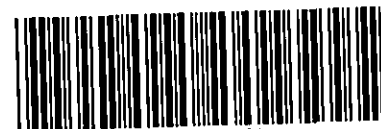


Company Registration No: 5776787 (England and Wales)

KANOO TRAVEL LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

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KANOO TRAVEL LIMITED

COMPANY INFORMATION

Directors	Yusuf Ahmed Ali Kanoo Nabeel Khalid Mohamed Kanoo Akber Mahmood Ismaeel Sa'ati Abdullah Mousa Abokhamseen
Company Number	5776787
Registered office	Lynton House 7-12 Tavistock Square London WC1H 9LT
Business address	34 Union Street Birmingham B2 4SR
Auditors	Morley and Scott Lynton House 7-12 Tavistock Square London WC1H 9LT

KANOO TRAVEL LIMITED

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KANOO TRAVEL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

The directors have the pleasure in submitting the annual report and the audited financial statements of Kanoo Travel Limited (the Company) and independent auditors' report for the year ended 31 December 2008.

Principal activities

The principal activity of the Company is providing travel related services to retail customers and its corporate clients.

Business review

The Board and the Senior Management team have strived hard in the face of deteriorating economic conditions and have managed to contain the losses in 2008 through effective leadership, management and controlling key aspects of the business.

As per the directives of the Board and as part of cost control measures, the Management had renegotiated contracts with IT suppliers to save on costs. Also, HQ was restructured in late 2008 to save on costs. These measures have helped in containing the costs and thus the losses.

With the further strengthening of the Euro and the US dollar against Sterling coupled with depressed market conditions and increased competition from online booking agents, both for retail and corporate business has significantly impacted our operating results for the year ending 31 December 2008.

Company performance – overview

The key financial highlights for 2008 are summarised below:

	2008 UK £ 000s	2007 (9 months) UK £ 000s
Losses for the year	1,986	1,971
Sales	37,054	29,902
Cost of sales	34,198	27,367
Gross profit	2,856	2,534
Expenses	6,032	4,505

Financial risk factors

The company's activities expose it to a variety of financial risks: market risk (most notably currency risk), credit risk, and liquidity risk. The company's overall risk management programme focuses on these risks and seeks to minimise the potential adverse effects on financial performance.

Market risk – currency risk

The effect of changing foreign currency rates are outlined in the directors' report. Due to the nature of the business and fluctuations in foreign currency rates this can have a material effect on financial performance of the Company. Management addresses these risks through regular Board meetings where ongoing performance and strategy of the business is continually evaluated and adjusted as required.

Credit risk

The company ensures that it manages its receivables in order to mitigate any credit risk posed.

Liquidity risk

Management monitor liquidity sufficiently to ensure that cash and funding through credit facilities are available to settle liabilities as they fall due.

KANOO TRAVEL LIMITED

DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2008

Outlook for 2009

Given the fact that the International Monetary Fund has forecast lower economic growth for the global economy, the economic outlook for the Company for 2009 may not be very promising. Yet, we plan to meet the external challenges with strategies aimed at improving productivity e.g. in response to shifting consumer preferences and to better improving prospective travellers, we plan to launch Travel Website in early 2009 with online booking capabilities coupled with online marketing strategies. Also, we plan to focus attention on increasing yield on sales. Whilst the travel industry is facing tremendous challenges due to poor trading conditions and with ever increasing competition, the Board strongly believes that with decades of experience and specialist knowledge that our agents and managers possess, our key strength and characteristic sets us apart from our competitors.

Corporate governance and compliance

The company is governed through its Board of Directors which met four times during the year ending 31 December 2008. The Board also acts as a collegial decision making body to discuss the Company's overall strategies and operations. Also, the Board has set up a special purpose committee, namely, the purchasing committee which carries out specific functions as delegated by the Board. During the year ending 31 December 2008, the purchasing committee met as required.

Directors

The following directors have held office since 1 January 2008:

Yusuf Ahmed Ali Kanoo
Nabeel Khalid Mohamed Kanoo
Akber Mahmood Ismaeel Sa'ati
Abdullah Mousa Abokhamseen

Fawzi Ahmed Ali Kanoo resigned as a director on 31 December 2007.

Auditors

Morley and Scott were re-appointed auditors to the Company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

The directors have been given the authority to negotiate the auditors' fee.


A.M.I.A. Sa'ati

Date... 22.4.09

Registered office

Lynton House
7-12 Tavistock Square
London
WC1H 9LT

KANOO TRAVEL LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2008

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practices (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 of the Company for that period. In preparing those financial statements, the directors are required to:

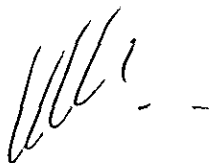
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state that the Company financial statements comply with International Financial Reporting Standards and comply with UK GAAP; and
- prepare the financial statements 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 enable them to ensure that the financial statements comply with the Companies Act 1985. They are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

- (a) so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and
- (b) they have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the Board.



.....
A.M.I.A. Sa'ati
Director

Date 22-4-09

KANOO TRAVEL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF KANOO TRAVEL LIMITED

We have audited the accompanying financial statements of Kanoo Travel Limited, which comprise the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended 31 December 2008, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to audit the Company's financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.


An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion:

- the financial statements give a true and fair view in accordance with IFRS as adopted for use in the EU, of the state of the Company's affairs as at 31 December 2008 and of its financial performance and its cash flows 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.


Morley and Scott
Chartered Accountants
Registered Auditor
London

Date 22 April 2009

KANOO TRAVEL LIMITED

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	Year ended 31 December 2008 £	Period ended 31 December 2007 £
Continuing operations			
Revenue	5	37,053,735	29,901,716
Cost of sales		(34,197,988)	(27,367,293)
Gross profit		2,855,747	2,534,423
Administration expenses		(5,612,923)	(4,346,594)
Impairment of goodwill	9	(133,153)	-
Finance costs	6	(290,502)	(193,838)
Interest receivable		5,007	34,821
Loss before tax	4	(3,175,824)	(1,971,188)
Tax	7	1,189,985	-
Loss for the year	13	(1,985,839)	(1,971,188)

KANOO TRAVEL LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2008

	Notes	£	2008 £	£	2007 £	£
Assets						
Non- current assets						
Property plant and equipment	8	590,835		538,714		
Intangibles	9	133,152		266,305		
Total non-current assets			723,987		805,019	
Current assets						
Trade and other receivables	11	1,860,624		852,473		
Other assets	10	621,749		481,377		
Cash and bank balances	17	443,588		91,408		
Total current assets			2,925,961		1,425,258	
Total Assets			3,429,948		2,230,277	
Equity and liabilities						
Equity						
Issued capital	12	4,626,000		526,000		
Retained earnings	13	(3,957,027)		(1,971,188)		
Total equity			668,973		(1,445,188)	
Non- current liabilities						
Borrowings	14	1,000,000		1,000,000		
Total non-current liabilities			1,000,000		1,000,000	
Current liabilities						
Trade and other payables	15	1,926,741		2,572,469		
Borrowings	14	54,234		102,996		
Total current liabilities			1,980,975		2,675,465	
Total equity and liabilities			3,649,948		2,230,277	

Approved by the Board and authorised for issue on 22-4-09

A.M.I.A. Sa'ati
Director

KANOO TRAVEL LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2008

	Share capital £	Retained earnings £	Total £
Balance as at 1 January 2007	2	-	2
Shares issued in year	525,998	-	525,998
Loss for the year	-	(1,971,188)	(1,971,188)
	<hr/>	<hr/>	<hr/>
Balance as at 1 January 2008	526,000	(1,971,188)	(1,445,188)
Shares issued in year	4,100,000	-	4,100,000
Loss for the year	-	(1,985,839)	(1,985,839)
	<hr/>	<hr/>	<hr/>
Balance as at 31 December 2008	<u>4,626,000</u>	<u>(3,957,027)</u>	<u>668,973</u>

KANOO TRAVEL LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	2008 £	2007 £
Cash flows from operating activities			
Loss for the year		(3,175,824)	(1,971,188)
Finance costs recognised in profit or loss		290,502	193,838
Depreciation and amortisation of non-current assets		142,760	86,983
Interest received		(5,007)	(34,821)
Impairment of goodwill		133,153	-
		<u>(2,614,416)</u>	<u>(1,725,188)</u>
Movements in working capital			
(Increase)/decrease in trade and other receivables		(1,008,151)	(852,473)
Increase/(decrease) in other assets		(140,372)	(481,377)
Increase/(decrease) in trade and other payables		(645,728)	2,572,469
		<u>(4,408,667)</u>	<u>(486,569)</u>
Cash generated from operations		<u>(4,408,667)</u>	<u>(486,569)</u>
Interest paid		(290,502)	(193,838)
Receipts for tax losses surrendered		1,189,985	-
		<u>(3,509,184)</u>	<u>(680,407)</u>
Net cash generated by operating activities		<u>(3,509,184)</u>	<u>(680,407)</u>
Cash flows from investing activities			
Interest received		5,007	34,821
Payments for property, plant and equipment		(194,881)	(625,697)
Payments for intangible assets		-	(266,305)
		<u>(189,874)</u>	<u>(857,181)</u>
Net cash/(used in) generated by investing activities		<u>(189,874)</u>	<u>(857,181)</u>
Cash flows from financing activities			
Proceeds from share issue		4,100,000	526,000
Proceeds from borrowing		-	1,000,000
		<u>4,100,000</u>	<u>1,526,000</u>
Net cash used in financing activities		<u>4,100,000</u>	<u>1,526,000</u>
Net increase/(decrease) in cash and cash equivalents		400,942	(11,588)
Cash and cash equivalents at 1 January 2008		(11,588)	-
Cash and cash equivalents at 31 December 2008	17	<u>389,354</u>	<u>(11,588)</u>

KANOO TRAVEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

1 General information

Kanoo Travel Limited is a company incorporated in England and Wales. The addresses of its registered office and principal place of business are disclosed in the introduction to the financial statements. The principal activities of the Company are described in the directors' report.

2 Significant accounting policies

2.1 Basis of preparation

The financial statements are prepared under the historical cost convention on the accrual basis and have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted for use in the European Union. The financial statements also comply with specific provisions of the Companies Act 1985 applicable to companies reporting under IFRS.

Management evaluates all recently issued or revised accounting standards on an on-going basis.

2.2 Revenue recognition and associated costs

Service fees collected from customers are recognised at the time of sale of tickets.

Commission income on sale of tickets, being the sale price of tickets less direct cost of goods sold (net amounts payable to airlines, tour operators, hotels, car rental companies, etc.), is recognised at the time of sale of the tickets and is stated net of any discounts allowed to customers.

2.3 Use of estimates

The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of financial statements and reported amounts of income and expenses during the year. Examples of such estimates include provision for doubtful debts, employee benefits, provision for income taxes and the useful life of fixed assets.

2.4 Property, Plant and Equipment

Property, plant and equipment is recorded at cost less accumulated depreciation and any impairment in value.

Depreciation on property, plant and equipment is calculated on a straight-line basis over the estimated useful lives of 3 to 5 years. Costs incurred on leasehold improvements are being amortised over the term of the lease or 10 years whichever is less.

2.5 Intangible assets - goodwill

Goodwill arising on an acquisition represents any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired.

Goodwill is recognised as an asset. At each balance sheet date, the management reviews the carrying amounts of its assets and goodwill to determine whether there is any indication that those assets were impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing the value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of time value of money and the risks specific to the asset.

KANOO TRAVEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2008

2 Significant accounting policies (continued)

2.6 Tax

Provision is made for the taxation at current enacted rates on taxable profits, arising in income or in equity, taking into account relief for overseas taxation where appropriate.

Deferred taxation is accounted for in full on temporary differences between the carrying amount of an asset or liability for accounting purposes and its carrying amount for tax purposes.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered.

2.7 Foreign currency

The company's financial statements are presented in Pounds Sterling which is the functional and presentation currency of the Company.

Transactions in foreign currencies are translated into Sterling at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies have been translated into Sterling at the rates of exchange prevailing at the balance sheet date. Foreign exchange gains/losses arising as a result of such conversion have been recorded and suitably reflected in the income statement. Non-monetary items denominated in foreign currencies that are stated at the fair value are translated into sterling at foreign exchange rates ruling at the dates the values were determined.

2.8 Leases

Leases under which substantially all of the risk and rewards of ownership are transferred to the entity are finance leases; all other leases are operating leases.

Operating lease rentals are charged to the income statement on a straight-line basis over the lease term.

2.9 Critical judgements in applying the Entity's accounting policies

In the process of applying the Entity's accounting policies, described above, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements.

2.10 Accounts receivable

Accounts receivable are stated at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

2.11 Provisions

Provisions are recognised when the Company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and reliably measurable.

2.12 Transactions with related parties

In compliance with IFRS, all related party transactions have been disclosed.

KANOO TRAVEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2008

3 Financial risk factors

The company's activities expose it to a variety of financial risks: market risk (most notably currency risk), credit risk and liquidity risk. The company's overall risk management programme focuses on these risks and seeks to minimise the potential adverse affects on financial performance.

Market risk – currency risk

The effect of changing foreign currency rates are outlined in the directors' report. Due to the nature of the business and fluctuations in foreign currency rates this can have a material effect on financial performance of the Company. Management addresses these risks through regular Board meetings where ongoing performance and strategy of the business is continually evaluated and adjusted as required.

Credit risk

The company ensures that it manages its receivables in order to mitigate any credit risk posed.

Liquidity risk

Management monitors liquidity sufficiently to ensure that cash and funding through credit facilities are available to settle liabilities as they fall due.

4 Operating loss

	2008 £	2007 £
Auditors' remuneration	12,500	12,000
Depreciation	142,760	73,124

Fees payable to the Company's auditor for the audit of the Company's financial statements amounted to £12,500 (2007: £12,000)

Fees payable to the Company's auditor for other services provided to the company, its parent, and its fellow UK subsidiary totalled £3,750 (2007: £2,738)

5 Revenue

An analysis of the Company's revenue for the year, for continuing operations is as follows:

	Year ended 31 December 2008 £	Period ended 31 December 2007 £
Continuing operations		
Revenue from the rendering of services	37,053,735	29,901,716

KANOO TRAVEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2008

6 Finance costs

	Year ended 31 December 2008 £	Period ended 31 December 2007 £
Bank charges	286,688	192,870
Other interest expense	3,814	968
	<hr/>	<hr/>
Total interest expense	290,502	193,838
	<hr/>	<hr/>

7 Taxation

Tax recognised in the income statement

	2008 £	2007 £
Current tax charge	-	-
Receipts for Group losses surrendered:		
Current Year	869,093	-
Prior year	320,892	-
	<hr/>	<hr/>
Current tax expense recognised in the income statement	1,189,985	-
	<hr/>	<hr/>

The total charge for the year can be reconciled to the accounting profit as follows:

	2008 £	2007 £
Profit/(Loss) from continuing operations	(3,175,824)	(1,971,188)
	<hr/>	<hr/>
Income tax expense calculated at 28.5% (2007: 30%)	(905,110)	(591,356)
Non-deductible expenses	6,417	2,148
Depreciation add back	40,687	21,937
Capital allowances	(10,431)	(10,700)
Group relief utilised	869,093	320,892
Other tax adjustments	(656)	6,518
Current year losses carried forward	-	250,561
	<hr/>	<hr/>
Current tax charge	-	-
	<hr/>	<hr/>

KANOO TRAVEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2008

8 Property, plant and equipment

	Leasehold improvements £	Plant and equipment £	Total £
Cost or valuation			
Balance at 1 January 2008	517,390	108,306	625,696
Additions	186,386	8,496	194,882
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2008	703,776	116,802	820,578
	<hr/>	<hr/>	<hr/>
Accumulated depreciation and impairment			
Balance at 1 January 2008	56,380	30,603	86,983
Depreciation expense	106,997	35,763	142,760
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2008	163,377	66,366	229,743
	<hr/>	<hr/>	<hr/>
Carrying amount			
As at 31 December 2008	540,399	50,436	590,835
	<hr/>	<hr/>	<hr/>
As at 31 December 2007	461,010	77,703	538,713
	<hr/>	<hr/>	<hr/>

KANOO TRAVEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2008

9 Goodwill

	£
Cost	
Balance at 1 January 2008	266,305
Goodwill on acquisition of trade	-
	<hr/>
Balance at 31 December 2008	266,305
	<hr/>
Accumulated impairment losses	
Balance at 1 January 2008	-
Impairment losses recognised in the year	133,153
	<hr/>
Balance at 31 December 2008	133,153
	<hr/>
Carrying amount	
As at 31 December 2008	133,152
	<hr/>
As at 31 December 2007	266,305
	<hr/>

- 9.1 During the financial year the Company assessed the recoverable amount of goodwill in relation to the acquisition of the American Express Consumer Travel International Business. The trade acquired is the sole activity of the Company and all of the goodwill is attributable to this.

The recoverable amount was assessed by reference to the fair value model. This methodology was considered appropriate to the business.

The key factors in assessing the fair value were:-

- A) Projections of future income and expenditure for 12 months and beyond.
- B) Assessment of the market by reference to the Board's knowledge of the industry.
- C) The proximity of the transaction to the year end.

From the Board's review of the above and other factors it was decided that goodwill should be impaired by half of its carrying amount.

10 Other assets

	2008 £	2007 £
Prepayments	603,851	441,198
Accrued income	17,898	40,179
	<hr/>	<hr/>
	621,749	481,377
	<hr/>	<hr/>

KANOO TRAVEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2008

11 Trade and other receivables

	2008 £	2007 £
Amounts due from fellow subsidiary undertakings	1,498,969	221,314
Other receivables	361,655	631,159
	<u>1,860,624</u>	<u>852,473</u>

12 Issued capital

	Share capital 2008 £	Share capital 2007 £
Authorised		
526,000 "A" ordinary shares of £1 each	526,000	526,000
123,383 "B" ordinary shares of £1 each	-	123,383
123,383 "B" ordinary shares of £0.810484 each	100,000	-
4,000,000 1% non-cumulative redeemable preference shares of £1 each	4,000,000	-
	<u>4,626,000</u>	<u>649,383</u>
Allotted, called up and fully paid		
526,000 "A" ordinary shares of £1 each	526,000	526,000
123,383 "B" ordinary shares of £0.810484 each	100,000	-
4,000,000 1% non-cumulative redeemable preference shares of £1 each	4,000,000	-
	<u>4,626,000</u>	<u>526,000</u>

On 21 March 2008 the authorised share capital of 123,383 "B" ordinary shares of £1 each was cancelled.

On 21 March 2008 the authorised share capital was increased to £626,000 by the creation of an additional 123,383 "B" ordinary shares of £0.810484 each.

On 21 March 2008 the authorised share capital was increased to £4,626,000 by the creation of 4,000,000 1% non-cumulative redeemable preference shares of £1 each.

The "B" ordinary shares are non-voting and have no rights to participate in dividends or in the winding up of the sale of the business.

In all other respects "A" and "B" ordinary shares rank pari passu.

KANOO TRAVEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2008

13 Retained earnings and dividends

	£
Balance at 1 January 2008	(1,971,188)
Loss for the year	(1,985,839)
	<hr/>
Balance at 31 December 2008	(3,957,027)
	<hr/>

14 Borrowings

	Current		Non-current	
	2008	2007	2008	2007
	£	£	£	£
Bank overdrafts	54,234	102,996	-	-
Loans from:				
Parent (i)	-	-	1,000,000	1,000,000
	<hr/>	<hr/>	<hr/>	<hr/>
	54,234	102,996	1,000,000	1,000,000
	<hr/>	<hr/>	<hr/>	<hr/>

(i) The loan from Kanoo Travel & Foreign Exchange Services Limited was interest free.

15 Trade and other payables

	2008	2007
	£	£
Trade payables	1,474,720	2,102,974
Amounts owed to parent undertakings and fellow subsidiaries	46,508	79,794
Accruals	362,447	214,252
PAYE	32,755	36,149
Other payables	10,311	139,300
	<hr/>	<hr/>
	1,926,741	2,572,469
	<hr/>	<hr/>

KANOO TRAVEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2008

16 Related party transactions

The immediate parent company is Kanoo Travel & Foreign Exchange Services Limited a company incorporated in England and Wales. The ultimate controlling party is Yusuf Bin Ahmed Kanoo (Holdings) W.L.L. and company incorporated in Bahrain.

At the year end the Company had outstanding balances with the following related parties:

	Amounts owed by related parties		Amounts owed to related parties	
	2008 £	2007 £	2008 £	2007 £
Kanoo Travel & Foreign Exchange Services Limited	90,329	-	1,000,000	1,079,794
Kanoo Foreign Exchange Services Limited	1,408,640	221,314	-	-
Yusuf Bin Ahmed Kanoo (Holdings) W.L.L.	-	-	46,508	-
	<u>1,498,969</u>	<u>221,314</u>	<u>1,046,508</u>	<u>1,079,794</u>

Kanoo Travel & Foreign Exchange Services Limited is the immediate parent company of Kanoo Travel Limited.

Kanoo Foreign Exchange Services Limited is a fellow subsidiary of Kanoo Travel & Foreign Exchange Services Limited.

Yusuf Bin Ahmed Kanoo (Holdings) W.L.L. is the ultimate parent company of Kanoo Travel Limited.

17 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement can be reconciled to the related items in the balance sheet as follows:

	2008 £	2007 £
Cash and bank balances	443,588	91,408
Bank overdraft	(54,234)	(102,996)
	<u>389,354</u>	<u>(11,588)</u>

KANOO TRAVEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2008

18 Operating lease arrangements

Leasing arrangements

Non-cancellable operating lease commitments

	2008 £	2007 £
Land and Buildings		
Due within one year	-	60,049
Longer than one year but no more than five years	923,352	663,492
More than five years	1,352,241	1,448,716
	<u>2,275,593</u>	<u>2,172,257</u>

Land and buildings operating leases relate to retail property with lease terms between 3 to 10 years. The company does not have any options to purchase the leased asset at the expiry of the lease period.

	2008 £	2007 £
Other		
Due within one year	-	-
Longer than one year but no more than five years	35,483	-
More than five years	-	-
	<u>35,483</u>	<u>-</u>

Other operating leases relate to rental of equipment with lease terms of 5 years. The company does not have any options to purchase the leased asset at the expiry of the lease period.