

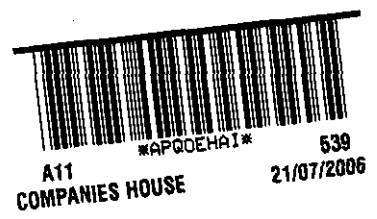
**First Choice Marine Limited**

Directors' report and financial statements

Year ended

31 October 2005

Company Registration No 2746852



# **FIRST CHOICE MARINE LIMITED**

## **Directors' report and financial statements for the year ended 31 October 2005**

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# FIRST CHOICE MARINE LIMITED

## Report of the directors for the year ended 31 October 2005

The directors present their report together with the audited financial statements for the year ended 31 October 2005.

### Business review and activity

The Company is the holding company of the group of companies listed in note 6 to the accounts.

### Results and dividends

The profit on ordinary activities after taxation for the year ended 31 October 2005 amounted to £1,547,000 (2004 – profit £1,432,000).

The directors do not recommend the payment of a dividend (2004 - NIL).

### Directors and their interests

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

P V Y Cochran	
N J Jenkins	
A L John	(appointed 22 November 2005)
H D Thomas	(resigned 4 July 2006)
M R West	

Other directors who served in the year were:

A G D Howard	(resigned 18 April 2005)
P J Long	(resigned 22 November 2005)

None of the directors had any beneficial interest in the shares of the Company at any time during the year.

As at 31 October 2005, the interests of the directors in the ordinary share capital of the ultimate parent Company, First Choice Holidays PLC, were as follows:

	Ordinary Shares		Options	
	31 October 2005	31 October 2004	Granted	Exercised
P V Y Cochran	27,210	36,710	-	-
N J Jenkins	2,212,660	2,547,596	124,342	48,197
H D Thomas	22,675	47,788	28,914	52,981
M R West	7,718	5,770	-	-

## **FIRST CHOICE MARINE LIMITED**

### **Report of the directors for the year ended 31 October 2005 (*Continued*)**

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#### **Policy and practice on payments of suppliers**

It is the Company's policy wherever possible to agree terms of payment with suppliers in advance to ensure that suppliers are made aware of the terms of payment and both parties abide by those terms. The Company did not trade with external suppliers and therefore no trade creditors existed at any point in time in the year.

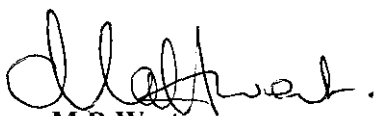
#### **Directors' insurance**

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.

#### **Auditors**

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

#### **By order of the Board**



**M R West**  
**Director**

**Dated 14 July 2006**

## **FIRST CHOICE MARINE LIMITED**

### **Statement of directors' responsibilities**

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#### **Directors' responsibilities**

Company law requires the Directors to prepare financial statements for each financial year, 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 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 departure 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 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.

# FIRST CHOICE MARINE LIMITED

## Independent auditors' report to the members of First Choice Marine Limited

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We have audited the financial statements on pages 5 to 12.

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 are responsible for preparing the directors' report and, as described on page 3 the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

### *Basis of audit 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 financial statements. It also includes an assessment of the significant estimates and judgements 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 of the state of the company's affairs as at 31 October 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

**KPMG Audit Plc**

Chartered Accountants

Registered Auditor

Dated: 17 July 2006

# FIRST CHOICE MARINE LIMITED

## Profit and loss account for the year ended 31 October 2005

	Note	2005 £'000	2004 £'000
Interest receivable and similar income	3	3,849	2,218
Interest payable and similar charges	4	(1,744)	-
<b>Profit on ordinary activities before taxation</b>	2	<b>2,105</b>	<b>2,218</b>
Tax on profit on ordinary activities	5	(558)	(786)
<b>Retained profit for the financial year</b>	10	<b>1,547</b>	<b>1,432</b>

The results stated above are all derived from continuing operations.

A note on historical profits and losses has not been included as part of these financial statements as the results as disclosed in the profit and loss account are prepared on an unmodified historical cost basis.

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

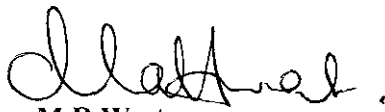
The notes on pages 7 to 12 form part of these financial statements.

**FIRST CHOICE MARINE LIMITED****Balance sheet at 31 October 2005**

	Note	2005 £'000	2004 £'000
<b>Fixed assets</b>			
Investments	6	26,793	26,793
<b>Current assets</b>			
Debtors	7	126,388	113,005
Cash at bank and in hand		10,796	968
		137,184	113,973
<b>Creditors: amounts falling due within one year</b>	8	(156,992)	(135,328)
<b>Net current liabilities</b>		(19,808)	(21,355)
<b>Net assets</b>		6,985	5,438
<b>Capital and reserves</b>			
Called up share capital	9	240	240
Share premium account	10	4,211	4,211
Profit and loss account	10	2,429	882
Capital redemption reserve	10	105	105
<b>Equity shareholders' funds</b>	11	6,985	5,438

The notes on pages 7 to 12 form part of these financial statements

The financial statements were approved by the Board on 14 July 2006 and signed on its behalf by

  
M R West  
Director



# **FIRST CHOICE MARINE LIMITED**

## **Notes forming part of the financial statements for the year ended 31 October 2005**

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### **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.

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable 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.

#### *Group support*

At 31 October 2005, the Company had net current liabilities. The financial statements have been prepared on a going concern basis.

The immediate parent undertaking, First Choice Holidays PLC, has confirmed its intention to provide financial support to the Company as may be required in order that it can continue to trade and meet its liabilities as they fall due for the next 12 months.

#### *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.

#### *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 average rate for the month in which they take place. Differences arising due to exchange fluctuations have been reflected in the profit and loss account.

### **2. Profit on ordinary activities before taxation**

In 2005 and 2004, auditors' remuneration was paid by another Group company.

In both the current and prior year, no remuneration was paid to the Directors and the Company had no employees.

# FIRST CHOICE MARINE LIMITED

Notes forming part of the financial statements for the year ended 31 October 2005 (*Continued*)

## 3. Interest receivable and similar income

	2005 £'000	2004 £'000
Bank interest receivable	312	357
Interest receivable from group companies	3,537	1,804
Exchange gains	-	57
	<u>3,849</u>	<u>2,218</u>

## 4. Interest payable and similar charges

	2005 £'000	2004 £'000
Interest payable to group companies	1,624	-
Exchange losses	120	-
	<u>1,744</u>	<u>-</u>

## 5. Taxation

The tax charge in the 31 October 2005 accounts can be summarised as follows:

	2005 £'000	2004 £'000
<b>Tax on profit on ordinary activities:</b>		
<b>(i) Analysis of charge in year</b>		
Current tax:		
UK corporation tax on profit of the year	631	739
Adjustment in respect of previous years:		
-Permanent	(73)	47
	<u>558</u>	<u>786</u>
Tax on profit on ordinary activities		
	<u>558</u>	<u>786</u>

There is no unprovided deferred tax at either 31 October 2005 or 31 October 2004.

## FIRST CHOICE MARINE LIMITED

Notes forming part of the financial statements for the year ended 31 October 2005 (Continued)

### 5. Taxation (Continued)

#### (ii) Factors affecting tax charge for year

The tax charge for the year is lower (2004: higher) than the standard rate of corporation tax in the UK (30%).

The differences are explained below:

	2005 £'000	2004 £'000
Profit on ordinary activities before tax	2,105	2,218
Profit on ordinary activities at the standard rate of UK corporation tax of 30% (2004: 30%)	631	666
Effects of:		
- Amounts not deductible for tax purposes	-	73
- Adjustment to tax charge in respect of previous years	(73)	47
Current tax charge for year	558	786

### 6. Investments

#### Shares in subsidiary undertakings £'000

Cost

At 1 November 2004 and 31 October 2005

26,793

Investments includes the following principal operating subsidiaries:

Name of company	% of voting shares held	Country of incorporation / registration
Sunsail Worldwide Sailing Limited	100	United Kingdom
Sunsail Limited	100	United Kingdom
Crown Holidays Limited	100	United Kingdom
Sunsail (Australia) Pty Limited	91.7	Australia

**FIRST CHOICE MARINE LIMITED**Notes forming part of the financial statements for the year ended 31 October 2005 (*Continued*)**6. Investments (*Continued*)**

<b>Name of company</b>	<b>% of voting shares held</b>	<b>Country of incorporation / registration</b>
Details of the indirect shareholdings held by the company are shown below:		
Alcor Yachting SA	100	Switzerland
Alkor Yat Turizm AS	99.6	Turkey
Sunsail Adriatic d.o.o.	100	Croatia
C & C Yacht Management Limited	100	Cayman Islands
Maxi Yen SL	100	Spain
Sunsail (Seychelles) Limited	100	Republic of Seychelles
Sunsail (Thailand) Company Limited	30	Thailand
Sunsail (Antigua) Limited	100	Antigua
First Choice Marine (BVI) Ltd	99	British Virgin Islands
Quill Travel Services Limited	100	United Kingdom
600035 BC Limited	100	Canada
Sunsail Worldwide Sailing (St Vincent) Limited	100	St Vincent
Crown Cruisers Limited	100	United Kingdom
Crown Blue Line Limited	100	United Kingdom
Crown Travel Limited	100	United Kingdom
Sunshine Boats Limited	100	United Kingdom
Crown Blue Line (Deutschland) GmbH	100	Germany
Crown Blue Line (France) SA	100	France
Crown Blue Line Inc	100	USA
Continental Boating Holidays Limited	100	Ireland

# FIRST CHOICE MARINE LIMITED

Notes forming part of the financial statements for the year ended 31 October 2005 (Continued)

## 6. Investments (Continued)

The activity of the above subsidiaries is the provision of holidays.

The directors are of the opinion that the market value of the subsidiaries is at least equivalent to the investment carrying value in the balance sheet of First Choice Marine Limited.

The Company also has a number of dormant subsidiary investments which do not have any material effect on the results or financial position of the Company and have not been listed.

## 7. Debtors

	2005 £'000	2004 £'000
Amounts owed by group undertakings	114,789	85,727
Amounts owed by fellow group undertakings	11,599	27,260
Other debtors	-	18
	<u>126,388</u>	<u>113,005</u>

## 8. Creditors: amounts falling due within one year

	2005 £'000	2004 £'000
Amounts owed to group undertakings	142,819	133,492
Amounts owed to ultimate parent undertaking	13,268	1,489
Group relief payable to fellow group undertakings	905	347
	<u>156,992</u>	<u>135,328</u>

## 9. Share capital

	2005 £'000	2004 £'000
<i>Authorised</i>		
Equity interests:		
5,681,345 Ordinary shares of 5p each	284	284
	<u>284</u>	<u>284</u>
<i>Allotted, called up and fully paid</i>		
Equity interests:		
4,801,418 Ordinary shares of 5p each	240	240
	<u>240</u>	<u>240</u>

# FIRST CHOICE MARINE LIMITED

Notes forming part of the financial statements for the year ended 31 October 2005 (Continued)

## 10. Reserves

	Share premium account £'000	Profit and loss account £'000	Capital redemption reserve £'000
At 1 November 2004	4,211	882	105
Profit for the financial year	-	1,547	-
	<hr/>	<hr/>	<hr/>
At 31 October 2005	4,211	2,429	105
	<hr/>	<hr/>	<hr/>

## 11. Reconciliation of movements in equity shareholders' funds

	2005 £'000	2004 £'000
Profit for the financial year	1,547	1,432
Opening equity shareholders' funds	5,438	4,006
	<hr/>	<hr/>
Closing equity shareholders' funds	6,985	5,438
	<hr/>	<hr/>

## 12. 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.

## 13. Contingent liabilities

The Company is one of several guarantors to the following First Choice Holidays PLC facility agreements: a syndicated surety bonding facility of £75m; and syndicated bank facilities of £310m and £240m. All agreements are in the name of 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 First Choice Marine 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.