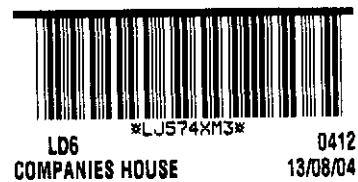


Holiday Hotels Limited
(Registered Number 4357078)

Annual Report and Financial Statements
For The Period Ended 30 September 2003



Holiday Hotels Limited

Company Information

DIRECTORS

D Howell	(appointed 3 February 2004)
J Kent	(appointed 3 February 2004)
J Bedlow	(appointed 3 February 2004)
P Evans	(resigned 21 November 2003)
C Jacobs	(resigned 03 February 2004)
D Sawers	(resigned 03 February 2004)
Sara Zimmerman	(resigned 7 January 2003)

SECRETARY

S Watkins

AUDITORS

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

BANKERS

Barclays Bank plc
50 Pall Mall
PO Box 15161R
London
SW1A 1QA

SOLICITORS

DLA
3 Noble Street
London
EC2V 7EE

REGISTERED OFFICE

4 Buckingham Gate
London
SW1E 6JP

Holiday Hotels Limited

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Holiday Hotels Limited

Directors' report for the period ended 30 September 2003

The directors submit their annual report and the audited financial statements of the Company for the period ended 30 September 2003.

Principal activities

The principal activity of the Company is the provision of hotel accommodation to the leisure traveller.

Review of the business and future developments

On 21 November 2002 Holiday Autos Group Limited, a company registered in the United Kingdom, subscribed for 49,900 A ordinary shares, being 49.9% of the issued share capital of the company. Contemporaneously, C Jacobs granted Holiday Autos Group Limited a call option over 30,100 B ordinary shares, being 30.1% of the issued share capital, of the company for £1 exercisable at any time up until 21 November 2012.

In March 2003, Holiday Autos Group Limited was acquired by lastminute.com plc. Since then lastminute.com plc has become its ultimate parent company.

The Company's loss before taxation for the period was £1,228,057 (2002: £2,330,311) The Directors recommend that no dividend be paid (2002: £nil). The retained loss has been transferred to reserves.

Directors

The directors of the Company who have served on the board during the period ended 30 September 2003 are shown below. All served on the board throughout the period unless otherwise shown.

D Howell	(Appointed 3 February 2004)
J Bedlow	(Appointed 3 February 2004)
C Jacobs	(Resigned on 3 February 2004)
J Kent	(Appointed 3 February 2004)
D Sawyers	(Appointed 7 January 2003) (Resigned 03 February 2004)
S Zimmerman	(Resigned 7 January 2003)
P Evans	(Resigned 21 November 2003)

The directors' shareholdings in the ultimate parent undertaking, lastminute.com plc, are disclosed in the annual report of lastminute.com plc which are publicly available from the Company Secretary of lastminute.com plc.

Auditors

Ernst & Young LLP was appointed as the Company's auditors. A resolution to re-appoint Ernst & Young LLP as the Company's auditors will be put to the members at the Annual General Meeting.

By order of the Board


John Kent

Director

4 Buckingham Gate

London

SW1E 6JP

Date: 11th August 2004

Holiday Hotels Limited

Statement of directors' responsibilities in respect of financial statements For the period ended 30 September 2003

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 of the profit or loss of the Company 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, 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 which 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.

Independent auditors' report to the members of Holiday Hotels Limited

We have audited the Company's financial statements for the period ended 30 September 2003 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 21. These financial statements have been prepared on the basis of 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

As described in the Statement of Directors' responsibilities the Company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 transactions with the Company 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 United Kingdom 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 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.

**Independent auditors' report to the members of
Holiday Hotels (continued)**

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company as at 30 September 2003 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
London
Date: 11th August 2004

Holiday Hotels Limited

Profit and loss account for the period ended 30 September 2003

		2003	2002
	Notes	£	£
Turnover	3	4,633,909	237,722
Cost of sales		(4,449,503)	(188,354)
Gross profit		184,406	49,368
Selling costs net of market support		(282,017)	(106,104)
Administrative expenses		(1,127,083)	(2,272,056)
Operating loss before exceptional items	4	(1,224,694)	(1,374,778)
Exceptional Items	5	-	(954,014)
Operating loss	4	(1,224,694)	(2,328,792)
Bank interest receivable		709	
Interest payable and similar charges	7	(4,072)	(1,519)
Loss on ordinary activities before taxation		(1,228,057)	(2,330,311)
Tax on ordinary activities	8	-	-
Loss on ordinary activities after taxation		(1,228,057)	(2,330,311)
Retained loss for the period	16	(1,228,057)	(2,330,311)

All results were derived from continuing operations.

There are no recognised gains or losses other than the loss for the period.

There is no material difference between the historical cost profit and the profit for the period shown above.

The notes on pages 7 to 15 form part of these financial statements

Holiday Hotels Limited

Balance Sheet as at 30 September 2003

		2003	2002
	Notes	£	£
Fixed assets			
Tangible fixed assets	9	183,656	196,978
Current assets			
Debtors	10	1,569,998	382,735
Cash at bank and in hand		351,197	143,543
		1,921,195	526,278
Creditors - amounts falling due within one year	11	(5,633,211)	(1,184,064)
Net current liabilities		(3,712,016)	(657,786)
Total assets less current liabilities		(3,528,360)	(460,808)
Creditors - amounts falling due after more than one year	12	(28,210)	(1,869,501)
Net liabilities		(3,556,570)	(2,330,309)
<hr/>			
Capital and reserves			
Called up share capital	15	1,798	2
Profit and loss account	16	(3,558,368)	(2,330,311)
Equity shareholders' funds		(3,556,570)	(2,330,309)

These financial statements were approved by the Board of Directors on 11th August 2004 and were signed on its behalf by:


D Howell
Director

Holiday Hotels Limited

Notes to the financial statements For the period ended 30 September 2003

1 Basis of preparation

The financial statements have been prepared under the going concern concept, the historical cost convention and in accordance with applicable accounting standards.

2 Accounting policies

(a) Going concern

The financial statements indicate that the Company has net current liabilities. The directors have prepared the financial statements on a going concern basis as the ultimate parent undertaking has indicated that the group will provide financial support to the Company, for the foreseeable future, to enable the Company to meet its debts as they fall due.

(b) Change of accounting reference date

The accounting reference date has been changed to 30 September 2003 and the financial statements have been prepared for the period 1 November 2002 to 30 September 2003.

(c) Turnover

Turnover represents amounts invoiced for hotel accommodation and is recognised in full at the date of departure.

(d) Foreign currency

Income and expense items denominated in foreign currencies are translated into sterling at the rate ruling on their transaction date, or where a related forward exchange contract has been entered into, at the rate specified in the forward contract.

Monetary assets and liabilities recorded in foreign currencies have been expressed in sterling at the rates of exchange ruling on 30 September 2003, or if appropriate at the related forward contract rate. The resulting exchange differences are dealt with in the profit and loss account.

(e) Tangible fixed assets

Tangible assets are stated at cost less accumulated depreciation. Depreciation is provided on a straight line basis on the cost of tangible assets to write down assets to their estimated residual value over their economic useful lives at the following annual rates:

Motor vehicles	33%
Fixtures and fittings	33%
Computer equipment	33%

Holiday Hotels Limited

Notes to the financial statements For the period ended 30 September 2003

(f) Leased assets

Assets acquired under finance lease and hire purchase contracts are capitalised in the balance sheet and are depreciated over the shorter of their estimated useful economic lives and the lease term, at the same rates and methods as owned assets. The interest element of the rental obligation is charged to the profit and loss account over the period of the lease and represents a constant proportion of capital repayments outstanding.

Rentals paid under operating leases are charged to the profit and loss account as incurred.

(g) Pension costs

The Company operates defined contribution pension arrangements for certain of its employees. Contributions are charged to the profit and loss account as they are incurred and fall due.

(h) Deferred taxation

Deferred tax is recognised in respect of all timing differences that originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception:

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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 the loss enacted or substantively enacted at the balance sheet date.

(i) Cash flow statement

Under the provision of Financial Reporting Standard No. 1 "Cash Flow Statements" (Revised 1996), the Company has not prepared a statement of cash flows because its ultimate parent undertaking, *lastminute.com plc*, has prepared consolidated financial statements which include the financial statements of the Company and which contain a statement of cash flows.

3 Turnover

Turnover is derived from the principal activity of the Company. Turnover is not disclosed by geographical market or by destination as the Company has taken advantage of exemption in paragraph 4 SSAP 25 which exempts companies from disclosing segmental information where this information is disclosed in the accounts of the ultimate parent company.

Holiday Hotels Limited

Notes to the financial statements For the period ended 30 September 2003

4 Operating Profit

Operating profit is stated after charging the following:

		2003	2002
	Note	£	£
Staff costs	6	466,507	397,729
Depreciation:			
- On owned assets		44,342	13,733
- On assets held under finance leases		41,632	22,708
Auditors' remuneration for:			
- Audit services		8,976	8,000

Auditors' remuneration for period ended 30 September 2003 relates to Ernst & Young LLP.

5 Exceptional items

In 2002 certain costs have been shown as exceptional items because they are considered to be costs of a non-recurring nature. They represent the compensation for loss of office of former directors and exceptional one off costs relating to the set up of the new business. There are no such costs incurred in the year ended 30 September 2003. If these costs were not considered exceptional they would have been treated as administration expenses in the Profit and Loss Account.

6 Directors and employees

	2003	2002
	£	£
Wages and salaries	399,819	356,817
Social security costs	51,331	36,375
Other pension costs	15,357	4,537
	466,507	397,729

The average number of persons employed by the Company (including directors) during the period can be split as follows:

	2003	2002
	Number	Number
Administration	8	9
Sales	2	2
Reservations	8	13
	18	24

Holiday Hotels Limited

Notes to the financial statements For the period ended 30 September 2003

6 Directors and employees (continued)

	2003 £	2002 £
<u>Directors' emoluments (excluding pension contributions) for the period:</u>	<u>32,763</u>	<u>87,037</u>

These emoluments related to S Zimmerman and were borne by the Company and charged in the profit and loss account. The emoluments of the Chairman were borne by Holiday Autos International Limited. No directors have any shares held under long term incentive schemes.

7 Interest payable and similar charges

	2003 £	2002 £
<u>Interest paid on assets under finance leases</u>	<u>4,072</u>	<u>1,519</u>

8 Taxation

	2003 £	2002 £
(a) Tax on loss on ordinary activities		
UK Corporation tax		
UK Corporation tax on loss of the period	-	-
Total Current tax	-	-

Deferred tax

Deferred tax in respect of the company's tax losses has not been recognised as they do not meet the recognition criteria for deferred tax assets in FRS 19.

(b) Factors affecting the current tax charge for the period

The tax assessed for the period is lower than the standard rate of corporation tax explained below

Loss on ordinary activities before tax	(1,228,057)
Loss on ordinary activities multiplied by the UK tax rate (30%)	(368,417)
Effect of:	
Accelerated capital allowances	21,445
Tax losses	346,972
<u>Current tax charge for the period</u>	<u>-</u>

Holiday Hotels Limited

Notes to the financial statements For the period ended 30 September 2003

8 Taxation (continued)

(c) Factors that may affect future tax charges

The company has significant tax losses that are available for offset against future taxable profits. These losses have not been recognised in the period as they do not satisfy the recognition criteria for deferred tax assets in FRS 19.

9 Tangible fixed assets

	Computer Hardware	Computer Software	Assets held under finance leases	Fixtures and Fittings	Vehicles	Total
	£	£	£	£	£	£
Cost or valuation						
At 1 November 2002	22,105	61,695	136,250	2,191	11,178	233,419
Additions	2,739	77,236	-	-	-	79,975
Disposals	-	-	-	-	(11,178)	(11,178)
At 30 September 2003	24,844	138,931	136,250	2,191	-	302,216
Depreciation						
At 1 November 2002	3,593	9,220	22,708	149	771	36,441
Charge	7,153	33,508	41,632	597	3,084	85,974
Disposals	-	-	-	-	(3,855)	(3,855)
At 30 September 2003	10,746	42,728	64,340	746	-	118,560
Net book value						
At 30 September 2003	14,098	96,203	71,910	1,445	-	183,656
At 1 November 2002	18,512	52,475	113,542	2,042	10,407	196,978

10 Debtors

	2003 £	2002 £
Trade debtors	807,559	34,135
Deferred cost of sales	652,443	80,795
Recoverable VAT	76,903	256,093
Other debtors	22,653	-
Prepayments and accrued income	10,440	11,712
	1,569,998	382,735

Holiday Hotels Limited

Notes to the financial statements For the period ended 30 September 2003

11 Creditors: Amounts falling due within one year

	2003 £	2002 £
Trade creditors	1,728,839	301,217
Tax and social security	17,921	24,725
Accruals and deferred income	781,243	609,955
Secured obligations under hire purchase agreements	42,666	48,167
Amounts owed to related companies	3,062,542	200,000
	<u>5,633,211</u>	<u>1,184,064</u>

12 Creditors: amounts falling due after more than one year

	2003 £	2002 £
Secured obligations under hire purchase agreements	28,210	68,127
Amounts owed to related companies	-	1,801,374
	<u>28,210</u>	<u>1,869,501</u>

13 Provisions for liabilities and charges

Unprovided deferred tax consists of:

	2003 £	2002 £
Accelerated capital allowances	15,499	9,854
STTDs	5,700	-
Tax losses	346,972	689,239
Total deferred tax asset not recognised	<u>368,171</u>	<u>699,093</u>

Holiday Hotels Limited

Notes to the financial statements For the period ended 30 September 2003

14 Obligations under finance leases

	2003 £	2002 £
Gross obligations:		
- Under one year	48,711	51,650
- In the second to fifth years inclusive	27,245	73,127
	75,956	124,777
Less: amounts representing future finance charges	(5,080)	(8,483)
	70,876	116,294
Due within one year (Note 11)	42,666	48,167
Due after more than one year (Note 12)	28,210	68,127
	70,876	116,294

15 Called up share capital

	Number	2003 £	Number	2002 £
Authorised				
Ordinary shares of £1 each	-	-	1,000	1,000
Ordinary 'A' shares of £0.01 each	49,900	499	-	-
Ordinary 'B' shares of £0.01 each	30,000	300	-	-
Ordinary 'C' shares of £0.05 each	9,980	499	-	-
Ordinary 'D' shares of £0.05 each	10,000	500	-	-
	100,000	1,798	1,000	1,000
Allotted, called up and fully paid				
Ordinary shares of £1 each	-	-	2	2
Ordinary 'A' shares of £0.01 each	49,900	499	-	-
Ordinary 'B' shares of £0.01 each	30,000	300	-	-
Ordinary 'C' shares of £0.05 each	9,980	499	-	-
Ordinary 'D' shares of £0.05 each	10,000	500	-	-
	100,000	1,798	1,000	1,000

Holiday Hotels Limited

Notes to the financial statements For the period ended 30 September 2003

16 Statement of reserves

	Profit and loss account £
At 1 November 2002	(2,330,311)
Transfer from Profit & Loss account for the period to reserves	(1,228,057)
At 30 September 2003	<u>(3,558,368)</u>

17 Reconciliation of movement in shareholders' funds

	2003 £	2002 £
Loss on ordinary activities after taxation	(1,228,057)	(2,330,311)
Increase in share capital	1,796	2
Net increase in shareholders' funds	(1,226,261)	(2,330,309)
Opening shareholders' funds	(2,330,309)	-
Closing shareholders' funds	<u>(3,556,570)</u>	<u>(2,330,309)</u>

18 Contingent liabilities and securitisations

At 30 September 2003 the Company has no Contingent Liabilities or Securitisations (2002: £nil).

19 Financial commitments

At 30 September 2003 the Company has no liabilities in regards to non-cancellable operating leases (2002: £nil).

20 Capital commitments

At 30 September 2003 there were no commitments contracted for but not provided (2002: £nil).

Holiday Hotels Limited

Notes to the financial statements For the period ended 30 September 2003

21 Pension

The Company operates two defined contribution schemes for its directors and senior staff. The company also makes available a stakeholder scheme for all other staff. The assets of the pension schemes are maintained separately from those of the Company and are managed by Scottish Equitable. At 30 September 2003 the Company had £1,216.89 held within accruals in respect to pension contributions paid after the year end.

18 Parent undertaking and controlling party

The directors regard lastminute.com plc, a company incorporated in Great Britain and registered in England and Wales, as the Company's ultimate parent undertaking. The only group into which the results of the Company are consolidated is that headed by lastminute.com plc.

Copies of the financial statements of lastminute.com plc are available from the Company Secretary at the Company's registered office:

4 Buckingham Gate
London
SW1E 6JP

19 Related party disclosures

The Company has taken advantage of the exemption in Financial Reporting Standard No. 8 from disclosure of details of related party transactions (but not balances) between entities that are part of the lastminute.com Group, on the grounds that the Company is a greater than 90% owned subsidiary which is consolidated into a Group whose financial statements are publicly available.

20 Parent undertaking and controlling party

The directors regard lastminute.com plc, a company incorporated in Great Britain and registered in England and Wales, as the Company's ultimate parent undertaking. The only group into which the results of the Company are consolidated is that headed by lastminute.com plc.

Copies of the financial statements of lastminute.com plc are available from the Company Secretary at the Company's registered office:

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SW1E 6JP

21 Subsequent events

No material events have occurred since the balance sheet date that would affect the opinion or understanding of the Company's activities or financial position other than as already disclosed in these financial statements.