

**Crystal International Travel Group
Limited (and its subsidiaries)**

**Reports and Financial Statements for the
year ended 31 October 1998**



Crystal International Travel Group Limited
(Formerly Selectbold Limited)

Report and Financial Statements
For The Year Ended 31 October 1998

Crystal International Travel Group Limited

Report And Financial Statements For The Year Ended 31 October 1998

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Crystal International Travel Group Limited

Report and Financial Statements

For The Year Ended 31 October 1998 (Continued)

Officers And Professional Advisers

Directors

P Dyer	Chief Executive	(Resigned 31 October 1998)
A Perrin	Managing Director	
A Appleton	Commercial Director	
D Rowe	Finance Director	
W Wight	Non Executive Director	(Resigned 11 September 1998)
S Welton	Non Executive Chairman	(Resigned 11 September 1998)
G Miller	Non Executive Director	(Resigned 11 September 1998)
I Smith	Non Executive Director	(Appointed 11 September 1998)

Secretary

A Appleton

Registered Office

Crystal House
Arlington Road,
Surbiton
Surrey
KT6 6BW

Bankers

Barclays Bank PLC
PO Box 112
Horsham
West Sussex RH12 1YQ

Solicitors

Allen & Overy
One New Change
London EC4M 9QQ

Auditors

PricewaterhouseCoopers
1 Embankment Place
London
WC2N 6NN

Crystal International Travel Group Limited

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31 October 1998. The comparative period is the seven months ended 31 October 1997.

Activities

The principal activity of the company is that of a holding company. Details of subsidiary undertakings are set out in Note 14 of the attached financial statements.

On 11 September 1998 100% of the company's share capital was acquired by Thomson Travel Group (Holdings) Limited, a wholly owned subsidiary of Thomson Travel plc.

Results And Future Prospects

The Company is expected to continue its activity as a holding company.

The profit after taxation for the period amounted to £14,000 (1997: £18,000). No dividends were paid during the year (1997: £Nil).

Directors And Their Interests

The directors' interests as defined by, the Companies Act 1985, in the shares of Crystal International Travel Group Limited were as follows:

	31 October 1998 Ordinary Shares of £0.01 each	31 October 1997 A Ordinary, Shares of £0.01 each
P Dyer	-	163,969
A Perrin	-	54,760
A Appleton	-	42,855
D Rowe	-	42,855

All directors' shares in Crystal International Travel Group Limited ('CITG') together with all other issued shares of CITG, were acquired by Thomson Travel Group (Holdings) Limited on 11 September 1998. Thomson Travel Group (Holdings) Limited is a wholly owned subsidiary of Thomson Travel Group plc ('TTG').

Mr I Smith holds 17,647 (1997: nil) ordinary shares of 25p each in TTG.

Directors' interests in TTG share options are as follows:

	At 31 October 1998 £	Exercise price £	Date from which exercisable	Expiry date
I Smith	15,463	1.94	21.5.2001	21.5.2008
	372,881	1.77	2.6.2001	2.6.2008
	6,414*	1.52	1.10.2001	1.4.2002

Crystal International Travel Group Limited

Directors' Report (Continued)

Directors And Their Interests (Continued)

All of the above options were granted under TTG's Executive Share Option Scheme other than those marked * which were granted under TTG's Sharesave Scheme. No options were exercised during the year. Options under the Executive Share Option Scheme will normally be exercisable only if TTG's earnings per share growth exceeds inflation by an average of at least 3% per annum over a three year period.

Other than noted above, no directors had any interests in the share capital of any group company at 31 October 1998.

Share Capital

The issue of the share capital and the classes and rights of the share capital are set out in Note 10 to the attached financial statements.

Year 2000

The Group in common with most other companies faces a significant task in ensuring that its computer and business systems can accommodate the date change to the Year 2000.

Each company in the Group has recently established a formal programme of conversion to ensure that both critical and non-critical systems are amended. The target date for compliance of critical processes is 31 May 1999. The directors recognise that a significant amount of work may remain to be completed but are not aware, at this time, of any issue which might result in the critical processes not achieving compliance by this date.

Enquiries are being made of our principal suppliers and agents to ascertain that they have appropriate plans in place. Where appropriate, contingency plans are being made to assist business continuation in the event that critical systems fail.

Although the Directors are confident that appropriate steps have been taken to protect the Group against Millennium issues, there can be no guarantee the Group will not be adversely impacted by either internal or external events.

In 1998 the Group expensed £5,000 of costs associated with this issue. A further £100,000 is forecast for 1999.

Introduction of the Euro

The third stage of European Economic and Monetary Union (EMU) was reached on 1 January 1999 with the introduction of a single currency, the Euro. The company does not trade with parties in countries that entered the common currency system.

Crystal International Travel Group Limited

Directors' Report (Continued)

Statement Of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the profit or loss of the group for that period. In preparing those financial statements the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business

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

Auditors

Following the resignation of the previous auditors, Deloitte and Touche, a resolution was passed to appoint PricewaterhouseCoopers to fill the casual vacancy arising. PricewaterhouseCoopers have expressed their willingness to be reappointed as auditors, and a resolution to do so will be proposed at the Annual General Meeting.

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


A M Perrin
Director

29 April 1999

Auditors' report to the members of Crystal International Travel Group Limited (formerly Selectbold Limited)

We have audited the financial statements on pages 6 to 13 which have been prepared under the accounting policies set out on pages 8.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the company and the group, consistently applied and adequately, disclosed.

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 October 1998 and of the profit of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants and
Registered Auditors
London

29 April 1999

Crystal International Travel Group Limited

Profit And Loss Account For The Year Ended 31 October 1998

	Notes	Year ended 31 October 1998 £'000	10 months ended 31 October 1997 £'000
Turnover – continuing operations		-	-
Administration expenses		(15)	-
Foreign exchange gains		-	20
Operating (loss)/profit on ordinary activities before interest and taxation		(15)	20
Interest receivable and similar income	3	35	9
Interest payable and similar charges	4	-	(3)
Profit on ordinary activities before tax		20	26
Tax on profit on ordinary activities	5	(6)	(8)
Profit retained for the financial period		14	18

There are no recognised gains or losses in the current or prior period other than as stated above. Accordingly, no statement of recognised gains or losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

Crystal International Travel Group Limited

Balance Sheet As At 31 October 1998

	<i>Note</i>	1998 £'000	1997 £'000
Fixed Assets			
Investments	6	14,111	15,857
Current Assets			
Debtors	7	4	2
Cash at bank and in hand		24	1,284
		28	1,286
Creditors: Amounts Falling Due Within One Year	8	(612)	(1,358)
Net Current Liabilities		(584)	(72)
Total Assets Less Current Liabilities		13,527	15,785
Creditors: Amounts falling due after more than one year	9	-	(2,288)
		13,527	13,497
Capital And Reserves			
Called up share capital	10	13,569	13,569
Share premium account	11	16	-
Capital redemption reserve	11	14	14
Profit and loss account	11	(72)	(86)
Total Shareholders' Funds	12	13,527	13,497
Attributable to equity shareholders'		13,527	426
Attributable to non-equity shareholders'		-	13,071
		13,527	13,497

These financial statements were approved by the Board of Directors on 2nd April 1999.

Signed on behalf of the Board of Directors



AM Perrin
Director

Crystal International Travel Group Limited

Notes To The Financial Statements For The Year Ended 31 October 1998

1 Accounting Policies

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Deferred taxation

Deferred taxation is provided at the anticipated tax rates on timing differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

Investments

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

Capital instruments

Capital instruments are accounted for and classified as equity or non-equity and debt according to their legal form. The finance costs of debt and non-equity are recognised over the term of the instruments, at a constant rate on the carrying value so that provision is made for the accrued premium payable on redemption of redeemable debt or non-equity interests.

2 Information Regarding Directors

	Year ended 31 October 1998 £'000	Seven months ended 31 October 1997 £'000
Total directors' emoluments (excluding pension contributions)	390	13
<i>Company pension contributions in respect of money purchase schemes for directors</i>	99	1
Remuneration of the highest paid director (excluding pension contributions)	95	4
Contributions in respect of a money purchase scheme for the highest paid director	63	-

These fees were borne by Crystal Holidays Limited, a subsidiary company.

Crystal International Travel Group Limited

Notes To The Financial Statements For The Year Ended 31 October 1998 (Continued)

3 Interest Receivable And Similar Income

	Year ended 31 October 1998 £'000	Seven months ended 31 October 1997 £'000
Bank interest receivable	35	9

4 Interest Payable And Similar Charges

	Year ended 31 October 1998 £'000	Seven months ended 31 October 1997 £'000
Bank loans and overdrafts	-	3

5 Taxation

The tax charge on the profit on ordinary activities for the year was as follows:

	Year ended 31 October 1998 £'000	Seven months Ended 31 October 1997 £'000
United Kingdom corporation tax credit at 31.83% (1997: 31.5%) based on the loss for the period – group relief	6	8

6 Investments Held As Fixed Assets

	Shares in subsidiary undertakings £'000	Loans to subsidiary companies £'000	Total £'000
At 1 November 1998	15,582	275	15,857
Additions	42	-	42
Deferred consideration not paid (note 9)	(1,788)	-	(1,788)
At 31 October 1998	13,836	275	14,111

Details of subsidiary undertakings are given in note 14.

Crystal International Travel Group Limited

Notes To The Financial Statements For The Year Ended 31 October 1998 (Continued)

7 Debtors

	1998 £'000	1997 £'000
Group relief receivable	2	-
Amount due from group undertakings	2	2
	4	2

8 Creditors: Amounts Falling Due Within One Year

	1998 £'000	1997 £'000
Group relief payable	6	8
Other taxes and social security	-	-
Amounts due to group undertakings	606	-
Accruals and deferred income	-	1,350
	612	1,358

9 Creditors: Amounts Falling Due After More Than One Year

	1998 £'000	31 October 1997 £'000
Vendor loan note	-	596
Subordinated loan	-	500
Deferred consideration	-	1,192
	-	2,288

The vendor loan and deferred consideration was payable to Viad Service Companies Limited in respect of the company's acquisitions of its subsidiaries on 16 October 1997.

As a result of the acquisition of the company's issued share capital by Thomson Travel Group (Holdings) Limited, a wholly owned subsidiary of Thomson Travel Group plc on 11 September 1998, these amounts are no longer payable. Accordingly, the value of the company's investments in subsidiaries has also been reduced by £1,788,000.

The subordinated loan was repaid during the year.

Crystal International Travel Group Limited

Notes To The Financial Statements For The Year Ended 31 October 1998 (Continued)

10 Called Up Share Capital

		31 October 1998 £'000		31 October 1997 £'000
	No.		No.	
Authorised				
Ordinary shares of 1p each	1,356,902,911	13,569	-	-
'A' Ordinary shares of 1p each	-	-	450,000	5
Preferred ordinary shares of 1p each	-	-	944,064	9
Redeemable preference shares of £1 each (non-equity)	-	-	13,555,781	13,556
		13,569		13,570
Called up, allotted and fully paid				
Ordinary shares of 1p each	1,356,902,911	13,569	-	-
'A' Ordinary, shares of 1p each	-	-	376,653	4
Preferred ordinary shares of 1p each	-	-	944,064	9
Redeemable preference shares of £1 each (non-equity)	-	-	13,555,781	13,556
		13,569		13,569

During the year 4,094 'A' ordinary shares of 1p each were issued to employees of the company and its subsidiaries for consideration of \$4.00 per share.

On 11 September 1998 the £1 redeemable preference shares were subdivided into shares of 1 pence each and then converted into and redesignated as ordinary shares. The 'A' ordinary shares and preferred ordinary shares were also redesignated as ordinary shares.

11 Reserves

	Share premium £'000	Capital redemption reserve £'000	Profit and loss account £'000
At 1 November 1997	-	14	(86)
Profit for the period	-	-	14
Premium on shares issued	16	-	-
At 31 October 1998	16	14	(72)

Crystal International Travel Group Limited

Notes To The Financial Statements

For The Year Ended 31 October 1998 (Continued)

12 Reconciliation of Movements in Shareholders' Funds

	Year Ended 31 October 1998 £'000	10 months ended 31 October 1997 £'000
Profit for the financial period	14	18
New share capital subscribed (net of expenses)	-	13,479
Share premium on shares issued	16	-
Net increase in shareholders' funds	-	-
Opening shareholders' funds	13,497	-
Closing shareholders' funds	13,527	13,497

13 Contingent Liabilities

	1998 £	1997 £
Bank guarantees	306,274	784,000

The guarantees are in respect of performance bonds for several key suppliers.

A cross guarantee dated October 1997 exists between the company, Crystal Holidays Limited, Crystal Dial Limited and Charles Grimsey Associates Limited. The bank accounts to which the cross guarantees relate were in surplus as at 31 October 1997.

14 Subsidiary Undertakings

	Country of incorporation	Principal activity	Class and percentage of shares and voting rights held:
Crystal Holidays Limited	Great Britain	Tour operator	Ordinary - 100%
Crystal Dial Limited	Great Britain	Wholesale tour operator	Ordinary - 100%
Charles Grimsey Associates Limited	Great Britain	Media and design	Ordinary - 100% (*)
American Holidays (NI) Limited	Great Britain	Tour operator	Ordinary - 100% (*)
Irish Group Travel Limited	Ireland	Tour operator	Ordinary - 100% (*)
Jetsave Transatlantic Limited	Great Britain	Holding company	Ordinary - 100% (*)
Jersey Travel Service Limited	Great Britain	Dormant	Ordinary - 100%
Guernsey Travel Service Limited	Great Britain	Dormant	Ordinary - 100%
Airborne Travel (Holdings) Limited	Great Britain	Holding company.	Ordinary - 100%
Crystal Holidays Inc.	USA	Tour Operator	Ordinary - 100% (*)
Tropical Places Limited	Great Britain	Tour Operator	Ordinary - 100% (*)
Jetsave International Limited	Great Britain	Tour Operator	Ordinary - 100% (*)
Crystal Italia Srl	Italy	Dormant	Ordinary - 100%

Crystal International Travel Group Limited

Notes To The Financial Statements For The Year Ended 31 October 1998 (Continued)

14 Subsidiary Undertakings (Continued)

The company's interests in subsidiaries marked (*) are held directly. Interests in all other subsidiaries are held indirectly.

Consolidated accounts have not been prepared as the company is exempt under S228 of the Companies Act 1985 and accordingly these financial statements only present information about the company as an individual undertaking. The company is included in the audited consolidated accounts of Thomson Travel Group plc.

15 Cash Flow Statement and Related Party Transactions

The company is a wholly owned subsidiary of Thomson Travel Group plc ('TTG') and is included in the consolidated financial statements of TTG which are publicly available. Consequently the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1. The company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of TG or investees of TTG.

16 Ultimate Parent Company

The company was acquired by Thomson Travel Group (Holdings) Limited, a wholly owned subsidiary of Thomson Travel Group plc ('TTG') on 11 September 1998. TTG is the company's ultimate parent undertaking and is incorporated in England and Wales.

TTG is the parent undertaking of the smallest and largest group to consolidate the financial statements. Copies of the TTG annual report are available by writing to the Company Secretary, Greater London House, Hampstead Road, London, NW1 7SD.