

SPECIALIST HOLIDAYS LIMITED

**DIRECTORS REPORT AND
FINANCIAL STATEMENTS**

**for the year ended
30 September 2008**

Company number 1976915

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SPECIALIST HOLIDAYS LIMITED

DIRECTORS' REPORT

The Directors present their report and the audited financial statements of Specialist Holidays Limited ("the Company") for the year ended 30 September 2008.

Business review and principal activity

The Company charges TUI UK Limited for the use of its freehold property. TUI UK Limited is responsible for other related upkeep costs.

The profit of the Company after taxation for the year ended 30 September 2008 was £94,000 (9-month period ended 2007: £45,000). The Directors do not recommend the payment of a final dividend (9-month period ended 2007: £nil).

Future outlook and principal risks

The Company will continue to trade for the foreseeable future. The principal risks and uncertainties of the Company are integrated with the principal risks and uncertainties of the TUI Travel PLC group of companies ("the TUI Travel Group") and are not managed separately. Accordingly, the principal risks and uncertainties of the TUI Travel Group, which include those of the Company, are disclosed on pages 34 and 35 of the TUI Travel PLC annual report and accounts which does not form part of this report.

Key performance indicators

Given the straightforward nature of the business, the Company's Directors are of the opinion that using KPIs is not necessary for an understanding of the development, performance or position of the Company.

Directors

The Directors at the date of this report are:

P Tymms	
J Walter	(appointed 1 December 2007)

The following Directors also served during the year:

D H Mattison	(resigned 31 March 2008)
A Russell	(resigned 28 February 2008)

Directors' insurance

TUI Travel PLC maintains Directors' and Officers' liability insurance policies on behalf of the Directors of the Company.

Disclosure of information to auditors

The Directors 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.

SPECIALIST HOLIDAYS LIMITED

DIRECTORS' REPORT (continued)

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and PricewaterhouseCoopers LLP will therefore continue in office.

By order of the Board

A handwritten signature in black ink, appearing to read 'P R Tymms', with a stylized, cursive script.

P R Tymms
Director

Registered Office:
TUI Travel House
Crawley Business Quarter
Fleming Way
Crawley
RH10 9QL

24 July 2009

SPECIALIST HOLIDAYS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS for the year ended 30 September 2008

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 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 whether applicable 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 which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the 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 Company and to prevent and detect fraud and other irregularities.

Under applicable law the Directors are also responsible for preparing a Directors' Report that complies with that law.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SPECIALIST HOLIDAYS LIMITED

We have audited the financial statements of Specialist Holidays Limited for the year ended 30 September 2008 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.

Respective responsibilities of Directors and auditors

The Directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the 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. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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

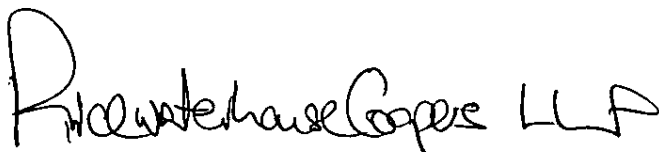
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 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 United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 30 September 2008 and of its profit 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.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
St Albans
24 July 2009

SPECIALIST HOLIDAYS LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 30 September 2008

	Note	Year ended 30 September 2008 £000	9-month period ended 30 September 2007 £000
Turnover	1	169	138
Net operating costs		(36)	(32)
Profit on ordinary activities before taxation	3	133	106
Tax on profit on ordinary activities	4	(39)	(61)
Profit for the financial year / period	11	94	45

All amounts relate to continuing operations.

There were no recognised gains or losses other than those included in the profit and loss account and accordingly no separate statement of recognised gains and losses has been presented.

There are no material differences between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

The notes on pages 7 to 11 form part of these financial statements.

SPECIALIST HOLIDAYS LIMITED

BALANCE SHEET

as at 30 September 2008

	Note	30 September 2008 £000	30 September 2007 £000
Fixed assets			
Tangible assets	5	1,281	1,317
Investments	6	1,561	1,561
		2,842	2,878
Current assets			
Debtors	7	826	657
Creditors: amounts falling due within one year	8	(221)	(182)
Net current assets		605	475
Total assets less current liabilities and net assets		3,447	3,353
Capital and reserves			
Called up share capital	9	1,100	1,100
Profit and loss account	10	2,347	2,253
Total shareholders' funds	11	3,447	3,353

The financial statements on pages 5 to 11 were approved by the Board of Directors and signed on their behalf.



P R Tymms
Director

24 July 2009

SPECIALIST HOLIDAYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The Company's accounts are prepared on the going concern basis under the historical cost convention and in accordance with applicable UK accounting standards. The principal accounting policies of the Company, all of which have been applied consistently throughout the period, are set out below.

(1) Turnover

Turnover attributable to the principal activity of the Company arises wholly in France where the property owned by the Company is located, and is stated net of value added tax and discounts.

(2) Tangible fixed assets

Tangible fixed assets are stated at their purchase price, together with any incidental expenses of acquisition, less accumulated depreciation and provision for impairment. Depreciation is charged on freehold properties over their estimated useful lives of 40 years.

(3) Investments

Investments held as fixed assets are stated at cost less any provision for impairment.

(4) Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at average forward rates. The majority of assets receivable and payable in foreign currencies are hedged by future foreign exchange contracts held by TUI Northern Europe Finance Limited and are translated into sterling at the contracted rates. Amounts not hedged by such contracts at the balance sheet date, are translated at the rates ruling at that date. Translation differences are dealt with in the profit and loss account. Exchange differences arising on retranslation of the assets and liabilities of foreign currency denominated subsidiaries are taken to the profit and loss reserve.

(5) Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The standard rate of Corporation Tax in the UK changed to 28% with effect from the 1 April 2008

(6) Deferred taxation

Except as otherwise required by accounting standards, full provision without discounting is made for all deferred taxation 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.

2. CASH FLOW STATEMENT AND RELATED PARTY DISCLOSURES

The Company is a wholly-owned subsidiary of Crystal International Travel Group Limited and is included in the consolidated financial statements of TUI Travel PLC, which are publicly available (see Note 12). Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1. The Company is also exempt under the terms of FRS 8 from disclosing related party transactions and balances with entities that are part of the group headed by TUI Travel PLC.

SPECIALIST HOLIDAYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The Company had no employees in either period.

The Auditors' and Directors' remuneration was borne by another group company in the current year and previous period.

Operating profit is stated after charging:

	Year ended 30 September 2008 £000	9-month period ended 30 September 2007 £000
Depreciation and amounts written off tangible fixed assets	36	32

Overhead expenses of the Company were borne by TUI UK Limited.

4. Taxation

The taxation charge for the year / period can be summarised as follows:

	Year ended 30 September 2008 £000	9-month period ended 30 September 2007 £000
(i) Analysis of charge in the year / period		
Current tax:		
Group relief payable	39	41
Adjustment in respect of prior periods	-	20
Total current tax charge	39	61

(ii) Factors affecting the current tax credit for the year / period

The current tax charge for the period is at the standard rate of UK corporation tax of 29% (2007:30%)

(iii) Factors that may affect future tax charges:

The rate of taxation is expected to follow the standard rate of UK corporation tax in future periods. With effect from 1 April 2008, the UK statutory rate of corporation tax reduced to 28%. This has resulted in a blended standard rate of UK tax of 29% in the year ended 30 September 2008 which will reduce to 28% in future years.

There is no unprovided deferred taxation at either 30 September 2008 or 30 September 2007.

SPECIALIST HOLIDAYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. TANGIBLE FIXED ASSETS	Freehold property £000
Cost:	
At 1 October 2007	2,121
At 30 September 2008	2,121
Accumulated depreciation:	
At 1 October 2007	(804)
Charge for the year	(36)
At 30 September 2008	(840)
Net book value:	
At 30 September 2008	1,281
At 1 October 2007	1,317

6. INVESTMENTS	£000
Subsidiary shareholdings at cost:	
At 1 October 2007 and 30 September 2008	1,561

The Company holds ordinary shares in the following subsidiary undertakings:

Name of Company	Holding	Country of Incorporation	% held	Nature of business
Magic Connoisseurs Limited	Ordinary shares	Great Britain	100	Dormant
Step into Africa Limited	Ordinary shares	Great Britain	100	Dormant
TUI UK Italia Srl	Ordinary shares	Italy	99	Hotel Management
Specialist Holidays Contracting Limited	Ordinary shares	Great Britain	100	Hotel Management

TUI UK Italia Srl is an indirect subsidiary of Specialist Holidays Limited being 99% owned by Specialist Holidays Contracting Limited.

In the opinion of the Directors, the investments in the above subsidiary undertakings are worth at least the amounts at which they are stated in the balance sheet.

SPECIALIST HOLIDAYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. DEBTORS	30 September 2008 £000	30 September 2007 £000
Amount owed by group undertakings	826	657
Amounts owed by group undertakings are all repayable on demand, unsecured and interest free.		
8. CREDITORS: amounts falling due within one year	30 September 2008 £000	30 September 2007 £000
Group relief payable	221	182
9. SHARE CAPITAL	30 September 2008 £000	30 September 2007 £000
Authorised:		
1,500,000 Ordinary shares of £1 each	1,500	1,500
Allotted, issued and fully-paid:		
1,100,000 Ordinary shares of £1 each	1,100	1,100
10. PROFIT AND LOSS ACCOUNT RESERVE		Profit & loss account £000
At 1 October 2007		2,253
Profit for the financial year		94
At 30 September 2008		2,347
11. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	Year ended 30 September 2008 £000	9-month period ended 30 September 2007 £000
Opening shareholder's funds	3,353	3,308
Profit for the year / period	94	45
Closing shareholders' funds	3,447	3,353

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. ULTIMATE PARENT UNDERTAKING

The Company is a subsidiary undertaking of TUI AG – a company registered in Berlin and Hanover (Federal Republic of Germany), which is the ultimate parent company. The intermediate holding company is TUI Travel PLC. The immediate parent undertaking is Crystal International Travel Group Limited.

The largest group in which the results of the Company are consolidated is that headed by TUI AG. The smallest group in which the results of the Company are consolidated is that headed by TUI Travel PLC, incorporated in the United Kingdom. No other group financial statements include the results of the Company.

Copies of the TUI Travel PLC financial statements are available from TUI Travel House, Crawley Business Quarter, Fleming Way, Crawley, West Sussex RH10 9QL. Copies of the TUI AG financial statements are available from Investor Relations, TUI AG, Karl-Wiechert-Allee 4, D-30625, Hanover or from the website: www.tui-group.com.