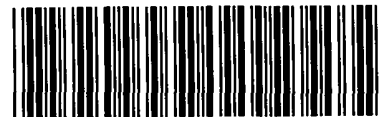


TUI Travel Overseas Holdings Limited
Reports of the Directors and financial statements
for the year ended 30 September 2015
Company number 4998708

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TUI Travel Overseas Holdings Limited
Reports of the Directors for the year ended 30 September 2015

The Directors present their report and the audited financial statements of TUI Travel Overseas Holdings Limited ("the Company") for the year ended 30 September 2015.

STRATEGIC REPORT

The principal activity of the Company continued to be that of an intermediate holding company within the TUI AG group of companies ("the Group").

Review of the business

The Company's loss on ordinary activities before taxation for the year ended 30 September 2015 was £93,802,088 (2014: £10,143,515 loss). No dividends were paid during the year (2014: £nil) and the Directors do not recommend the payment of a final dividend.

The Company's direct and indirect trading subsidiaries, joint ventures and associates are mainly overseas tour operating and destination and services businesses across the Group together with their intermediate holding companies. A list of undertakings is provided in Notes 7, 8 and 9 of these financial statements.

Since the Company is an intermediate parent company, the Company's business performance and key performance indicators are driven by both the underlying operating performance of its subsidiaries and the capital structure of the Company. Amounts written off investments for the year ended 30 September 2015 totalled £45,638,619 (2014: £2,342,465) following reviews of the carrying value of all its investments, further details of which are included in Notes 7, 8 and 9 of these financial statements.

During the year the Company increased its investments into subsidiaries, joint ventures and associates by £12,805,564, including a total of £10,994,968 being invested through the year in Karisma Hotels Caribbean S.A. joint venture to fund the development of the Azul Resort Punta Cana in the Dominican Republic and the building of two five star hotels. Details of the Company's investments, including additions are provided in Notes 7, 8 and 9 of the financial statements. These investments were funded via the issuance of 12,742,408 ordinary £1 shares to its parent company TUI Travel Limited during the year for total consideration of £12,742,408, details of which can be found in Note 13.

An impairment review of amounts owed by Group undertakings indicated that amounts due from Group undertakings in Tunisia, Croatia, Turkey and Greece totalling £40,088,599 were unlikely to be recoverable and have therefore been written down to nil.

Total interest payable for the year totalled £6,907,044 (2014: £7,885,516) on bank loans and amounts owed to Group undertakings (including intra-group loans) as at 30 September 2015 of £84,045,507 (2014: £92,070,865), details of which are in Note 12 of these financial statements.

At 30 September 2015, the Company had net liabilities of £28,335,650 (2014: net assets £51,066,471). The financial statements are prepared on the going concern basis as the ultimate parent company, TUI AG, has agreed to provide financial support to the Company in order that it can continue to trade and meet its liabilities as they fall due.

To effectively measure the development, performance and position of the Company, the following Key Performance Indicators (KPIs) are of most relevance.

	Year ended		Year ended
	30 September 2015		30 September 2014
	£		£
Loss on ordinary activities before taxation	(93,802,088)		(10,143,515)
Net (liabilities) / assets	(28,335,650)		51,066,471

As the Company does not employ personnel or provide tour operating services itself, analysis of the Company's performance using KPIs relating to environmental and employee matters are not considered relevant.

The Directors consider the future outlook of the Company to be satisfactory. Details of post balance sheet events are included in Note 16 of these financial statements.

Review of the business (continued)

Principal risks and uncertainties

The principal risks and uncertainties which are common to the TUI AG group of companies ("the Group") and the Company are:

- **Profitability of the Company's subsidiaries and dividends received.** Dividends received from the Company's subsidiaries are variable and the timing and amount of each dividend is dependent upon the long-term success and profitability of each subsidiary. Since the majority of the Company's profits are generated by dividends received from its subsidiaries, the Company's profitability from one year to another can therefore vary significantly.
- **Recoverability of the carrying value of investments.** The Company provides capital to its subsidiary undertakings when necessary in order to promote their long-term development and success. The recoverability of each investment will depend upon this long-term success and the future cash flows that are expected to be generated by each subsidiary. To the extent that the future cash flows do not support the carrying value of the investment, an impairment is required to be recognised in the Company's profit and loss account.
- **Capital structure and funding.** The Company is dependent upon access to funding in the form of both capital from its immediate parent company and long-term interest-bearing loans from a fellow Group subsidiary. To the extent that funding of the Company is by way of long term loans, the profitability of the Company is dependent upon the rates of interest charged, which are periodically re-set to ensure they remain at market levels. An increase in market rates would therefore reduce the profitability of the Company.

During the year, the Directors managed these risks and uncertainties of the Company in co-ordination with the Directors of the Group. Further information on these risks, together with how these are mitigated, can be found on pages 97-114 of the TUI AG Annual Report and Accounts, 2014/15. Details of where these financial statements can be obtained are in Note 18 of the financial statements.



A K Jarvis
Director

Company Number 4998708

Dated 27 June 2016

DIRECTORS' REPORT

Directors

The Directors of the Company at the date of this report are:

D Burling	(appointed 16 December 2015)
A K Jarvis	(appointed 16 December 2015)
T Woelke	(appointed 21 January 2015)

Other Directors who served during the year were:

J Walter	(resigned 18 December 2015)
RS Wheatley	(resigned 23 January 2015)

Business review

A fair review of the business, including an analysis of the development, performance and financial position of the Company, together with key performance indicators and a description of the principal risks and uncertainties facing the Company, has been included within the Strategic Report.

Independent auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and PricewaterhouseCoopers LLP will therefore continue in office.

Directors' insurance

From 1 October 2014 to 11 December 2014, the intermediate parent company, TUI Travel PLC (now TUI Travel Limited), maintained Directors' and Officers' Liability insurance policies on behalf of the Directors of the Company. Following the merger of TUI Travel PLC and TUI AG on 11 December 2014, until the date of approval of these financial statements, the ultimate parent company, TUI AG, maintained these insurance policies. These policies meet the Companies Act 2006 definition of a qualifying third party indemnity provision.

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.

Intention to adopt FRS 101

Following the publication by the Financial Reporting Council of FRS 100, 'Application of financial reporting requirements', the Company is permitted to adopt FRS 101, 'Reduced disclosure framework' ("FRS 101") as its accounting framework for the preparation of its entity financial statements for the financial year ending 30 September 2016.

The Directors of the Company consider that it is in the best interests of the Company and the TUI Group to adopt FRS 101 as its accounting framework for the financial year ending 30 September 2016 and hereby notifies its shareholder that it intends to do so.

As TUI Travel Limited is the holder of all of the issued shares of the Company, TUI Travel Limited is entitled to serve an objection to the use of FRS 101 as the Company's accounting framework. Should TUI Travel Limited choose to object to the use of FRS 101, objections should be made in writing to the Company's registered office address by no later than 30 September 2016.

On the basis that no objection is received, the Company's use of FRS 101 as the accounting framework is expected to remain in force for the foreseeable future or until the date that TUI Travel Limited is no longer a shareholder of the Company.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' report, strategic 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 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 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 accounting estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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 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.

Funding and liquidity and going concern

The Directors have considered the funding and liquidity position of the Company. Following this review, the Directors consider it appropriate to continue to prepare the financial statements on the going concern basis (see Note 1).

On behalf of the Board



A K Jarvis
Director

Company Number 4998708

Dated 27 June 2016

Report on the financial statements

Our opinion

In our opinion, TUI Travel Overseas Holdings Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 30 September 2015 and of its 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.

What we have audited

The financial statements, included within the Reports of the Directors and financial statements (the "Annual Report"), comprise:

- the Balance sheet as at 30 September 2015;
- the Profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' responsibilities set out on page 4, 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

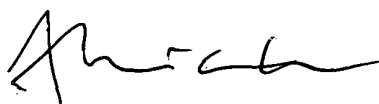
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Archie Wilson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Uxbridge

28 June 2016

TUI Travel Overseas Holdings Limited
Profit and loss account for the year ended 30 September 2015

	Note	Year ended 30 September 2015 £	Year ended 30 September 2014 £
Administrative expenses – non exceptional		(1,252,746)	(795,592)
Administrative expenses - exceptional	2	(40,088,599)	-
Administrative expenses - total		<u>(41,341,345)</u>	<u>(795,592)</u>
Operating loss		(41,341,345)	(795,592)
Income from shares in Group undertakings	2	40,201	880,036
Interest receivable and similar income	3	44,719	22
Amounts written off investments	7,8,9	(45,638,619)	(2,342,465)
Interest payable and similar charges	4	<u>(6,907,044)</u>	<u>(7,885,516)</u>
Loss on ordinary activities before taxation	2	(93,802,088)	(10,143,515)
Tax on loss on ordinary activities	5	1,657,559	3,350,857
Loss for the financial year	14	<u>(92,144,529)</u>	<u>(6,792,658)</u>

The results stated above are all derived from continuing operations.

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

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

TUI Travel Overseas Holdings Limited
Balance sheet as at 30 September 2015

		30 September 2015	30 September 2014
	Note	£	£
Fixed assets			
Intangible assets	6	103,970	115,312
Investments in subsidiaries	7	36,841,576	74,016,250
Investments in joint ventures	8	6,379,225	-
Investments in associates	9	26,644,087	28,681,693
		69,968,858	102,813,255
Current assets			
Debtors	10	4,859,991	47,280,751
Cash at bank and in hand		28	60,147
		4,860,019	47,340,898
Creditors: amounts falling due within one year	11	(63,907,632)	(14,770,851)
Net current (liabilities) / assets		(59,047,613)	32,570,047
Total assets less current liabilities		10,921,245	135,383,302
Creditors: amounts falling due after more than one year	12	(39,256,895)	(84,316,831)
Net (liabilities) / assets		(28,335,650)	51,066,471
Capital and reserves			
Called up share capital	13	78,342,947	65,600,539
Profit and loss account	14	(106,678,597)	(14,534,068)
Total shareholders' (deficit) / funds	15	(28,335,650)	51,066,471

The notes on pages 8 to 18 form part of these financial statements.

The financial statements on pages 6 to 18 were approved by the Board on 27 June 2016 and signed on their behalf by:



A K Jarvis
Director

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

These financial statements have been prepared on the going concern basis, under the historical cost convention, and in accordance the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group. Under Financial Reporting Standard 1 (revised 1996) the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

Going concern

At 30 September 2015 the Company had net current liabilities and net liabilities. The financial statements are prepared on the going concern basis as the ultimate parent company, TUI AG, has agreed to provide financial support to the Company in order that it can continue to trade and meet its liabilities as they fall due, for a period of at least 12 months from the date of approval of these financial statements.

Investments

Investments are stated at cost less provision for diminution in value. The carrying amounts of the Company's investments are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable. If such an indication exists, the investment's recoverable amount is estimated. An impairment loss is recognised in the profit and loss account whenever the carrying amount of an investment exceeds its recoverable amount.

Foreign currency translation

Transactions in foreign 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 or at a contractual rate if applicable. Any exchange differences arising are taken to the profit and loss account.

Taxation

Taxation comprises current tax. Current tax is the expected tax payable (or recoverable) for the current year, and any adjustment to tax payable in respect of previous years, using the average tax rate for the year.

Licences

Licences are stated at historical purchase cost less accumulated amortisation. Amortisation of licences are charged on a straight-line basis over the licence period.

2. Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after (charging)/crediting:

	Year ended 30 September 2015 £	Year ended 30 September 2014 £
Impairment of investments (Notes 7, 8 and 9)	(45,638,619)	(2,342,465)
Amortisation of intangible fixed assets (Note 6)	(11,342)	(11,342)
Income from shares in group undertakings	40,201	880,036
Management charges	(1,239,519)	(782,403)
Impairment of amounts owed by group undertakings – exceptional administrative expenses (Note 10)	(40,088,599)	-

2. Loss on ordinary activities before taxation (continued)

At 30 September 2015, amounts owed by Group undertakings totalling £40,088,599 were fully impaired following a review for recoverability, as it was considered unlikely that these amounts can be recovered.

Income from shares in Group undertakings represents a dividend of £40,201 (2014: £82,162) received from Tantar Turizm Seyahat AS. Additional dividends were received in 2014 from Magic Life Hotels SL of £632,525 prior to its liquidation and a distribution on the dissolution of Magic Life Hotels SL of £165,349.

The audit fee for 2015 was £15,000. In 2014, it was not possible to separately identify the audit fee relating to the entity. These fees have been borne by another Group company in both years and have not been recharged to the Company.

There were no employees of the Company in the years ending 30 September 2015 and 2014.

The remuneration of the Directors was paid by another Group company, which makes no recharge to the Company, and the Directors received no remuneration for their services as Directors of the Company. These Directors are also Directors of a number of companies within the Group, and it is therefore not possible to make an apportionment of their remuneration in respect of the Company and each of the Group companies of which they are a Director.

3. Interest receivable and similar income

	Year ended 30 September 2015 £	Year ended 30 September 2014 £
Interest received from Group undertakings	44,719	-
Bank interest received	-	22
	<u>44,719</u>	<u>22</u>

4. Interest payable and similar charges

	Year ended 30 September 2015 £	Year ended 30 September 2014 £
Foreign exchange loss	1,832,825	2,787,481
Bank loans and overdrafts	109,574	43,697
Payable to Group undertakings	4,964,645	5,054,338
	<u>6,907,044</u>	<u>7,885,516</u>

5. Tax on loss on ordinary activities

(i) Analysis of tax credit in the year

	Year ended 30 September 2015 £	Year ended 30 September 2014 £
Current tax:		
- Amount receivable from fellow subsidiaries for group relief	(1,663,589)	(1,909,839)
- Adjustments in respect of prior periods	-	(1,453,342)
- Foreign tax suffered	6,030	12,324
Total current tax	<u>(1,657,559)</u>	<u>(3,350,857)</u>
Tax credit on loss on ordinary activities	<u>(1,657,559)</u>	<u>(3,350,857)</u>

5. Tax on loss on ordinary activities (continued)

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

The current tax credit (2014: credit) for the year is higher than (2014: lower than) the standard rate of corporation tax in the UK of 20.5% (2014: 22%). The differences are shown below:

	Year ended 30 September 2015 £	Year ended 30 September 2014 £
Loss on ordinary activities before taxation	<u>(93,802,088)</u>	<u>(10,143,515)</u>
Loss on ordinary activities at the standard rate of UK corporation tax of 20.5% (2014: 22%)	(19,229,428)	(2,231,573)
Effects of:		
- Expenses not deductible for tax purposes	17,574,080	515,342
- Income not taxable	(8,241)	(193,608)
- Foreign tax suffered	6,030	12,324
- Adjustments in respect of prior periods	-	(1,453,342)
Current tax credit for year	<u>(1,657,559)</u>	<u>(3,350,857)</u>

(iii) Factors affecting the future tax charge

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

Proposals to reduce the main UK corporation tax to 19% on 1 April 2017 and 17% on 1 April 2020 had not been substantively enacted at the balance sheet date and are therefore not included in these financial statements.

These reductions may reduce the Company's future current tax charge accordingly, however it has not yet been possible to quantify the full anticipated effect of the announced further rate reduction. Although this should further reduce the Company's future current tax charge accordingly, it is estimated that this will not have a material effect on the Company.

There are no unrecognised deferred tax assets nor unprovided deferred tax liabilities at either 30 September 2014 or 30 September 2015.

6. Intangible assets

	Licences £
Cost:	
1 October 2014 and 30 September 2015	<u>170,132</u>
Accumulated amortisation:	
1 October 2014	(54,820)
Charge for the year	(11,342)
30 September 2015	<u>(66,162)</u>
Net book value :	
30 September 2015	<u>103,970</u>
30 September 2014	<u>115,312</u>

The Company purchased a 15-year licence in January 2010 to use the Williment Travel Group Limited (a fellow Group subsidiary) trademarks. Amortisation of the licence is charged on a straight-line basis over the licence period.

7. Investments in subsidiaries

	Investments in subsidiary undertakings £
Cost:	
As at 1 October 2014	78,696,571
Additions	1,022,450
As at 30 September 2015	<u>79,719,021</u>
Impairments:	
As at 1 October 2014	(4,680,322)
Impairments in the year	(38,197,124)
As at 30 September 2015	<u>(42,877,445)</u>
Net book value:	
As at 30 September 2015	<u>36,841,576</u>
As at 30 September 2014	<u>74,016,250</u>

Additions in investments in subsidiaries comprise the following transactions which occurred during the year ended 30 September 2015:

Date of acquisition	Investment	Shares acquired (number)	Total consideration £
16 October 2014	Follow Coordinate Hotels Portugal Unipessoal Lda	50,000	39,407
2 March 2015	Meetings and Events International Limited	476,567	476,567
2 March 2015	TT Hotels Italia S.r.l	700,000	506,476
			<u>1,022,450</u>

Amounts provided during the year:

Following a review of the recoverable value of the Company's investments in subsidiaries, the following impairments have been charged to the profit and loss account in the year:

	£
Follow Coordinate Hotels Portugal Unipessoal Lda	39,407
Meetings and Events International Limited	476,567
TUI Holdings (Australia) Pty Limited	4,358,176
TT Hotels Italia S.R.L.	515,577
TT Hotels Turkey Otel Hizmetleri Turizm ve Ticaret Anonim Sirketi	32,807,397
	<u>38,197,124</u>

An impairment of £39,407 has been charged in respect of the investment in Follow Coordinate Hotels Portugal Unipessoal Lda so as to reduce the net book value to £nil, as this is considered to be the recoverable value.

An impairment of £476,567 has been charged in respect of the investment in Meetings and Events International Limited so as to reduce the net book value to £nil, as this is considered to be the recoverable value following a review of the future profitability of that company.

An impairment of £4,358,176 has been charged in respect of the investment in TUI Holdings (Australia) Pty Limited so as to reduce the net book value to £5,509,824, as this is considered to be the recoverable value. This amount has been calculated using that company's net assets from its most recently available balance sheet (30 September 2014) updated for known transactions, as that company no longer has any trading activity itself.

An impairment of £515,577 has been charged in respect of the investment in TT Hotels Italia Srl so as to reduce the net book value to £nil, as this is considered to be the recoverable value.

7. Investments in subsidiaries (continued)

An impairment of £32,807,397 has been charged in respect of the investment in TT Hotels Turkey Otel Hizmetleri Turizm Ve Ticaret Anonim Sirketi so as to reduce the net book value to £nil, as this is considered to be the recoverable value.

Following the impairments charged to the profit and loss during the year, the Directors believe that the book values of the investments in subsidiaries are supported by their underlying net assets.

Investments in subsidiary undertakings at 30 September 2015:

Name of Undertaking	Country of Incorporation	Share class	% held directly by the Company	Total effective control held by Group companies
Alkor Yat Turizm Isletmeciligi AS	Turkey	TRY 0.10 Ordinary shares	0.03	100
Exodus Travels Australia Pty Ltd	Australia	AUD1.00 Ordinary shares	-	100
Follow Coordinate Hotels Portugal Unipessoal Lda	Portugal	€1.00 Ordinary shares	100	100
Inter Hotel SARL	Tunisia	TND10.00 Ordinary shares	-	100
Intercruises Shoreside & Port Services Canada Inc.	Canada	CAD Common shares	100	100
Intercruises Shoreside & Port Services Pty Ltd	Australia	AUD1.00 Ordinary shares	-	100
Itaria Limited	Cyprus	€1.00 Ordinary shares	100	100
Jetair Travel Distribution N.V.	Belgium	€ Ordinary shares	51	100
Lima Tours S.A.C	Peru	PEN 1.00 Ordinary shares	0.05	100
Luso DS – Agencia De Viagens, Unipessoal Lda	Portugal	€1.00 Ordinary shares	-	100
Magic Hotels SA	Tunisia	TND50.00 Ordinary shares	100	100
Magic Life Egypt for Hotels LLC	Egypt	EGP100.00 Ordinary shares	99.94	100
Magic Life Greece Tourist Enterprises Limited Liability Company (in liquidation)	Greece	€3,390.00 Ordinary shares	99.90	100
Magic Tourism International S.A	Tunisia	TND100.00 Ordinary shares	97	98.50
Meetings & Events International Limited	United Kingdom	£1.00 Ordinary shares	100	100
Meetings & Events Spain, S.L.U.	Spain	€1.00 Ordinary shares	-	100
Meetings & Events UK Limited	United Kingdom	£1.00 Ordinary shares	-	100
Pacific World (Shanghai) Travel Agency Co. Limited	China	CNY1.00 Ordinary shares	-	100
Pacific World Meetings & Events Hellas Travel L.T.D.	Greece	€30.00 Ordinary shares	-	100

7. Investments in subsidiaries (continued)

Name of Undertaking	Country of Incorporation	Share class	% held directly by the Company	Total effective control held by Group companies
Pacific World Meetings & Events Hong Kong, Limited	Hong Kong	HKD1.00 Ordinary shares	-	100
Pacific World Meetings & Events SAM	Monaco	€100.00 Ordinary shares	-	99.93
Pacific World Meetings & Events (Thailand) Limited	Thailand	THB100.00 Ordinary shares THB100.00 Preference shares	-	49*
Pacific World Singapore PTE Ltd	Singapore	SGD1.00 Ordinary shares	-	100
Societe d'investissement et d'exploitation du Paladien Calcatoggio	France	€3.175 Ordinary shares	100	100
Tantur Turizm Seyahat AS	Turkey	TRL 1.00 Ordinary shares	1	100
Travel Choice Limited	United Kingdom	£1.00 Ordinary Shares	100	100
TT Hotels Italia S.R.L	Italy	€1.00 Ordinary shares	100	100
TT Hotels Turkey Otel Hizmetleri Turizm ve Ticaret Anonim Sirketi	Turkey	TRL1.00 Ordinary shares	100	100
TT Visa Outsourcing Limited	United Kingdom	£1.00 ORDINARY shares	100	100
TUI Holdings (Australia) Pty Limited	Australia	AUD1.00 Ordinary shares	100	100

* Controlling influence

8. Investments in joint ventures

	Investments in joint ventures
Cost:	£
As at 1 October 2014	-
Additions	10,994,968
As at 30 September 2015	10,994,968
Impairments:	
As at 1 October 2014	-
Impairments in the year	(4,615,743)
As at 30 September 2015	(4,615,743)
Net book value:	
As at 30 September 2015	6,379,225
As at 30 September 2014	-

8. Investments in joint ventures (continued)

Additions in investments in joint ventures comprise the following transactions which occurred during the year ended 30 September 2015:

Date of acquisition	Investment	Shares acquired (number)	Total consideration £
11 December 2014	Karisma Hotels Caribbean S.A.	8,215,905	7,035,497
19 February 2015	Karisma Hotels Caribbean S.A.	3,050,000	1,989,823
11 May 2015	Karisma Hotels Caribbean S.A.	3,050,000	1,969,648
			<u>10,994,968</u>

Amounts provided during the year:

Following a review of the recoverable value of the Company's investments in subsidiaries, the following impairments have been charged to the profit and loss account in the year:

An impairment of £4,615,743 has been charged in respect of the investment in Karisma Hotels Caribbean S.A. so as to reduce the net book value to £6,379,225, as this is considered to be the recoverable value. This amount has been calculated using that company's three-year plan, using a pre-tax discount rate of 7.75% and a growth rate beyond the three year plan of 0.5%. The pre-tax discount rate of 7.75% includes an additional risk premium adjustment to cashflows of 0.5%.

Following the impairments charged to the profit and loss during the year, the Directors believe that the book values of the investments in joint ventures are supported by their underlying net assets.

Investments in joint ventures at 30 September 2015:

Name of undertaking	Country of incorporation	Share class	% held directly by the Company	Total effective control held by Group companies
Bartu Turizm Yatirimlari Anonim Sirketi	Turkey	€1.00 Ordinary shares	-	50
Karisma Hotels Caribbean S.A	Panama	US\$1.00 Ordinary shares	50	50
Panac Hotel Dominicana S.R.L	Dominican Republic	DOP100.00 Ordinary shares	-	50
Panac Hotel Investments S.A.	Panama	US\$1.00 Ordinary shares	-	50

9. Investments in associate undertakings

	Investments in associate undertakings £
Cost:	
As at 1 October 2014	28,681,693
Additions	788,146
As at 30 September 2015	<u>29,469,839</u>
Impairments:	
As at 1 October 2014	-
Impairments in the year	(2,825,752)
As at 30 September 2015	<u>(2,825,752)</u>
Net book value:	
As at 30 September 2015	<u>26,644,087</u>
As at 30 September 2014	<u>28,681,693</u>

Additions in investments in associate undertakings comprise the following transactions which occurred during the year ended 30 September 2015:

Date of acquisition	Investment	Shares acquired (number)	Total consideration £
2 December 2014	Karisma Hotels Adriatic d.o.o.	1	<u>788,146</u>

Amounts provided during the year:

Following a review of the recoverable value of the Company's investments in associates, the following impairments have been charged to the profit and loss account in the year:

An impairment of £2,825,752 has been charged in respect of the investment in Karisma Hotels Adriatic d.o.o. so as to reduce the net book value to £nil, as this is considered to be the recoverable value.

Following the impairments charged to the profit and loss during the year, the Directors believe that the book values of the investments in associates are supported by their underlying net assets.

Investments in associate undertakings at 30 September 2015:

Name of undertaking	Country of Incorporation	Share class	% held directly by the Company	Total effective control held by Group companies
Acres 27 Limited	Jamaica	JMD Ordinary shares	-	49
Hoteli Zivogosce d.d.	Croatia	HRK10.00 Ordinary shares	-	33.33
Karisma Hotels Adriatic d.o.o.	Croatia	HRK28,464,200.00 Ordinary shares	33.33	33.33
KHA cetiri d.o.o.	Croatia	HRK20,000.00 Ordinary shares	-	33.33
KHA dva d.o.o.	Croatia	HRK20,000.00 Ordinary shares	-	33.33
KHA pet d.o.o.	Croatia	HRK20,000.00 Ordinary shares	-	33.33
KHA tri d.o.o.	Croatia	HRK20,000.00 Ordinary shares	-	33.33
Blue Diamond Grand Bahama Ltd	Bahamas	BSD1.00 Ordinary shares	-	49
Blue Diamond Hotels and Resorts Inc.	Barbados	BSD NPV Common shares	49	49
Blue Diamond Hotels and Resorts, S.A.	Panama	US\$100.00 Ordinary shares	-	49

9. Investments in associate undertakings (continued)

Name of undertaking	Country of Incorporation	Share class	% held directly by the Company	Total effective control held by Group companies
Bulter Turizm ve Ticaret Anonim Sirketi	Turkey	TRY1.00 Ordinary shares	-	44.80
Caribbean Nexus Tours, SRL	Dominican Republic	DOP100.00 Ordinary shares	-	49
Comercializadora Turistica Del Caribre, SRL	Dominican Republic	DOP1,000.00 Ordinary shares	-	48.90
Desarrolladora Hotelera de la Riviera, S.A. de C.V.	Mexico	MXN1,000.00 A Ordinary shares MXN1,000.00 B Ordinary shares	-	49
Grupo Regency Management S.A de C.V.	Mexico	MXN500.00 Ordinary shares	-	48.51
Nohi Holdings and Trademarks B.V.	Netherlands	€1.00 Ordinary shares	-	49
Regency Management Group Limited	Jamaica	JMD1.00 Ordinary shares	-	49
Royalton Resorts, S.R.L	Dominican Republic	DOP1,000.00 Ordinary shares	-	43.61
Tucan Resorts, S.R.L	Dominican Republic	DOP1,000.00 Ordinary shares	-	48.02
Tucan Resorts, S.A.	Panama	US\$1.00 Ordinary shares	-	49
Tucan Resorts, S.A. de C.V.	Mexico	MXN500.00 Ordinary shares	-	48.51
Turismo Nexus, S.A de C.V.	Mexico	MXN500.00 Ordinary shares	-	48.51
White Diamond Hotels and Resorts Limited	Jamaica	JMD1,000,000.00 Ordinary shares	-	49
Windmill Investments B.V.	Netherlands	€1.00 Ordinary shares	-	49

10. Debtors

	30 September 2015 £	30 September 2014 £
Amounts owed by Group undertakings	1	43,218,529
Other debtors	122,153	122,153
Group relief receivable	4,737,837	3,940,069
	4,859,991	47,280,751

Amounts owed by Group undertakings are unsecured, have no fixed date of repayment and are interest free. An impairment review of amounts owed by Group undertakings as at 30 September 2015 indicated that the total amounts due from Group undertakings in Tunisia, Croatia, Turkey and Greece of £40,088,599 are no longer expected to be recoverable and they have therefore been written down to nil.

11. Creditors: amounts falling due within one year

	30 September 2015 £	30 September 2014 £
Bank loans and overdrafts	19,119,020	7,016,817
Amounts owed to Group undertakings	44,788,612	7,754,034
	63,907,632	14,770,851

Amounts owed to Group undertakings are unsecured, repayable on demand and bear interest of 5% above the 6-month LIBOR.

12. Creditors: amounts falling due after more than one year

	30 September 2015	30 September 2014
	£	£
Amounts owed to Group undertakings	<u>39,256,895</u>	<u>84,316,831</u>

Amounts owed to Group undertakings are unsecured and have repayment dates between 6 January 2017 and 28 June 2027. Balances bear interest at 5% above the 6-month LIBOR.

An analysis of the maturity of amounts owed to Group companies is as follows:

	30 September 2015	30 September 2014
	£	£
Amounts due within one year	44,788,612	7,754,034
Amounts due after more than one year and within two years	2,113,456	46,733,909
Amounts due after more than two years and within five years	29,316,364	29,757,256
Amounts due after more than five years	<u>7,827,075</u>	<u>7,825,666</u>
	<u>84,045,507</u>	<u>92,070,865</u>

13. Called up share capital

	30 September 2015	30 September 2014
	£	£
Issued and fully paid		
78,342,947 ordinary shares of £1 each (2014: 65,600,539)	<u>78,342,947</u>	<u>65,600,539</u>

The Company issued the following ordinary £1 shares to its parent company TUI Travel Limited at par value during the year for total cash consideration of £12,742,408:

Date	Shares acquired (number)	Total consideration £
28 November 2014	791,588	791,588
11 December 2014	7,018,439	7,018,439
9 February 2015	1,977,155	1,977,155
2 March 2015	509,215	509,215
2 March 2015	476,567	476,567
11 May 2015	1,969,444	1,969,444
	<u>12,742,408</u>	<u>12,742,408</u>

14. Profit and loss account

	£
At 1 October 2014	(14,534,068)
Loss for the financial year	(92,144,529)
At 30 September 2015	<u>(106,678,597)</u>

15. Reconciliation of movements in shareholders' (deficit) / funds

	30 September 2015 £	30 September 2014 £
Opening shareholders' funds	51,066,471	34,045,371
Ordinary shares issued (Note 13)	12,742,408	23,813,758
Loss for the financial year	(92,144,529)	(6,792,658)
Closing shareholders' (deficit) / funds	<u>(28,335,650)</u>	<u>51,066,471</u>

All shareholder funds relate to equity interests.

16. Post balance sheets events

Subsequent to the year end the following post balance sheet events have occurred:

- On 29 October 2015, the Company subscribed for an additional 201,648 shares in Meetings and Events International Limited for a total subscription price of £201,648. This has subsequently been fully impaired.
- On 20 November 2015, the Company subscribed for an additional 500,743 shares in Meetings and Events International Limited for a total subscription price of £500,743. This has subsequently been fully impaired.
- On 18 December 2015, the entire investments in Intercruises Shoreside & Port Services Canada Inc and Meetings and Events International Limited were disposed of to a fellow Group undertaking for consideration of £4,002,228 and £1 respectively.
- On 23 December 2015, the Company subscribed for an additional 222,100 shares in Magic Hotels SA for a total subscription price of £3,792,421. This has subsequently been fully impaired.
- On 11 March 2016, the Company acquired the entire share capital of Hannibal Tours SA for £1, Tunisie Voyages SA for £103 and Tunisie Investment Services Holding for £62,607 from a fellow Group undertaking. These investments have subsequently been fully impaired.
- On 21 March 2016, the Company subscribed for an additional 900,000 shares in TT Hotels Italia for a total subscription price of £701,298.
- On 21 April 2016, the entire investment in Lima Tours S.A.C. was disposed of to a fellow Group Undertaking for consideration of £19,011.

17. Related party transactions

The Company has taken advantage of the exemption contained in Financial Reporting Standard No. 8 "Related Party Disclosures" as it is a wholly-owned subsidiary of TUI AG. Therefore the Company has not disclosed transactions or balances with wholly-owned entities that form part of the Group headed by TUI AG.

18. Ultimate parent company

The Company is controlled by TUI AG – a company registered in Berlin and Hanover (Federal Republic of Germany) which is the ultimate parent company and controlling party. The immediate parent company is TUI Travel Limited.

The smallest and largest group in which the results of the Company are consolidated is that headed by TUI AG. Copies of the TUI AG financial statements are available from Investor Relations, TUI AG, Karl-Wiechert-Allee 4, D-30625, Hanover or from the website www.tui-group.com. No other financial statements include the results of the Company.