

Registered number
04357078

Holiday Hotels Limited
Report and Financial Statements
for the year ended 31 December 2007

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

Directors

I McCaig
E Kamm
J Donaldson
S Thompson

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 year ended 31 December 2007.

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 results for the Company show turnover of £1,537,027 (15 months to 31 Dec 2006: £745,483) and net profit before tax of £411,265 (15 months to 31 Dec 2006: £550,995).

Holiday Hotels Limited's significant growth in TTV/turnover year on year was largely driven by the recognition of sales from the Med Hotels branded direct bookings (TTV £5.69m) which had in previous years been recognised as part of Med Hotels Limited. In alignment with this change, significant additional marketing (£487k) & transactional costs (£157k) were incurred. An increase in the Company's head office recharge to £352k (2006: £156k) as well as a provision for doubtful amounts held in the Company's trade ledgers of £171k (2006: £nil) has however contributed to the year on year decrease in profit which has resulted in a profit after taxation of £411k.

The immediate parent company is Holiday Autos Group Limited, a company incorporated in England and Wales. 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.

Principal risks and uncertainties

The key business risks affecting the Company are world events that influence consumer travel and competition from other travel companies including exposure to changes in foreign currency rates, macro-economic changes and increasing fuel prices which impacts pricing and our suppliers who provide air travel to our customers. Other business risks include technological stability and the ability to provide reliable, real-time access to our systems for our customers and suppliers.

Events since the balance sheet date

On 7 January 2009, lastminute.com Limited entered into a sale agreement with Hotels4U.com Limited ("Hotels4U") whereby Hotels4U acquired the assets of Med Hotels Limited, Hoteltransfers Limited, Holiday Hotels Limited, Medhotels.com GmbH and Taskbrook Limited. These entities remain part of the lastminute.com group of companies.

Future developments

The Directors intend that the Company will be wound down following the sale of the assets of the business as detailed in the paragraph above.

Holiday Hotels Limited

Directors' report

Directors and their interests

The Directors who served during the period, and subsequently, are as follows:

I McCaig

E Kamm

M Ross (appointed 28 February 2008 and resigned 31 October 2008)

D Tassone (resigned 6 February 2008)

J Bevan (appointed 31 July 2007 and resigned 15 October 2008)

M Jones (resigned 31 July 2007)

J Donaldson (appointed 31 October 2008)

S Thompson (appointed 31 October 2008)

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

The company secretary who held office during the period, and subsequently, is as follows:

I Lindsay

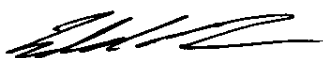
Disclosure of information to the auditors

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 Auditors in connection with preparing their report, of which the Auditors are unaware. Having made enquiries of fellow Directors and the Company's Auditors, 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 Auditors are aware of that

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

29 January 2009

Holiday Hotels Limited

Statement of Directors' responsibilities

The Directors are responsible for preparing the 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 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Holiday Hotels Limited
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the financial statements of the Company for the year ended 31 December 2007 which comprise Profit and Loss Account, Balance Sheet and the related notes 1 to 16. 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 the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

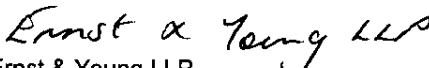
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 31 December 2007 and of its profit for the year 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

Registered Auditor
1 More London Place
London

29 January 2009

Holiday Hotels Limited
Profit and loss account
for the year ended 31 December 2007

	Notes	Year ended 31 Dec 2007 £	15 months to 31 Dec 2006 £
Total Transaction Value (TTV)	2	7,814,841	3,473,176
Cost of sales		(6,277,814)	(2,727,693)
Turnover	2	1,537,027	745,483
Distribution costs		(486,730)	(13,070)
Administrative expenses		(467,667)	(176,563)
Operating profit before exceptional items	3	582,630	555,850
Exceptional items	4	(170,668)	-
Total operating profit		411,962	555,850
Other interest receivable and similar income	6	-	24
Interest payable and similar charges	7	(697)	(4,879)
Profit on ordinary activities before taxation		411,265	550,995
Tax on profit on ordinary activities	8	-	-
Profit on ordinary activities after taxation		411,265	550,995
Retained profit for the financial period	12	411,265	550,995

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
as at 31 December 2007

	Notes	2007 £	2006 £
Current assets			
Debtors	9	5,137,588	3,226,084
Cash at bank and in hand		53,244	237,327
		<u>5,190,832</u>	<u>3,463,411</u>
Creditors: amounts falling due within one year	10	(7,196,351)	(5,880,195)
Net current liabilities		<u>(2,005,519)</u>	<u>(2,416,784)</u>
Net liabilities		<u>(2,005,519)</u>	<u>(2,416,784)</u>
Capital and reserves			
Called up share capital	11	1,800	1,800
Profit and loss account	12	(2,007,319)	(2,418,584)
Equity shareholders' deficit	12	<u>(2,005,519)</u>	<u>(2,416,784)</u>

These financial statements were approved by the Board of Directors on 29 January 2009.



E Kamm
Director

Holiday Hotels Limited
Notes to the financial statements
for the year ended 31 December 2007

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.

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.

2 Turnover

Total Transaction Value (TTV), which is stated net of value added tax, does not represent the Company's statutory turnover. TTV represents the invoice price at which the goods or services have been sold to the customer.

Where the Company acts as principal and purchases the products or services for resale, turnover represents the gross invoice value. Where the Company acts as agent and does not take ownership of the products or services being sold, turnover represents commission earned.

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 travel agent are predominantly for destinations overseas.

Turnover is recognised on a departure date basis.

Holiday Hotels Limited
Notes to the financial statements
for the year ended 31 December 2007

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.

	Year ended 31 Dec 2007	15 months to 31 Dec 2006
	£	£
4 Exceptional items		
Provision for irrecoverable balances	<u>170,668</u>	<u>-</u>

The Company suffered a significant accounting systems issue towards the end of 2006 that resulted in the business restoring records and making provision for sums deemed incorrectly paid / received after this period as the system issues were resolved.

5 Staff costs

All staff are contracted with Lastminute Network Limited, however the relevant legal entity has agreed to bear the cost for the appropriate staff through a monthly recharge from Lastminute Network Limited.

Directors' emoluments

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

	Year ended 31 Dec 2007	15 months to 31 Dec 2006
	£	£
6 Interest receivable and similar income		
Bank interest	<u>-</u>	<u>24</u>

	Year ended 31 Dec 2007	15 months to 31 Dec 2006
	£	£
7 Interest payable		
Bank loans and overdrafts	<u>697</u>	<u>4,879</u>

Holiday Hotels Limited
Notes to the financial statements
for the year ended 31 December 2007

8 Tax

	Year ended 31 Dec 2007	15 months to 31 Dec 2006
(a) Tax on loss on ordinary activities		
The tax charge is made up as follows:		
Tax on loss on ordinary activities	-	-

	Year ended 31 Dec 2007	15 months to 31 Dec 2006
(b) Factors affecting the current tax charge		
	£	£
Profit on ordinary activities before tax	411,265	550,995
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2006 - 30%)	123,380	165,299
<i>Effects of:</i>		
Permanent differences	51,200	-
Depreciation in excess of capital allowances	-	(5,592)
Utilisation of losses	(174,580)	(159,707)
Current tax charge for period	-	-

	Year ended 31 Dec 2007	15 months to 31 Dec 2006
(c) Factors affecting future tax charges		
The Company has potential deferred tax assets at the period end as follows:		
Losses	186,637	342,451
Accelerated capital allowances	14,670	16,775
Total	201,307	359,226

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 in the foreseeable future.

9 Debtors	2007 £	2006 £
Trade debtors	381,331	175,007
Amounts owed by group undertakings	4,674,898	3,043,694
Other debtors	359	-
Prepayments and accrued income	81,000	7,383
	5,137,588	3,226,084

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

Holiday Hotels Limited
Notes to the financial statements
for the year ended 31 December 2007

10 Creditors: amounts falling due within one year	2007	2006
	£	£
Trade creditors	2,279,917	1,323,484
Amounts owed to group undertakings	4,846,439	4,444,103
Corporation tax	-	176
Other creditors	52,044	110,335
Accruals and deferred income	17,951	2,097
	<u>7,196,351</u>	<u>5,880,195</u>

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

11 Share capital	2007	2006	2007	2006
	No.	No.	£	£
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
			<u>1,800</u>	<u>1,800</u>

12 Reconciliation of shareholders' funds and movement on reserves

	Called up share capital £	Profit and loss account £	Total equity shareholders' deficit £
At 1 October 2005	1,800	(2,969,579)	(2,967,779)
Profit for the period	-	550,995	550,995
At 31 December 2006	<u>1,800</u>	<u>(2,418,584)</u>	<u>(2,416,784)</u>
Profit for the year	-	411,265	411,265
At 31 December 2007	<u>1,800</u>	<u>(2,007,319)</u>	<u>(2,005,519)</u>

13 Cashflow statement

In accordance with FRS 1 (Revised 1996) 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 year ended 31 December 2007

14 Post balance sheet event

On 7 January 2009, lastminute.com Limited entered into a sale agreement with Hotels4U.com Limited ("Hotels4U") whereby Hotels4U acquired the assets of Med Hotels Limited, Hoteltransfers Limited, Holiday Hotels Limited, Medhotels.com GmbH and Taskbrook Limited. These entities remain part of the lastminute.com group of companies.

15 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.

16 Parent undertaking and controlling party

The immediate parent company is Holiday Autos Group Limited, a company incorporated in England and Wales. 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.

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.