

First Choice Marine Limited

Report and Financial Statements

Year Ended

31 October 2002

Company Registration No 2746852



FIRST CHOICE MARINE LIMITED

Annual report and financial statements for the year ended 31 October 2002

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Directors and Company information

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Directors

P V Y Cochran
C R C Gordon
R J H Green
A G D Howard
P J Long
M R West
B Worsley

Company Secretary and registered office

J Walter
First Choice House, London Road, Crawley, West Sussex RH10 9GX

Company number

2746852

Auditors

KPMG Audit Plc, 8 Salisbury Square, London, EC4Y 8BB

FIRST CHOICE MARINE LIMITED

Report of the directors for the year ended 31 October 2002

The directors present their report together with the audited financial statements for the year ended 31 October 2002.

Activities and results

The loss on ordinary activities after taxation for the year ended 31 October 2002 amounted to £174,000 (2001 – £373,000).

The directors do not recommend the payment of a dividend (2001 - NIL).

Principal activities, trading review and future developments

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

Directors and their interests

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

P V Y Cochran
C R C Gordon
R J H Green
A G D Howard
P J Long
M R West
B Worsley

Other directors who served in the year are:

K Gregory (resigned 15 December 2002)

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

As at 31 October 2002, the interests of the Directors in the ordinary share capital of the ultimate parent Company, First Choice Holidays PLC, were as follows:

	Ordinary Shares	
	31 October 2002	31 October 2001
Ordinary Shares		
C R C Gordon	2,231,605	474,268
R J H Green	209,359	1,042,204
A G D Howard	108,387	108,387
M R West	5,770	5,770
B Worsley	-	-
P J Cochran	36,710	36,710
K Gregory	-	-

The interests of P J Long are disclosed in the financial statements of First Choice Holidays PLC.

FIRST CHOICE MARINE LIMITED

Report of the directors for the year ended 31 October 2002 (Continued)

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.

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

A handwritten signature in black ink, consisting of several vertical strokes followed by a long horizontal line extending to the right.

R J H Green
Director

Dated 13 August 2003

FIRST CHOICE MARINE LIMITED

Statement of directors' responsibilities

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

Report of the independent auditors

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

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 2002 and of its loss 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

8 Salisbury Square

London

EC4Y 8BB

Dated 18 August 2003

FIRST CHOICE MARINE LIMITED

Profit and loss account for the year ended 31 October 2002

	Note	2002 £'000	2001 £'000
Administrative expenses		(8)	(8)
Operating loss		(8)	(8)
Interest receivable and similar income	3	470	1,251
Interest payable and similar charges	4	(706)	(1,778)
Loss on ordinary activities before taxation	2	(244)	(535)
Tax on profit on ordinary activities	5	70	162
Retained loss for the financial year	10	(174)	(373)

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.

The results stated above are all derived from continuing operations.

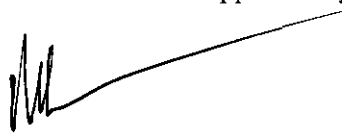
There are no recognised gains and losses other than those included in the profit and loss account.

FIRST CHOICE MARINE LIMITED

Balance sheet at 31 October 2002

	Note	2002 £'000	2001 £'000
Fixed assets			
Investments	6	26,790	26,152
Current assets			
Debtors	7	227,922	138,028
Cash at bank and in hand		381	688
		<u>228,303</u>	<u>138,716</u>
Creditors: amounts falling due within one year	8	<u>(250,392)</u>	<u>(159,993)</u>
Net current liabilities		<u>(22,089)</u>	<u>(21,277)</u>
		<u>4,701</u>	<u>4,875</u>
Capital and reserves			
Called up share capital	9	240	240
Share premium account	10	4,211	4,211
Profit and loss account	10	145	319
Capital redemption reserve	10	105	105
		<u>4,701</u>	<u>4,875</u>
Shareholders' funds (equity)	11	<u>4,701</u>	<u>4,875</u>

The financial statements were approved by the Board on 13 August 2003



R J H Green
Director

FIRST CHOICE MARINE LIMITED

Notes forming part of the financial statements for the year ended 31 October 2002

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.

Changes in accounting policies and presentation

During the year the Company implemented the following Financial Reporting Standard:

Financial Report Standard 19 (Deferred Tax) has been adopted in the preparation of these accounts. The accounting policy has been changed from partial provision to full provision in order to comply with the Financial Reporting Standard. This has resulted in no significant change in the reported tax charge or liability in prior or current periods.

Group support

At 31 October 2002, 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 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.

FIRST CHOICE MARINE LIMITED**Notes forming part of the financial statements for the year ended 31 October 2001 (Continued)****2. Loss on ordinary activities before taxation**

	2002	2001
	£'000	£'000
Loss on ordinary activities before taxation is stated after charging:		
Auditor's remuneration	7	7

3. Interest receivable and similar income

	2002	2001
	£'000	£'000
Bank and other interest	358	720
Exchange gains	112	531
	470	1,251

4. Interest payable and similar charges

	2002	2001
	£'000	£'000
Payable to group company	706	-
Exchange losses	-	1,778
	706	1,778

5. Taxation

The tax credit in the 31 October 2002 accounts can be summarised as follows:

	2002	2001
	£'000	£'000
Tax on loss on ordinary activities:		
(i) Analysis of credit in year		
Current tax:		
UK corporation tax on losses of the year	(70)	(160)
Adjustment in respect of previous periods:		
-Permanent	-	(2)
Tax on loss on ordinary activities	(70)	(162)

FIRST CHOICE MARINE LIMITED

Notes forming part of the financial statements for the year ended 31 October 2001 (Continued)

5. Taxation (Continued)

(ii) Factors affecting tax credit for year

The tax credit for the year is lower than the standard rate of corporation tax in the UK (30%).

The differences are explained below:

	2002 £'000	2001 £'000
Loss on ordinary activities before tax	(244)	(535)
Loss on ordinary activities at the standard rate of UK corporation tax of 30% (2001: 30%)	(73)	(160)
Effects of:		
- Expenses not deductible for tax purposes	3	-
- Adjustment to tax credit in respect of previous periods	-	(2)
Current tax credit for year	(70)	(162)

6. Investments

	Shares in subsidiary undertakings £'000
Cost	
At 1 November 2001	26,152
Additions	638
Disposals	-
At 31 October 2002	26,790

Additions to investments include an increase of £630,362 in the Company's interest in Sunsail (Australia) Pty Limited.

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

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

FIRST CHOICE MARINE LIMITEDNotes forming part of the financial statements for the year ended 31 October 2002 *(Continued)***6. Investments (Continued)**

Name of company	% of voting shares held	Country of Incorporation / registration
Details of the indirect shareholdings held by the company are shown below:		
Alcor Yachting SA	100	Switzerland
ACA Yachting Ventures Inc	100	USA
Sunsail Inc	100	USA
Aeromar Travel Services Inc	100	USA
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 Ltd	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

FIRST CHOICE MARINE LIMITED

Notes forming part of the financial statements for the year ended 31 October 2002 *(Continued)*

6. Investments *(Continued)*

Name of company	% of voting shares held	Country of Incorporation / registration
Crown Blue Line Inc	100	USA
Continental Boating Holidays Limited	100	Ireland

The above subsidiaries are involved in the provision of holidays.

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

7. Debtors

	2002 £'000	2001 £'000
Amounts owed by group undertakings	105,199	44,739
Amounts owed by ultimate parent undertaking	122,723	93,289
	<hr/>	<hr/>
	227,922	138,028
	<hr/>	<hr/>

8. Creditors: amounts falling due within one year

	2002 £'000	2001 £'000
Amounts owed to group undertakings	135,185	51,963
Amounts owed to ultimate parent undertaking	115,050	107,438
Dividend payable	36	36
Other creditors and accruals	121	556
	<hr/>	<hr/>
	250,392	159,993
	<hr/>	<hr/>

9. Share capital

	2002		2001	
	Number	£'000	Number	£'000
<i>Authorised</i>				
Equity interests:				
Ordinary shares of 5p each	5,681,345	284	5,681,345	284
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>				
Equity interests:				
Ordinary shares of 5p each	4,801,418	240	4,801,418	240
	<hr/>	<hr/>	<hr/>	<hr/>

FIRST CHOICE MARINE LIMITED

Notes forming part of the financial statements for the year ended 31 October 2002 (Continued)

10. Reserves

	Share premium account £'000	Profit and loss account £'000	Capital Redemption Reserve £'000
At 1 November 2001	4,211	319	105
Loss for year	-	(174)	-
	<u>4,211</u>	<u>145</u>	<u>105</u>

11. Reconciliation of movements in shareholders' funds

	2002 £'000	2001 £'000
Loss for the financial year	(174)	(373)
Opening shareholders' funds	4,875	5,248
	<u>4,701</u>	<u>4,875</u>
Closing shareholders' funds	4,701	4,875
Attributable to equity interest	4,701	4,875
Attributable to non-equity interest	-	-
	<u>4,701</u>	<u>4,875</u>

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. 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.