

First Choice Marine Limited

Directors' report and financial statements

for the year ended 30 September 2009



Company number 2746852

FIRST CHOICE MARINE LIMITED

Directors' report for the year ended 30 September 2009

The Directors present their report together with the audited financial statements of First Choice Marine Limited ("the Company") for the year ended 30 September 2009

Principal activity

The Company's principal activity is acting as a holding company for entities within the Marine Division of the TUI Travel PLC group of companies ("the Group"), comprising the businesses of Sunsail and Inland Waterways (Connoisseur, Crown Blue Line and Emerald Star). The Company fulfils all short and long-term funding requirements for these entities, charging interest on funding loans which are in place.

Results and dividends

The profit on ordinary activities before taxation for the year ended 30 September 2009 amounted to £6,687,000 (2008 £8,268,000). No dividends were paid during the year ended 30 September 2009 (2008 £8,790,000). The Directors do not recommend the payment of a final dividend.

Business review

Since the Company is a non-trading holding company, the Company's business performance, risks and uncertainties and key performance indicators are wholly driven by the underlying operating performance of its subsidiaries.

Details of the principal risks, uncertainties, key performance indicators and business performance of the Company's subsidiaries are given in their own financial statements for the year ended 30 September 2009, which can be obtained from TUI Travel PLC, at the address given in Note 13.

Details of investment impairments recorded in the year are set out in note 6 of these financial statements.

Funding and liquidity

The Directors have considered the funding and liquidity position of the Company and of its intermediate parent company TUI Travel PLC. Following this review, the Directors consider it appropriate to continue to prepare the financial statements on the going concern basis.

Directors

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

P V Y Cochran
A L John
D Mee
J Wimbleton

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 intermediate parent company TUI Travel PLC maintains Directors' & Officers' Liability insurance policies on behalf of the Directors of the Company.

FIRST CHOICE MARINE LIMITED

Directors' report for the year ended 30 September 2009 (*continued*)

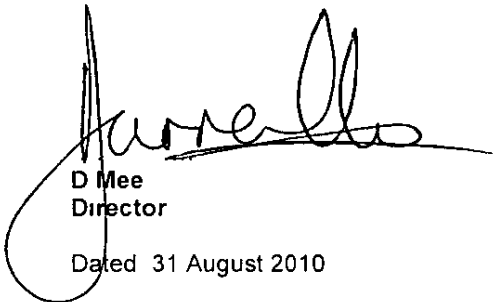
Statement as to disclosure of information to auditors

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

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and KPMG Audit Plc will therefore continue in office

By order of the Board



D Mee
Director
Dated 31 August 2010

Company number 2746852

FIRST CHOICE MARINE LIMITED

Statement of Directors' responsibilities

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)

Under company law the Directors must not approve the financial statements unless they are satisfied that they 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 judgements 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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

FIRST CHOICE MARINE LIMITED

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

We have audited the financial statements of First Choice Marine Limited for the year ended 30 September 2009 set out on pages 6 to 13. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 30 September 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

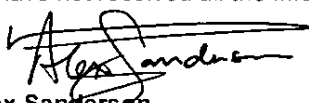
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



P Alex Sanderson
(Senior Statutory Auditor) for and on behalf of

KPMG Audit Plc, Statutory Auditor

Chartered Accountants
8 Salisbury Square
London
EC4Y 8BB

31 August 2010

FIRST CHOICE MARINE LIMITED**Profit and loss account for the year ended 30 September 2009**

	Note	Year ended 30 September 2009 £'000	Year ended 30 September 2008 £'000
Administrative expenses		(332)	-
Operating loss		(332)	-
Interest receivable and similar income	3	18,515	13,150
Amounts written off investments	6	(6,500)	-
Interest payable and similar charges	4	(4,996)	(4,882)
Profit on ordinary activities before taxation	2	6,687	8,268
Tax on profit on ordinary activities	5	(3,691)	(2,398)
Profit for the financial year	11	2,996	5,870

The results stated above are all derived from continuing operations

A note on historical cost 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

FIRST CHOICE MARINE LIMITED**Balance sheet at 30 September 2009**

	Note	30 September 2009 £'000	30 September 2008 £'000
Fixed assets			
Investments	6	20,293	26,793
Current assets			
Debtors	7	173,291	109,293
Cash at bank		12,776	-
		<u>186,067</u>	<u>109,293</u>
Creditors amounts falling due within one year	8	<u>(195,807)</u>	<u>(128,529)</u>
Net current liabilities		<u>(9,740)</u>	<u>(19,236)</u>
Net assets		<u>10,553</u>	<u>7,557</u>
Capital and reserves			
Called up share capital	9	240	240
Share premium account	10	4,211	4,211
Profit and loss account	10	5,997	3,001
Capital redemption reserve	10	105	105
		<u></u>	<u></u>
Equity shareholders' funds	11	<u>10,553</u>	<u>7,557</u>

The financial statements were approved by the Board on 31 August 2010 and signed on its behalf by



D Mee
Director

FIRST CHOICE MARINE LIMITED

Notes forming part of the financial statements for the year ended 30 September 2009

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 Section 400 of the Companies Act 2006 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 30 September 2009, the Company had net current liabilities. The financial statements have been prepared on the going concern basis.

The intermediate parent undertaking, TUI Travel PLC, has confirmed its intention to provide such 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.

Taxation

UK Corporation tax is provided on amounts expected to be paid (or recovered) using the tax rates and laws enacted or substantively enacted at the balance sheet date.

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 rate fluctuations have been reflected in the profit and loss account.

FIRST CHOICE MARINE LIMITED**Notes forming part of the financial statements for the year ended 30 September 2009 (continued)**

2. Profit on ordinary activities before taxation

In 2009 and 2008, auditors' remuneration was paid by another group company. The audit fee relating to the Company was as follows:

	Year ended 30 September 2009 £'000	Year ended 30 September 2008 £'000
Fees for the audit of the Company	14	14

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 intermediate parent, TUI Travel PLC.

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

3. Interest receivable and similar income

	Year ended 30 September 2009 £'000	Year ended 30 September 2008 £'000
Bank and other interest receivable	4,409	893
Interest receivable from group companies	9,708	7,595
Foreign exchange gains	4,398	4,662
	<u>18,515</u>	<u>13,150</u>

4. Interest payable and similar charges

	Year ended 30 September 2009 £'000	Year ended 30 September 2008 £'000
Interest payable to group companies	<u>4,996</u>	<u>4,882</u>

FIRST CHOICE MARINE LIMITED

Notes forming part of the financial statements for the year ended 30 September 2009 (continued)

5 Taxation

	Year ended 30 September 2009 £'000	Year ended 30 September 2008 £'000
(i) Analysis of tax charge in year		
Current tax		
Amounts payable to fellow subsidiaries for group relief	3,692	2,398
Adjustments in respect of prior years	(1)	-
	<u>3,691</u>	<u>2,398</u>
Total current tax		

(ii) Factors affecting tax charge for the year

The tax charge for the year is higher than (2008 equal to) the standard rate of corporation tax in the UK of 28% (2008 29%) for 2008. The differences are explained as follows:

	Year ended 30 September 2009 £'000	Year ended 30 September 2008 £'000
Profit on ordinary activities before tax	6,687	8,268
Profit on ordinary activities at the standard rate of UK corporation tax of 28% (2008 29%)	1,872	2,398
Effect of		
Adjustments in respect of prior year	(1)	-
Amounts not deductible for tax purposes	1,820	-
	<u>3,691</u>	<u>2,398</u>

(iii) Factors affecting the future tax charge

The rate of taxation is expected to follow the standard rate of UK Corporation tax of 28% in future periods.

There are no unprovided deferred tax liabilities or unrecognised deferred tax assets at either 30 September 2009 or 30 September 2008.

FIRST CHOICE MARINE LIMITED

Notes forming part of the financial statements for the year ended 30 September 2009 (*continued*)

6 Investments

	Shares in subsidiary undertakings £'000
<i>Cost and net book value</i>	
At 1 October 2008	26,793
Amounts written off investments	(6,500)
At 30 September 2009	<u>20,293</u>

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
First Choice Marine (Malaysia) Sdn Bhd	30	Malaysia
Crown Holidays Limited	100	United Kingdom
Sunsail (Australia) Pty Limited	100	Australia

The activity of the above subsidiaries is the provision of holidays

Amounts written off investments during the year of £6,500,000 (2008 £nil) relate to the full value of the investment in Sunsail Limited as that company's hotel operations in Turkey and Antigua were closed during the year. 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 which have not been listed.

7 Debtors

	30 September 2009 £'000	30 September 2008 £'000
Amounts owed by group undertakings	136,610	96,734
Amounts owed by fellow group undertakings	36,681	12,559
	<u>173,291</u>	<u>109,293</u>

FIRST CHOICE MARINE LIMITED

Notes forming part of the financial statements for the year ended 30 September 2009 (*continued*)

8 Creditors' amounts falling due within one year

	30 September 2009 £'000	30 September 2008 £'000
Bank overdraft	-	7,682
Amounts owed to group undertakings	180,466	101,649
Amounts owed to ultimate parent undertaking	3,884	14,399
Group relief payable to fellow group undertakings	8,490	4,799
Other creditors	2,955	-
Accruals and deferred income	12	-
	<u>195,807</u>	<u>128,529</u>

9 Share capital

	30 September 2009 £'000	30 September 2008 £'000
<i>Authorised</i>		
5,681,345 ordinary shares of 5p each	<u>284</u>	<u>284</u>
<i>Issued and fully paid</i>		
4,801,418 ordinary shares of 5p each	<u>240</u>	<u>240</u>

10 Reserves

	Share premium account £'000	Profit and loss account £'000	Capital redemption reserve £'000
At 1 October 2008	4,211	3,001	105
Profit for the year	-	2,996	-
At 30 September 2009	<u>4,211</u>	<u>5,997</u>	<u>105</u>

FIRST CHOICE MARINE LIMITED

Notes forming part of the financial statements for the year ended 30 September 2009 (*continued*)

11 Reconciliation of movement in equity shareholders' funds

	Year ended 30 September 2009 £'000	Year ended 30 September 2008 £'000
Profit for the year	2,996	5,870
Dividends paid	-	(8,790)
	<hr/>	<hr/>
Profit for the financial year	2,996	(2,920)
Opening shareholders' funds	7,557	10,477
	<hr/>	<hr/>
Closing shareholders' funds	10,553	7,557
	<hr/>	<hr/>

12 Related party transactions

The Company has taken advantage of the exemption contained in Financial Reporting Standard No 8 "Related Party Disclosure" as it is a wholly-owned subsidiary of TUI Travel PLC. Therefore the Company has not disclosed transactions or balances with wholly-owned entities that form part of the group headed by TUI Travel PLC.

13 Ultimate parent company

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 First Choice Holidays 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 on the TUI website www.tui-group.com.