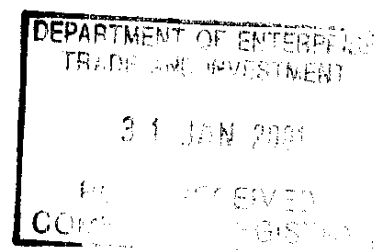


33

CCSI (EUROPE) LIMITED

Report and Accounts

31 December 1999



CCSI (Europe) Limited

Registered No. NI29377

DIRECTORS

J M Mehta
C M Nash
P W Rishell
P A Woodgate

SECRETARY

J Echenagusia

AUDITORS

Ernst & Young
Rolls House
7 Rolls Buildings
Fetter Lane
London EC4A 1NH

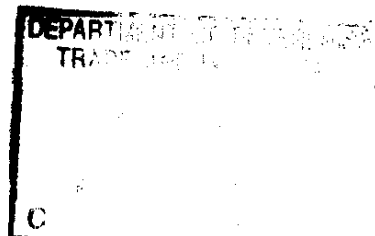
BANKERS

Lloyds TSB Bank Plc
72 Lombard Street
London EC3P 3BT

REGISTERED OFFICE

Bedford House
16 Bedford Street
Belfast BT2 7DT

 **ERNST & YOUNG**



CCSI (Europe) Limited

DIRECTORS' REPORT

The directors present their report, together with the audited accounts of the Company, for the year ended 31 December 1999.

RESULTS AND DIVIDENDS

The results are set out in the profit and loss account on page 5. The Company made a profit after taxation for the year of £91,668 (1998 - £51,861). The directors do not recommend the payment of a dividend for the year.

PRINCIPAL ACTIVITY

The principal activity of the Company during the year was the design, development and maintenance of computer software for the timeshare industry.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The company performed as expected during the year. There was no change to the activity during 2000, however, the parent undertaking CCSI Acquisition Corp., developed a new product which was released during 2000.

DIRECTORS AND THEIR INTERESTS

The directors of the Company who served throughout the year were as follows:

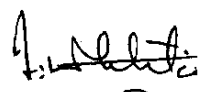
J M Mehta
C M Nash
P W Rishell
P A Woodgate
R Kupper (resigned 8 August 1999)

There are no directors' interests requiring disclosure under the Companies Act 1985.

AUDITORS

Ernst & Young have expressed their willingness to continue in office as auditors and a resolution proposing their reappointment will be put to the members at the Annual General Meeting.

By order of the board


Secretary Director
29 January 2001

CCSI (Europe) Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial period 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 accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts 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 accounts comply with the Companies (Northern Ireland) Order 1986. 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.

REPORT OF THE AUDITORS
to the shareholders of CCSI (Europe) Limited

We have audited the accounts on pages 5 to 11, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by Statute, the Auditing Practices Board and by our profession's ethical guidance.

Basis of opinion

We conducted our audit in accordance with 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Company as at 31 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies (Northern Ireland) Order 1986.

Ernst & Young

Ernst & Young
Registered Auditor
London

30 January 2001

CCSI (Europe) Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 December 1999

| | Notes | 1999 £ | 1998 £ |
|--|-------|-----------|-----------|
| TURNOVER | 3 | 734,262 | 673,812 |
| Operating costs | | (598,937) | (601,917) |
| OPERATING PROFIT | 5 | 135,325 | 71,895 |
| Interest receivable | 6 | 109 | - |
| Interest payable and similar charges | 7 | - | (244) |
| | | 109 | (244) |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 135,434 | 71,651 |
| Tax on profit on ordinary activities | 8 | (43,766) | (19,790) |
| PROFIT RETAINED FOR THE FINANCIAL YEAR | 13 | 91,668 | 51,861 |

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the profit attributable to the shareholders of the Company of £91,668 for the year ended 31 December 1999 and £51,861 for the year ended 31 December 1998.

CCSI (Europe) Limited

BALANCE SHEET at 31 December 1999

| | Notes | 1999 £ | 1998 £ |
|---|-------|------------------|------------------|
| FIXED ASSETS | | | |
| Tangible assets | 9 | 33,630 | 53,220 |
| CURRENT ASSET | | | |
| Debtors | 10 | 117,196 | 20,348 |
| Cash at bank and in hand | | 13,890 | 9,405 |
| | | <u>131,086</u> | <u>29,753</u> |
| CREDITORS: amounts falling due within one year | 11 | (255,525) | (265,450) |
| | | <u>(124,439)</u> | <u>(235,697)</u> |
| NET CURRENT LIABILITIES | | | |
| | | <u>(90,809)</u> | <u>(182,477)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | |
| | | <u>(90,809)</u> | <u>(182,477)</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 12 | 10,000 | 10,000 |
| Profit and loss account | 13 | (100,809) | (192,477) |
| | | <u>(90,809)</u> | <u>(182,477)</u> |
| Equity shareholders' funds | 13 | <u>(90,809)</u> | <u>(182,477)</u> |

Director

[Signature]

29 January 2001

NOTES TO THE ACCOUNTS
at 31 December 1999

1. **FUNDAMENTAL ACCOUNTING CONCEPT**

The accounts have been prepared on a going concern basis as Interval European Holdings Limited, a member of a group with the same shareholders as the Company's ultimate parent undertaking, has agreed to provide adequate funds for the Company to meet its liabilities as and when they fall due. The directors have no reason to believe that this financial support will not continue in the future, and consider it appropriate to adopt a going concern basis. The accounts do not contain any adjustments that would be necessary should this basis not be appropriate.

2. **ACCOUNTING POLICIES**

Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

Tangible fixed assets and depreciation

Fixed assets are shown at cost less depreciation provided using the straight line method.

Depreciation is provided from the date of acquisition of the asset concerned. The following average useful lives are used for the major classes of tangible fixed assets:

| | | |
|----------------------------------|---|---------------|
| Leasehold improvements | - | term of lease |
| Fixtures, fittings and equipment | - | 7 years |
| Computer software | - | 5 years |

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

Leasing commitments

Rental payable under operating leases are charged to the profit and loss account on a straight line basis over the term of the lease.

CCSI (Europe) Limited

NOTES TO THE ACCOUNTS

at 31 December 1999

3. TURNOVER

The turnover for the year, which is stated net of value added tax, relates to the principal activity of the Company, which is the design, development and maintenance of computer software for the timeshare industry. All turnover is derived from continuing activities, and arises by geographical market as follows:

| | 1999 £ | 1998 £ |
|--------------------------|----------------|----------------|
| United Kingdom | 96,229 | - |
| United States of America | 638,033 | 673,812 |
| | <u>734,262</u> | <u>673,812</u> |

4. STAFF COSTS

| | 1999 £ | 1998 £ |
|---------------------------------|----------------|----------------|
| Employee costs during the year: | | |
| Wages and salaries | 380,817 | 409,619 |
| Social security costs | 37,835 | 40,797 |
| | <u>418,652</u> | <u>450,416</u> |

| | 1999 No. | 1998 No. |
|---|-------------|-------------|
| The monthly average number of employees during the year was as follows: | | |
| Administration | 17 | 22 |

5. OPERATING PROFIT

This is stated after charging:

| | 1999 £ | 1998 £ |
|--|-----------|-----------|
| Depreciation | 24,112 | 23,801 |
| Operating lease rentals - land and buildings | 30,000 | 27,435 |
| - Other | 10,598 | 12,303 |
| Auditors' remuneration | 3,125 | 4,799 |
| Directors' emoluments | - | - |

CCSI (Europe) Limited

NOTES TO THE ACCOUNTS

at 31 December 1999

6. INTEREST RECEIVABLE

| | 1999 | 1998 |
|--------------------------|------|------|
| | £ | £ |
| Bank interest receivable | 109 | - |

7. INTEREST PAYABLE AND SIMILAR CHARGES

| | 1999 | 1998 |
|----------------|------|------|
| | £ | £ |
| Bank overdraft | - | 244 |

8. TAXATION

| | 1999 | 1998 |
|--------------------------------------|--------|--------|
| | £ | £ |
| Based on the profit for the year: | | |
| Corporation tax | 43,100 | 19,790 |
| Adjustment in respect of prior years | 666 | - |
| | 43,766 | 19,790 |

9. TANGIBLE FIXED ASSETS

| | Leasehold improvements £ | Fixtures, fittings and equipment £ | Computer software £ | Total £ |
|---------------------|--------------------------------|---|---------------------------|------------|
| Cost: | | | | |
| At 1 January 1999 | 6,443 | 185,957 | 96,854 | 289,254 |
| Additions | - | 4,522 | - | 4,522 |
| At 31 December 1999 | 6,443 | 190,479 | 96,854 | 293,776 |
| Depreciation: | | | | |
| At 1 January 1999 | 2,458 | 155,369 | 78,207 | 236,034 |
| Charge for the year | 1,287 | 18,163 | 4,662 | 24,112 |
| At 31 December 1999 | 3,745 | 173,532 | 82,869 | 260,146 |
| Net book amount: | | | | |
| At 31 December 1999 | 2,698 | 16,947 | 13,985 | 33,630 |
| At 1 January 1999 | 3,985 | 30,588 | 18,647 | 53,220 |

CCSI (Europe) Limited

NOTES TO THE ACCOUNTS at 31 December 1999

10. DEBTORS

| | 1999 | 1998 |
|---------------|----------------|---------------|
| | £ | £ |
| Trade debtors | 41,014 | 5,728 |
| Other debtors | 72,232 | 7,640 |
| Prepayments | 3,950 | 6,980 |
| | <u>117,196</u> | <u>20,348</u> |

11. CREDITORS: amounts falling due within one year

| | 1999 | 1998 |
|------------------------------------|----------------|----------------|
| | £ | £ |
| Trade creditors | 81,862 | 7,878 |
| Corporation tax | 62,830 | 23,364 |
| Amount owed to parent undertaking | 85,506 | 217,518 |
| Other taxation and social security | 3,878 | 10,020 |
| Accruals | 17,792 | 6,670 |
| Other creditors | 3,657 | - |
| | <u>255,525</u> | <u>265,450</u> |

12. SHARE CAPITAL

| | 1999 | 1998 |
|--|---------------|---------------|
| | £ | £ |
| <i>Authorised:</i> | | |
| Ordinary shares of £1 each | <u>10,000</u> | <u>10,000</u> |
| <i>Allotted, called up and fully paid:</i> | | |
| Ordinary shares of £1 each | <u>10,000</u> | <u>10,000</u> |

13. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

| | Share capital | Profit and loss account | Total Shareholders' funds |
|---------------------|---------------|-------------------------|---------------------------|
| | £ | £ | £ |
| At 1 January 1998 | 10,000 | (244,338) | (234,338) |
| Profit for the year | - | 51,861 | 51,861 |
| At 1 January 1999 | <u>10,000</u> | <u>(192,477)</u> | <u>(182,477)</u> |
| Profit for the year | - | 91,668 | 91,668 |
| At 31 December 1999 | <u>10,000</u> | <u>(100,809)</u> | <u>(90,809)</u> |

CCSI (Europe) Limited

NOTES TO THE ACCOUNTS at 31 December 1999

14. FINANCIAL COMMITMENTS

The Company has commitments under various operating lease agreements in connection with land and buildings and other items. Under these agreements the payments to which the Company is committed during the next financial year, are:

| | <i>Land and buildings</i> | | <i>Other</i> | |
|--|-------------------------------|-------------|--------------|-------------|
| | <i>1999</i> | <i>1998</i> | <i>1999</i> | <i>1998</i> |
| | <i>£</i> | <i>£</i> | <i>£</i> | <i>£</i> |
| Leases which expire: within two to five years | 34,980 | 30,000 | 10,062 | 10,600 |

15. RELATED PARTY TRANSACTIONS

The company charges a management fee to its parent, CCSI Acquisition Corp., in respect of technical, sales and marketing and administrative costs. £638,033 was charged in the year ended 31 December 1999 (1998 - £673,812). At the year end, there was a balance due to CCSI Acquisition Corp., which is disclosed in note 11 to the accounts.

16. ULTIMATE PARENT UNDERTAKING

The Company's ultimate parent undertaking is CCSI Acquisition Corp., incorporated in the United States of America.