PD Parks Holdings Limited

Directors' report and financial statements

Registered number 05729719

31 January 2007

Contents

Directors' report

The directors present their directors' report and financial statements for the 11 months ended 31 January 2007 from the date of incorporation on 3 March 2006

Principal activities

The principal activity of the Group is the ownership and management of caravan and camping holiday parks arising wholly within the United Kingdom

The Company was incorporated on 3 March 2006 On 14 March 2006 the Company acquired PD Parks Limited On 21 and 23 April 2006 the Company issued shares (see note 18) and its subsidiary raised loans in order to finance the acquisition of Parkdean Holidays Limited (formerly Parkdean Holidays plc), which was acquired on 5 May 2006 by PD Parks Limited, a subsidiary undertaking

All acquisitions made during the period have been accounted for using the acquisition method of accounting Details of the fair value of net assets acquired and consideration paid are set out in note 18 to the financial statements

Business review

Parkdean Holidays is a UK focused holiday park operator owning 20 parks in Scotland, Wales, South West England and East Anglia The business benefits from the complementary income streams of holiday sales, on-park retail outlets, caravan holiday home sales and owner income

The UK holiday park market is extremely robust The directors have confidence in the long-term durability of the market in which the business operates and in the quality of the assets owned The Board believes that the Group's strategy of improving and expanding the existing estate and acquiring additional parks will deliver long-term value to shareholders

Risks and uncertainties

Financial Instruments

The Group's principal financial instruments comprise cash, debtors, creditors, certain accruals, term loans, loan notes, finance leases and hire purchase contracts and financial derivatives

- Liquidity risk

The holiday park business is very seasonal but predictable Cash flows are negative when the parks are closed in the winter months and very positive during the main holiday season The Group has a £9 million overdraft facility to fund the negative cash flows early in the year Current forecasts demonstrate that this facility is adequate for the liquidity of the business as it currently stands

- Interest rate risk

£123 million of the Group's loans are subject to floating rates of interest The Group has taken out a collar which caps £100 million of the bank debt at 6% to reduce the Group's exposure to floating rates of interest The Group does not trade in financial derivatives

- Credit risk

The Group's objective is to reduce the risk of financial loss due to a customer not honouring their obligations The vast majority of holidays are paid for directly by holiday makers before commencement of their holiday Credit terms on holidays are only offered to credit-worthy corporate agents Holiday homes are not released to customers until payment has been received in full

Other risks

- Property risk

The Group has appropriate insurance policies in place to cover many of the risks surrounding the properties including damage, business interruption and both employer's and public liability

Directors' report *(continued)*

Risks and uncertainties (continued)

- Financial covenants

The Group is subject to banking covenants in relation to bank loans Management periodically forecast to monitor future compliance with the covenants Current forecasts show that the banking covenants are comfortably achieved

Key Performance Indicators

The directors consider the following key performance indicators (KPIs) are the most effective measures for performance against the Group's objectives

- Earnings before Interest, Depreciation and Amortisation ("EBITDA")

This is calculated excluding any one-off exceptional costs and is considered the best indicator of performance in the business

- Holidays hire revenue per unit per annum

This is calculated from the annual holiday hire revenue divided by the number of holiday hire units

- Holiday home sales average unit margin

This is calculated by taking the overall gross profit of holiday home sales divided by the number of units sold

Performance

On 5 May 2006, the PD Parks Holdings Limited group purchased 81 17% of the share capital of Parkdean Holidays Limited Additional shares were acquired at the offer price of 270 5p during the course of the remainder of the financial period PD Parks Holdings Limited Group owned 81 73% of the share capital of Parkdean Holidays Limited at 31 January 2007

The Group generated Turnover of £78 74 million and EBITDA of £22 06 million during the period

The profit and loss account only includes the trading of Parkdean Holidays since the acquisition on 5 May 2006 Since the acquisition, trading from the acquired group was strong The like for like performance of the Parkdean Holidays Limited Group for the years ending 31 January 2007 and 31 January 2006 respectively was Turnover of £94 76 million in 2006/07 compared against £87 58 million in 2005/06 and EBITDA of £20 54 million in 2006/07 compared against £20 74 million in 2005/06

The property of the Parkdean Holidays Limited Group was valued at £211 90 million on acquisition Since acquisition and up to the end of the financial year the Group has invested £5 50 million of capital expenditure into the development of the existing portfolio of holiday parks

The Group is funded through £123 43 million of term loans and £73 26 million of loan notes

Operating cash inflows were £12 21 million Overall, the Group generated net cash inflows of £0 43 million

Outlook for 2007/08 onwards

The Group is investing a further £14 6 million in the facilities of the existing portfolio of holiday parks, £7 5 million being funded through draw down of the Group's capital expenditure loan facility and the remainder being funded through operating cash flows

The Group is actively searching for suitable acquisitions to add to the existing portfolio of holiday parks, on 17 July 2007, the Group completed the acquisition of Weststar Holdings Limited, a Group of four holiday parks located in South West England for £76 34 million

On 2 July 2007 PD Parks Limited made a cash offer for all the remaining issued shares in Parkdean Holidays Limited not already owned by PD Parks Limited for a price of 289 pence per share The offer closed on 23 July 2007, on which date the offer had been accepted by 99 2% of the remaining shareholders resulting in PD Parks Limited holding 99 85% of the issued shares of Parkdean Holidays Limited

The board are confident of a successful trading year for the period to 31 January 2008 Early signs are encouraging with holiday bookings at 20 July 2007 being 8 2% ahead of last year on a like for like basis

Directors' report *(continued)*

Proposed dividend

The directors do not recommend the payment of a dividend

Directors and directors' interests

The directors who held office during the period were as follows

John Waterworth	(appointed 21 April 2006)
Darrin Bamsey	(appointed 21 April 2006)
Martin Bolland	(appointed 13 March 2006)
Anthony Morgan	(appointed 13 March 2006)
Michael Norden	(appointed 21 April 2006, resigned 16 January 2007)
Bibi Ally	(appointed 3 March 2006, resigned 13 March 2006)

The directors who held office at the end of the period had the following interests in the ordinary shares and loan notes of group companies according to the register of directors' interests

		Loan notes (£)		Ordinary shares (Number)	
	Company	Interest at end of period	Interest at start of period or date of appointment	Interest at end of period	Interest at start of period or date of appointment
John Waterworth	Parkdean Holidays Limited	-	-	-	598,835
	PD Parks Holdings Limited	700,000	-	100,000	-
Darrin Bamsey	PD Parks Holdings Limited	58,000	-	42,000	-

At 31 January 2007 Martin Bolland had a beneficial interest in 2,650 of the shares of the Company and a beneficial interest in 240,201 of the fixed rate loan notes through the Co-Investment Scheme of the Alchemy Investment Plan ('the Plan')

At 31 January 2007 Anthony Morgan had a beneficial interest in 59 of the shares of the Company and a beneficial interest in 5,369 of the fixed rate loan notes through the Co-Investment Scheme of the Plan

Martin Bolland and Anthony Morgan also have an interest in the shares and loan notes of the Company held by the Plan through the carried interest arrangements

According to the register of directors' interests, no rights to subscribe for shares in or debentures of group companies were granted to any of the directors or their immediate families, or exercised by them, during the period except as indicated below

	Company	Number of options granted	Number of options exercised
John Waterworth	Parkdean Holidays Limited	-	1,514,074
Darrin Bamsey	Parkdean Holidays Limited	-	256,783

The Company has effected and maintained insurance for the directors against liabilities as officers in relation to the Company

Directors' report *(continued)*

Employees

Regular meetings are held between local management and employees to allow for the free flow of information and ideas

The Group's policy is to consult and discuss with employees, at meetings, matters likely to affect employees' interests

Information on matters concerning employees is given through staff magazines, information bulletins and meetings, which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Group's performance

The Group gives full consideration to applications for employment from disabled persons where the requirements of the role can be adequately fulfilled by a handicapped or disabled person All necessary assistance with initial training courses is given Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person Where an existing employee becomes disabled, the Group's policy is to provide continuing employment under normal terms and conditions wherever possible

Political and charitable contributions

The Group made no political donations and made donations of £2,100 to various charities in the 11 months ended 31 January 2007

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

KPMG LLP were appointed as the first auditors of the Company following incorporation on 3 March 2006

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the Company is to be proposed at the forthcoming Extraordinary General Meeting

By order of the board

Jua Archbol

Judith Archibold
Secretary

2nd floor
One Gosforth Park Way
Gosforth Business Park
Newcastle upon Tyne
NE12 8ET

24 July 2007

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The group and parent company financial statements are required by law to give a true and fair view of the state of affairs of the group and the parent company and of the profit or loss for that period

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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 group and the parent 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 parent company and enable them to ensure that its financial statements comply with the Companies Act 1985 They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities

KPMG

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Quayside House
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Newcastle upon Tyne
NE1 3DX
United Kingdom

Independent auditors' report to the members of PD Parks Holdings Limited

We have audited the group and parent company financial statements of PD Parks Holdings Limited for the period ended 31 January 2007 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement, the Reconciliations of Movements in Shareholders Funds and the related notes 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 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' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 5

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 the 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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 PD Parks Holdings Limited *(continued)*

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 January 2007 and of the group's loss 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

KPMG LLP
Chartered Accountants
Registered Auditor

24 July 2007

Consolidated Profit and Loss Account

for the 11 month period ended 31 January 2007

	Note	11 month period ended 31 January 2007 £000	£000
Group turnover – acquisitions	*1 2 4*		78,743
Cost of sales			(26,441)
Gross profit			52,302
Administrative expenses			(35,994)
Group operating profit (including £16,369,000 relating to acquisitions)	*2-6*		16,308
Analysed as			
Group operating profit before depreciation and amortisation (EBITDA) (including £22,166,000 relating to acquisitions)		22,105	
Depreciation and amortisation – acquisitions		(5,797)	
Group operating profit		16,308	
Interest receivable			288
Interest payable and similar charges	*8*		(12,873)
Analysed as			
Loan notes finance costs		(5,210)	
Other interest costs		(7,663)	
Interest payable and similar charges		(12,873)	
Profit on ordinary activities before taxation			3,723
Tax on profit on ordinary activities	*9*		(3,013)
Profit on ordinary activities after taxation			710
Equity minority interests	*21*		(1,825)
Loss for the financial period			(1,115)

There were no recognised gains or losses other than the loss for the financial period

There is no material difference between the result as disclosed in the consolidated profit and loss account and the result as given by an unmodified historical cost basis

Consolidated Balance Sheet

at 31 January 2007

	Note	2007 £000	2007 £000
Fixed assets			
Intangible assets	*10*		18,188
Tangible assets	*11*		215,942
			234,130
Current assets			
Stocks	*13*	6,220	
Debtors	*14*	6,936	
Cash at bank and in hand		434	
		13,590	
Creditors amounts falling due within one year	*15*	(23,450)	
Net current liabilities			(9,860)
Total assets less current liabilities			224,270
Creditors amounts falling due after more than one year	*16*		(195,855)
Provisions for liabilities	*17*		(3,692)
Net assets			24,723
Capital and reserves			
Called up share capital	*19*		10
Share premium account	*20*		990
Own share reserve	*20*		(30)
Profit and loss account	*20*		(1,115)
Shareholders' deficit			(145)
Minority interests			24,868
			24,723

These financial statements were approved by the board of directors on 24 July 2007 and were signed on its behalf by

John Waterworth
Director

Company Balance Sheet
at 31 January 2007

	Note	2007 £000	2007 £000
Fixed assets			
Investments	*12*		**1,000**
Current assets			
Debtors	*14*	**1**	
Creditors amounts falling due within one year	*15*	**(91)**	
Net current liabilities			**(90)**
Net assets			**910**
Capital and reserves			
Called up share capital	*19*		**10**
Share premium account	*20*		**990**
Own share reserve	*20*		**(30)**
Profit and loss account	*20*		**(60)**
Shareholders' funds			**910**

These financial statements were approved by the board of directors on 24 July 2007 and were signed on its behalf by

John Waterworth
Director

Consolidated Cash Flow Statement

for the 11 month period ended 31 January 2007

	Note	11 month period ended 31 January 2007 £000
Cash flow statement		
Cash flow from operating activities	25	12,184
Returns on investments and servicing of finance	26	(12,060)
Taxation		891
Capital expenditure and financial investment	26	(3,643)
Acquisitions and disposals	26	(123,015)
Cash outflow before management of liquid resources and financing		(125,643)
Financing	26	126,077
Increase in cash in the period		434
Reconciliation of net cash flow to movement in net debt	27	
Increase in cash in the period		434
New term loans		(196,683)
Payment of issue costs on long term loans		5,464
Repayment of long term loans		70,900
Capital element of finance lease rental payments		706
Change in net debt resulting from cash flows		(119,179)
Acquisitions		
Finance leases acquired		(1,865)
Long term loans acquired		(70,903)
Other non-cash changes		
Accrued finance costs on loan notes		(5,051)
Amortisation of issue costs on long term loans		(746)
Movement in net debt in the period		(197,744)
Net debt at the start of the period		-
Net debt at the end of the period		(197,744)

Reconciliations of Movements in Shareholders' Funds

for the 11 month period ended 31 January 2007

	Group 2007 £000	Company 2007 £000
Loss for the financial period	(1,115)	(60)
Consideration paid for the purchase of own shares held by ESOP Trust	(30)	(30)
New share capital subscribed (net of issue costs)	1,000	1,000
Net (reduction in)/addition to shareholders' funds	(145)	910
Opening shareholders' funds	-	-
Closing shareholders' funds	(145)	910

Notes
(forming part of the financial statements)

1 Accounting policies

The company was incorporated on 3 March 2006, and since that date the following accounting policies have been applied in dealing with items which are considered material in relation to the financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules

The Company has taken advantage of available exemptions from disclosure of related party transactions which are eliminated on consolidation

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 January 2007 The acquisition method of accounting has been adopted Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal

Under section 230(4) of the Companies Act 1985 the Company is exempt from the requirement to present its own profit and loss account

Investments

Investments in subsidiary undertakings are included in the Company's financial statements at cost less amounts written off

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on consolidation is capitalised Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life

Purchased goodwill is amortised through the profit and loss account on a straight line basis over a period of 20 years, which is considered by management to be a fair reflection of the useful economic life of the underlying assets acquired

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows

Freehold land	-	land not depreciated, site services over 10 – 25 years
Leasehold land	-	over the period to the end of the lease
Freehold and leasehold buildings	-	over 10 – 50 years
Plant and equipment	-	over 3 – 15 years
Caravans and lodges	-	over 10 – 20 years
Motor vehicles	-	over 4 years
IT equipment and software	-	over 3 – 5 years

Leases and hire purchase commitments

Assets acquired under finance leases and hire purchase contracts are capitalised and the outstanding future lease obligations are shown in creditors Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease

Notes *(continued)*

1 Accounting policies *(continued)*

Post retirement benefits

The Group makes defined contributions to personal pension plans of individual employees Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the plans

Stocks

Stocks are stated at the lower of purchase cost on a first in, first out basis or net realisable value Stocks include caravans previously held for use as hire fleet in the business but now designated for resale

Taxation

The charge for taxation is based on the result for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

Classification of financial instruments issued by the Group

Following the adoption of FRS 25, financial instruments issued by the Group are treated as equity (i e forming part of shareholders' funds) only to the extent that they meet the following two conditions

a) they include no contractual obligations upon the Company (or Group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company (or Group), and

b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds

Financial instruments

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements and accounts for them as such In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee

Turnover

Revenue from the sale of holidays is recognised over the period of the holiday Revenue from insurance products is recognised when the Group has fulfilled all of its contractual obligations Revenue from concession operations is included gross in turnover if the Group is in substance acting as principal Where the Group is in substance acting as agent, only the Group's share of revenue under concession arrangements is recognised in turnover Revenue from caravan sales is recognised when the Group has fulfilled all of its obligations in respect of the sale which is typically when all the proceeds have been received and the keys are handed over Revenue from pitch fees is recognised evenly over a twelve month period to the date of the next renewal

Notes *(continued)*

1 Accounting policies *(continued)*

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements

Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand

Finance costs

Finance costs are deducted from loans and are charged to the profit and loss account over the life of the instrument

Brochure costs

Brochure costs are charged to the profit and loss account in the season to which they relate

2 Analysis of continuing operations

	Continuing operations 2007 £000	Acquisitions 2007 £000	Total 2007 £000
Group turnover	-	78,743	78,743
Cost of sales	-	(26,441)	(26,441)
Gross profit	-	52,302	52,302
Administrative expenses	(61)	(35,933)	(35,994)
Group operating profit	(61)	16,369	16,308

3 Segmental information

Turnover represents the amount derived from the provision of goods and services falling within the Group's activities after deduction of trade discounts and value added tax

Turnover, profit before tax and net assets are attributable to one continuing activity being the management of caravan and camping holiday parks, and arise wholly within the UK All income streams result from the activity of managing caravan and camping holiday parks

Notes *(continued)*

4 Notes to the profit and loss account

	11 month period ended 31 January 2007 £000
Profit on ordinary activities before taxation is stated after charging	
Depreciation and other amounts written off tangible fixed assets	
Owned	4,761
Leased	327
Amortisation of goodwill	709
Hire of plant and machinery - rentals payable under operating leases	416
Hire of other assets- operating leases	122
Auditors' remuneration	
Audit of these financial statements	15
Amounts receivable by auditors and their associates in respect of	
Audit of financial statements of subsidiaries pursuant to legislation	56
Other services pursuant to such legislation	8
Other services relating to taxation	35

Amounts paid to the Company's auditor in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis

The auditors' remuneration is borne by Parkdean Holiday Parks Limited

Fees paid to the Company's auditor in respect of the acquisition of Parkdean Holidays Limited were £530,000 Costs are included in the consolidated balance sheet as follows

	2007 £000
Investment in Parkdean Holidays Limited (eliminated on consolidation)	212
Loan issue costs	318
	530

Notes *(continued)*

5 Remuneration of directors

	11 month period ended 31 January 2007 £000
Directors' emoluments	276
Company contributions to personal money purchase pension schemes	28
Sums paid to third parties for directors' services	58
	362

During the period fees of £58,000 were paid to Alchemy Partners LLP for the services of Anthony Morgan

The emoluments of the highest paid director were £166,000, and Company pension contributions of £17,000 were made to a personal money purchase scheme on his behalf

	Number of directors 11 month period ended 31 January 2007
Retirement benefits are accruing to the following number of directors under	
Personal money purchase schemes	2

6 Staff numbers and costs

The average number of persons employed by the Group and Company (including directors) during the period, analysed by category, was as follows

	Group 11 month period ended 31 January 2007
Full time	424
Seasonal	923
	1,347

Notes *(continued)*

6 Staff numbers and costs *(continued)*

The aggregate payroll costs of these persons were as follows

	Group 11 month period ended 31 January 2007 £000
Wages and salaries	13,063
Social security costs	1,084
Other pension costs (note 23)	219
	14,366

The company employed no staff during the year

7 Interest receivable

	11 month period ended 31 January 2007 £000
Bank interest receivable	288

8 Interest payable and similar charges

	11 month period ended 31 January 2007 £000	£000
Loan notes finance costs		
Accrued interest on fixed rate loan notes (note 16)	5,051	
Amortisation of loan note issue costs	159	
Other interest costs		5,210
Interest payable on bank loans and overdrafts	7,005	
Amortisation of bank loan issue costs	587	
Finance charges payable in respect of finance leases and hire purchase contracts	71	
		7,663
		12,873

Notes *(continued)*

9 Taxation

Analysis of charge in period

	11 month period ended 31 January 2007 £000
UK corporation tax	
Current tax on income for the period	4,689
Deferred tax (note 17)	
Origination/reversal of timing differences	(1,676)
Tax on profit on ordinary activities	3,013

Factors affecting the tax charge for the current period

The current tax charge for the period is higher than the standard rate of corporation tax in the UK (30%) The differences are explained below

	11 month period ended 31 January 2007 £000
Current tax reconciliation	
Profit on ordinary activities before tax	3,723
Current tax at 30%	1,117
Effects of	
Depreciation of non qualifying assets	254
Expenses not deductible for tax purposes	69
Goodwill amortisation	213
Finance costs on loan notes	1,515
Capital allowances for period less than depreciation	394
Unrelieved tax losses	1,127
Total current tax charge (see above)	4,689

Factors that may affect future current and total tax charges

No provision has been made for deferred tax on gains recognised on revaluing land and buildings to their fair value on acquisitions Such tax would become payable only if the property was sold without it being possible to claim rollover relief The total amount unprovided is £32,011,000 It is not envisaged that any of this tax will become payable in the foreseeable future

A change to the standard rate of corporation tax in the UK was announced on 21 March 2007 (see note 28)

Unrelieved tax losses of £1,127,000 have arisen within the Group during the period The ability to obtain relief for these losses may affect the future current and total tax charges (see note 17)

Notes *(continued)*

10 Intangible fixed assets

Group	Goodwill £000
Cost	
At beginning of period	-
Additions (note 18)	18,897
At end of period	18,897
Amortisation	
At beginning of period	-
Charged in period	709
At end of period	709
Net book value	
At 31 January 2007	**18,188**

The Company has no intangible fixed assets

11 Tangible fixed assets

Group	Freehold land and buildings £000	Long leasehold land and buildings £000	Caravans, plant, machinery and equipment £000	Total £000
Cost				
At beginning of period	-	-	-	-
Acquisitions	168,221	21,828	25,974	216,023
Additions	1,509	64	3,923	5,496
Disposals	(38)	-	(1,811)	(1,849)
At end of period	169,692	21,892	28,086	219,670
Depreciation				
At beginning of period	-	-	-	-
Charge for period	1,124	517	3,447	5,088
On disposals	(3)	-	(1,357)	(1,360)
At end of period	1,121	517	2,090	3,728
Net book value				
At 31 January 2007	**168,571**	**21,375**	**25,996**	**215,942**

Included in the total net book value of caravans, plant, machinery and equipment is £3,591,000 in respect of assets held under finance leases and similar hire purchase contracts Depreciation for the period on these assets was £327,000

Notes *(continued)*

12 Fixed asset investments

	Shares in subsidiary undertaking £000
Company	
At beginning of the period	-
Additions (note 18)	1,000
Cost and net book value at 31 January 2007	**1,000**

The Group has no fixed asset investments

The principal undertakings in which the Group's interest at the period end is more than 20% are as follows

PD Parks Holdings Limited holds 100% of the ordinary share capital of PD Parks Limited, a holding company incorporated in Great Britain

PD Parks Limited held 81 73% of the ordinary share capital of Parkdean Holidays Limited, a holding company incorporated in Great Britain

Parkdean Holidays Limited has interests in the following companies, incorporated in Great Britain

	Principal activity	Percentage of ordinary shares held by Parkdean Holidays Limited or its subsidiaries
Subsidiary undertakings		
Upperbay Limited	Operation of holiday parks	100%
Premier Dawn Properties Limited	Property holding	100%
Premier Dawn (EBT) Limited	Dormant	100%
Parkdean Holiday Parks Limited	Operation of holiday parks	100%
Southerness Holiday Village (Holdings) Limited	Holding company	100%
Southerness Holiday Village Limited*	Operation of holiday parks	100%
Parkdean Caravan Parks Limited	Operation of holiday parks	100%
Wemyss Bay Caravan Park Limited	Property holding	100%
Parkdean Properties Limited	Property holding	100%
Newquay Holiday Parks Limited*	Dormant	100%
Parkdean Leisure Limited*	Dormant	100%
Parkdean Holidays (South West) Limited*	Dormant	100%
Ruda Holiday Park Limited*	Dormant	100%
Texcourt Limited*	Dormant	100%
Pactrem Limited*	Dormant	100%

*held by subsidiary undertakings

Notes *(continued)*

13 Stocks

	Group 2007 £000	Company 2007 £000
Retail	612	-
Caravans	5,013	-
Consumables	595	-
	6,220	-

In the opinion of the directors, there is no material difference between the replacement cost of stock and the amounts above

14 Debtors

	Group 2007 £000	Company 2007 £000
Trade debtors	4,647	-
Other debtors	2	-
Prepayments and accrued income	2,287	-
Deferred tax assets (note 17)	-	1
	6,936	1

15 Creditors: amounts falling due within one year

	Group 2007 £000	Company 2007 £000
Bank loans and other borrowings (note 16)	1,588	-
Obligations under finance leases and hire purchase contracts	735	-
Trade creditors	3,906	-
Amounts owed to group undertakings	-	84
Corporation tax	590	-
Other taxation and social security	1,339	-
Other creditors	837	-
Accruals and deferred income	14,455	7
	23,450	91

Notes *(continued)*

16 Creditors: amounts falling due after more than one year

	Group 2007 £000	Company 2007 £000
Bank loans and other borrowings	195,431	-
Obligations under finance leases and hire purchase contracts	424	-
	195,855	-

Analysis of bank loans and other borrowings

Debt can be analysed as falling due

	Term loans £000	Fixed rate loan notes £000	Total £000
Repayable			
Within one year or on demand	2,500	-	2,500
Between one and two years	2,500	-	2,500
Between two and five years	7,500	-	7,500
In more than five years	110,925	73,258	184,183
	123,425	73,258	196,683
Accrued finance costs	-	5,051	5,051
Unamortised issue costs	(3,650)	(1,065)	(4,715)
	119,775	77,244	197,019

The issue cost of each instrument, together with the interest expense, are allocated to the profit and loss account over the term of the respective facilities at a constant rate based on the original value of each instrument

The term loans and fixed rate loan notes are subject to a number of financial covenants Any breach of these covenants would result in these amounts being classified as repayable on demand

Term loans

The term loans are repayable in instalments ending 16 March 2012 The loans are secured by a fixed and floating charge over the entire tangible fixed assets of the Group The loans bear interest at variable rates based on LIBOR + 2% and the average interest charge in the period was 6 97%

Notes *(continued)*

16 Creditors. amounts falling due after more than one year *(continued)*

Fixed rate loan notes

The notes carry the right to interest at the rate of 9% per annum and are redeemable on the earlier of a sale or listing of the Company or March 2013 The loan notes may be redeemed at any date prior to March 2013 by agreement between the Company and the loan note holders The notes are unsecured

Accrued finance costs

The Group has not yet made any payments in respect of the loan note interest The interest payments may, at a future date, be rolled up into the loan note balance, at the option of the holder Until these amounts are rolled up they are not subject to the terms of the loan notes

Maturity analysis of undrawn committed borrowing facilities

The Group has the following undrawn borrowing facilities available with the following expiry profile

	31 January 2007 £000
In more than two years	
To fund working capital	9,000
To purchase remaining interest in subsidiary undertaking	26,575
To fund capital investment	25,000
	60,575

Interest rate hedging

The Group has interest rate protection instruments in place, specifically an interest rate collar

£100m of the term loans are covered by this instrument The interest rate collar has a cap rate of 6% and a floor rate of 4 25% The hedging instrument commenced on 10 October 2006 and will mature on 30 October 2009

Finance lease obligations

The net finance lease obligations to which the Group is committed to are

	Group 2007 £000
Within one year (see note 15)	735
Between one and two years	215
Between two and five years	209
	1,159

Obligations under finance leases and hire purchase contracts are secured on the assets to which they relate

Notes *(continued)*

17 Provisions for liabilities

	Group 2007 £000	Company 2007 £000
Deferred taxation		
At beginning of period	-	-
Credit to the profit and loss for the period	(1,676)	(1)
Amounts arising from the acquisition of a business	5,368	-
At end of period	3,692	(1)

The elements of deferred taxation are as follows

	Group 2007 £000	Company 2007 £000
Difference between accumulated depreciation and amortisation and capital allowances	3,692	-
Tax losses	-	(1)
	3,692	(1)
Deferred tax asset (note 14)	-	(1)
Deferred tax liability	3,692	-
	3,692	(1)

There is an unrecognised deferred tax asset of £1,127,000 in respect of unutilised tax losses arising in the period This asset has not been recognised due to uncertainty surrounding the recoverability of the losses against future taxable profits

18 Acquisitions

Acquisition of PD Parks Limited

On 14 March 2006 the Company acquired all of the ordinary shares of PD Parks Limited, for a consideration of £1 The book and fair value of the assets acquired was £1, represented by cash, and consequently there was no resulting goodwill

Subsequent to the acquisition, on 21 April 2006 the Company subscribed for 870,000 new 1p ordinary shares of PD Parks Limited for consideration of £870,000

On 23 April 2006 the Company issued 130,000 new ordinary shares of 1p, representing consideration of £130,000, in exchange for 130,000 shares in PD Parks Limited, including 100,000 exchanged by John Waterworth, a director of the Company

Notes *(continued)*

18 Acquisitions *(continued)*

Acquisition of Parkdean Holidays Limited

On 5 May 2006 PD Parks Limited, a wholly owned subsidiary, acquired 81 17% of the ordinary shares of Parkdean Holidays Limited (formerly Parkdean Holidays plc) and its subsidiary undertakings In the period following the acquisition a further 0 56% of the shares were acquired, to give a total interest of 81 73% at 31 January 2007 The resulting goodwill of £18,897,000 was capitalised and will be written off over 20 years, which is considered by management to be a fair reflection of the useful economic life of the underlying assets acquired See below

	Book value £000	Re-valuation £000	Fair value £000
Fixed assets			
Tangible	153,512	62,511	216,023
Current assets			
Stock	9,158	-	9,158
Corporation tax debtor	4,990	-	4,990
Other debtors	6,605	-	6,605
Total assets	174,265	62,511	236,776
Overdraft	(1,013)		(1,013)
Other liabilities	(104,247)	-	(104,247)
Provisions	(5,368)	-	(5,368)
Total liabilities	(110,628)	-	(110,628)
Net assets	63,637	62,511	126,148
Share of net assets acquired (81 73%)			103,105
Goodwill			18,897
Purchase consideration and costs of acquisition			122,002

The purchase consideration and costs of acquisition were settled by cash

Valuation of fixed assets have been adjusted to reflect the directors' assessment of fair value The adjustment represents an increase in the value of land of £62,511,000

The results of the acquired group, Parkdean Holidays Limited, from the beginning of the financial period on 1 November 2005 to the date of acquisition can be summarised as

	£000
Turnover	19,622
Operating profit	9,607
Loss before taxation	(12,998)
Taxation	5,267

Notes *(continued)*

18 Acquisitions *(continued)*

In the period from 1 November 2005 to the date of acquisition Parkdean Holidays Limited did not recognise any gains and losses, other than the profit for the period

In its previous financial year which began on 1 November 2004 the profit after taxation was £2,067,000

In the twelve months prior to the acquisition provisions of £nil were made for reorganisation and restructuring costs

PD Parks Limited was incorporated on 3 March 2006 and made neither a profit nor a loss in the period from incorporation to the date of acquisition

19 Called up share capital

	2007 £000
Authorised	
1,000,000 Ordinary shares of 1p each	10
Allotted, called up and fully paid	
1,000,000 Ordinary shares of 1p each	10
Shares classified in shareholders' funds	10

During the period the Company issued 1,000,000 1p ordinary shares for a consideration of £1,000,000 settled by £870,000 in cash and the exchange of 130,000 shares in PD Parks Limited

20 Share premium and reserves

Group	**Share premium account £000**	**Own shares held by ESOP Trust £000**	**Profit and loss account £000**
Loss for the financial period	-	-	(1,115)
Premium on share issues, less expenses	990	-	-
Consideration paid for the purchase of own shares held by ESOP trust	-	(30)	-
At end of period	990	(30)	(1,115)

Company	**Share premium account £000**	**Own shares held by ESOP Trust £000**	**Profit and loss account £000**
Loss for the financial period	-	-	(60)
Premium on share issues less expenses	990	-	-
Consideration paid for the purchase of own shares held by ESOP trust	-	(30)	-
At end of period	990	(30)	(60)

The Company's loss for the financial period after taxation was £60,000

Notes *(continued)*

20 Share premium and reserves *(continued)*

The employee share ownership plan holds ordinary shares in PD Parks Holdings Limited and short term deposits to provide benefits to an employee or employees at the discretion of the trustee The Group makes loans and payments to the trust at its discretion to acquire shares, receive dividends, and from time to time to transfer shares to and from an employee or employees of the Group At 31 January 2007 the trust held 30,000 shares at a book value of £30,000, and deposits of £100 None of the shares held by the trust have been allocated to employees conditionally or unconditionally at 31 January 2007

21 Minority interest

Group	2007 £000
On acquisition of subsidiary undertaking	23,043
Retained profit for the period	1,825
	24,868

The minority interest comprises 9,824,348 ordinary 20p shares in Parkdean Holidays Limited (formerly Parkdean Holidays plc)

22 Guarantees and contingent liabilities

The Company is party to a group cross guarantee in respect of the Group's bank borrowings The aggregated unprovided potential liability of the Company at the balance sheet date in respect of this guarantee was £123,425,000 The Group's borrowings are secured on the entire tangible fixed assets of the Group

The Group sells caravan holiday homes sited on the Group's holiday parks to private customers A proportion of these caravan sales are funded in part by third party finance companies An obligation may arise as a consequence of default by the Group's customer resulting in the Group being required to purchase the caravan from the finance Company at a price based on an agreed formula These caravan holiday homes, if repurchased, are immediately written down to trade values In due course the caravans are resold in the normal course of trade and the net financial impact to the Group is insignificant

23 Commitments

(a) Capital commitments at the end of the period, for which no provision has been made, are as follows

	Group 2007 £000	Company 2007 £000
Contracted	10,360	-

Notes *(continued)*

23 Commitments *(continued)*

(b) Annual commitments under non-cancellable operating leases are as follows

Group	2007 Land and buildings £000	2007 Other £000
Operating leases which expire		
Within one year	-	174
In the second to fifth years inclusive	162	422
	162	596

The Company does not have any commitments under non-cancellable operating leases

24 Pension scheme

Group

The Group makes defined contributions to personal pension plans of individual employees The pension cost charge for the period represents contributions payable by the Group to the plans and amounted to £219,000

There were £39,000 of contributions outstanding at the end of the period

25 Reconciliation of operating profit to operating cash flows

	11 month period ended 31 January 2007 Total £000
Operating profit	16,308
Depreciation	5,088
Amortisation of goodwill	709
Decrease in stocks	2,938
Increase in debtors	(361)
Decrease in creditors	(12,498)
Net cash inflow from operating activities	12,184

Notes *(continued)*

26 Analysis of cash flows

	11 month period ended 31 January 2007 £000	£000
Returns on investment and servicing of finance		
Interest received	288	
Interest paid	(6,813)	
Interest element of finance lease rental payments	(71)	
Payment of issue costs on long term loans	(5,464)	
		(12,060)
Capital expenditure		
Purchase of tangible fixed assets	(4,132)	
Sale of tangible fixed assets	489	
		(3,643)
Acquisitions		
Purchase of subsidiary undertakings	(122,002)	
Overdrafts acquired with subsidiary undertaking	(1,013)	
		(123,015)
Financing		
Issue of ordinary share capital	1,000	
Debt due within one year		
Current element of new secured loan repayable in 2012	2,500	
Repayment of secured loan	(2,500)	
Debt due after more than one year		
New secured loan repayable in 2012	123,425	
New unsecured loan notes repayable in 2013	73,258	
Repayment of secured loan	(70,900)	
Capital element of finance lease rental payments	(706)	
		126,077

Notes *(continued)*

27 Analysis of net debt

	At beginning of period £000	Cash flow £000	Acquisitions (excluding cash and overdrafts) £000	Other non cash changes £000	At end of Period £000
Cash at bank and in hand	-	434	-	-	434
Debt due within one year	-	-		(1,588)	(1,588)
Debt due after more than one year					
Term loans	-	(47,061)	(70,903)	1,001	(116,963)
Fixed rate loan notes	-	(73,258)	-	(5,210)	(78,468)
Finance leases	-	706	(1,865)	-	(1,159)
Total	-	(119,179)	(72,768)	(5,797)	(197,744)

Other non cash changes include £5,051,000 of accrued finance costs on the loan notes (note 15) and amortisation of loan issue costs of £746,000 (note 7)

28 Post balance sheet events

On 5 April 2007 £72,500,000 of the fixed rate unsecured loan notes 2013 issued by PD Parks Limited, a subsidiary undertaking were admitted to the official list of the Channel Islands Stock Exchange

On 17 July 2007 PD Parks Limited acquired 100% of the share capital of Weststar Holdings Limited for a consideration of £76 34m settled in a combination of cash and loan notes Weststar Holdings Limited owns 4 holiday parks situated in the South West of England

On 2 July 2007 PD Parks Limited made a cash offer for all the remaining issued shares in Parkdean Holidays Limited not already owned by PD Parks Limited for a price of £2 89 per share The offer closed on 23 July 2007, on which date the offer had been accepted by 99 2% of the remaining shareholders resulting in PD Parks Limited holding 99 85% of the issued shares of Parkdean Holidays Limited It is the intention of PD Parks Limited to acquire compulsorily the remaining 0 15% of shares pursuant to the Companies Act 2006

On 21 March 2007 the Chancellor of the Exchequer announced that the standard rate of corporation tax in the UK would be reduced from 30% to 28% with effect from 1 April 2008 As the change in tax rates had not been substantially enacted at the balance sheet date they have not been used in the calculation of the deferred tax assets and liabilities

The impact of this change will have no material effect on the Company

Notes *(continued)*

29 Related party disclosures

During the period, PD Parks Limited, a subsidiary undertaking issued £72,500,000 of fixed rate unsecured loan notes 2013 to The Alchemy Investment Plan, a collection of limited partnerships managed by Alchemy Partners (Guernsey) Limited £72,500,000 of fixed rate unsecured loan notes repayable in 2013 and £5,051,000 of accrued interest cost was owed to the Alchemy Investment Plan at 31 January 2007

During the period, PD Parks Limited, a subsidiary, issued fixed rate unsecured loan notes 2013 to directors as listed below

	£000
John Waterworth	700
Darrin Bamsey	58

These amounts, payable to directors, remained outstanding at the end of the period

During the period, PD Parks Limited, a subsidiary undertaking, paid £2,200,000 to Alchemy Partners (Guernsey) Limited for transaction fees, in respect of the investment in Parkdean Holidays Limited (formerly Parkdean Holidays plc) No balances were owed to Alchemy Partners (Guernsey) Limited at 31 January 2007

During the period PD Parks Holdings Limited paid Alchemy Partners LLP £58,000 for the services of Anthony Morgan, a non-executive director of the Company No balances were owed to Alchemy Partners LLP at 31 January 2007

30 Ultimate controlling party

80% of the issued share capital of the Company is held by Alchemy Partners Nominees Ltd on behalf of investors in the Alchemy Investment Plan The Alchemy Investment Plan is managed by Alchemy Partners (Guernsey) Limited