

CROWN HOLIDAYS LIMITED

Report and Financial Statements

Year Ended

31 October 2006

Company Registration No 1734244

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CROWN HOLIDAYS LIMITED

Report of the directors for the year ended 31 October 2006

The directors present their annual report together with the audited financial statements for the year ended 31 October 2006

Principal activities

The principal activities are those of a holding Company and the hiring of cabin cruisers to its subsidiary companies

Business review

The loss on ordinary activities before taxation for the year ended 31 October 2006 amounted to £429,000 (2005 loss £481,000) The directors do not recommend the payment of a dividend (2005 £nil)

The Company's success in 2006 was assisted by the continuation of hiring out of boats for the leisure boat activities to companies within the group The directors believe that the Company is well equipped to face the fast-changing and challenging environment of 2007 and beyond

The directors manage risks and uncertainties of the Company in co-ordination with its fellow subsidiaries in the First Choice Holidays PLC ("First Choice") Group of Companies The directors of First Choice review the Company's risks and uncertainties in the context of the whole Group The directors of the Company believe that this review process is appropriate given that the Company's operations are managed in co-ordination with those of the First Choice Activity Sector The principal risks and uncertainties which are common to First Choice and the Company are

- Geo-political events and natural disasters The nature of our business means that the we continually face the risk of geo-political events or natural disasters It is for this reason that we ensure we operate with a flexible and efficient business model and minimise the reliance on any one destination
- Commercial relationships We have well established and close relationships with our suppliers and spread our risk by not placing over-reliance on any one supplier in any particular area However, if a relationship was lost or damaged with a major supplier this could have a detrimental effect on our business The management team meets regularly with suppliers to maintain good working relationships
- Information technology The Company is heavily reliant upon information technology Investment is being made to ensure that we have advanced and efficient systems in place but there is a risk if there were a major failure – particularly if it were to affect selling systems Procedures are in place to minimise the time a selling system is unavailable in the event of such a failure

CROWN HOLIDAYS LIMITED

Report of the directors for the year ended 31 October 2006

Directors and their interests

The directors of the Company at the date of this report are

K M Cronin	(appointed 7 August 2006)
D Mee	(appointed 7 August 2006)
M R Prior	
J Wimbleton	(appointed 7 August 2006)

The following directors resigned during the year

N J Jenkins	(resigned 31 October 2006)
H D Thomas	(resigned 4 July 2006)

None of the directors had any beneficial interest in the shares of the Company or any subsidiary undertakings at any time during the period

As at 31 October 2006, the interests of the Directors in the share capital of First Choice Holidays PLC, the ultimate parent company were as follows

	Ordinary Shares		*Share Awards	
	31 October 2006	**31 October 2005	Granted	Exercised
Ordinary Shares				
M R Prior	***3,386	***2,453	16,358	41,262
J Wimbleton	***38,470	***37,708	169,337	181,818

* Includes shares awarded under the restricted Share Plan, Performance Share Plan and Deferred Annual Bonus Scheme

** or at date of appointment

Director's insurance

The ultimate parent company maintains insurance policies on behalf of all the Directors of the Company against liability arising from negligence, breach of duty and breach of trust in relation to the Company

CROWN HOLIDAYS LIMITED

Report of the directors for the year ended 31 October 2006

Statement as to 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 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

The Company has elected to dispense with the holding of Annual General Meetings, the laying of accounts before the members in General Meeting and the appointment of auditors annually. Accordingly, KPMG Audit Plc will continue in office as auditors

By order of the Board



M R Prior
Director
Date 15 June 2007

CROWN HOLIDAYS LIMITED

Statement of Directors' Responsibilities in respect of the Directors' report and the financial statements

Directors' responsibilities

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 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 UK Accounting 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

CROWN HOLIDAYS LIMITED

Independent auditor's report to the members of Crown Holidays Limited

We have audited the financial statements of Crown Holidays Limited for the year ended 31 October 2006 which comprise the profit and loss account, the balance sheet, 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 UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 4. 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 also 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.

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 company's affairs as at 31 October 2006 and of its loss 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 Audit PLC

KPMG Audit Plc

Chartered Accountants

Registered Auditor

PO Box 895, 8 Salisbury Square, London, EC4Y 8BB

20 JUNE 2007

CROWN HOLIDAYS LIMITED**Profit and loss account for the year ended 31 October 2006**

	Note	2006 £'000	2005 £'000
Turnover	1	78	81
Administration expenses		(34)	(28)
		<hr/>	<hr/>
Operating profit		44	53
Interest payable and similar charges	4	(473)	(534)
		<hr/>	<hr/>
Loss on ordinary activities before taxation	3	(429)	(481)
Tax credit on loss from ordinary activities	5	74	84
		<hr/>	<hr/>
Loss for the financial year	11	(355)	(397)
		<hr/>	<hr/>

The results stated above are all derived from continuing operations

There are no recognised gains and losses other than those included in the profit and loss account

The notes on page 7 to 14 form part of these financial statements

CROWN HOLIDAYS LIMITED**Balance sheet at 31 October 2006**

	Note	2006 £'000	2005 £'000
Fixed assets			
Tangible assets	6	951	982
Investments	7	3,422	3,422
		<hr/>	<hr/>
		4,373	4,404
		<hr/>	<hr/>
Current assets			
Debtors	8	16,848	17,017
Cash at bank and in hand		1,199	49
		<hr/>	<hr/>
		18,047	17,066
Creditors amounts falling due within one year	9	(12,467)	(11,162)
		<hr/>	<hr/>
Net current assets		5,580	5,904
		<hr/>	<hr/>
Net assets		9,953	10,308
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	10	11,630	11,630
Share premium account	11	399	399
Capital redemption reserve	11	864	864
Profit and loss	11	(2,940)	(2,585)
		<hr/>	<hr/>
Equity shareholders' funds	11	9,953	10,308
		<hr/>	<hr/>

The notes on pages 7 to 14 form part of the financial statements

The financial statements were approved by the Board on 15 June 2007 and signed on their behalf by

M R Prior
Director



CROWN HOLIDAYS LIMITED

Notes forming part of the financial statements for the year ended 31 October 2006

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

New Financial Reporting Standards

In these financial statements, the following new Financial Reporting Standards have been adopted for the first time

FRS 21 Events after the balance sheet date

FRS 25 Financial instruments – presentation and disclosure

FRS 28 Corresponding amounts

None of these new reporting standards have had an impact on these financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards and under the historical cost convention

The Company is exempt by virtue of S228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group

Under Financial Reporting Standard 1 (revised 1996) the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements

The Company is loss making. The ultimate holding undertaking, First Choice Holidays PLC, has undertaken, if required, to make sufficient funds available to enable the company to continue its operations and meet its liabilities as and when they fall due, for a period of at least twelve months from the date of these financial statements and thereafter for the foreseeable future. Consequently the financial statements have been prepared on a going concern basis

Tangible fixed assets

Tangible fixed assets are recorded at cost less depreciation and provision for impairment

Depreciation is provided at rates sufficient to write down the cost or valuation of the assets to their estimated residual value by equal annual instalments over their expected useful lives as follows

Boats	24 years
Plant and equipment and vehicles	3 - 10 years

Investments

Investments in subsidiary companies in the balance sheet of the parent Company are stated at cost less provision for diminution in value

CROWN HOLIDAYS LIMITED

Notes forming part of the financial statements for the year ended 31 October 2006 (*Continued*)

1. Accounting policies (*continued*)

Taxation

Except as otherwise required by accounting standards, full provision without discounting is made for all timing differences which have arisen but not reversed at the balance sheet date. Timing differences arise when items of income and expenditure are included in tax computations in periods different from their inclusion in the financial statements.

Deferred tax assets are recognised to the extent that, on the basis of all available evidence, it is more likely than not that they will be recovered.

Leasing and hire purchase

Assets arising under finance leases and hire purchase contracts are capitalised and a corresponding liability recorded in creditors representing the present value of minimum lease payments.

Payments are treated as consisting of capital and interest elements with the interest being charged to the profit and loss account in proportion to the outstanding obligations.

Rentals paid under operating leases are charged to profit and loss in equal amounts over the lease term.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the exchange rate ruling on the balance sheet date. Transactions in foreign currencies are recorded at the closing rate for the month in which they take place. Differences arising due to exchange fluctuations have been reflected in the profit and loss account.

Turnover

Turnover relates to hire of boats to fellow group companies and is recognised in the month of hire. All turnover originates in the European Union.

2 Employees and directors

There were no employees in the current year or prior year.

In both the current year and previous financial year directors' remuneration was borne by a fellow group company.

3. Loss on ordinary activities before taxation

	2006 £'000	2005 £'000
Loss on ordinary activities before taxation is stated after charging/(crediting)		
Depreciation of tangible fixed assets owned	31	33
Profit on disposal of tangible fixed assets	-	(8)
	<u> </u>	<u> </u>

In 2006 and 2005, auditors' remuneration was paid by another Group company. The audit fee relating to the company was as follows:

	2006 £'000	2005 £'000
Fees for the audit of the company	11	10
	<u> </u>	<u> </u>

Fees paid to the company's auditors, KPMG Audit Plc, and its associates for services other than the statutory audit of the company are not disclosed in these financial statements. This is on the basis that such non-audit fees are disclosed in the consolidated accounts of the company's ultimate parent, First Choice Holidays PLC.

4 Interest payable and similar charges

	2006 £'000	2005 £'000
On loans from group undertakings	436	421
Exchange losses	37	113
	<u>473</u>	<u>534</u>

CROWN HOLIDAYS LIMITEDNotes forming part of the financial statements for the year ended 31 October 2006 (*Continued*)**5 Taxation**

Tax on loss on ordinary activities.	2006	2005
(i) Analysis of credit in year	£'000	£'000
Current taxation		
UK corporation tax on losses in the year	(120)	(136)
Adjustment in respect of prior year	46	52
Total current tax	(74)	(84)
Deferred taxation		
Origination of timing differences	(9)	(8)
Adjustment in respect of prior years	9	8
Tax credit on loss on ordinary activities	(74)	(84)

(ii) Factors affecting the current tax credit for year:

The current tax credit (2005 credit) for the year is lower (2005 lower) than the standard rate of corporation tax in the UK (30%). The differences are explained below

	2006	2005
	£'000	£'000
Loss on ordinary activities before tax	(429)	(481)
Loss on ordinary activities at the standard rate of UK corporation tax of 30% (2005 30%)	(129)	(144)
Effects of		
- Capital allowances for current year lower than depreciation	9	8
- Adjustment to tax charge in respect of previous periods	46	52
Current tax credit for the year	(74)	(84)

CROWN HOLIDAYS LIMITED

Notes forming part of the financial statements for the year ended 31 October 2006 (Continued)

4. Taxation (continued)

(iii) Deferred taxation

At the year end, deferred taxation (liabilities)/assets comprised

	2006 £'000	2005 £'000
Accelerated capital allowances	(283)	(151)
Losses – recognised	283	151
Net deferred taxation recognised at 31 October	-	-
Losses – unrecognised	239	383
	<u>239</u>	<u>383</u>

A deferred tax asset of £239,000 (2005 £383,000) has not been recognised in respect of tax losses carried forward as there is insufficient evidence that the asset will be recovered. The asset would be recovered if there were sufficient future taxable profits against which to offset the losses.

(iv) Factors affecting the future tax charge

The future tax charge will be lower than the statutory rate of UK corporation tax of 30% to the extent the company is in a position to use and recognise the tax losses it has available but has not recognised to date. The UK statutory rate of corporation tax is anticipated to reduce to 28% with effect from 1 April 2008.

6. Tangible fixed assets

	Boats £'000	Plant, equipment and vehicles £'000	Total £'000
<i>At cost or valuation</i>			
At 31 October 2005 & 2006	1,307	132	1,439
	<u> </u>	<u> </u>	<u> </u>
<i>Accumulated depreciation</i>			
At 1 November 2005	334	123	457
Charge for the year	25	6	31
	<u> </u>	<u> </u>	<u> </u>
At 31 October 2006	359	129	488
	<u> </u>	<u> </u>	<u> </u>
<i>Net book value</i>			
At 31 October 2006	948	3	951
	<u> </u>	<u> </u>	<u> </u>
At 31 October 2005	973	9	982
	<u> </u>	<u> </u>	<u> </u>

CROWN HOLIDAYS LIMITED

Notes forming part of the financial statements for the year ended 31 October 2006 (Continued)

7 Investments held as fixed assets

	£'000
<i>Cost</i>	
At 31 October 2005 & 2006	6,015
<i>Provisions</i>	
At 31 October 2005 & 2006	2,593
<i>Net book value</i>	
At 31 October 2005 & 2006	3,422

The Company's principal wholly-owned subsidiaries, all of which have ordinary share capital, are set out below

	% of voting shares held	Country of incorporation	Nature of business
Crown Blue Line Limited	100	England	Boat Hire
Crown Cruisers Limited	100	England	Boat Building
Crown Blue Line (France) S A	100	France	Boat Hire
Crown Travel Limited	100	England	Boat Hire
Crown Blue Line Inc	100	USA	Boat Hire
Crown Blue Line GmbH	100	Germany	Boat Hire
Sunshine Boats Limited	100	England	Boat Hire
Continental Boating Holidays limited	100	Ireland	Boat Hire

The principal activities of Crown Blue Line Limited are operated through branches located in France, Holland, United Kingdom and Italy

8. Debtors

	2006 £'000	2005 £'000
Group relief receivable from group undertakings	596	522
Amounts owed by group undertakings	16,252	16,495
	<u>16,848</u>	<u>17,017</u>

9. Creditors amounts falling due within one year

	2006 £'000	2005 £'000
Amounts owed to group undertakings	12,390	3,606
Amounts owed to parent undertakings	-	7,243
Other taxation and social security	25	26
Accruals and deferred income	52	287
	<u>12,467</u>	<u>11,162</u>

CROWN HOLIDAYS LIMITED

Notes forming part of the financial statements for the year ended 31 October 2006 (*Continued*)

10 Called up share capital

	2006 £'000	2005 £'000
<i>Authorised</i>		
23,260,913 Ordinary shares of 50p each	11,630	11,630
<i>Allotted, called up and fully paid</i>		
23,260,913 Ordinary shares of 50p each	11,630	11,630

11 Reconciliation of movements in equity shareholders' funds

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Profit and loss £'000	2006 Total £'000	2005 Total £'000
At 1 November 2005	11,630	399	864	(2,585)	10,308	10,705
Loss for the financial year	-	-	-	(355)	(355)	(397)
At 31 October 2006	11,630	399	864	(2,940)	9,953	10,308

12. Contingent liabilities

The Company has given guarantees in respect of certain leasing obligations due by other group Companies. The capital outstanding under these obligations as 31 October 2006 amounted to £nil (2005 nil)

13 Related party transactions

No disclosure has been made of transactions with group undertakings, as advantage has been taken of the exemption within FRS 8 "Related party disclosures", as it is a wholly owned subsidiary of First Choice Holidays PLC. Therefore the Company has not disclosed transactions or balances with entities that form part of the group headed by First Choice Holidays PLC.

14. Ultimate parent company

First Choice Holidays PLC, a company registered in England and Wales, is the ultimate parent company. First Choice Holidays PLC is the parent undertaking of the largest and smallest group of which Crown Holidays Limited is a member and for which group accounts are drawn up. Copies of these group accounts are available from the Company Secretary, First Choice Holidays PLC, First Choice House, London Road, Crawley, West Sussex, RH10 9GX.