

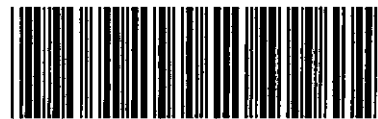
Insight International Tours Limited

**Directors' report and financial
statements**

Registered number SC064603

31 December 2006

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Directors' report

The directors present their directors' report and financial statements for the year ended 31 December 2006

Principal activities

The principal activity of the company is that of a holding company

Business review

The company did not trade throughout the year

Results and dividends

The result for the year is nil (2005 Loss of £2,507) Directors do not recommend the payment of a dividend for the year (2005 £4,595,246)

Financial instruments

Details of the company's financial risk management objectives and policies are included in note 9 to the financial statements

Directors and directors' interests

The directors who held office during the year were as follows

JS Boulding
DID Howie

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the Company

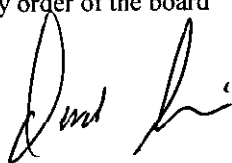
Disclosure of information to auditors

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 he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors

During the year Hargreaves, Brown & Benson resigned and KPMG LLP were appointed as auditors of the company. 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 Annual General Meeting

By order of the board



DID Howie
Director

Gareloch House
Gareloch Road
Port Glasgow
Renfrewshire
PA14 5XH

1 June 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 International Financial Reporting 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 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 International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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



KPMG LLP

St James' Square
Manchester
M2 6DS
United Kingdom

Independent auditors' report to the members of Insight International Tours Limited

We have audited the financial statements of Insight International Tours Limited ('the company') which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement and the Statement of Changes in Equity 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 financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU are set out in the Statement of Directors' Responsibilities on page 2.

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 whether the financial statements have been 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 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 Insight International Tours Limited *(continued)*

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the company's affairs as at 31 December 2006 and of its result for the year 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

7/6/ 2007

Income statement
for the year ended 31 December 2006

	<i>Note</i>	2006 £	2005 £
Revenue			
Cost of sales		_____	_____
Gross profit			
Administrative expenses		_____	_____
Operating profit			
Financial expenses	3	_____	(3,581)
Loss before taxation			(3,581)
Taxation	4	_____	1 074
Loss for the year		=====	(2,507)

All results relate to continuing operations

The company has no recognised gains or losses other than the results for the year as set out above

Statement of changes in equity
for the year ended 31 December 2006

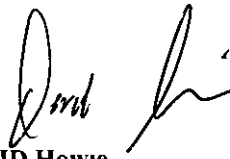
	Share capital	Retained earnings	Total
	£	£	£
At 1 January 2005	40,000	4,599,232	4,639,232
Loss for the year		(2,507)	(2,507)
Dividends paid – Ordinary shares		(4,595,246)	(4,595,246)
	<hr/>	<hr/>	<hr/>
At 1 January 2006	40,000	1,479	41,479
	<hr/>	<hr/>	<hr/>
At 31 December 2006	<u>40,000</u>	<u>1,479</u>	<u>41,479</u>

Balance Sheet
at 31 December 2006

	<i>Note</i>	2006 £	2005 £
Non Current Assets			
Investments	5	13,333	13 333
		<u>13,333</u>	<u>13,333</u>
Current Assets			
Trade and other receivables	6	47,040	48,115
		<u>47,040</u>	<u>48,115</u>
Total assets		<u>60,373</u>	<u>61,448</u>
Current Liabilities			
Other payables	7	(18,894)	(19 969)
Total Liabilities		<u>(18,894)</u>	<u>(19,969)</u>
Net Assets		<u>41,479</u>	<u>41,479</u>
Equity			
Share capital	8	40,000	40 000
Retained earnings		1,479	1 479
Total equity		<u>41,479</u>	<u>41,479</u>

These financial statements were approved by the board of directors on its behalf by

June 2007 and were signed on


DID Howie
 Director

Cash Flow Statement
for the year ended 31 December 2006

	2006 £	2005 £
Cash flows from operating activities		
Loss for the year		(2,507)
<i>Adjustments for</i>		
Financial expense		3,581
Taxation		(1,074)
Operating profit before changes in working capital	1,074	5,692,633
Decrease in trade and other receivables	(1,074)	(1,078,945)
Decrease in other payables		
Cash generated from operations		4,613,688
Taxation paid		(14,861)
Interest paid		(3,581)
Net cash from operating activities		4,595,246
Cash flows used in financing activity		
Dividends paid		(4,595,246)
Net cash used in financing activity		(4,595,246)
Cash and cash equivalents at 31 December		

Notes

(forming part of the financial statements)

1 Accounting Policies

Insight International Tours Ltd (the "Company") is a company incorporated in the UK

The company financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs")

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements

The company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group

Foreign currency

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured at historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items and on the retranslation of monetary items are taken to the income statement. Exchange differences arising on non-monetary items, carried at fair value, are included in the income statement, except for the differences arising on the retranslation of non-monetary items in respect of which gains and losses are recorded in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

Intra group 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.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Notes (continued)

1 Accounting Policies (continued)

Expenses

Net financing costs

Net financing costs comprise interest payable, finance charges on shares classified as liabilities and finance leases, interest receivable on funds invested, dividend income, foreign exchange gains and losses that are recognised in the income statement

Interest income and interest payable is recognised in income statement as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established

2 Staff numbers and costs

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

	Number of employees	
	2006	2005
Management	2	2

No salaries or wages have been paid to employees, including directors, during the year

3 Finance expense

	2006	2005
	£	£
Interest expense		3,581

4 Taxation

Recognised in the income statement

	2006	2005
	£	£
<i>Current tax expense</i>		
Current year		(1,074)
Total tax in income statement		(1,074)

Reconciliation of effective tax rate

	2006	2005
	£	£
<i>Current tax reconciliation</i>		
Loss before tax		(3,581)
<i>Effects of</i>		
Tax using the UK corporation tax rate of 30% (2005 30%)		(1,074)
Total tax in income statement		(1,074)

Notes (continued)

5 Investments

Investments in subsidiary undertakings	£
Cost	
At 1 January 2006 and 31 December 2006	13 333
Net book value	
At 31 December 2005	13 333
At 31 December 2006	<u>13,333</u>

The cost of initial investment as at 1 January 2004 was £103,714, subsequently impaired by £90,381 during the year, leaving net book value of £13,333 as at 31 December 2004

The Company owns 100% of the companies listed below, all of which are tour operators or general sales agents for tour operators

	Country of incorporation	Principal Activity	Class and percentage of shares held
*Insight Vacations (Canada) Limited	Canada	Travel and leisure	100%
*Insight Vacations Inc	USA	Travel and leisure	100%
Destination America Inc	USA	Travel and leisure	100%
Destination America Tours Limited	CAN	Travel and leisure	100%
Insight Air Tours Inc	USA	Travel and leisure	100%
TravCorp U S A Inc	USA	Travel and leisure	100%
*Insight Vacations Pty Limited	Australia	Travel and leisure	100%
*Insight Vacations (NZ) Limited	New Zealand	Travel and leisure	100%
*Insight Vacations (S) Pte Limited	Singapore	Travel and leisure	100%

* directly owned subsidiary undertakings of Insight International Tours Limited

6 Trade and other receivables

	2006 £	2005 £
Amounts owed by group undertakings	47,040	47,041
Other trade receivables		1 074
	<u>47,040</u>	<u>48,115</u>

7 Other payables

	2006 £	2005 £
Amounts owed to group undertakings	<u>18,895</u>	<u>19,969</u>

Notes (continued)

8 Share capital

	2006		2005	
	£		£	
<i>Authorised</i>				
400,000 Ordinary shares of £1 each		400,000		400 000
		400,000		400 000
	2006		2005	
	No	£	No	£
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	40,000	40,000	40,000	40,000
	40,000	40,000	40 000	40 000
<i>Equity shares</i>				
Ordinary shares of £1 each	40,000	40,000	40 000	40 000
	40,000	40,000	40 000	40 000

9 Financial instruments

The company holds or issues financial instruments in order to achieve three main objectives, as follows

- a) to finance its operations,
- b) to manage its exposure to interest risk from its operations and from its sources of finance, and
- c) for trading purposes

In additions, various financial instruments (e.g. trade debtors, trade creditors, accruals and prepayments) arise directly from the company's operations

Transactions in financial instruments result in the company assuming or transferring to another party in one or more of the financial risks described below

Credit risk

The company monitors credit risk closely and considers that its current policies of credit checks meet its objectives of managing exposure to credit risk

The company has no significant concentrations of credit risk. Amounts shown in the balance sheet best represent the maximum credit risk exposure in the event of other parties failing to perform their obligations under financial instruments

Liquidity risk

The company at all times maintains adequate committed credit facilities in order to meet all its commitments as and when they fall due. There are no long term borrowings

Currency risk

The company is exposed to foreign exchange in respect of transactions involving Australian dollars, the Euro, United States dollars and New Zealand dollars. The treasurer of the company does not use forward exchange contracts to hedge the company's exposure to foreign currency risk in the local reporting currency

Notes *(continued)*

10 Related party transactions

There were no transactions with related parties such as are due to be reported in accordance with IAS 24

Amounts owed by members of the group which are unsecured and payable on demand

	2006	2005
	£	£
<i>Parent Company</i>		
Insight Group Limited	40,000	40 000
<i>Other Group Company</i>		
Insight Vacations Limited	7,040	7 040
	<u> </u>	<u> </u>

Amounts owed to members of the group which are unsecured and payable on demand

	2006	2005
	£	£
Insight Travel Services Limited	18,895	19 969
	<u> </u>	<u> </u>

Details of the company's immediate parent and the ultimate controlling party are included in note 11

11 Ultimate parent company

The company's ultimate parent undertaking is The Travel Corporation Limited, a company incorporated in the British Virgin Islands

The largest group in which the results of the Company are consolidated is that headed The Travel Corporation Limited, a company incorporated in the British Virgin Islands. The financial statements of this company are not available to the public. The smallest group in which they are consolidated is that headed by Insight Group Limited, a company registered in England and Wales. Copies of the consolidated financial statements of Insight Group Limited are available to the public from the Registrar of Companies.