

**SUNSHINE CRUISES LIMITED
DIRECTORS' REPORT
AND
FINANCIAL STATEMENTS**

**for the year ended
31 October 2005**



Company Number 3991465

SUNSHINE CRUISES LIMITED**DIRECTORS' REPORT
for year ended 31 October 2005**

The Directors present their report and financial statements of Sunshine Cruises Limited for the year ended 31 October 2005.

PRINCIPAL ACTIVITY

The Company is a Joint Venture between Royal Caribbean Cruises Ltd and First Choice Holidays PLC. The Company's principal activity is that of a Cruise Operator.

RESULTS AND DIVIDENDS

The profit for the year after tax was £2,237,000 (2004: profit for year £854,000). The Directors do not propose the payment of a dividend for the year ended 31 October 2005 (2004: £Nil).

DIRECTORS AND THEIR INTERESTS

The Directors at the date of this report are:

D Blastland
A M Goldstein (appointed 9 June 2005)
S M Hooper
P J Long
P Ryan (appointed 28 January 2005)

Other Directors who served in the year were as follows:

M W Bayley (resigned 28 January 2005)
J Williams (resigned 9 June 2005)

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

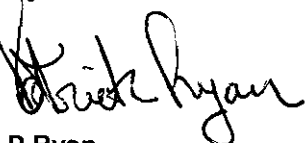
POLICY AND PRACTICE ON PAYMENT OF SUPPLIERS

Due to the nature of the Company's operations, and common to the industry as a whole, payments are often made in advance of the provision of goods and services. It is Company policy that payments to suppliers, whether in advance or after the provision of the goods or services, are made on the basis of the terms that have been agreed with them. At the year end, the number of creditor days outstanding was 9 days (2004: 19 days).

AUDITORS

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

By order of the Board



P Ryan
Director

Date: 6 July 2006

SUNSHINE CRUISES LIMITED**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS'
REPORT AND THE FINANCIAL STATEMENTS
For the year ended 31 October 2005**

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 group and parent financial statements in accordance with UK Accounting Standards.

The group and parent financial statements are required by law to give a true and fair view of the state of affairs of the group and parent 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 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 group and parent 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 parent 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 group and to prevent and detect fraud and other irregularities.

SUNSHINE CRUISES LIMITED**INDEPENDENT AUDITORS' REPORT****To the members of SUNSHINE CRUISES LIMITED**

We have audited the financial statements of Sunshine Cruises Limited for the year ended 31 October 2005 which comprise the consolidated Profit and Loss Account, the consolidated and parent Balance Sheet, the consolidated Cash Flow Statement, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 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 group's and 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 UK Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 October 2005 and of the group's 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
LONDON

Date: 12 July 2006

SUNSHINE CRUISES LIMITED**CONSOLIDATED PROFIT AND LOSS ACCOUNT**
For the year ended 31 October 2005

	Note	Year to 31 October 2005	Year to 31 October 2004
		£000	£000
Group turnover			
Continuing operations		51,608	46,361
Acquisitions		-	391
		<u>51,608</u>	<u>46,752</u>
Cost of sales		<u>(37,246)</u>	<u>(35,914)</u>
Gross profit		14,362	10,838
Operating expenses		(11,094)	(10,054)
Group operating profit			
Continuing operations		3,268	672
Acquisitions		-	112
		<u>3,268</u>	<u>784</u>
Net interest receivable	3	<u>291</u>	<u>59</u>
Profit on ordinary activities before tax	4	3,559	843
Taxation on profit on ordinary activities	6	(1,322)	11
Profit on ordinary activities after tax		<u>2,237</u>	<u>854</u>
Minority Interests	15	3	(25)
Retained profit for the year		<u>2,240</u>	<u>829</u>

The Company has no other recognised gains or losses for the year.

A note on historical cost profits and losses has not been included as part of these financial statements as there is no difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis.

SUNSHINE CRUISES LIMITED**CONSOLIDATED BALANCE SHEET**
As at 31 October 2005

	Note	2005 £000	2004 £000
Fixed assets			
Intangible	7	109	115
Tangible	8	51,405	55,628
		<u>51,514</u>	<u>55,743</u>
Current assets			
Stock		876	1,079
Debtors	10	12,698	10,401
Cash at bank and in hand		12,548	9,477
		<u>26,122</u>	<u>20,957</u>
Creditors:			
Amounts falling due within one year	11	<u>(14,470)</u>	<u>(16,847)</u>
Net current assets		<u>11,652</u>	<u>4,110</u>
Total assets less current liabilities		63,166	59,853
Provisions for liabilities and charges	12	<u>(4,172)</u>	<u>(3,096)</u>
Net assets		<u>58,994</u>	<u>56,757</u>
Capital and reserves			
Called up share capital	13	64,000	64,000
Profit and loss account	14	(5,028)	(7,268)
Minority Interest	15	22	25
		<u>58,994</u>	<u>56,757</u>
Equity shareholders' funds		<u>58,994</u>	<u>56,757</u>

The movement in equity shareholders' funds during the year is represented by the retained profit for the year.

The financial statements on pages 4 to 16 were approved by the Board on
and signed on their behalf by:

6 July 2006



P Ryan
Director

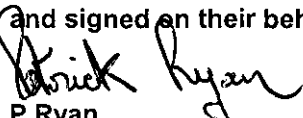
SUNSHINE CRUISES LIMITED**COMPANY BALANCE SHEET**

As at 31 October 2005

	<i>Note</i>	2005 £000	2004 £000
Fixed assets			
Tangible	8	51,354	55,596
Investments	9	121	121
		<u>51,475</u>	<u>55,717</u>
Current assets			
Stock		876	1,078
Debtors	10	12,668	10,304
Cash at bank and in hand		<u>12,518</u>	<u>9,427</u>
		26,062	20,809
Creditors:			
Amounts falling due within one year	11	<u>(14,384)</u>	<u>(16,706)</u>
Net current assets		<u>11,678</u>	<u>4,103</u>
Total assets less current liabilities		63,153	59,820
Provisions for liabilities and charges	12	<u>(4,171)</u>	<u>(3,096)</u>
Net assets		<u>58,982</u>	<u>56,724</u>
Capital and reserves			
Called up share capital	13	64,000	64,000
Profit and loss account	14	<u>(5,018)</u>	<u>(7,276)</u>
Equity shareholders' funds		<u>58,982</u>	<u>56,724</u>

The movement in equity shareholders' funds during the year is represented by the retained profit for the year.

The financial statements on pages 4 to 16 were approved by the Board on 6 July 2006 and signed on their behalf by:



P Ryan
Director

SUNSHINE CRUISES LIMITED**CONSOLIDATED CASH FLOW STATEMENT**
for the year ended 31 October 2005

	2005	2004
	£000	£000
Net cash inflow from operating activities	<u>3,356</u>	<u>8,689</u>
Returns on investment and servicing of finance:		
Interest received	<u>291</u>	<u>59</u>
Net cash inflow from return on investments and servicing of finance	291	59
Net cash outflow from capital expenditure		
Purchase of tangible fixed assets	(576)	(2,243)
Net cash outflow from acquisitions	-	(120)
Net cash inflow before financing	<u>3,071</u>	<u>6,385</u>
Increase in cash	<u>3,071</u>	<u>6,385</u>

SUNSHINE CRUISES LIMITED**RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	2005	2004
	£000	£000
Operating profit	3,268	784
Depreciation charge	4,799	5,578
Amortisation	6	4
Decrease/(Increase) in stock	203	(346)
(Increase)/Decrease in debtors	(2,543)	2,800
Decrease in creditors	(2,377)	(131)
Net cash inflow from operating activities	3,356	8,689

ANALYSIS OF NET FUNDS

Increase in cash in the year	3,071	6,385
Net cash at the start of the year	9,477	3,092
Net cash at the end of the year	12,548	9,477

SUNSHINE CRUISES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 October 2005**

1. ACCOUNTING POLICIES**Basis of preparation**

The following accounting policies have been consistently applied in dealing with items considered material in relation to the Accounts.

Accounting Convention

The accounts have been prepared in accordance with applicable accounting standards and under the historical cost convention.

Basis of Consolidation

The Group accounts consolidate the accounts of Sunshine Cruises Limited and its subsidiary undertaking, Text Abroad Holidays Limited. These accounts are made up to 31 October 2005.

The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired during the year are included in the profit and loss account from the effective date of acquisition.

The Company has taken advantage of the exemption under section 230 of the Companies Act 1985 from presenting its own profit and loss account.

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration and associated costs given over the fair values of the separable net assets acquired) arising on consolidation in respect of acquisitions is capitalised. Positive goodwill is amortised to nil by equal instalments over its estimated useful life, normally 20 years.

Turnover

Turnover represents the aggregate amount of revenue from cruise operations and travel agency commissions. Revenue from cruise operations is recognised on the date of departure, revenue from travel agency commissions is recognised when final payment is made.

Stock

Stock consists of provisions, supplies and fuel carried at the lower of cost and net realisable value.

Client Money Received In Advance

Client money received at the balance sheet date relating to holidays commencing after the year end is included in creditors.

Foreign currencies

Transactions in overseas currencies are translated at the exchange rate ruling at the date of the transaction or, where forward cover has been arranged, at the contractual rate. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rates ruling at the balance sheet date and any exchange differences arising are taken to the profit and loss account in the season to which the contract relates.

SUNSHINE CRUISES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 October 2005****1. ACCOUNTING POLICIES (continued)****Operating Leases**

Rentals payable and receivable under operating leases are charged or credited to the profit and loss account on a straight line basis over the period of the lease or on another systematic basis, if this is more representative of the time pattern of the benefit from the leased asset.

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 years different from their inclusion in the financial statements.

Pensions

Employees of the Company participate in a defined contribution pension scheme operated by First Choice Holidays PLC. Charges are made to the Company by First Choice for those employees who participate in the scheme. Pension liabilities are charged to the profit and loss account as they fall due.

Tangible fixed assets and depreciation

Depreciation is provided on all tangible fixed assets on a straight line basis at rates calculated to write off the cost or valuation, less estimated residual value, of each asset over its expected useful life. The rates used are as follows:

Ship	20 years
Fixtures & Fittings	3-10 years
Computer equipment	3 years

2. ANALYSIS OF CONTINUING OPERATIONS

	31 October 2005			31 October 2004		
	Continuing £000	Acquisitions £000	Total £000	Continuing £000	Acquisitions £000	Total £000
Turnover	51,608	-	51,608	46,361	391	46,752
Cost of sales	(37,246)	-	(37,246)	(35,914)	-	(35,914)
Gross profit	14,362	-	14,362	10,447	391	10,838
Operating expenses	(11,094)	-	(11,094)	(9,775)	(279)	(10,054)
Operating profit	3,268	-	3,268	672	112	784

3. NET INTEREST RECEIVABLE

	2005 £000	2004 £000
Bank interest receivable	297	63
Bank interest payable	(6)	(4)
	291	59

SUNSHINE CRUISES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 October 2005

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAX

Profit on ordinary activities is stated after charging:

	2005	2004
	£000	£000
Depreciation	4,799	5,578
Amortisation	6	4
Auditors' remuneration	24	23

5. STAFF COSTS

	2005	2004
	£000	£000
Wages and salaries	1,935	1,212
Social security costs	171	119
Pension costs	83	50
	2,189	1,381

Staff Numbers:

	2005	2004
Operational	38	24
Administration and Management	15	10
	53	34

Directors' Remuneration:

	2005	2004
	£000	£000
Directors' remuneration consists of:		
Emoluments (including pension contributions)	275	219
Emoluments of highest paid director (excluding pension contributions)	223	219
Pension contributions attributable to highest paid director	21	-

6. TAXATION

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

	2005	2004
	£000	£000
Tax on profit on ordinary activities:		
(i) Analysis of charge/(credit) in year		
Current tax:		
UK corporation tax on profit for the year	-	(506)
Adjustment in respect of previous years:		
- permanent	239	-
- origination of timing differences	7	26
Total current tax	246	(480)
Deferred tax:		
Origination and reversal of timing differences:		
- current year UK	1,078	495
- adjustment in respect of previous years	(2)	(26)
Total deferred tax (see note 12)	1,076	469
Tax on profit on ordinary activities	1,322	(11)

SUNSHINE CRUISES LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
for the year ended 31 October 2005**6. TAXATION (continued)****(ii) Factors affecting tax charge/(credit) for the year**

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

	2005	2004
	£000	£000
Profit on ordinary activities before tax	3,559	843
Profit on ordinary activities at the standard rate of UK corporation tax of 30% (2004: 30%)	1,068	253
Effects of:		
- Expenses not deductible for tax purposes	8	1
- Capital allowances for year in excess of depreciation	(418)	(750)
- Adjustment to tax charge in respect of previous years	246	26
- Marginal relief	-	(10)
- Non utilisation of tax losses	2	-
- Utilisation of tax losses	(660)	-
Current tax charge/(credit) for the year	246	(480)

7. INTANGIBLE FIXED ASSETS**Goodwill**

	Group
	2005
	£000
Cost	
At beginning of year	119
Additions	-
At end of year	119
Amortisation	
At beginning of year	4
Charged in year	6
At end of year	10
Net Book Value	
At 31 October 2005	109
At 31 October 2004	115

The goodwill relates to the acquisition of Text Abroad Holidays Limited in 2004.

SUNSHINE CRUISES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 October 2005****8. TANGIBLE FIXED ASSETS**

GROUP	Ship	Fixtures & Fittings	Computers	Total
	£000	£000	£000	£000
Cost or valuation				
At 1 November 2004	65,817	7,872	1,023	74,712
Additions	138	184	254	576
At 31 October 2005	65,955	8,056	1,277	75,288
Depreciation				
At 1 November 2004	13,858	4,469	757	19,084
Provided in the year	3,296	1,260	243	4,799
At 31 October 2005	17,154	5,729	1,000	23,883
Net book value				
At 31 October 2005	48,801	2,327	277	51,405
At 31 October 2004	51,959	3,403	266	55,628

COMPANY	Ship	Fixtures & Fittings	Computers	Total
	£000	£000	£000	£000
Cost or valuation				
At 1 November 2004	65,817	7,836	1,023	74,676
Additions	138	179	230	547
At 31 October 2005	65,955	8,015	1,253	75,223
Depreciation				
At 1 November 2004	13,858	4,466	756	19,080
Provided in the year	3,296	1,254	239	4,789
At 31 October 2005	17,154	5,720	995	23,869
Net book value				
At 31 October 2005	48,801	2,295	258	51,354
At 31 October 2004	51,959	3,370	267	55,596

SUNSHINE CRUISES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 October 2005****9. INVESTMENTS**

	Company 2005 £000
Cost	
At beginning of year	121
Additions	-
At end of year	<u>121</u>
Net Book Value	
At 31 October 2005	<u>121</u>
At 31 October 2004	<u>121</u>

Principal operating subsidiaries

The Group comprises Sunshine Cruises Limited and its subsidiary undertaking, Text Abroad Holidays Limited.

Company name	Country of incorporation	Principal activity by division	Percentage of ordinary shares held
Sunshine Cruises Limited	England and Wales	Cruise Operator	N/A
Text Abroad Holidays Limited	England and Wales	Travel agency	70

10. DEBTORS

	Group 2005 £000	Group 2004 £000	Company 2005 £000	Company 2004 £000
Trade debtors	327	459	280	325
Consortium relief receivable	5,244	5,492	5,297	5,545
Other debtors	775	2,993	752	2,985
Prepayments	6,352	1,457	6,339	1,449
	<u>12,698</u>	<u>10,401</u>	<u>12,668</u>	<u>10,304</u>

11. CREDITORS - amounts falling due within one year

	Group 2005 £000	Group 2004 £000	Company 2005 £000	Company 2004 £000
Trade creditors	989	1,948	950	1,889
Other creditors	57	76	-	-
Amounts due to Joint Venture Companies	8,003	10,515	8,036	10,515
Accruals and deferred income	2,382	1,588	2,359	1,582
Client money received in advance	3,039	2,720	3,039	2,720
	<u>14,470</u>	<u>16,847</u>	<u>14,384</u>	<u>16,706</u>

SUNSHINE CRUISES LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
for the year ended 31 October 2005**12. PROVISIONS FOR LIABILITIES AND CHARGES**

	Group	Company
	£000	£000
Deferred Tax		
At 1 November 2004	3,096	3,096
Provided in the year	1,076	1,075
At 31 October 2005	<u>4,172</u>	<u>4,171</u>

The net deferred tax provision as at 31 October 2005 is as follows:	Group	Group	Company	Company
	2005	2004	2005	2004
	£000	£000	£000	£000
Accelerated capital allowances	9,834	9,408	9,834	9,408
Other short term timing differences	(5,662)	(6,312)	(5,663)	(6,312)
	<u>4,172</u>	<u>3,096</u>	<u>4,171</u>	<u>3,096</u>

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

13. SHARE CAPITAL

	2005	2004
	£000	£000
Authorised		
50,000,000 A Ordinary Shares of £1 each	50,000	50,000
50,000,000 B Ordinary Shares of £1 each	50,000	50,000
	<u>100,000</u>	<u>100,000</u>
Allotted, called up and fully paid		
32,000,001 A Ordinary Shares of £1 each	32,000	32,000
32,000,001 B Ordinary Shares of £1 each	32,000	32,000
	<u>64,000</u>	<u>64,000</u>

14. PROFIT AND LOSS ACCOUNT

	Group	Group	Company	Company
	2005	2004	2005	2004
	£000	£000	£000	£000
At beginning of the year	(7,268)	(8,097)	(7,276)	(8,097)
Retained profit for the year	2,240	829	2,258	821
At end of the year	<u>(5,028)</u>	<u>(7,268)</u>	<u>(5,018)</u>	<u>(7,276)</u>

15. MINORITY INTEREST

The 30% minority interest for 2005 was £22,000 (2004: £25,000)

SUNSHINE CRUISES LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
for the year ended 31 October 2005**16. OPERATING LEASE COMMITMENTS**

	Group and Company ship 2005 £000	Group and Company ship 2004 £000
Annual commitments under non-cancellable operating leases expiring:-		
After 5 years	7,476	-
	<u>7,476</u>	<u>-</u>

17. CAPITAL COMMITMENTS

	Group and Company 2005 £000	Group and Company 2004 £000
Contracted but not provided	1,621	-
	<u>1,621</u>	<u>-</u>

The Capital Commitments relate to contracted ship fit-out costs.

18. RELATED PARTY TRANSACTIONS

The Company was charged £10,394,000 (2004: £10,300,000) by First Choice Holidays PLC (FCH) subsidiary companies for flying, commission, administrative services and marketing contributions and £121,000 (2004: £145,000) for administrative services by Royal Caribbean Cruises Ltd (RCCL). At 31 October 2005 the Company was owed £738,000 (2004: £2,365,000) by First Choice Holidays & Flights Limited (FCH&F) a subsidiary of FCH and £422,000 from RCCL, the Company owed £4,650,000 to RCCL (2004: £5,099,000) and £4,516,000 to FCH (2004: £5,416,000). These are included in amounts due to Joint Venture Companies. The Company was also owed £5,244,000 (2004: £5,492,000) in surrendered tax relief from the FCH Group. In addition, the Company's CAA bond was provided jointly by FCH and RCCL.

19. POST BALANCE SHEET EVENTS

On 1 November 2005, the company acquired a further 8 shares in Text Abroad Holidays Limited for a cash consideration of £4,640, taking the percentage of ordinary shares held to 75.3%.