

SAGA CRUISES III LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 JANUARY 2009



Company Registration Number: 6564417

SAGA CRUISES III LIMITED

Directors' report

Directors:	J Duguid	(appointed 14 April 2008)
	G Laversuch	(appointed 15 April 2008)
	S M Howard	(appointed 14 April 2008)

Secretary:	J Davies	(appointed 14 April 2008)
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Registered Office: Enbrook Park, Folkestone, Kent CT20 3SE

The Directors submit their report together with audited financial statements for the period ended 31 January 2009.

Results and dividends

The loss before taxation for the period amounts to £178,000. After taxation, a loss of £193,000 has been taken to reserves. No dividends have been paid in the period.

Principal activity and review of business

The Company's principal activity will be the chartering out of a cruise ship to its parent company Acromas Shipping Limited (formerly Saga Shipping Company Limited).

The Directors consider the results for the period to be satisfactory. The Directors anticipate further development of the business in the coming period when it acquires a cruise ship.

The Company was incorporated on 14 April 2008.

SAGA CRUISES III LIMITED
Directors' report continued

Statement of directors' responsibilities

The Directors are required by law to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of the profit or loss for the period.

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). The Directors confirm that the accounting policies are appropriate to the Company's business and have been applied consistently. In preparing the financial statements for the period, the Directors have made reasonable and prudent judgements, have ensured that applicable accounting standards have been followed and confirm that it is appropriate to prepare the financial statements on a going concern basis.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to the auditors

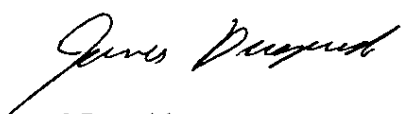
Each current Director has made enquiries of their fellow directors and the Company's auditor and taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Relevant audit information is that information needed by the auditor in connection with preparing its report. So far as each director approving this report is aware, and based on the above steps, there is no relevant audit information of which the auditor is unaware.

Auditors

In accordance with section 487(2) of the Companies Act 2006, the Auditors Ernst & Young LLP are deemed re-appointed.

By order of the Board



J Duguid
Director
9 July 2009

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SAGA CRUISES III LIMITED

We have audited the Company's financial statements for the period ended 31 January 2009 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Reconciliation of Shareholders' Funds, the Balance Sheet and the related notes 1 to 14. 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 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

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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 whether in our opinion the information given in the Directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:- (a) the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 January 2009 and of its loss for the period then ended; (b) the financial statements have been properly prepared in accordance with the Companies Act 1985; and (c) the information given in the Directors' Report is consistent with the financial statements.

Ernst & Young LLP
Registered Auditor
London

14 July 2009

SAGA CRUISES III LIMITED**Profit and loss account for the ten month period ended 31 January 2009**

	Notes	2009 £'000
Other operating income	2	53
Operating profit		<u>53</u>
Loss on disposal of fixed assets	7	(231)
Loss on ordinary activities before taxation	3	(178)
Taxation	6	(15)
Retained loss for the financial period	11	<u>(193)</u>

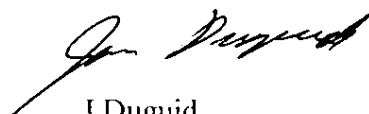
There were no recognised gains or losses other than the amounts included above.

Reconciliation of shareholders' funds	2009 £'000
Total recognised gains and losses relating to the period	(193)
Issue of ordinary share capital	-
Net movement in shareholders' funds	<u>(193)</u>
Shareholders' funds brought forward	-
Shareholders' deficit carried forward	<u>(193)</u>

SAGA CRUISES III LIMITED
Balance sheet as at 31 January 2009

	Notes	2009
		£'000
Fixed Assets		
Tangible assets	7	-
		-
Current assets		
Debtors	8	7
Cash on deposit		2,712
		2,719
Creditors - amounts falling due within one year	9	(2,912)
Net current liabilities		(193)
Total assets less current liabilities		(193)
Capital and reserves		
Called-up share capital	10	-
Profit and loss account	11	(193)
Shareholders' deficit		(193)

Signed for and on behalf of the Board by



J Duguid
 Director
 9 July 2009

SAGA CRUISES III LIMITED
Notes to the financial statements

1 Accounting policies

a) Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards as defined in the Companies Act 1985 s.256.

b) Cash flow statement

The Directors have taken advantage of the exemption available under FRS 1 (Cash flow statements) of the requirement to prepare a cash flow statement as a consolidated cash flow statement has been presented in the financial statements of the ultimate parent undertaking, Acromas Holdings Limited.

c) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such costs include costs directly attributable to making the asset capable of operating as intended. The cost of fixed assets less their expected residual value is depreciated by equal instalments over their useful economic lives. These lives are as follows:

Cruise ship	2 – 13 years
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Costs relating to mandatory cruise-ship dry-dockings are capitalised and depreciated over the period up to the next dry-dock. The carrying values of fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

d) Interest income

Revenue is recognised as interest accrues.

2 Other operating income

	2009
	£'000
Interest on deposits	53
	<u>53</u>

3 Operating profit

	2009
	£'000
Operating profit is stated after charging:	
Fees for the audit of the Company	<u>5</u>

Any fees paid to the Company's auditor, Ernst & Young LLP, for services other than the statutory audit of the Company are not disclosed in these financial statements since the consolidated financial statements of the ultimate parent undertaking, Acromas Holdings Limited, are required to disclose non-audit fees on a consolidated basis. The fees for the audit of the Company have been borne by its immediate parent company, Acromas Shipping Limited (formerly Saga Shipping Company Limited).

SAGA CRUISES III LIMITED

Notes to the financial statements continued

4 Staff costs

The Company does not employ any staff.

5 Directors emoluments

J Duguid and G Laversuch are remunerated by Acromas Shipping Limited (formerly Saga Shipping Company Limited) and S Howard is remunerated by Saga Group Limited, fellow subsidiarys of the ultimate holding company, Acromas Holdings Limited. The emoluments of these Directors are not recharged to the Company and neither of these Directors received any emoluments during the period in respect of their services as a Director of the Company.

6 Taxation

	2009
	£'000
UK corporation tax at 28.33% – current period – current tax	15
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Reconciliation of Current Tax Charge:-	2009
	£'000
Pre-tax losses at 28.33%	(50)
Permanent differences	65
Current tax charge for the period	15
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The UK corporation tax rates have decreased from 30% to 28% from 1 April 2008. This rate change will affect the amount of future tax payments to be made by the company for group losses surrendered.

Other than this, there are no circumstances foreseen that are expected to materially impact future tax charges.

SAGA CRUISES III LIMITED
Notes to the financial statements continued

7	Tangible fixed assets	Cruise Ship £'000
	Cost	
	As at 14 April 2008	-
	Additions	231
	Disposals	<u>(231)</u>
	At 31 January 2009	<u>-</u>
	Depreciation	
	As at 14 April 2008	-
	Charge for the year	231
	Disposals	<u>(231)</u>
	At 31 January 2009	<u>-</u>
	Net book amount	
	At 31 January 2009	<u>-</u>
	Net book amount	
	At 14 April 2008	<u>-</u>
8	Debtors	2009 £'000
	Other debtors	<u>7</u>
		<u>7</u>
9	Creditors – amounts falling due within one year	2009 £'000
	Amount owed to Group undertakings	<u>2,912</u>
		<u>2,912</u>
10	Called up share capital	2009 £
	Authorised	
	100 ordinary shares of £1 each	<u>100</u>
	Allotted and fully paid	£
	100 ordinary shares of £1 each	<u>100</u>

SAGA CRUISES III LIMITED

Notes to the financial statements continued

11	Profit and loss account	2009
		£'000
	Retained loss for the period	(193)
	At 31 January	<u>(193)</u>

12 Related party transactions

The Company has taken advantage of the exemption within FRS 8 (Related party disclosures) in not disclosing transactions with other entities in the Acromas group of companies.

13 Ultimate parent undertaking

The immediate parent undertaking is Acromas Shipping Limited (formerly Saga Shipping Company Limited), a company which is registered in England. The Company is wholly owned by Acromas Shipping Limited (formerly Saga Shipping Company Limited).

The financial statements of the Company have been consolidated in the group financial statements of Acromas Holidays Limited (formerly Saga Holidays Limited, a parent undertaking) and Acromas Holdings Limited (the ultimate parent undertaking), both of which are registered in England. Acromas Holidays Limited (formerly Saga Holidays Limited) is the parent company of the smallest group of which the Company is a member and for which group financial statements are prepared.

14 Ultimate controlling party

The Directors consider the ultimate controlling party to be funds advised by Charterhouse General Partners, CVC Capital Partners and Permira Advisers acting in concert.