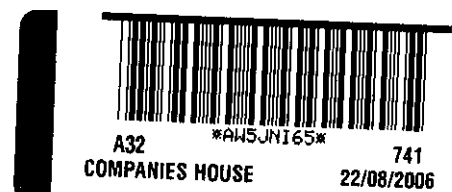


Registered number
04357078

Holiday Hotels Limited

Report and Accounts

Year ended 30 September 2005



Holiday Hotels Limited
Report and accounts
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Holiday Hotels Limited

Company Information

Directors

J Kent (resigned 31 January 2005)
D Howell (resigned 3 March 2005)
Ms J Bedlow (resigned 28 October 2005)
I McCaig (appointed 25 February 2005)
B Hoberman (appointed 25 February 2005)
M Jones (appointed 28 October 2005)
E Kamm (appointed 28 October 2005)
D Tassone (appointed 28 October 2005)

Secretary

I Lindsay (appointed 28 October 2005)
S A Watkins (resigned 28 October 2005)

Auditors

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

Bankers

Barclays Bank plc
50 Pall Mall
London
SW1A 1QA

Registered office

Victoria Gate
Chobham Road
Woking
Surrey
GU21 6JD

Registered number

04357078

Holiday Hotels Limited

Directors' Report

The directors present their report and accounts for the year ended 30 September 2005.

Principal activities and review of the business

The Company's principal activity during the year continued to be the provision of hotel accommodation to the leisure traveller.

On 20 July 2005 the entire issued share capital of lastminute.com plc (now lastminute.com limited) was purchased by Travelocity Europe Limited, a company incorporated in England and Wales. Travelocity Europe Limited is a wholly owned subsidiary of Sabre Holdings Corporation, a company incorporated in the United States whose registered office is situated at 3150 Sabre Drive, Southlake, Texas, USA.

The Company has changed its revenue recognition policy during the year in order to better reflect its position as an agent. The Company recognises turnover based on the booking date. The change in accounting policy has resulted in the restatement of the prior year figures and a prior year adjustment to profit before tax of £29,817.

Results and dividends

The profit for the year, after taxation, amounted to £963,965 (2004: Loss £375,174). The directors do not recommend a final ordinary dividend (2004: nil), which leaves a profit of £963,965 (2004: Loss £375,174) to be retained.

Future developments

The directors aim to maintain the management policies that have resulted in the Company's profit in the current period. They consider that 2006 will show a profit.

Directors

The directors who served during the period were as follows:

J Kent - resigned 31 January 2005

D Howell - resigned 3 March 2005

Ms J Bedlow - resigned 28 October 2005

I McCaig and B Hoberman were appointed directors of the Company on 25 February 2005. M Jones, E Kamm and D Tassone were appointed directors of the Company on 28 October 2005.

Directors interests

During the year, the shares of lastminute.com plc (now lastminute.com limited) were acquired by Travelocity Europe Limited (a wholly-owned subsidiary of Sabre Holdings Corporation) on 20 July 2005. Further to the acquisition, none of the directors hold shares in the UK parent company and all related share schemes have been cancelled.

Holiday Hotels Limited

Directors' Report

Directors' responsibilities

Company law requires the directors to prepare accounts for each financial period which 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 accounts, 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, subject to any material departures disclosed and explained in the financial statements; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the accounts 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.

Auditors

On 11th August 2004 the Company passed an elective resolution to dispense with the requirements for the holding of an annual general meeting, the laying of accounts and reports before the Company in general meetings and the obligation to appoint auditors annually in accordance with the relevant provision of the Companies Act 1985.

This report was approved by the board on 17 AUG 2006



Director

Holiday Hotels Limited

Independent auditors' report to the shareholder of Holiday Hotels Limited

We have audited the accounts of Holiday Hotels Limited for the year ended 30 September 2005 which comprise Profit and Loss Account, Balance Sheet and the related notes 1-14. These accounts have been prepared under the historical cost convention and 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 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 auditors

The directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as 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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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. 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 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 September 2005 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP. 17 AUG 2006

Ernst & Young LLP.
Registered auditors

1 More London Place
London
SE1 2AF

Holiday Hotels Limited
Profit and Loss Account
for the year ended 30 September 2005

| | Notes | Year to 30 Sept 2005 £ | Year to 30 Sept 2004 as restated £ |
|--|-------|------------------------------|---|
| Total transaction value ("TTV") | 2 | 4,264,644 | 4,264,561 |
| Turnover | 2 | 1,162,638 | 1,033,857 |
| Distribution costs | | (137,255) | (548,842) |
| Administrative expenses | | (61,373) | (860,890) |
| Operating profit | 3 | 964,010 | (375,875) |
| Interest receivable | | 327 | 701 |
| Interest payable | | (372) | - |
| Profit on ordinary activities before taxation | | 963,965 | (375,174) |
| Tax on profit on ordinary activities | 6 | - | - |
| Profit for the period | | 963,965 | (375,174) |
| Retained profit for the period | 10 | 963,965 | (375,174) |

All activities are derived from continuing operations.

Statement of total recognised gains and losses
for the year ended 30 September 2005

| | Year to 30 Sept 2005 £ | Year to 30 Sept 2004 as restated £ |
|---|------------------------------|---|
| Profit for the financial year | 963,965 | (404,991) |
| Prior year adjustment (as explained in note 1) | - | 29,817 |
| Total gains and losses recognised since last annual report | 963,965 | (375,174) |

Holiday Hotels Limited
Balance Sheet
as at 30 September 2005

| | Notes | 2005 £ | 2004 as restated £ |
|---|-------|--------------------|--------------------------|
| Current assets | | | |
| Debtors | 7 | 3,052,237 | 532,545 |
| Cash at bank and in hand | | <u>69,810</u> | <u>998,973</u> |
| | | 3,122,047 | 1,531,518 |
| Creditors: amounts falling due within one year | 8 | (6,089,826) | (5,463,262) |
| Net liabilities | | <u>(2,967,779)</u> | <u>(3,931,744)</u> |
| Capital and reserves | | | |
| Called up share capital | 9 | 1,800 | 1,800 |
| Profit and loss account | 10 | (2,969,579) | (3,933,544) |
| Shareholder's deficits: | 11 | <u>(2,967,779)</u> | <u>(3,931,744)</u> |

These financial statements were approved by the Board of Directors on 17 AUG 2006



Director
E Kamm

Holiday Hotels Limited
Notes to the Accounts
for the year ended 30 September 2005

1 Accounting policies

Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Changes in accounting policies

The Company has changed its revenue recognition policy during the year in order to better reflect its position as an agent. The Company recognises turnover based on the booking date. The change in accounting policy has resulted in the restatement of the prior year figures and a prior year adjustment to profit before tax of £29,817. The effect of the change in accounting policy on the current year figures is to increase profit before tax by £15,584.

Going concern

The directors consider it is appropriate to prepare the financial statements on a going concern basis because the Company's ultimate parent undertaking has undertaken to provide the Company with continuing financial support for a period of not less than 12 months from the date of these financial statements to the extent that the Company is unable to meet its obligations itself.

Exemption from preparation of consolidated accounts

The Company has taken advantage of the exemption from preparing consolidated accounts afforded by Section 228 of the Companies Act 1985 because it is a wholly owned subsidiary of a UK parent undertaking that prepares UK consolidated statements.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

| | |
|-----------------------|--------------|
| Motor vehicles | over 4 years |
| Fixtures and fittings | over 3 years |
| Computer equipment | over 3 years |

Deferred taxation

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 the 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 translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Holiday Hotels Limited
Notes to the Accounts
for the year ended 30 September 2005

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the Company, are capitalised in the balance sheet and depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

Pensions

The Company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

2 Turnover

Turnover is recognised on the date of booking and represents the total commissions earned for booking hotel services and related transactions with principals, entirely within the United Kingdom, stated net of value added tax and trade discounts.

The 2004 values have been restated to reflect the change in accounting policy, to allow for greater comparison to current year numbers. This has resulted in an adjustment to profit before tax of £29,716

Turnover is attributable to one continuing activity.

Total Transaction Value ("TTV") - TTV, which is stated net of value added tax, does not represent the Company's statutory turnover. As the Company acts as agent or cash collector, TTV represents the price at which goods or services have been sold to the consumer.

In cases where customers have the ability to cancel and obtain refunds after ticketing, the Company is able to estimate its refund obligations and such obligations are accounted for.

| 3 Operating profit | 2005 | 2004 |
|--|-------------|-------------|
| | £ | £ |
| This is stated after charging: | | |
| Auditors' remuneration | 500 | |
| Depreciation of owned fixed assets | - | 46,691 |
| Depreciation of assets held under finance leases and hire purchase contracts | - | 43,838 |
| | <hr/> | <hr/> |

4 Directors' emoluments

The directors received no remuneration for their services in respect of the company in the current or prior year.

Holiday Hotels Limited
Notes to the Accounts
for the year ended 30 September 2005

| 5 Staff costs | 2005 | 2004 |
|-----------------------|-------------|-------------|
| | £ | £ |
| Wages and salaries | - | 448,447 |
| Social security costs | - | 7,874 |
| Other pension costs | - | 1,873 |
| | - | 458,194 |

| Average number of employees during the year | Number | Number |
|--|---------------|---------------|
| Administration | - | 3 |
| Reservations | - | 3 |
| Sales | - | 1 |
| | - | 7 |

| 6 Taxation | 2005 | 2004 |
|-------------------|-------------|-------------|
| | £ | £ |

Analysis of charge in period

| | | |
|--------------------------------------|---|---|
| Tax on profit on ordinary activities | - | - |
|--------------------------------------|---|---|

Factors affecting tax charge for period

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows:

| | 2005 | 2004 |
|--|-------------|--------------------|
| | £ | as restated |
| | £ | £ |
| Profit on ordinary activities before tax | 963,965 | (375,174) |
| Standard rate of corporation tax in the UK | 30% | 30% |
| | £ | £ |
| Profit on ordinary activities multiplied by the standard rate of corporation tax | 289,190 | (112,552) |
| Effects of: | | |
| Expenses not deductible for tax purposes | - | (8,725) |
| Capital allowances for period in excess of depreciation | (4,194) | 34,340 |
| Tax losses carried forward | - | - |
| Group relief (claimed) / surrendered not paid | (98) | - |
| Utilisation of losses | (284,898) | 86,937 |
| Current tax charge for period | - | - |

Deferred taxation

A potential deferred tax asset of approximately £521,000 (2004: £806,000) arising on tax losses has not been recognised due to uncertainty over the future recovery of the asset.

Holiday Hotels Limited
Notes to the Accounts
for the year ended 30 September 2005

| 7 Debtors | 2005 | 2004 |
|---|------------------|--------------------------|
| | £ | as restated £ |
| Trade debtors | 211,024 | 347,713 |
| Amounts owed to group undertakings and undertakings in which the Company has a participating interest | 2,840,622 | 158,889 |
| Other debtors | 591 | 25,943 |
| Prepayments and accrued income | - | - |
| | <u>3,052,237</u> | <u>532,545</u> |

| 8 Creditors: amounts falling due within one year | 2005 | 2004 |
|---|------------------|--------------------------|
| | £ | as restated £ |
| Trade creditors | 1,670,796 | 1,131,266 |
| Amounts owed to group undertakings and undertakings in which the Company has a participating interest | 4,384,317 | 4,289,404 |
| Other creditors | 34,713 | 31,049 |
| Accruals and deferred income | - | 11,543 |
| | <u>6,089,826</u> | <u>5,463,262</u> |

The parent undertaking has subordinated the amounts owed to it of £4,116,368 in favour of third party creditors.

| 9 Share capital | 2005 | 2004 |
|-----------------------------------|--------------|--------------|
| | £ | £ |
| Authorised: | | |
| Ordinary 'A' shares of £0.01 each | 499 | 499 |
| Ordinary 'B' shares of £0.01 each | 301 | 301 |
| Ordinary 'C' shares of £0.05 each | 500 | 500 |
| Ordinary 'D' shares of £0.05 each | 500 | 500 |
| | <u>1,800</u> | <u>1,800</u> |

| | 2005 | 2004 | £ | £ |
|-------------------------------------|-------------|-------------|--------------|--------------|
| | No | No | | |
| Allotted, called up and fully paid: | | | | |
| Ordinary 'A' shares of £0.01 each | 49,900 | 49,900 | 499 | 499 |
| Ordinary 'B' shares of £0.01 each | 30,100 | 30,100 | 301 | 301 |
| Ordinary 'C' shares of £0.05 each | 10,000 | 10,000 | 500 | 500 |
| Ordinary 'D' shares of £0.05 each | 10,000 | 10,000 | 500 | 500 |
| | | | <u>1,800</u> | <u>1,800</u> |

Holiday Hotels Limited
Notes to the Accounts
for the year ended 30 September 2005

| 10 Profit and loss account | 2005 | 2004 |
|--|--------------------|--------------------------|
| | £ | as restated £ |
| At 1 October 2004 | (3,933,544) | (3,558,370) |
| Prior year adjustment (before retained earnings) | - | 29,817 |
| Restated balance | <u>(3,933,544)</u> | <u>(3,528,553)</u> |
| Retained profit | 963,965 | (404,991) |
| At 30 September 2005 | <u>(2,969,579)</u> | <u>(3,933,544)</u> |

The adjustment to prior year profit relates to a change in accounting policy as detailed in note 1.

| 11 Reconciliation of movement in shareholder's funds | 2005 | 2004 |
|---|--------------------|--------------------------|
| | £ | as restated £ |
| At 1 October 2004 | (3,931,744) | (3,556,570) |
| Prior year adjustment (before retained earnings) | - | 29,817 |
| Restated balance | <u>(3,931,744)</u> | <u>(3,526,753)</u> |
| Profit for the financial period | 963,965 | (404,991) |
| At 30 September 2005 | <u>(2,967,779)</u> | <u>(3,931,744)</u> |

12 Cashflow statement

The Company has taken advantage of FRS1 which exempts wholly owned subsidiaries from preparing a cashflow statement. The intermediate parent company lastminute.com Limited (formerly lastminute.com plc), has included the required consolidated cashflow statement within its consolidated financial statements.

13 Related parties

The Company has taken advantage of exemptions under Financial Reporting Standard 8 from disclosing related party transactions with other group undertakings as the results are consolidated in the ultimate holding company accounts.

14 Immediate holding company

The immediate holding company is Holiday Autos Group Limited, a company incorporated in England and Wales. The ultimate holding company is Sabre Holdings Corporation, a company incorporated in the United States, whose registered office is situated at 3150 Sabre Drive, Southlake Texas, USA.

The smallest group in which the results of Holiday Hotels Limited are consolidated is lastminute.com Limited (formerly lastminute.com plc) a company incorporated in England and Wales. The largest group for which consolidated financial statements are prepared is Sabre Holdings Corporation a company incorporated in USA. Copies of the group financial statements of Sabre Holdings Corporation are available from 3150 Sabre Drive, Southlake, Texas, USA.