

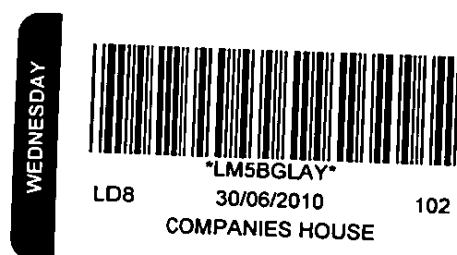
**Thomson Travel Group (Holdings) Limited**

Report and Financial Statements

for the year ended

30 September 2009

Company number 3226964



**THOMSON TRAVEL GROUP (HOLDINGS) LIMITED**  
**Report of the Directors for the year ended 30 September 2009**

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The Directors present their report and the audited financial statements of Thomson Travel Group (Holdings) Limited ("the Company") for the year ended 30 September 2009

**Principal activity**

The principal activity of the Company remains that of an intermediate holding company within the TUI Travel PLC group of companies ("the Group"). The Company's subsidiary entities organise and sell air-inclusive holidays, scheduled air seats and related travel services

On 1 October 2008

- the Company purchased 100% of the shares of First Choice Airways Limited from CBQ No 1 Limited, a fellow Group undertaking for consideration of £384m. The consideration was paid by means of an interest bearing intercompany loan,
- the Company transferred its investment in First Choice Airways Limited to Thomsonfly Limited (now Thomson Airways Limited), a subsidiary undertaking, in exchange for shares in Thomsonfly Limited giving a total investment value in Thomsonfly Limited of £605m, and
- the Company sold its entire investment in Thomsonfly Limited to CBQ No 1 Limited for a consideration of £798m, giving rise to a profit on disposal of £193m. The consideration was paid by means of an interest bearing intercompany loan

**Business review**

During the year, the Directors managed the risks and uncertainties of the Company in co-ordination with those of its fellow subsidiaries in the Group. The Directors review the Company's risks and uncertainties in the context of the whole Group. The Directors believe that this review process is appropriate given that the Company's operations are managed in co-ordination with those of the TUI Travel PLC Mainstream businesses. The principal risk which is common to the Group and the Company is

**Financial risk.** The treasury function is managed centrally in the Group and supports the business activities and financial risks faced by the Company. The Directors identify, monitor and manage the financial risks faced by the Company including foreign exchange

As the Directors manage the Company in co-ordination with the management of the TUI Travel PLC Mainstream businesses, they take the view that analysis using key performance indicators ("KPIs") for the Company alone is not necessary or appropriate for an understanding of the development, performance and positioning of its business

The development, performance and positioning of the Mainstream Sector which includes the Company, is discussed in the Business Performance Section within TUI Travel PLC's annual report, which does not form part of this report.

**Results and dividends**

The Company's profit on ordinary activities before taxation for the year ended 30 September 2009 was £185m (2008 loss £16m). There were no dividends paid during the year (2008 £nil). The Directors do not recommend the payment of a final dividend

**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

J P M Bowtell  
W H Waggott  
J S Mann  
A L John

**THOMSON TRAVEL GROUP (HOLDINGS) LIMITED**  
**Report of the Directors for the year ended 30 September 2009 (continued)**

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**Policy and practice on payment of creditors**

The Company did not trade with external suppliers and therefore no trade creditors existed at any time during 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

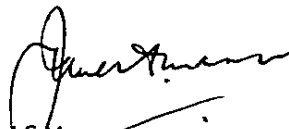
**Statement as to disclosure of information to auditors**

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

**Independent auditors**

During the year, PricewaterhouseCoopers resigned and the Directors appointed KPMG Audit Plc as auditors of the Company 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

  
J S Mann  
Director

Company Number 3226964

Dated 29 June 2010

**THOMSON TRAVEL GROUP (HOLDINGS) LIMITED**

**Statement of Directors' Responsibilities in respect of the Directors' report and the financial statements for the year ended 30 September 2009**

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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

## **THOMSON TRAVEL GROUP (HOLDINGS) LIMITED**

### **Report of independent auditors to the members of Thomson Travel Group (Holdings) Limited**

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We have audited the financial statements of Thomson Travel Group (Holdings) Limited for the year ended 30 September 2009 set out on pages 5 to 12. 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 auditors' 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 3, 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 website at [www.frc.org.uk/apb/scope/UKNP](http://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.

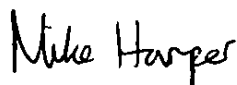
#### **Opinion on other matter prescribed by the Companies Act 2006**

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.



Mike Harper (Senior Statutory Auditor)  
for and on behalf of KPMG Audit Plc, Statutory Auditor  
*Chartered Accountants*  
8 Salisbury Square  
London  
EC4Y 8BB

30 June 2010

**THOMSON TRAVEL GROUP (HOLDINGS) LIMITED**  
**Profit and loss account for the year ended 30 September 2009**

		<b>Year ended 30 September 2009 £m</b>	<b>Year ended 30 September 2008 £m</b>
	<b>Note</b>		
Profit on sale of fixed assets investments	7	<b>193</b>	-
Amounts written off fixed asset investments	7	<b>(5)</b>	-
<b>Profit / (loss) on ordinary activities before interest and taxation</b>		<b>188</b>	-
Interest payable and similar charges	4	<b>(3)</b>	(27)
Interest receivable and similar income	5	-	11
<b>Profit / (loss) on ordinary activities before taxation</b>	2	<b>185</b>	(16)
Tax on profit / (loss) on ordinary activities	6	<b>1</b>	5
<b>Profit / (loss) on ordinary activities after taxation</b>		<b>186</b>	(11)

The results stated above are all derived from continuing operations

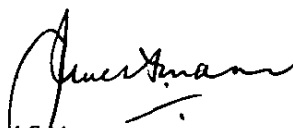
A note on historical cost profits and losses has not been included as part of these financial statements as the results as disclosed in the profit and loss account are prepared on an unmodified historical cost basis

The Company has no recognised gains or losses other than those included in the profit and loss account. Accordingly, no statement of total recognised gains and losses is presented

**THOMSON TRAVEL GROUP (HOLDINGS) LIMITED**  
**Balance sheet at 30 September 2009**

		<b>30 September 2009</b>	<b>30 September 2008</b>
	<b>Note</b>	<b>£m</b>	<b>£m</b>
<b>Fixed assets</b>			
Investments	7	<u>429</u>	<u>655</u>
		<b>429</b>	<b>655</b>
<b>Current assets</b>			
Debtors	8	<u>675</u>	<u>257</u>
Cash at bank		<u>-</u>	<u>-</u>
		<b>675</b>	<b>257</b>
<b>Creditors: amounts falling due within one year</b>	9	<u>(536)</u>	<u>(530)</u>
<b>Net current assets</b>		<b>139</b>	<b>(273)</b>
<b>Total assets less current liabilities</b>		<u><b>568</b></u>	<u><b>382</b></u>
<b>Net assets</b>		<u><b>568</b></u>	<u><b>382</b></u>
<b>Capital and reserves</b>			
Called up share capital	10	<b>73</b>	<b>73</b>
Share premium	11	<b>736</b>	<b>736</b>
Profit and loss account	11	<b>(241)</b>	<b>(427)</b>
<b>Shareholders' funds - equity</b>	12	<u><b>568</b></u>	<u><b>382</b></u>

The financial statements were approved by the Board on 29 June 2010 and signed on their behalf by

  
J S Mann  
Director

## **THOMSON TRAVEL GROUP (HOLDINGS) LIMITED**

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

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### **1. Accounting policies**

The following accounting policies have been consistently applied in dealing with items which are considered material in relation to the Company's financial statements, except as noted below

#### **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 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.

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.

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.

#### **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.

#### **Investments**

Investments in subsidiary companies are stated at cost less provision for diminution in value.

#### **Foreign currency translation and financial instruments**

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.

#### **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.

#### **Dividends**

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved for payment.



**THOMSON TRAVEL GROUP (HOLDINGS) LIMITED**

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

**2. Profit / (loss) on ordinary activities before taxation**

Profit / (loss) on ordinary activities before taxation is stated after charging / (crediting)

	Year ended 30 September 2009 £m	Year ended 30 September 2008 £m
Impairment of investment (Note 7)	5	-
Profit on disposal of investment (Note 7)	(193)	-

**Auditors' remuneration**

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	20	50

During the year, PricewaterhouseCoopers resigned and the Directors appointed KPMG Audit Plc as auditors of the Company. Fees paid to the Company's current 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 financial statements of the Company's intermediate parent, TUI Travel PLC for the year ended 30 September 2009.

**3. Staff costs (including Directors' remuneration)**

The Directors' remuneration was borne by another group company for the current and previous years. There were no employees for the year ended 30 September 2009 (2008: nil).

**4. Interest payable and similar charges**

	Year ended 30 September 2009 £m	Year ended 30 September 2008 £m
Payable to Group companies	(3)	(27)
	(3)	(27)

**5. Interest receivable and similar income**

	Year ended 30 September 2009 £m	Year ended 30 September 2008 £m
Other interest receivable	-	11
	-	11

**THOMSON TRAVEL GROUP (HOLDINGS) LIMITED**

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

**6. Taxation**

Tax on profit on ordinary activities

**(i) Analysis of credit in year**

	Year ended 30 September 2009 £m	Year ended 30 September 2008 £m
<b>Current tax:</b>		
Group relief at 28% (2008 29%)	(1)	(5)
Adjustment in respect of previous periods	-	-
<b>Total current tax</b>	<b>(1)</b>	<b>(5)</b>
<b>Deferred tax:</b>		
Origination and reversal of timing differences		
- current year	-	-
<b>Total deferred tax</b>	<b>-</b>	<b>-</b>
<b>Tax on profit on ordinary activities</b>	<b>(1)</b>	<b>(5)</b>

**(ii) Factors affecting tax credit for the year**

The current tax credit (2008. credit) for the year differs from (2008 is equal to) the standard rate of corporation tax in the UK of 28% (2008 29%). The differences are explained below

	Year ended 30 September 2009 £m	Year ended 30 September 2008 £m
Profit/(loss) on ordinary activities before tax	185	(16)
Profit/(loss) on ordinary activities at the standard rate of UK corporation tax of 28% (2008 29%)	52	(5)
Effects of:		
- Expenses not deductible for tax purposes	1	-
- Gains not taxable	(54)	-
<b>Current tax credit for year</b>	<b>(1)</b>	<b>(5)</b>

**(iii) Factors affecting the future tax (credit) / charge**

The rate of taxation is expected to follow the standard rate of UK corporation tax in future periods

**THOMSON TRAVEL GROUP (HOLDINGS) LIMITED**

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

**7. Investments**

	Investments in subsidiary undertakings £m
<b>Cost:</b>	
1 October 2008	1,110
Additions	768
Disposals	(1,010)
<b>30 September 2009</b>	<b>868</b>
<b>Impairment:</b>	
1 October	(455)
Charge in the year	(5)
Disposals	21
<b>30 September 2009</b>	<b>(439)</b>
<b>Net book value:</b>	
<b>30 September 2009</b>	<b>429</b>
1 October 2008	655

In respect of the above additions and disposals on 1 October 2008

- the Company purchased 100% of the the shares of First Choice Airways Limited from CBQ No 1 Limited, a fellow Group undertaking for consideration of £384m. The consideration was paid by means of an interest bearing intercompany loan,
- the Company transferred its investment in First Choice Airways Limited to Thomsonfly Limited (now Thomson Airways Limited), a subsidiary undertaking, in exchange for shares in Thomsonfly Limited giving a total investment value in Thomsonfly Limited of £605m, and
- the Company sold its entire investment in Thomsonfly Limited to CBQ No 1 Limited for a consideration of £798m, giving rise to a profit on disposal of £193m. The consideration was paid by means of an interest bearing intercompany loan

The impairment charge relates to the Company's investment in Explorers Travel Club Limited. This has been impaired to its book value of £1.6m following the sale of significant assets within the business.

**Investment in subsidiary undertakings**

At 30 September 2009 the Company's principal subsidiary undertakings were

Name	% ownership of ordinary shares	Country of incorporation	Principal activity
Specialist Holidays Group Limited	100%	UK	Holding Company
TUI UK Limited	100%	UK	Tour Operator

The Directors believe that the carrying value of the investments does not exceed their recoverable amount.

**THOMSON TRAVEL GROUP (HOLDINGS) LIMITED**

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

**8. Debtors**

	30 September 2009 £m	30 September 2008 £m
Amounts owed by subsidiary undertakings	229	226
Amounts owed by group undertakings	440	26
Group relief receivable	6	5
	<u>675</u>	<u>257</u>

Amounts owed by group undertakings are unsecured and have no fixed date of repayment. Balances with dormant companies are interest free and all others bear interest at the Bank of England base rate

**9. Creditors: amounts falling due within one year**

	30 September 2009 £m	30 September 2008 £m
Amounts due to subsidiary undertakings	(40)	(41)
Amounts due to group undertakings	(495)	(488)
Deferred consideration	(1)	(1)
	<u>(536)</u>	<u>(530)</u>

Amounts due to group undertakings are unsecured and have no fixed date of repayment. Balances with dormant companies are interest free and all others bear interest at the Bank of England base rate

The deferred consideration relates to the acquisition of Explorers Travel Club Limited. An additional £276k was provided for in 2009 to reflect the final consideration, which was settled in full in October 2009

**10. Called up share capital**

	30 September 2009 £m	30 September 2008 £m
<i>Authorised</i>		
Equity		
365,380,040 ordinary shares of 20p each	73	73
<i>Non-equity</i>		
65,409,965 6.52% preference shares of £1 each	65	65
26,512,967 6.80% preference shares of £1 each	27	27
79,108,428 7.75% preference shares of £1 each	79	79
	<u>244</u>	<u>244</u>
<i>Issued and fully paid</i>		
Equity		
365,380,040 ordinary shares of 20p each	<u>73</u>	<u>73</u>

**THOMSON TRAVEL GROUP (HOLDINGS) LIMITED**

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

**11. Reserves**

	Share premium £m	Profit and loss account £m	Total £m
1 October 2008	736	(427)	309
Profit for the financial year	-	186	186
<b>At 30 September 2009</b>	<b>736</b>	<b>(241)</b>	<b>495</b>

**12. Reconciliation of movement in shareholders' funds**

	30 September 2009 £m	30 September 2008 £m
Opening shareholders' funds	382	393
Profit for the financial year	186	(11)
<b>Closing shareholders' funds</b>	<b>568</b>	<b>382</b>

All shareholders' funds relate to equity interests

**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 holding company is TUI Northern Europe 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 the Company Secretary 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 the TUI website address [www.tui-group.com](http://www.tui-group.com).