.K. and Ireland Limited

Independent Auditors' report to the shareholders of Holiday Autos U K. and Ireland Limited

We have audited the financial statements of Holiday Autos U K and Ireland Limited for the period ended 31 December 2006 which comprise Profit and Loss Account, Balance Sheet and the related notes 1 to 14. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board, except that the scope of our work was limited as explained below. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error.

However the evidence provided to us on certain opening balances was limited and this had resulted in the issuance of a qualified audit opinion on the financial statements for the year ended 30 September 2005. In the audit report for that year we explained that following the change in an accounting system during May 2004, the Company had experienced difficulties when migrating cash and accounts payable information to the new financial system. This resulted in transactions being incorrectly posted between the cash book and certain creditors. The company had undertaken a detailed exercise during 2006 to reconcile the cash to the creditors. However, Management had not attempted to identify and match payments to the appropriate individual accounts as at 30 September 2005 and consequently those balance sheet accounts were not fully reconciled as at 30 September 2005. There were no satisfactory audit procedures that we could adopt to confirm that the classification between cash and creditors was accurately stated. This would only have impacted these two balance sheet accounts at 30 September 2005.

There would have been no impact on the results of either period.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Holiday Autos U.K. and Ireland Limited

Qualified opinion arising from limitation in audit evidence about comparatives

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2006 and of its result for the period then ended and, except for any adjustments to the comparatives which might have been found to be necessary had we been able to obtain sufficient evidence concerning creditors and cash at 30 September 2005, have been properly prepared in accordance with the Companies Act 1985

In respect alone of the limitation on our work relating to the cash and creditors in the opening balance sheet

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit, and
- we were unable to determine whether proper accounting records had been maintained

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



Ernst & Young LLP
Registered Auditor
London

17th April 2008

Holiday Autos U.K. and Ireland Limited
Profit and loss account
for the fifteen month period to 31 December 2006

	Notes	15 months to 31 Dec 2006 £000	Restated Year to 30 Sep 2005 £000
Turnover	2	73,950	67,363
Cost of sales		(62,234)	(54,815)
Gross profit		<u>11,716</u>	<u>12,548</u>
Sales & marketing costs		(5,876)	(5,547)
Administrative expenses		(287)	3,296
Operating profit	3	<u>5,553</u>	<u>10,297</u>
Bank interest receivable		22	-
Interest payable and similar charges	5	(3)	(2)
Profit on ordinary activities before taxation		<u>5,572</u>	<u>10,295</u>
Tax on profit on ordinary activities	6	-	-
Profit on ordinary activities after taxation		<u>5,572</u>	<u>10,295</u>
Retained profit for the financial period		<u>5,572</u>	<u>10,295</u>

All operations during the period are continuing operations

There are no recognised gains or losses in either period other than the profit for that period

Holiday Autos U.K. and Ireland Limited
Balance Sheet

	Notes	31 December 2006 £000	30 September 2005 £000
Current assets			
Debtors	7	76,600	48,358
Cash at bank and in hand		<u>1,981</u>	<u>4,596</u>
		78,581	52,954
Creditors' amounts falling due within one year	8	(57,481)	(37,426)
Net assets		<u>21,100</u>	<u>15,528</u>
Capital and reserves			
Called up share capital	9	-	-
Profit and loss account	10	21,100	15,528
		<u>21,100</u>	<u>15,528</u>

These financial statements were approved by the Board of Directors on 17th April 2008



M Ross

Director

17th April 2008

Holiday Autos U.K. and Ireland Limited
Notes to the financial statements
for the fifteen month period to 31 December 2006

1 Accounting policies

Basis of preparation

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

Change of Accounting System

Following a change in an accounting system during May 2004 the Company experienced difficulties when migrating cash and creditors information to the new system. This affected Management's ability to identify and match payments to the appropriate accounts and consequently those balance sheet accounts were not fully reconciled as at 30 September 2005 leading to potential misclassification of cash and creditors at that date. During 2006, Management investigated unreconciled accounts, and either obtained evidence to support balances or wrote them off to the profit and loss account. This resulted in a £3.1 million credit being recognised in the 30 September 2005 profit and loss account within administrative expenses. As this exercise was performed on balances post year end, Management could not be certain that misclassifications did not exist as at 30 September 2005 due to the timing of corrections. As at 31 December 2006, Management has satisfactorily reconciled all accounts.

Revenue recognition

Revenue is recognised to the extent that the Company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty.

Deferred tax

Deferred tax assets are recognised only to the extent that the assets are expected to be realised, either in cash terms or by the mitigation of future liabilities, in the foreseeable future. Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Change of accounting date and period

The Company has changed its financial year from 30 September to 31 December and therefore these results are for a fifteen month accounting period.

The comparative figures are for the year to 30 September 2005.

Pensions and other post-retirement benefits

The Company participates in a defined contribution pension scheme. All costs for the scheme are borne by Lastminute Network Limited and recharged to the Company on a monthly basis. The scheme is available to UK Executive Directors and employees only.

Holiday Autos U.K. and Ireland Limited
Notes to the financial statements
for the fifteen month period to 31 December 2006

2 Turnover

Turnover which represents amounts invoiced for vehicle hire and ancillary services, is recognised in full at the date of departure and is stated exclusive of Value Added Tax and associated taxes. Turnover is generated within the UK and Ireland.

3 Operating profit

	15 months to 31 Dec 2006 £000	Year to 30 Sep 2005 £000
This is stated after charging/(crediting)		
Auditors' remuneration	27	20
Net foreign exchange (gain)/loss	(2)	37

The basis for allocating costs changed in 2006 and in order to be consistent the 2005 costs were restated. This restatement does not change the overall total costs but results in a reallocation of £1.2m to Sales & Marketing Costs from Administration Expenses when compared to the final 2005 statutory accounts. The Company feels that this is a more realistic and correct allocation of costs.

During the year the Company entered into an agreement with Holiday Autos European Services GmbH (a related party) to provide and receive services in respect of marketing, customer relations, customer dispute resolutions, call centre management and cash reconciliation services, and to recharge the appropriate costs incurred. Included in the results for the period to 31 December 2006 is a recharge credit of £2.6m, and of this amount, £1.4m is for services provided for the period before January 2006.

4 Staff costs

(a) Staff costs	15 months to 31 Dec 2006 £000	Year to 30 Sep 2005 £000
Wages and salaries	1,760	1,835
Social security costs	375	211
Other pension costs	(2)	51
	<u>2,133</u>	<u>2,097</u>

The average monthly number of employees (including directors) during the period was made up as follows:

	No.	No
Sales & marketing	7	11
General & administrative	1	16
Reservations	66	61
	<u>74</u>	<u>88</u>

Holiday Autos U.K. and Ireland Limited
Notes to the financial statements
for the fifteen month period to 31 December 2006

The Company participates in a defined contribution pension scheme which is available to UK Executive Directors and employees only. All costs for the scheme are borne by Lastminute Network Limited and recharged to the Company on a monthly basis. The Company contributes to a group personal pension plan to provide retirement and death benefits. The Company currently contributes up to a maximum of 14% of the employees' basic salary to an investment account in the name of the individual employee or pays the cash equivalent directly to the employee. The assets of the plan are separate from those of the Company and are administered by independent trust funds.

4 (b) Directors' emoluments	15 months to 31 Dec 2006 £000	Year to 30 Sep 2005 £000
Aggregate emoluments in respect of qualifying services	-	67

None of the directors received remuneration paid by this Company in respect of their services as directors of the Company for the period. The prior year emoluments related to B Murphy were borne by the Company and charged in the profit and loss account. Other directors' emoluments were borne by Holiday Autos International Limited and lastminute.com limited. No directors have any shares held under long term incentive schemes.

5 Interest payable and similar charges	15 months to 31 Dec 2006 £000	Year to 30 Sep 2005 £000
Bank loans & overdrafts	3	2

6 Tax

(a) Factors affecting the current tax charge

The tax assessed on the profit on ordinary activities for the period is lower than the standard rate of corporation tax in the UK of 30% (2005 - 30%). The differences are reconciled below.

	15 months to 31 Dec 2006 £000	Year to 30 Sep 2005 £000
Profit on ordinary activities before tax	5,572	10,295
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2005 - 30%)	1,672	3,089
<i>Effects of</i>		
Permanent differences	8	(305)
Utilisation of group tax losses	(1,670)	(2,788)
Other timing differences	(10)	4
Current tax charge for period	-	-

Holiday Autos U.K. and Ireland Limited
Notes to the financial statements
for the fifteen month period to 31 December 2006

(b) Factors affecting future tax charges

The Company has potential deferred tax assets at the period end as follows

Short term timing differences	(5)	(14)
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The deferred tax assets have not been recognised as it is not sufficiently certain that the Company will have enough suitable taxable profits for these losses to reverse

7 Debtors	2006	2005
	£000	£000
Trade debtors	2,108	3,248
Amounts owed by group undertakings	66,536	41,112
Other taxes and social security costs	63	-
Other debtors	-	519
Prepayments and accrued income	7,893	3,479
	<u>76,600</u>	<u>48,358</u>

8 Creditors' amounts falling due within one year	2006	2005
	£000	£000
Amounts owed to group undertakings	36,907	12,648
Other creditors including social security	-	1,433
Accruals and deferred income	14,306	15,908
Advanced receipts	6,268	7,437
	<u>57,481</u>	<u>37,426</u>

9 Share capital	2006	2005	2006	2005
	No.	No.	£	£
Authorised				
Ordinary shares of £1 each	1,000	1,000	<u>1,000</u>	<u>1,000</u>
	2006	2005	2006	2005
	No.	No.	£	£
Allotted, called up and fully paid				
Ordinary shares of £1 each	100	100	<u>100</u>	<u>100</u>

Holiday Autos U.K. and Ireland Limited
Notes to the financial statements
for the fifteen month period to 31 December 2006

10 Reconciliation of shareholders' funds and movement on reserves

	Called up share capital £000	Profit and loss account £000	Total shareholders funds £000
At 1 October 2004	-	5,233	5,233
Profit for the year	-	10,295	10,295
At 30 September 2005	-	15,528	15,528
Profit for the period	-	5,572	5,572
At 31 December 2006	-	21,100	21,100

11 Cashflow statement

In accordance with FRS 1 these financial statements do not include a Statement of Cash Flows as the Company is a wholly owned subsidiary undertaking of Sabre Holdings whose accounts include a consolidated Statement of Cash Flows

12 Post balance sheet event

On 30 March 2007 Sabre Holdings Corporation ("Sabre Holdings"), the then ultimate holding company, announced the completion of the acquisition of Sabre Holdings by affiliates of Texas Pacific Group and Silver Lake Partners. The Group deregistered and delisted Sabre Holdings common stock and the stock ceased to trade on the New York Stock Exchange.

With effect from 30 March 2007 the ultimate holding company became Sovereign Holdings Inc, a company incorporated in Delaware, United States of America.

13 Related party transactions

The Company has taken advantage of the exemption under FRS 8 not to disclose transactions with other group undertakings as the consolidated financial statements of the group are publicly available.

14 Parent undertaking and controlling party

The UK parent company is lastminute.com limited, a company incorporated in England and Wales. With effect from 30 March 2007 the ultimate holding company is Sovereign Holdings Inc, a company incorporated in Delaware, United States of America.

Sabre Holdings is both the smallest and largest group in which the results of Holiday Autos U.K. and Ireland Limited are consolidated. Copies of the group financial statements of Sabre Holdings are available from 3150 Sabre Drive, Southlake, Texas, USA.