

Registered number
04357078

Holiday Hotels Limited
Report and Financial Statements
for the fifteen month period to 31 December 2006



Holiday Hotels Limited
Report and financial statements
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Holiday Hotels Limited
Company information

Directors

I McCaig
E Kamm
D Tassone
J Bevan

Secretary

I Lindsay

Auditors

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

Registered office

39 Victoria Street
London
SW1H 0EU

Registered number

04357078

Holiday Hotels 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 continued to be the provision of hotel accommodation to the leisure traveller

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 £745,483 (2005 £1,162,638) and net profit before tax of £550,995 (2005 £963,965)

The total estimated value of transactions sold through our website or other facilities was £3,473,176 (2005 £4,264,644)

Principal risks and uncertainties

The key business risks affecting the Company are world events that influence consumer travel and competition from other travel 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 ultimate holding company, announced the completion of the acquisition of the company by affiliates of Texas Pacific Group and Silver Lake Partners. The company 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 is 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 as follows

I McCaig

E Kamm (appointed 28 October 2005)

D Tassone (appointed 28 October 2005)

J Bevan (appointed 31 July 2007)

B Hoberman (resigned 26 October 2006)

Ms J Bedlow (resigned 28 October 2005)

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

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 as follows

S Watkins (resigned 28 October 2005)

I Lindsay (appointed 28 October 2005)

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/she is obliged to take as a director in order to make himself/herself 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



E Kamm
Director

31 October 2007

Holiday Hotels 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 Hotels Limited

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HOLIDAY HOTELS LIMITED

We have audited the financial statements of Holiday Hotels 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 preparing 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 other information contained in the Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 31 December 2006 and of its profit for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
London

31 October 2007

Holiday Hotels Limited
Profit and loss account
for the fifteen month period to 31 December 2006

	Notes	Period to 31 Dec 2006 £	Year to 30 Sep 2005 £
Turnover	2	745,483	1,162,638
Distribution costs		(13,070)	(137,255)
Administrative expenses		(176,563)	(61,373)
Operating profit	3	<u>555,850</u>	<u>964,010</u>
Other interest receivable and similar income		24	327
Interest payable and similar charges	5	(4,879)	(372)
Profit on ordinary activities before taxation		<u>550,995</u>	<u>963,965</u>
Tax on profit on ordinary activities	6	-	-
Profit on ordinary activities after taxation		<u>550,995</u>	<u>963,965</u>
Retained profit for the financial period		<u>550,995</u>	<u>963,965</u>

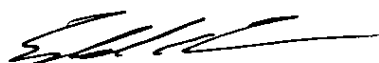
All operations during the period are continuing operations

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

Holiday Hotels Limited
Balance sheet

	Notes	31 December 2006 £	30 September 2005 £
Current assets			
Debtors	7	3,226,084	3,052,237
Cash at bank and in hand		<u>237,327</u>	<u>69,810</u>
		3,463,411	3,122,047
Creditors amounts falling due within one year	8	(5,880,195)	(6,089,826)
Net liabilities		<u>(2,416,784)</u>	<u>(2,967,779)</u>
Capital and reserves			
Called up share capital	9	1,800	1,800
Profit and loss account	10	(2,418,584)	(2,969,579)
		<u>(2,416,784)</u>	<u>(2,967,779)</u>

These financial statements were approved by the Board of Directors on 31 October 2007



E Kamm
Director

Holiday Hotels 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

Going concern

The directors consider it is appropriate to prepare the financial statements on a going concern basis because the Company's ultimate UK 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

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

Turnover is recognised in full when a booking is made. Where the Company acts as principal and purchases the products or services for resale, turnover represents the invoice price at which the products or services have been sold to the customer. Where the Company acts as agent and does not take ownership of the products or services being sold, turnover represents commission earned

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

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

Cash flow 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

Holiday Hotels Limited
Notes to the financial statements
for the fifteen month period to 31 December 2006

2 Turnover

Turnover represents the amounts derived from the provision of goods and services which fall within the Company's ordinary activities, stated net of value added tax

Turnover and pre-tax profit are attributable to the principal activity and are earned predominantly within the United Kingdom, notwithstanding the Company's activities as a hotel booking agent are predominantly for destinations overseas

3 Operating profit

The auditors' remuneration has been borne by other group companies. No amounts were payable to Ernst & Young LLP for non-audit services during the current or previous period

4 Directors' emoluments

The directors received no remuneration for their services in respect of the Company in either the current or preceding period

5 Interest payable	15 months to 31 Dec 2006 £	Year to 30 Sep 2005 £
Bank loans and overdrafts	<u>4,879</u>	<u>372</u>
6 Tax	15 months to 31 Dec 2006 £	Year to 30 Sep 2005 £
(a) Factors affecting the current tax charge		
Profit on ordinary activities before tax	<u>550,995</u>	<u>963,965</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2005 - 30%)	165,299	289,190
<i>Effects of</i>		
Depreciation in excess of capital allowances	(5,592)	(4,194)
Group relief claimed, not paid	-	(98)
Utilisation of losses	(159,707)	(284,898)
Current tax charge for period	<u>-</u>	<u>-</u>

Holiday Hotels Limited
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for the fifteen month period to 31 December 2006

6 Tax (continued)

	15 months to 31 Dec 2006	Year to 30 Sep 2005
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(b) Factors affecting future tax charges

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

Losses	342,451	508,419
Accelerated capital allowances	16,775	12,581
Total	359,226	521,000

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 items to reverse

7 Debtors

	2006 £	2005 £
Trade debtors	175,007	211,024
Amounts owed by group undertakings	3,043,694	2,840,622
Other debtors	-	591
Prepayments and accrued income	7,383	-
	3,226,084	3,052,237

The Company's ultimate UK parent undertaking has provided to honour amounts owed by group undertakings

8 Creditors, amounts falling due within one year

	2006 £	2005 £
Trade creditors	1,323,484	1,670,796
Amounts owed to group undertakings	4,444,103	4,384,317
Corporation tax	176	-
Other creditors	110,335	34,713
Accruals and deferred income	2,097	-
	5,880,195	6,089,826

9 Share capital

	2006 No	2005 No	2006 £	2005 £
Authorised, 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
			1,800	1,800

Holiday Hotels Limited
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10 Reconciliation of shareholders' funds and movement on reserves

	Called up share capital £	Profit and loss account £	Total shareholders' deficit £
At 1 October 2004	1,800	(3,933,544)	(3,931,744)
Profit for the year	-	963,965	963,965
At 30 September 2005	1,800	(2,969,579)	(2,967,779)
Profit for the period	-	550,995	550,995
At 31 December 2006	1,800	(2,418,584)	(2,416,784)

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 announced the completion of the acquisition of the company by affiliates of Texas Pacific Group and Silver Lake Partners. The company 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 is 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 publically available.

14 Parent undertaking and controlling party

The UK parent company is Holiday Autos Group 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 Hotels Limited are consolidated. Copies of the group financial statements of Sabre Holdings are available from 3150 Sabre Drive, Southlake, Texas, USA.