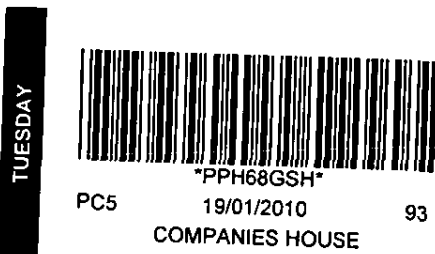


Enigma Travel Group Limited

FINANCIAL STATEMENTS

for the year ended

30 April 2009



Company Registration No. 05802124

Enigma Travel Group Limited

CONTENTS	Page
Officers and professional advisers	1
Directors' report	2 - 4
Directors' responsibilities	5
Auditor report	6
Consolidated profit and loss account	7
Consolidated balance sheet	8
Company balance sheet	9
Consolidated cash flow statement	10
Accounting policies	11 - 12
Notes to the financial statements	13 - 25

Enigma Travel Group Limited

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

P R Dyer
A Perrin
A M Appleton
D Smith

SECRETARY

A M Appleton

REGISTERED OFFICE

185 Fleet Road
Fleet
Hampshire
GU51 3BL

AUDITOR

Baker Tilly UK Audit LLP
Registered Auditor
Chartered Accountants
12 Gleneagles Court
Brighton Road
Crawley
West Sussex
RH10 6AD

Enigma Travel Group Limited

DIRECTORS' REPORT

The Directors submit their report and the group financial statements of Enigma Travel Group Limited for the year ended 30 April 2009.

PRINCIPAL ACTIVITIES

The principal activity of the group during the year was that of tour operating. The group trades under the names "Esprit Ski", "Esprit Family Adventures", "Ski Total" and "Esprit Santa's Lapland".

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The results for the year and financial position of the company are shown in the annexed financial statements.

Esprit Holidays Ltd, a wholly owned subsidiary, operates ski holidays to Europe under the brand names Esprit Ski and Ski Total. It also operates short breaks to Lapland and summer holidays to the Alps.

This year's unprecedented world economic crisis which rapidly escalated at the commencement of our peak selling period in September was the start of a number of exceptional items that impacted upon our results for the year to 30 April 2009. The largest single impact upon our results was the unprecedented devaluation of the pound against the Euro which saw it fall from highs in July 2007 of £1 = Euros 1.48 to lows of £1 = Euros 1.02 in December 2008 – a 31% decrease. Whilst hedging arrangements for most of our Euro requirements were contracted during the financial year, they were not sufficient to cover this exceptional devaluation leaving the company exposed to spot purchases at highly unfavourable rates. The cost of which can be seen under exceptional items on the profit and loss account.

Other factors which impacted in the year included reductions in base rates from 5.5% to 0.5% during the last 6 months, which led to a reduction in our interest income. A higher level of discounting was required in the latter part of the year driven by competitor discounting across the whole ski sector.

Although planned for, the unprecedented cost of aviation fuel last summer, when our 08/09 aviation contracts were completed, added further to our cost of sales.

Despite all this, the Directors are pleased to report that the principal trading subsidiary Esprit Holidays Limited remained profitable and grew its passengers and revenue numbers to record levels. Increases in these two key performance indicators during such a difficult trading period are a testament to our market offering and the resilience of our brands.

Looking ahead to the 2009/10 year we have planned capacity cuts, as have our competitors, which combined with positive economic signs, counter many of the exceptional trading conditions experienced last year. The Directors intend to contract the majority of Euro purchases in advance of the winter season and minimise our exposure to spot purchases and any resulting exchange loss (or gain).

The Directors confidently believe that the company is well positioned to reap the benefits of the predicted upturn when the UK economy begins to move out of recession.

Esprit Vacations Limited operates as a transport provider for Esprit Holidays Limited.

Total Holidays Limited and Total Aviation Limited are dormant.

Enigma Travel Group Limited

DIRECTORS' REPORT

GOODWILL

The Directors recognise that this has been a uniquely challenging trading year and achieving a profit in the trading subsidiary, albeit below expectations, was a significant achievement. The Directors have carried out their annual impairment review and believe that the results for the 08/09 financial year should be excluded when considering a permanent diminution in the carrying value of our goodwill. With our key risks all either fully planned for or in the process of being mitigated for the coming financial year, the Directors expect to return to a more acceptable level of profitability which supports our continuing view that amortisation of goodwill is not appropriate, as further explained on page 11.

DIVIDENDS

A final dividend on the A preference shares of 14 p per share amounting to £1,142,820 was declared. The entire declared dividend has been rolled into the liability disclosed in note 15. In accordance with FRS25, the A preference shares have been classified as debt and the related dividend disclosed as an interest charge.

DIRECTORS

The following Directors have held office since 1 May 2008:

P R Dyer
A Perrin
A M Appleton
D Smith

THIRD PARTY INDEMNITY PROVISION FOR DIRECTORS

Qualifying third party indemnity provision is in place for the benefit of all Directors of the group.

FINANCIAL INSTRUMENTS

The group's operations expose it to a variety of financial risks that include the effects of changes in foreign exchange rates, liquidity and interest rates. The group has put in place a risk management programme that seeks to minimise any adverse effects on the financial performance of the group.

Interest rate cash flow risk

The group has both interest bearing assets and interest bearing liabilities. Interest bearing assets comprise its substantial cash balances, all of which earn interest at a fixed rate. The group has a policy of maintaining interest rate swaps at a fixed rate to ensure certainty of future interest cash flows. The Directors will revisit the appropriateness of this policy should the group's operations change in size or nature.

Foreign exchange rate risk

A large part of the group's fixed and variable costs are conducted in Euros and Swiss Francs. The group operates a policy of foreign currency hedging to protect itself from exchange rate movements.

AUDITOR

It is proposed that Baker Tilly UK Audit LLP be reappointed at the Annual General Meeting.

Enigma Travel Group Limited

DIRECTORS' REPORT

DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.


EMPLOYEE CONSULTATION

The group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings and the company magazine.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The Directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the Directors have confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

By order of the board



A M Appleton
Director

Enigma Travel Group Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare the financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable Law). 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 group and of the profit or loss of the group 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;
- * 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 group's and 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 are also responsible for safeguarding the assets of the group and hence or taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR REPORT TO THE MEMBERS OF ENIGMA TRAVEL GROUP LIMITED

We have audited the group and parent company financial statements (the "financial statements") on pages 7 to 25. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with sections 495 and 496 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 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 auditor

As more fully explained in the Directors' Responsibilities Statement on page 5, 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 Auditor's.

Scope of the audit

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.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 30 April 2009 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

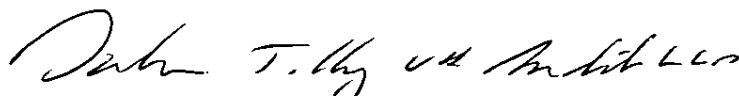
Opinion on other matters prescribed by the Companies Act 2006

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



Ian Alexander Bell FCA (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
12 Gleneagles Court
Brighton Road
Crawley
West Sussex
RH10 6AD

7/9/09

Enigma Travel Group Limited
CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 30 April 2009

Company Registration No. 05802124

	<i>Notes</i>	2009 £	2008 £
TURNOVER	1	50,984,778	46,370,329
Cost of sales			
Non-exceptional costs		(45,570,368)	(40,182,924)
Exceptional costs	3	(2,313,587)	-
		<hr/>	<hr/>
Gross profit		3,100,823	6,187,405
Other operating expenses	2	(2,398,502)	(3,001,169)
		<hr/>	<hr/>
OPERATING PROFIT		702,321	3,186,236
Investment income	4	338,200	570,838
		<hr/>	<hr/>
		1,040,521	3,757,074
Interest payable and non-equity dividends accrued	5	(1,682,196)	(1,922,533)
		<hr/>	<hr/>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6	(641,675)	1,834,541
Taxation	9	(193,933)	(897,041)
		<hr/>	<hr/>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	18	(835,608)	937,500
		<hr/>	<hr/>

The operating profit for the year arises from the group's continuing operations and includes a charge of £36,309 (2008: £36,609) in accordance with FRS20 - share based payments - for which a reserve has been created.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account.

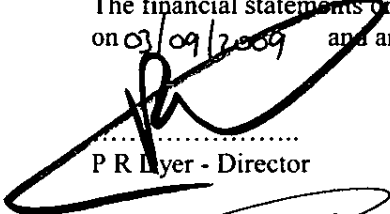
Enigma Travel Group Limited

CONSOLIDATED BALANCE SHEET

30 April 2009

	Notes	2009 £	2008 £
FIXED ASSETS			
Intangible assets	10	19,352,347	19,203,102
Tangible fixed assets	11	516,947	318,780
		<u>19,869,294</u>	<u>19,521,882</u>
 CURRENT ASSETS			
Debtors	13	1,720,272	1,242,886
Cash at bank and in hand		8,624,168	12,491,095
		<u>10,344,440</u>	<u>13,733,981</u>
 CREDITORS: Amounts falling due within one year	14	(6,676,857)	(10,493,058)
 NET CURRENT ASSETS		<u>3,667,583</u>	<u>3,240,923</u>
 TOTAL ASSETS LESS CURRENT LIABILITIES		23,536,877	22,762,805
 CREDITORS: Amounts falling due after more than one year	15	(21,674,037)	(20,100,666)
 NET ASSETS		<u>1,862,840</u>	<u>2,662,139</u>
 CAPITAL AND RESERVES			
Called up share capital	17	147,000	147,000
Share option reserve	18	72,918	36,609
Profit and loss account	18	1,642,922	2,478,530
 SHAREHOLDERS' FUNDS	19	<u>1,862,840</u>	<u>2,662,139</u>

The financial statements on pages 7 to 25 were approved by the board of Directors and authorised for issue on 03/09/2009 and are signed on its behalf by:

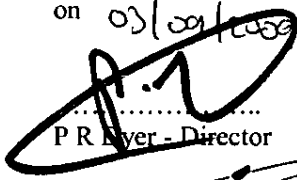

P R Iyer - Director

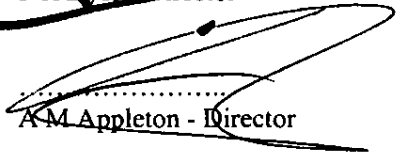

A M Appleton - Director

Enigma Travel Group Limited
COMPANY BALANCE SHEET
30 April 2009

	<i>Notes</i>	2009 £	2008 £
FIXED ASSETS			
Investments	12	23,000,894	22,850,894
		<u>23,000,894</u>	<u>22,850,894</u>
CURRENT ASSETS			
Debtors	13	156,703	2,000,000
Cash at bank and in hand		1,306,579	236,206
		<u>1,463,282</u>	<u>2,236,206</u>
CREDITORS: Amounts falling due within one year	14	(4,191,316)	(8,636,170)
NET CURRENT LIABILITIES		<u>(2,728,034)</u>	<u>(6,399,964)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		20,272,860	16,450,930
CREDITORS: Amounts falling due after more than one year	15	(21,674,037)	(20,100,666)
		<u>(1,401,177)</u>	<u>(3,649,736)</u>
CAPITAL AND RESERVES			
Called up share capital	17	147,000	147,000
Profit and loss account	18	(1,548,177)	(3,796,736)
SHAREHOLDERS' FUNDS	19	<u>(1,401,177)</u>	<u>(3,649,736)</u>

The financial statements on pages 7 to 25 were approved by the board of Directors and authorised for issue on 03/09/2009 and are signed on its behalf by:


P R Ever - Director


A M Appleton - Director

Enigma Travel Group Limited
CONSOLIDATED CASH FLOW STATEMENT
for the year ended 30 April 2009

	Notes	2009		2008	
		£	£	£	£
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	22a		(928,937)		5,887,784
Return on investments and servicing of finance:					
Interest paid		(642,759)		(779,713)	
Interest received		338,200		570,838	
NET CASH (OUTFLOW) FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			(304,559)		(208,875)
CORPORATION TAX PAID			(1,024,872)		(155,733)
Capital expenditure:					
Purchase of tangible fixed assets		(390,007)		(320,019)	
			(390,007)		(320,019)
Financing:					
Repayment of loan		(1,218,552)		(2,043,956)	
NET CASH (DEFICIT)/SURPLUS FROM FINANCING			(1,218,552)		(2,043,956)
(DECREASE)/INCREASE IN CASH	22b		(3,866,927)		3,159,201
RECONCILIATION OF NET CASH (OUTFLOW)/INFLOW FLOW TO MOVEMENT IN NET DEBT					
(Decrease)/Increase in cash in the year			(3,866,927)		3,159,201
Cash inflow from increase in debt			1,218,552		2,043,956
Change in net debt resulting from cashflow			(2,648,375)		5,203,157
Other loans issued in year not for cash			(1,142,820)		(1,142,819)
Movement in net debt in year	22b		(3,791,195)		4,060,338

Enigma Travel Group Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2009

BASIS OF ACCOUNTING

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

The financial statements have been prepared on a going concern basis. This basis assumes that the parent company will be able to continue in operational existence for the foreseeable future. The validity of this assumption depends on the continued support of the company's subsidiary Esprit Holidays Limited in order for the company to meet its liabilities as and when they fall due. The subsidiary has undertaken to provide this support for the foreseeable future.

Therefore the Directors believe that it is appropriate for the financial statements of the parent to be prepared on a going concern basis.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate those of Enigma Travel Group Limited and all of its subsidiary undertakings for the year. All financial statements are made up to 30 April 2009. As permitted by S408 Companies Act 2006, the company has not presented its own profit and loss account.

All intra group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

PURCHASED GOODWILL

Goodwill representing the excess of the purchase price compared with the fair value of net assets acquired is capitalised and reviewed annually for impairment.

The Directors are of the opinion that such goodwill will sustain its value indefinitely, given the past and planned profit growth path of the company and its position within the market. In accordance with FRS10, the carrying value of purchased goodwill disclosed as an intangible asset in note 10 is reviewed annually for impairment on the basis stipulated in FRS10 and FRS11 and adjusted to the recoverable amount should this be required. In order to give a true and fair view, for the reasons outlined above, this policy departs from the requirement of companies' legislation to amortise goodwill over a finite period. The impact of this departure from the Companies Act was to not charge amortisation of goodwill of £960,117 (2008 £960,155) for the year. The Directors firmly believe this treatment better reflects a true and fair value of the company.

TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at historical cost.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

Fixtures and fittings	-	25% to 50% on cost
Motor vehicles	-	25% on cost
Computer equipment	-	25% on cost

INVESTMENTS

Long term investments are classified as fixed assets. Fixed asset investments are stated at cost in the company balance sheet. Provision is made for any impairment in the value of fixed asset investments.

Enigma Travel Group Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2009

DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

LEASED ASSETS AND OBLIGATIONS

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lesser.

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding.

All other leases are "operating leases" and the annual rentals are charged to the profit and loss account on a straight line basis over the lease term.

RETIREMENT BENEFITS

The group operates a defined contribution pension scheme. The amount charged to the profit and loss account in respect of pension costs and other post retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

TURNOVER

Turnover represents the value of holidays and ancillary products in which the company is regarded as acting as principal. Turnover is recognised on date of departure.

FOREIGN CURRENCIES

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

SHARE BASED PAYMENTS

The group issued equity-settled share based payments to certain employees and has applied the requirements of FRS 20 "share based payments".

The fair value of equity settled share based payments are measured at fair value at the date of grant. The fair value determined at the grant date of equity settled share based payment is expressed on a straight line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

The fair value is measured by use of the Black-Scholes Option pricing model. The expected life in the model has been adjusted, based on management's best estimate, or the effect of non-transferability, exercise restrictions and behavioural considerations.

Enigma Travel Group Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2009

1 TURNOVER

The group's turnover was all derived from its principal activity. Sales were made to the following geographical regions:

	2009 £	2008 £
UK	45,295,386	41,944,053
Europe	5,689,392	4,426,276
	<u>50,984,778</u>	<u>46,370,329</u>

2 OTHER OPERATING EXPENSES

	2009 £	2008 £
Administration expenses	1,849,160	2,401,359
Selling and marketing expenses	549,342	599,810
	<u>2,398,502</u>	<u>3,001,169</u>

3 EXCEPTIONAL ITEMS

Despite entering into a number of hedging contracts to secure foreign currency requirements, the Group was on several occasions required to purchase Euros and Swiss Francs at the prevailing spot rate, which as outlined in the Directors' Report, were at record highs against the weakened pound. As a result, an exchange loss of £2,633,001 was incurred which is considered exceptional by the Directors given this record weakening just prior to the commencement of the season thereby limiting the effectiveness of any response. The exchange loss above was derived due to a difference in the system accounting rate (€1.27/£1), estimated at the time management prepared forecasts, and the actual rate achieved in the market during the year.

As a result of the devaluation of the pound and pricing pressure due to over capacity in the ski market, the French TVA which in normal years would broadly contra against any French TVA liability, resulted in an amount of £388,042 which is unlikely to be recovered and has therefore been written off to the profit and loss account for the year.

The group has historically accrued for overseas employment costs and related taxes. During the year advice has been obtained that indicates that such accruals are no longer required and therefore the cumulative accrual of £707,456 has been released.

4 INVESTMENT INCOME

	2009 £	2008 £
Bank interest receivable	<u>338,200</u>	<u>570,838</u>

Enigma Travel Group Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2009

5	INTEREST PAYABLE	2009 £	2008 £
	On bank loans and overdrafts	538,761	774,554
	On other loans	615	5,159
	Interest on preference shares classified as debt	1,142,820	1,142,820
		<u>1,682,196</u>	<u>1,922,533</u>

6	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2009 £	2008 £
	The profit before taxation was derived from the Group's principal activity		
	Profit on ordinary activities before taxation is stated after charging:		
	Depreciation and amounts written off tangible fixed assets:		
	Charge for the year		
	owned assets	191,841	108,630
	Loss on disposal of tangible fixed assets	-	44,961
	Goodwill amortisation	755	755
	Operating lease rentals:		
	Plant and machinery	4,897	4,897
	Land and buildings	61,840	61,840
	Auditor's remuneration:		
	Baker Tilly UK Audit LLP	26,500	24,500
	Current auditor's remuneration for non audit work:		
	Accountancy and other services	1,650	6,850
	Taxation services	9,500	11,900

Included within auditor's remuneration is £11,000 (2008: £10,000) in respect of the parent company's audit.

7	EMPLOYEES	2009 No.	2008 No.
	The average monthly number of persons (including Directors) employed by the group during the year was:		
	Resort staff	450	414
	Permanent staff	64	60
		<u>514</u>	<u>474</u>
		2009 £	2008 £
	Staff costs for the above persons:		
	Wages and salaries	2,782,917	2,546,646
	Social security costs	144,743	182,239
	Other pension costs	33,141	25,205
	Share based payment cost	36,309	36,609
		<u>2,997,110</u>	<u>2,790,699</u>

Enigma Travel Group Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2009

7 EMPLOYEES (Continued)

	2009 £	2008 £
Directors' emoluments	136,441	305,877
Directors' pension contributions to money purchase schemes	18,000	18,000
	<u>154,441</u>	<u>323,877</u>

The number of Directors accruing pension costs in the year was 3 (2008: 3). No Directors exercised share options in the year (2008: nil) and no share options were awarded to Directors in the year (2008: nil).

	2009 £	2008 £
Directors emoluments disclosed above include the following payments in respect of the highest paid director:		
Emoluments	70,151	110,479
Money purchase pension contributions	6,000	6,000
	<u>76,151</u>	<u>116,479</u>

8 DIVIDENDS

	2009 £	2008 £
14% Cumulative A Preference shares	1,142,820	1,142,820

In accordance with FRS 25, the preference shares have been classified as debt and the resulting preference dividend above is treated as interest accordingly.

9 TAXATION

	2009 £	2008 £
Analysis of the tax charge		
The tax charge on the profit on ordinary activities for the year was as follows:		
Current tax:		
UK corporation tax	50,222	718,292
Adjustments for prior year's tax	(3,041)	(10,708)
	<u>47,181</u>	<u>707,584</u>
Total UK corporation tax	47,181	707,584
Overseas corporation tax	112,552	181,704
Prior year adjustment	39,002	-
	<u>198,735</u>	<u>889,288</u>
Total current tax	198,735	889,288
Deferred tax:		
Transfer (from)/to deferred tax account	(4,802)	7,753
	<u>193,933</u>	<u>897,041</u>
Tax on profit on ordinary activities	193,933	897,041

Enigma Travel Group Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2009

9 TAXATION (Continued)

Factors affecting the tax charge

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2009 £	2008 £
Profit on ordinary activities before tax	(641,675)	1,834,541
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008: 30%/28%)	(179,669)	547,244
Effects of:		
Expenses not allowable for tax purposes	9,941	11,827
Depreciation less than capital allowances	(15,048)	(18,714)
Overseas corporation tax not eligible for double tax relief	27,986	18,736
Preference share dividend	319,990	340,903
Over provision of UK tax in respect of the previous year	(3,041)	(10,708)
Overseas corporation tax prior year adjustment	39,002	-
Effect of lower companies rate	(426)	-
Current tax charge	198,735	889,288

The group has unrelieved management charges of £823,325 (2008: £823,325) and unrelieved foreign taxes paid of £148,942 (2008: £139,596) carried forward.

10 INTANGIBLE ASSETS

Goodwill
£

GROUP COST

At 1 May 2008	19,204,612
Additions during the year	150,000

At 30 April 2009	19,354,612
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AMORTISATION

At 1 May 2009	1,510
Amortisation for year	755

At 30 April 2009	2,265
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CARRYING VALUE

At 30 April 2009	19,352,347
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At 1 May 2008	19,203,102
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Enigma Travel Group Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2009

11 TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Total £
GROUP COST				
At 1 May 2008	460,581	39,488	132,404	632,473
Additions	337,337	-	52,670	390,007
At 30 April 2009	797,918	39,488	185,074	1,022,480
DEPRECIATION				
At 1 May 2008	212,982	31,569	69,142	313,693
Charge for year	156,382	7,454	28,004	191,840
At 30 April 2009	369,364	39,023	97,146	505,533
NET BOOK VALUE				
At 30 April 2009	428,554	465	87,928	516,947
At 1 May 2008	247,599	7,919	63,262	318,780

12 FIXED ASSET INVESTMENTS

	Unlisted investments £
COMPANY	
COST	
At 1 May 2008	22,850,894
Additions	150,000
At 30 April 2009	23,000,894

The company's investments at the balance sheet date in the share capital of companies include the following:

Subsidiary undertakings	Nature of Business	Class of Holdings	% holding
Enigma Holidays Limited	Tour operator	Ordinary	100
Esprit Holidays Limited	Tour operator	Ordinary	100
Esprit Vacations Limited	Tour operator	Ordinary	100
Total Holidays Limited	Dormant	Ordinary	100
Total Vacation Limited	Dormant	Ordinary	100

All the above subsidiaries are registered in England & Wales. The investments in Esprit Holidays Limited and Total Vacations Limited are held by Enigma Holidays Limited. The investment in Esprit Vacations Limited is held by Esprit Holidays Limited and the investment in Total Aviation Limited is held by Total Holidays Limited.

Enigma Travel Group Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2009

13	DEBTORS	Group 2009 £	Company 2009 £	Group 2008 £	Company 2008 £
	Trade debtors	459,513	-	349,842	-
	Other debtors	522,395	-	335,389	-
	Due from subsidiary undertakings	-	156,703	-	2,000,000
	Deferred tax asset	243,243	-	238,441	-
	Prepayments	361,950	-	319,214	-
	Foreign corporation tax	133,171	-	-	-
		<u>1,720,272</u>	<u>156,703</u>	<u>1,242,886</u>	<u>2,000,000</u>
		Group 2009 £	Company 2009 £	Group 2008 £	Company 2008 £
	Included in the above is amounts due in greater than one year:				
	Deferred tax asset	243,243	-	209,846	-
		<u>243,243</u>	<u>-</u>	<u>209,846</u>	<u>-</u>
	Deferred Taxation	Group 2009 £	Company 2009 £	Group 2008 £	Company 2008 £
	Balance at 1 May 2008	238,441	-	246,194	-
	Transfer from/(to) profit and loss account	4,802	-	(7,753)	-
	Balance at 30 April 2009	<u>243,243</u>	<u>-</u>	<u>238,441</u>	<u>-</u>
		Group 2009 £	Company 2009 £	Group 2008 £	Company 2008 £
	The provision for deferred taxation has been made as follows:				
	Excess of tax allowances over depreciation	73,885	-	88,595	-
	On foreign tax recoverable	148,942	-	139,596	-
	On share based payments	20,416	-	10,250	-
		<u>243,243</u>	<u>-</u>	<u>238,441</u>	<u>-</u>

There are tax losses of £788,924 (2008: £788,924) within Enigma Travel Group Limited which have not been recognised as a deferred tax asset as the timing and the recovery of these amounts is still uncertain.

Enigma Travel Group Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2009

14	CREDITORS: Amounts falling due within one year	Group 2009 £	Company 2009 £	Group 2008 £	Company 2008 £
	Bank loan	1,073,333	1,073,333	1,066,667	1,066,667
	Trade creditors	2,400,204	-	1,637,537	-
	UK tax creditor	50,226	-	743,187	-
	Other taxation and social security	47,183	-	844,691	-
	Client holiday deposits	1,011,091	-	1,684,632	-
	Due to subsidiary undertakings	-	2,775,771	-	5,634,813
	Accrued expenses	2,094,820	342,212	2,860,575	278,921
	Other loans	-	-	1,194,885	1,194,885
	Preference share dividends	-	-	460,884	460,884
		<u>6,676,857</u>	<u>4,191,316</u>	<u>10,493,058</u>	<u>8,636,170</u>
15	CREDITORS: Amounts falling due after more than year	Group 2009 £	Company 2009 £	Group 2008 £	Company 2008 £
	Bank loans	5,890,000	5,890,000	6,963,333	6,963,333
	Other loans	1,043,000	1,043,000	-	-
	Preference shares	11,436,000	11,436,000	11,436,000	11,436,000
	Accumulated preference dividends	3,305,037	3,305,037	1,701,333	1,701,333
		<u>21,674,037</u>	<u>21,674,037</u>	<u>20,100,666</u>	<u>20,100,666</u>
	Analysis of debt maturity:				
		Group 2009 £	Company 2009 £	Group 2008 £	Company 2008 £
	Amounts payable:				
	In less than one year or on demand				
		1,073,333	1,073,333	2,722,436	2,722,436
	Between one and two years				
		3,811,255	3,811,255	1,070,000	1,070,000
	Between two and five years				
		13,119,528	13,119,528	11,655,085	11,655,085
	In five years or more				
		4,743,254	4,743,254	7,375,581	7,375,581
		<u>22,747,370</u>	<u>22,747,370</u>	<u>22,823,102</u>	<u>22,823,102</u>
	Amounts repayable other than by instalments falling due after more than five years	3,315,000	3,315,000	3,315,000	3,315,000
	Amounts repayable by instalments, the amount falling due after more than five years	1,428,254	1,428,254	4,060,581	4,060,581
	Analysis of debt maturity	<u>4,743,254</u>	<u>4,743,254</u>	<u>7,375,581</u>	<u>7,375,581</u>

Enigma Travel Group Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2009

15 CREDITORS: Amounts falling due after more than year (Continued)

Preference Shares

The A preference shares carry a 14% cumulative dividend until 1 October 2011 or later if repayment is not made at the due date. The dividends for the years to 30 April 2009 and 60% of ongoing dividends are to be rolled into the repayment terms of the A preference shares as set out below. The remaining 40% of ongoing dividends are payable as and when they become due. The A preference shares are repayable in 8 equal half yearly instalments commencing on 1 April 2011, or earlier at the company's request provided that 75% of the A preference shareholders and 50% of the B preference shareholders vote in agreement with this proposal. The preference shares will be redeemed before any listing or share sale event unless 75% of the A preference shareholders give notice in writing to the contrary.

On a winding up or liquidation of the company the A preference shareholders rank in priority to all other shareholders for the repayment of the issue price of the A preference shares and any accrued dividend, including interest.

The A preference shareholders are not entitled to receive notice, attend or vote at any general meeting of the shareholders.

The B preference shareholders are not entitled to any dividend and are not entitled to receive notice, attend or vote at any general meeting of the shareholders. The B preference shareholders will be redeemed before any listing or share sale event provided that the A preference shareholders have been redeemed.

On a winding up or liquidation of the company the B preference shareholders rank second to the A preference shareholders but in priority to all other shareholders for the repayment of the issue price of each B preference share.

No preference shares will be redeemed without the prior approval of the Civil Aviation Authority.

Bank loans

Bank loans repayable by instalments carry interest at Libor plus a variable rate between 1.875% and 2.0% depending upon the company return of debt to profitability, this was not less than 2.375% for the first year to 22 June 2008. Bank loans are principally secured by a charge over the shares of the wholly owned subsidiary companies, a cross guarantee by Enigma Travel Group Ltd and Enigma Holidays Ltd and a debenture creating a fixed and floating charge over Enigma Travel Group Limited's assets in respect of the groups borrowings.

In order to mitigate the interest rate risk on the bank loans repayable by instalments the company has entered into an interest rate swap agreement where each quarter the company will receive or pay the difference on the interest on the notional capital sums detailed below at a fixed rate of 5.295% compared to the LIBOR rate. During the year the company paid £28,073 and received £12,034 in respect of this arrangement.

31 August 2007 to 31 May 2007	£4,000,000
31 May 2007 to 30 May 2008	£3,573,333
30 May 2008 to 29 May 2009	£3,146,666
29 May 2009 to 28 August 2009	£2,613,333

Enigma Travel Group Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 April 2009

16 OBLIGATIONS UNDER OPERATING LEASES

Group	Land and buildings		Other operating leases	
	2009	2008	2009	2008
	£	£	£	£
Expiring:				
Within one year	-	-	3,468	-
Between one and five years	61,840	61,840	-	4,897
	<u>61,840</u>	<u>61,840</u>	<u>3,468</u>	<u>4,897</u>
Company	Land and buildings		Other operating leases	
	2009	2008	2009	2008
	£	£	£	£
Expiring:				
Within one year	-	-	-	-
Between one and five years	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

17 CALLED UP SHARE CAPITAL	Group		Company	
	2009	2009	2008	2008
	£	£	£	£
Authorised				
Equity shares				
7,200,000 A Ordinary shares of £0.01 each	72,000	72,000	72,000	72,000
7,500,000 B Ordinary shares of £0.01 each	75,000	75,000	75,000	75,000
300,000 C Ordinary shares of £0.01 each	3,000	3,000	3,000	3,000
	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>
Allotted, called up and fully paid				
Equity shares				
7,200,000 A Ordinary shares of £0.01 each	72,000	72,000	72,000	72,000
7,500,000 B Ordinary shares of £0.01 each	75,000	75,000	75,000	75,000
	<u>147,000</u>	<u>147,000</u>	<u>147,000</u>	<u>147,000</u>
Shares classified as debt				
8,163,000 A Preference shares of £1 each	8,163,000	8,163,000	8,163,000	8,163,000
3,315,000 B Preference shares of £1 each	3,315,000	3,315,000	3,315,000	3,315,000
	<u>11,478,000</u>	<u>11,478,000</u>	<u>11,478,000</u>	<u>11,478,000</u>

Enigma Travel Group Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2009

17 CALLED UP SHARE CAPITAL (cont'd.)

The A, B and C Ordinary shares rank pari passu in respect of all voting, except as noted below and repayment rights on a liquidation or winding up.

If a material default has occurred the A Ordinary shares will be deemed to have one vote in excess of 95% of all the exercisable votes until such time as the material default has been waived by the majority shareholders or rectified or the majority shareholders cancel their voting adjustment.

18 RESERVES	Group 2009 £	Company 2009 £	Group 2008 £	Company 2008 £
Share option reserve:				
1 May 2008	36,609	-	-	-
Share option reserve for option granted during the year	36,309	-	36,609	-
30 April 2009	<u>72,918</u>	<u>-</u>	<u>36,609</u>	<u>-</u>
Profit and loss:				
1 May 2008	2,478,530	(3,796,736)	1,541,030	(1,808,220)
Retained (loss)/profit for the year	(835,608)	2,248,559	937,500	(1,988,516)
30 April 2009	<u>1,642,922</u>	<u>(1,548,177)</u>	<u>2,478,530</u>	<u>(3,796,736)</u>

19 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	Group 2009 £	Company 2009 £	Group 2008 £	Company 2008 £
(Loss)/profit for the financial year	(835,608)	2,248,559	937,500	(1,988,516)
Equity share capital issued during the period	-	-	-	-
	<u>(835,608)</u>	<u>2,248,559</u>	<u>937,500</u>	<u>(1,988,516)</u>
Share option reserve for option granted during the year	36,309	-	36,609	-
Net (depletion)/addition to shareholders' funds	(799,299)	2,248,559	974,109	(1,988,516)
Opening shareholders' funds	2,662,139	(3,649,736)	1,688,030	(1,661,220)
	<u>1,862,840</u>	<u>(1,401,177)</u>	<u>2,662,139</u>	<u>(3,649,736)</u>

20 CAPITAL COMMITMENTS

The company has entered into no formal exchange contracts to buy or sell currencies at the year end.

Enigma Travel Group Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2009

21	(LOSS)/PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY	Group 2009 £	Company 2009 £	Group 2008 £	Company 2008 £
	Dealt with in the financial statements of the parent company	(1,765,760)	2,248,559	(1,988,516)	(1,988,516)
	Retained by subsidiary undertakings	930,152	-	2,926,016	-
		<u>(835,608)</u>	<u>2,248,559</u>	<u>937,500</u>	<u>(1,988,516)</u>

22. CASH FLOWS

	2009 £	2008 £
a. Reconciliation of operating profit to net cash (outflow)/inflow from operating activities		
Operating profit	702,321	3,186,236
Depreciation and amortisation	192,595	109,385
Loss on disposal of fixed assets	-	44,961
Share based payment cost	36,309	36,609
(Increase)/decrease in debtors	(344,215)	480,634
(Decrease)/increase in creditors	(1,515,947)	2,029,959
Net cash flow from operating activities	<u>(928,937)</u>	<u>5,887,784</u>

b. Reconciliation of net debt

	At 1 May 2008 £	Cash flow £	Other non cash changes £	At 30 April 2009 £
Cash in hand and at bank	12,491,095	(3,866,927)	-	8,624,168
Debt due after 1 yr	(20,100,666)	-	(1,573,371)	(21,674,037)
Debt due within 1 yr	(2,722,436)	1,218,552	430,551	(1,073,333)
	<u>(22,823,102)</u>	<u>1,218,552</u>	<u>(1,142,820)</u>	<u>(22,747,370)</u>
Total	<u>(10,332,007)</u>	<u>(2,648,375)</u>	<u>(1,142,820)</u>	<u>(14,123,202)</u>

c. Non cash movements

The total preference dividend arising in the financial year of £1,142,820 has been rolled into the final liability arising on redemption.

Enigma Travel Group Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2009

23 SHARE BASED PAYMENTS

Equity settled share based payment transactions

Movement in outstanding options:

	2009 Options (Number)	2009 Weighted average exercise price (£)	2008 Options (Number)	2008 Weighted average exercise price (£)
Outstanding at 1 May	178,125	0.52	-	-
Granted during the year	-	-	178,125	0.52
Exercised during the year	-	-	-	-
Outstanding at 30 April	<u>178,125</u>	<u>0.52</u>	<u>178,125</u>	<u>0.52</u>

The average contractual life of the options standing at 30 April 2009 is indefinite as there is no acquisition date of the options, except on termination of employment.

Share based payments on options not exercised are credited to share option reserve.

Share options granted before November 2002 have not been included in the calculation of the share based payment cost as allowed by FRS20.

Share options are granted to employees of Esprit Holidays Limited to purchase shares in Enigma Travel Group Limited. Shares will be exercised from existing shares held by P R Dyer so no additional shares will be issued.

Profit and loss account

A charge to the profit and loss account has been made for options issued on or after the start date of the scheme, prorated in relation to the vesting period of 2 years.

The inputs into the Black-Scholes model are as follows:

Weighted average share price	£0.52
Weighted average exercise price	£0.01
Expected volatility	20 – 70%
Expected life	2 years
Risk free rate	5.5%

Expected volatility was determined by calculating the volatility of the group's returns of the Share.

Vesting requirements

The completion of any sale, transfer, issue, allotment or renunciation in the shares of the company leading to a controlling interest being obtained by a person not already a shareholder at the date of the agreement, or a listing on a recognised stock exchange.

Enigma Travel Group Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2009

24 RELATED PARTY DISCLOSURES

During the year the Group paid £4,476 (2008: £4,177) to P R Dyer towards the rent of a motor vehicle, and paid £85,433 (2008: £73,077) towards the rent of a chalet owned by A Perrin and P R Dyer.

The company has obtained the exemption available in respect of disclosing transactions with the group members of Enigma Travel Group Limited as consolidated accounts are prepared.

The £151,885 3.09% unsecured guaranteed loan stock that was held by Mr A M Appleton, a director of the company, was redeemed during the first quarter.

Also within other loans is £1,043,000 unsecured loan stock held by the holders of the company's A ordinary shares, including the Directors. The Directors' interests at both year ends are as follows:

	£
Mr A M Appleton	87,264
Mr P R Dyer	689,440
Mr A Perrin	196,422

ISIS EP LLP, a shareholder of the company, received monitoring fees of £54,213 (2008: £59,471) in the year.