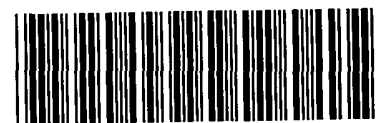


Magical Cruise Company Limited
(Registered Number 3157553)

Directors' Report and Financial Statements
For The Year Ended 3 October 2015

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Magical Cruise Company Limited

Directors' Report and Financial Statements For The Year Ended 3 October 2015

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Magical Cruise Company Limited

Strategic Report For The Year Ended 3 October 2015

The Directors present their strategic report for Magical Cruise Company Limited (the 'Company') for the 53 weeks ended 3 October 2015 (prior year was for 52 weeks ended 27 September 2014).

Review of activities and future developments

The Company's principal activity is the operation of luxury cruise vessels. The Directors consider the results for the year and the financial condition of the Company at the end of the year to be satisfactory and look forward to the future with optimism.

It is considered that the Company's activities will remain unchanged for the foreseeable future.

Revenue and Operating Income increased year over year primarily due to higher average ticket prices for sailings.

Results and dividends

The Company's profit for the financial year is \$258,512,000 (2014: \$86,736,000). The Directors do not recommend the payment of a dividend (2014: \$Nil).

Dividend income totalling \$100,000,000 (2014: \$40,000,000) was received during the year from DCL Island Development Limited.

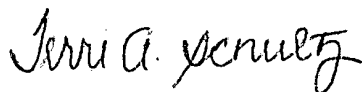
Principal risks and uncertainties and future outlook

From the perspective of the Company, its principal risks and uncertainties and future outlook are integrated with those of The Walt Disney Company (the group) and are not managed separately. Accordingly, The Walt Disney Company's annual report should be referred to in order to gain a more detailed understanding of business performance and related risks and uncertainties.

Key performance indicators ("KPI's")

Given the straightforward nature of the business, the Company's Directors are of the opinion that analysis using KPI's is not necessary for an understanding of the development, performance or position of the business.

On behalf of the Board on 16 May 2016



T A Schultz
Director

Registered Office
3 Queen Caroline Street
Hammersmith
London W6 9PE

Magical Cruise Company Limited

Directors' Report For The Year Ended 3 October 2015

The Directors present their annual report and the audited financial statements of Magical Cruise Company Limited (the "Company") for the 53 weeks ended 3 October 2015 (prior year the 52 weeks ended 27 September 2014).

Future developments

The Company's future development plans are explained in the Strategic report.

Financial risk management

The Company's operations expose it to financial risks. The most significant are described below.

(1) Credit risk: The Company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is assessed continually by the Company's credit control function.

(2) Foreign exchange risk: The Company may hold assets and liabilities denominated in foreign currencies. No derivative financial instruments are used to manage the risk of fluctuating exchange rates, so no hedge accounting is applied. The Company has in place a foreign exchange policy, driven by its ultimate parent company, The Walt Disney Company, and will reconsider the appropriateness of this policy should operations change in nature.

(3) Interest rate risk: The Company can have interest bearing assets and liabilities. The Company monitors its portfolio of interest bearing assets and liabilities and their financial impact. The Company will reconsider the appropriate structure of its portfolio should operations change in size or nature.

(4) Fuel hedge risk: The Company hedges pricing risk in relation to forecasted future fuel purchases by entering into cash flow hedge relationships.

Directors

The Directors who held office during the year and up to the date of approval of the financial statements are given below:

K Holz

V Taggart (resigned on 26th February 2015)

A J Connelly (resigned on 20th January 2016)

M Endemano (resigned on 7th November 2014)

F De Heer

P Wilber

T A Schultz

S Fox (appointed on 26th February 2015)

M Grossman (appointed on 10th November 2014)

Magical Cruise Company Limited

Directors' Report For The Year Ended 3 October 2015 (continued)

Disabled persons

Applications for employment by disabled persons are always fully considered bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled whilst in employment every effort is made to ensure that their employment with the Company continues and the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Employee involvement

Consultation with employees has continued at all levels, with the aim of ensuring that views are taken into account when decisions are made which are likely to affect their interests, and that all employees are aware of the financial and economic performance of their business units, and of the Company as a whole. Communication with all employees continues through newsletters, briefing groups and the availability of the annual report.

Directors' Responsibilities Statement

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial period. Under the law the Directors have prepared 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 and 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;
- 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 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.

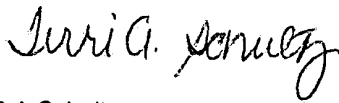
Magical Cruise Company Limited

Directors' Report For The Year Ended 3 October 2015 (continued)

Disclosure of information to auditors

So far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware. Each Director has taken all steps that he/she ought to have taken in his/her duty as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the Board on 16 May 2016,



T A Schultz
Director

Registered Office
3 Queen Caroline Street
Hammersmith
London
W6 9PE

Independent Auditors' Report to the Members of Magical Cruise Company Limited

Report on the financial statements

Our opinion

In our opinion, Magical Cruise Company Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 3 October 2015 and of its profit 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 Directors' Report and Financial Statements (the "Annual Report"), comprise:

- the Balance Sheet as at 3 October 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 United Kingdom Accounting Standards, and applicable law (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 Strategic Report and 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.

Independent Auditors' Report to the Members of Magical Cruise Company Limited (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on pages 4 and 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 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.



Timothy McAllister (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
16 May 2016

Magical Cruise Company Limited

Profit and Loss Account For The Year Ended 3 October 2015

	Note	2015 \$'000	2014 \$'000
Turnover	2	1,232,691	1,131,360
Cost of Sales		(882,849)	(855,556)
Gross profit		349,842	275,804
Distribution costs		(74,867)	(63,873)
Administrative costs		(112,628)	(103,232)
Operating Profit	3	162,347	108,699
Interest payable and similar charges	18	(2,152)	(20,817)
Income from shares in group undertakings	19	100,000	40,000
Impairment of fixed asset investment	7	-	(40,000)
Profit on ordinary activities before taxation		260,195	87,882
Tax on profit on ordinary activities	5	(1,683)	(1,146)
Profit for the financial year	13	258,512	86,736

The Company has no other gains or losses for the year other than those reported in the profit and loss account and consequently no statement of total recognised gains and losses has been presented.

There is no material difference between the profit on ordinary activities before taxation and the profit for the year and their historical cost equivalents.

The results shown above are derived from continuing operations.

The notes on pages 11 to 25 form part of these financial statements.

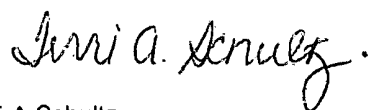
Magical Cruise Company Limited

Balance Sheet As At 3 October 2015

(Registered number: 3157553)

	Note	As at 3 October 2015 \$'000	As at 27 September 2014 \$'000
Fixed assets			
Tangible assets	6	1,517,642	1,528,991
Investments	7	315,300	315,300
		<u>1,832,942</u>	<u>1,844,291</u>
Current assets			
Stocks	8	14,487	14,693
Debtors	9	49,121	16,718
Cash at bank and in hand		98,782	50,300
		<u>162,390</u>	<u>81,711</u>
Creditors: amounts falling due within one year	10	<u>(598,121)</u>	<u>(697,925)</u>
Net current liabilities		<u>(435,731)</u>	<u>(616,214)</u>
Total assets less current liabilities		<u>1,397,211</u>	<u>1,228,077</u>
Creditors: amounts falling due after more than one year	11	<u>(35,614)</u>	<u>(112,755)</u>
Net assets		<u>1,361,597</u>	<u>1,115,322</u>
Capital and reserves			
Called up share capital	12	-	-
Share premium account	13	952,605	952,605
Other reserves	13	81,510	93,747
Profit and loss account	13	327,482	68,970
Total shareholders' funds	14	<u>1,361,597</u>	<u>1,115,322</u>

The financial statements on pages 9 to 25 were approved by the Board on 16 May 2016 and were signed on its behalf by T A Schultz



T A Schultz
Director
16 May 2016

Magical Cruise Company Limited

Notes to the Financial Statements For The Year Ended 3 October 2015

1 Accounting policies

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom on a basis consistent with the prior period. The principal accounting policies are set up below.

a) Accounting reference date

The Company has taken advantage of flexibility under the Companies Act 2006 to end the accounting year on the closest Saturday to 30 September each year. An accounting reference date of 3 October 2015 has been adopted for the current period.

The financial year represents the 53 weeks ended Saturday 3 October 2015 (2014: 52 weeks ended 27 September 2014).

b) Reporting currency and presentation

The financial statements are presented in US dollars as that is the currency in which the Company generates its net cash flows.

c) Turnover

Revenue related to the provision of cruise berths is recognised using the accruals method. All other cruise revenue, including the sale of merchandise, beverage, amenities, and recreational activities provided during the cruises as well as other operating income, is recognised when the goods are delivered or service is provided.

d) Fixed assets and depreciation

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. When brought into service, tangible fixed assets are depreciated on a straight-line basis over their estimated useful economic life or the life of the lease, whichever is shorter. Depreciation is provided to write off cost or valuation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. The useful economic life of the assets is estimated to be as follows:

Stage show and other on-board entertainment and programming costs	3 to 5 years
Furniture, fixtures, leasehold improvements and equipment (including cruise ships)	2 to 40 years
Assets under the course of construction	Depreciation commences when assets are placed in service

e) Drydock costs

Drydock costs are broken into two categories:

Overhaul Costs – costs which are typically more repair and maintenance in nature and do not generally add economic value to the vessel. These costs are expensed as incurred.

Additions/Improvements – costs are typical capital costs and add economic value to the vessel. When these assets can be identified and quantified separately, they are capitalised and depreciated over the shorter of the normal useful life of the asset or the length of the vessel lease.

f) Stocks

Stocks are stated at the lower of cost or market value.

Magical Cruise Company Limited

Notes to the Financial Statements For The Year Ended 3 October 2015 (continued)

1 Accounting policies (continued)

g) Pension costs

Contributions are made on behalf of the Company by the parent undertaking into defined benefit and defined contribution plans and are charged to the profit and loss account when they fall due. Pension costs were allocated to the Company based on its share of the costs of contributions for the group as a whole.

In respect of the defined benefit plan, liabilities are measured using the projected unit method for reporting in these financial statements under FRS17. Annual valuations are prepared by independent professionally qualified actuaries. Actuarial gains and losses are recognised by the parent undertaking.

The plan is a multi-employer, group defined benefit scheme. Although the scheme is a defined benefit arrangement, it is a multi-employer scheme for which it has not been possible to identify the underlying assets and liabilities attributable to each participating company and therefore has been accounted for as a defined contribution scheme. Therefore, the pension cost recognised in the profit and loss account for this scheme represents contributions payable by the Company to the scheme for the period.

h) Cruise deposits

Cruise deposits are recorded upon receipt by the Company's agents.

i) Operating leases

Rental costs under operating leases are charged to operating profit on a straight-line basis over the lease term.

j) Taxation

Corporation tax payable is provided on taxable profits at the current rate.

The Company entered the UK tonnage tax regime on 29 June 2008. In 2007 and the year prior to 29 June 2008 the Company did not qualify for the UK tonnage tax regime. The company's trading profits are now subject to the Tonnage Tax regime for the full year and that only non-trading income remains subject to corporation tax.

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.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

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

Magical Cruise Company Limited

Notes to the Financial Statements For The Year Ended 3 October 2015 (continued)

1 Accounting policies (continued)

k) Exemption from group accounting

Magical Cruise Company Limited is a wholly owned subsidiary of Wedco US Ventures, Inc. and Wedco International Holdings Inc. whose ultimate parent company is The Walt Disney Company, incorporated in the United States of America. The consolidated financial statements of The Walt Disney Company are publicly available.

l) Cash Flow statement

Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (Revised 1996) 'Cash flow statements'. The Company has also taken advantage of the exemption under section 401 of the Companies Act 2006 from preparing group financial statements as it is a wholly owned subsidiary of The Walt Disney Company and is included within that company's consolidated financial statements.

m) Financial Instruments

The Company hedges pricing risk in relation to forecasted future fuel purchases by entering into cash flow hedge relationships.

Derivatives are initially accounted for and measured at fair value on the date a derivative contract is entered into and subsequently measured at fair value. The gain or loss on re-measurement is taken to the profit or loss account except where the derivative is a designated cash flow hedging instrument. Gains or losses on cash flow hedges that are regarded as highly effective are recognised in equity.

Gains or losses deferred in equity are transferred to the profit and loss account in the same year as the underlying fuel purchase. The ineffective portions of the gain or loss on the hedging instrument are recognised in profit or loss. For the portion of hedges deemed ineffective or transactions that do not qualify for hedge accounting under FRS 26, any change in assets or liabilities is recognised immediately in the profit and loss account.

n) Fixed asset investments

Investments in subsidiary undertakings are stated at cost in the balance sheet. Provision against the value of investments is only made where, in the opinion of the Directors, the value of the investment is impaired. Income from investments is included to the extent of dividends and distributions received.

o) Share-based payments

The fair value of grants made under the equity settled employee share option plans is calculated at the date of grant using an appropriate lattice model. Compensation expense for RSUs is based on the market price of the shares underlying the awards on the grant date. In accordance with FRS 20 'Share based payments', the fair value of equity-based awards is charged to the profit and loss account over the vesting period of the awards with a corresponding credit to the profit and loss account reserve. The value of the charge is adjusted to reflect expected and actual levels of option vesting. At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the profit and loss account, with a

Magical Cruise Company Limited

Notes to the Financial Statements For The Year Ended 3 October 2015 (continued)

o) Share-based payments (continued)

corresponding adjustment to reserves.

The Company is required to compensate The Walt Disney Company for the difference between the market value of the underlying shares on exercise date and the proceeds from exercise of the share options. This intercompany charge is denominated in US Dollars based on the US Dollar market value of the underlying shares and exercise price. The intercompany charge is offset to equity against retained earnings.

2 Turnover

The categories of revenue during the year were as follows:

	2015 \$'000	2014 \$'000
Cruise revenue	1,190,870	1,093,596
Other revenue	41,821	37,764
Total	1,232,691	1,131,360

Cruise income consists of amounts earned for the provision of cruise berths as well as amounts earned from the sale of merchandise, beverage, amenities, and recreational activities provided during the cruises. Other income, all of which was earned from group undertakings, represents fees charged for the provision of labour related costs, general accounting, human resources, and other administrative services.

There are no geographical segments to the business as vessels are in different locations and at sea during the year.

3 Operating profit

	2015 \$'000	2014 \$'000
Operating profit is stated after charging/crediting:		
Wages and salaries	175,061	166,676
Social security costs	2,055	1,905
Other pension costs	2,991	2,724
Staff costs	180,107	171,305
Depreciation of tangible fixed assets	80,155	80,179
Loss on disposal of assets – tangible fixed assets	6,062	386
Operating lease charges – cruise vessel	48,403	48,403
Auditors' remuneration		
Fees payable to Company's auditors and its associates		
Audit services	212	209

Magical Cruise Company Limited

Notes to the Financial Statements For The Year Ended 3 October 2015 (continued)

4 Employee Information

The average monthly number of persons (including executive directors) employed by the Company during the year was as follows:

	2015	2014
Employees:		
Shipboard Personnel	5,039	4,876
Administrative Personnel	797	794
Total	5,836	5,670

5 Tax on profit on ordinary activities

(a) The charge for taxation is based upon the taxable profit for the year and comprises:

	2015 \$'000	2014 \$'000
Tax on profit on ordinary activities:		
<i>Analysis of charge in year</i>		
Current Tax:		
UK Corporation tax on profit for the period	1,717	1,727
Tonnage Tax	79	92
Adjustments relating to prior periods	(113)	(673)
Total current tax	1,683	1,146
Tax on profit on ordinary activities	1,683	1,146

(b) Factors affecting tax charge for the year:

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

	2015 \$'000	2014 \$'000
Profit on ordinary activities before tax	260,195	87,882
Profit on ordinary activities multiplied by the standard rate in the UK 20.5% (2014: 22%)	53,340	19,334
Effects of:		
Adjustments in respect of prior periods	(113)	(673)
Non tonnage tax items	(31,123)	(17,607)
Non-taxable dividend income	(20,500)	-
Tonnage tax profit	79	92
Current tax credit/charge for year	1,683	1,146

Magical Cruise Company Limited

Notes to the Financial Statements For The Year Ended 3 October 2015 (continued)

5 Tax on profit on ordinary activities (continued)

Factors affecting the future tax charges

The Finance Act 2013 received Royal Assent on 17 July 2013. It included provisions to reduce the main rate of corporation tax from 23% to 21% with effect from 1 April 2014 and to 20% from 1 April 2015.

The Finance Bill 2015 announced provisions to reduce the main rate of corporation tax from 20% to 19% with effect from 1 April 2017 and 18% from 1 April 2020. The Bill was not substantively enacted at the balance sheet date.

In the Budget on 16 March 2016 it was announced that the corporation tax rate would be reduced to 17% from 1 April 2020. This change was not substantively enacted at the balance sheet date.

6 Tangible Fixed Assets

	Assets under course of construction \$'000	Stage Shows & other on board entertainment & programming costs \$'000	Furniture, fixtures, leasehold improvements and equipment \$'000	Total \$'000
Cost				
At 28 September 2014	11,364	73,343	1,841,661	1,926,368
Additions	69,596	-	5,272	74,868
Transfers	(26,241)	2,704	23,537	-
Retirement	(5,403)	(84)	(2,711)	(8,198)
At 3 October 2015	49,316	75,963	1,867,759	1,993,038
Accumulated depreciation				
At 28 September 2014	-	62,828	334,549	397,377
Charge for the year	-	5,183	74,972	80,155
Retirement	-	(71)	(2,065)	(2,136)
At 3 October 2015	-	67,940	407,456	475,396
Net book amount				
At 3 October 2015	49,316	8,023	1,460,303	1,517,642
At 27 September 2014	11,364	10,515	1,507,112	1,528,991

Magical Cruise Company Limited

Notes to the Financial Statements For The Year Ended 3 October 2015 (continued)

7 Fixed Asset Investments

	2015 \$'000	2014 \$'000
Cost	315,300	-
Additions for the year	-	355,300
Impairment for the year	-	(40,000)
Net book value	315,300	315,300

The Company has investments in the following subsidiary undertakings:

Shares in group undertakings	Business	Country of registration / incorporation	Proportion of nominal value of voting shares held	
			2015	2014
The Walt Disney Company Africa (Proprietary) Limited	Commercial use of intellectual property rights	South Africa	100%	100%
DCL Island Development Limited	Exclusive port provider in Castaway Cay for Disney cruises	Bahamas	100%	100%

The Directors believe that the carrying value of the investments is supported by their underlying net assets and the net present value of their discounted future cash flows.

The Company is a subsidiary of Wedco US Ventures, Inc. and Wedco International Holdings Inc. and is included in the consolidated financial statements of The Walt Disney Company which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 401 of the Companies Act 2006.

8 Stocks

	2015 \$'000	2014 \$'000
Food and beverage	6,047	5,256
Merchandise goods for resale	4,136	3,677
Consumables	4,304	5,760
Total	14,487	14,693

Magical Cruise Company Limited

Notes to the Financial Statements For The Year Ended 3 October 2015 (continued)

9 Debtors

	2015 \$'000	2014 \$'000
Trade debtors	3,490	4,275
Amounts owed by group undertakings	29,597	4,257
Derivative financial instrument asset	16,034	3,797
Prepayments and accrued income	-	4,389
Total	49,121	16,718

Amounts owed by group undertakings, representing called up share capital not paid and amounts owed under management service agreements, are unsecured, interest free, and have no fixed date of repayment.

The derivative financial instrument asset at 3 October 2015 arose on un-matured fuel hedges that hedge the pricing risk of anticipated future purchases is \$16,034,000 (2014: \$3,797,000). These have been designated in a cash flow relationship and there was no ineffectiveness to be recorded in the profit and loss for the year. These amounts have been recognised in equity and will be transferred to the profit and loss account when the forecasted fuel purchases occur.

10 Creditors – amounts falling due within one year

	2015 \$'000	2014 \$'000
Trade creditors	57,162	36,268
Amounts owed to group undertakings	178,145	347,875
Taxation and social security	1,998	2,225
Corporation tax	1,793	4,462
Deposits received on future cruises	344,632	294,049
Accruals and deferred income	14,391	13,046
Total	598,121	697,925

Amounts owed to group undertakings include long-term loan interest payable of \$Nil (2014: \$1,688,000). Refer to Note 11 for further details. The remaining amounts owed to group undertakings are trade payables that are unsecured and bear no rate of interest. The amounts have no set repayment date and, therefore, have been classified as due on demand. Amounts are kept current through regular payments.

Magical Cruise Company Limited

Notes to the Financial Statements For The Year Ended 3 October 2015 (continued)

11 Creditors – amounts falling due after one year

	2015 \$'000	2014 \$'000
Amounts owed to group undertakings	-	93,000
Deposits received on future cruises	14,944	12,821
Other accrued expenses	20,670	6,934
Total	35,614	112,755

Amounts owed to group undertakings consist of outstanding loans of \$Nil (2014: \$93,000,000) which consists of: \$Nil at a rate of interest of 0% (2014: \$93,000,000, 3.63% repayable semi-annually by 2019). Total accrued interest payable is \$Nil (2014: \$1,688,000) which is shown under creditors – amounts falling due within one year.

12 Called up share capital

	2015 \$	2014 \$
Authorised: 100 (2014:100) Ordinary shares of £1 each converted at an exchange rate of \$1.61(2014: \$1.61)	<u>161</u>	<u>161</u>
Allotted and fully paid: 10 (2014:10) ordinary shares of £1 each (4 converted at \$1.61, 2 converted at \$1.56, 1 converted at an exchange rate of \$1.70, 1 converted at \$1.54 and 2 shares converted at 1.63)	<u>16</u>	<u>16</u>

13 Reserves

	Share Premium Account \$'000	Profit and Loss Account \$'000	Other Non-distributable Reserves \$'000	Total Reserves \$'000
At 27 September 2014	952,605	68,970	93,747	1,115,322
Net movement on pricing cash flow hedge	-	-	(12,237)	(12,237)
Profit for the financial year	-	258,512	-	258,512
At 3 October 2015	952,605	327,482	81,510	1,361,597

Magical Cruise Company Limited

Notes to the Financial Statements For The Year Ended 3 October 2015 (continued)

13 Reserves (continued)

On 12th August 2014 the Company received a capital contribution of \$338,100,000 from Wedco Holdings (Netherlands) B.V., which was used to acquire the investment in DCL Island Development Limited.

On 20 September 2010 the Company received a voluntary capital contribution of \$97,543,000 from Wedco Holdings (Netherlands) B.V. with the condition of being a special non-distributable reserve.

14 Reconciliation of movements in shareholder's funds

	2015 \$'000	2014 \$'000
Profit for the financial year	258,482	86,736
Net movement on pricing cash flow hedge	(12,237)	(3,581)
Capital Contribution	-	338,100
Shareholders' funds as at beginning of year	1,115,322	694,067
	<hr/>	<hr/>
Shareholders' funds as at end of year	1,361,597	1,115,322

15 Operating lease commitments and other contractual obligations

The Company has operating leases to operate two luxury cruise vessels through September 2023 and September 2024, respectively. The leases were renegotiated in fiscal year 2011 and the Company makes semi-annual payments of \$12,500,000 beginning in fiscal year 2011.

Additionally, the Company has an operating lease for a warehouse facility located in Orlando, Florida that originally expired on 31st December 2015. The lease was renegotiated in fiscal year 2014 and effective as of 1 July 2014 it was extended to 31 May 2021.

The Company has annual commitments under non-cancellable operating leases expiring as follows:

	Land and buildings		Other	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Within one year	-	-	-	-
Between two and five years	-	-	-	-
After five years	449	449	50,000	50,000
	<hr/>	<hr/>	<hr/>	<hr/>
	449	449	50,000	50,000

The Company has contractual obligations for maintenance and other services of \$14,000,000 at 3 October 2015 (2014: \$1,032,000).

Magical Cruise Company Limited

Notes to the Financial Statements For The Year Ended 3 October 2015 (continued)

16 Pension commitments

The shore side employees of the Company participate in the Group defined benefit pension plan. The defined benefit pension plan is provided under the Disney Associated Companies' Retirement Plan and the Disney Salaried Pension Plan D. The cost of contributions to the group scheme is based on pension costs across the Group as a whole. Pension costs incurred by the Company for the year amounted to \$2,500,000 (2014: \$1,800,000).

Details of the Group defined benefit plan are given in the financial statements of The Walt Disney Company and Subsidiaries. Details of the more significant points of the scheme are discussed below.

The cost is assessed in accordance with the advice of Mercer Human Resources & Investor Solutions, consulting actuaries. The latest actuarial valuation of the scheme was performed as at 3 October 2015 using the Project Unit Credit method. The measurement date was changed from June 30 to September 30, effective 30 September 2010. The principal assumptions adopted in the valuation were that, over the long term, the investment return would be 7.50% (2014: 7.50%) per annum, the rate of salary increase would be 4.0% (2014: 4.0%), and the discount rate 4.24% (2014: 4.40%).

At the date of the latest actuarial valuation at 3 October 2015, the market value of the assets of the scheme was \$6,199,000 (2014: \$6,373,000), and the actuarial value of the assets was sufficient to cover 75.3% (2014: 75.3%) of the benefits that had accrued to members, after allowing for expected future increases in earnings.

The Company also participates in a Group defined contribution plan. The defined contribution plan is provided under the Disney Salaried Savings and Investment Plan. The Plan calls for contributions being made by its members and the Company on a matching basis. Pension costs incurred by the Company for fiscal 2015 and 2014 were not material.

17 Directors' emoluments

	2015 \$'000	2014 \$'000
Aggregate emoluments	4,645	2,236
Company contributions paid to pension schemes	120	120

Highest paid director

	2015 \$'000	2014 \$'000
Total amount of emoluments and amounts (excluding shares) receivable under long-term incentive schemes	3,584	1,047
Defined contribution pension scheme	15	14
Defined benefit amount accrued	51	43

Retirement benefits are accruing to 2 Directors (2014: 3) under a defined benefit scheme and 2 Directors (2014: 3) under a defined contribution plan in respect of their qualifying services. 1 director exercised share options in the ultimate parent Company in the year (2014: Nil) and 2 Directors received shares under long term incentive schemes (2014: 3).

Magical Cruise Company Limited

Notes to the Financial Statements For The Year Ended 3 October 2015 (continued)

17 Directors' emoluments (continued)

The above details of Directors' emoluments do not include the emoluments of 7 (2014: 7) directors who are paid by the parent company (fellow subsidiary) and recharged to the Company as part of a management charge. This management charge, which in 2015 amounted to \$4,161,000 (2014: \$4,817,000), also includes a recharge of administration costs borne by the parent company (fellow subsidiary) on behalf of the Company and it is not possible to identify separately the amount relating to these directors.

18 Interest payable and other similar charges

	2015 \$'000	2014 \$'000
Interest payable to other group companies	2,152	20,817

19 Income from shares in group undertakings

	2015 \$'000	2014 \$'000
Dividend received	100,000	40,000

On 1st September 2015 dividend income totalling \$100,000,000 (2014: \$40,000,000) was received from DCL Island Development Limited.

20 Share-based payments

Under the Disney Discretionary Stock Option Scheme, certain employees of the Company may be granted options to acquire shares of stock in the ultimate parent company, The Walt Disney Company, at exercise prices equal to or exceeding the market price at the date of grant. Options vest equally over a four-year period from the date of grant and expire seven to ten years after the date of grant. Restricted stock units (RSUs) generally vest equally on each of the four anniversaries of the grant date. Certain RSUs awarded to senior executives vest based upon the achievement of performance conditions. The share options are settled using the equity instruments of the Company's ultimate parent company, The Walt Disney Company.

Magical Cruise Company Limited

Notes to the Financial Statements For The Year Ended 3 October 2015 (continued)

20 Share-based payments (continued)

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2015		2014	
	Weighted average exercise price in \$ per share	Options	Weighted average exercise price in \$ per share	Options
At start of the year	45.22	58,967	39.94	49,437
Granted	92.24	7,520	72.59	9,530
Forfeited	-	-	-	-
Exercised	36.09	(34,315)	-	-
At end of the year	65.94	32,172	45.22	58,967

Share options outstanding at the end of the year have the following terms:

Exercise Prices \$	Number of Options	Outstanding		Exercisable	
		Weighted average remaining years of contractual life	Weighted average exercise price in \$ per share	Number of Options	Weighted average exercise price in \$ per share
20.9-39.7	3,150	6.29	38.75	3,150	38.75
39.8-92.2	29,022	8.09	68.89	29,022	68.89

The weighted average share price of Disney options exercised during the year was \$36.09 (2014: \$Nil).

Details of restricted shares activity is as follows:

	2015	2014
	Number of restricted shares	Number of restricted shares
At start of the year	11,036	16,490
Granted	2,950	3,916
Forfeited	-	-
Exercised	(4,734)	(9,370)
At end of the year	9,252	11,036

Magical Cruise Company Limited

Notes to the Financial Statements For The Year Ended 3 October 2015 (continued)

20 Share-based payments (continued)

Year of Vesting	Number of Restricted Shares
2015	-
2016	4,124
2017	2,774
2018	1,659
2019	695
	<u>9,252</u>

The restricted stock issued during 2015 vests equally on each of the four anniversaries of the grant date and has a remaining contractual life of ten years. There are no performance conditions attached to the issue.

Valuation assumptions:

The valuation assumptions used to estimate the Group's share-based compensation expense for the share option plans are summarised below.

The weighted average assumptions used in the Lattice valuation option-pricing model were as follows:

\$'000	2015	2014	2013	2012	2011
Risk-free interest rate	2.12%	2.97%	1.83%	1.98%	3.23%
Expected years from grant until exercise	6.83	6.67	6.67	6.36	6.13
Expected volatility	23.82%	24.57%	25.64%	30.86%	27.68%
Dividend yield	1.37%	1.37%	1.60%	1.56%	1.15%

The volatility assumption considers both historical and implied volatility and may be impacted by the Company's performance as well as changes in economic and market conditions.

No stock based compensation charge was recognised by the company for the year ended 3 October 2015 (2014: \$Nil).

The weighted average grant-date fair value of options granted during the year ended 3 October 2015 as calculated using the Lattice valuation option-pricing model was \$22.65 (2014: \$19.21).

Magical Cruise Company Limited

Notes to the Financial Statements For The Year Ended 3 October 2015 (continued)

21 Ultimate parent undertaking and financial support

Ultimate Parent

The ultimate parent undertaking and controlling party, The Walt Disney Company, is incorporated in the United States of America. The directors regard The Walt Disney Company to be the ultimate controlling party.

Immediate Parent

The immediate parent companies are Wedco US Ventures, Inc. (0.0001%) and Wedco International Holdings Inc (99.9999%). Both companies are incorporated in the USA.

Parent undertaking

The largest and smallest group for which financial statements are prepared and of which the Company is a member are as follows:

Name	The Walt Disney Company
Country of incorporation	United States of America
Address from which copies of the group financial statements can be obtained	500 South Buena Vista Street Burbank California 91521 USA

22 Related party transactions and related undertakings

The Company's ultimate parent undertaking and controlling party is The Walt Disney Company and utilises the exemption contained in paragraph 3(c) of FRS 8, Related Party Disclosures, not to disclose any transactions with entities that are included in the consolidated financial statements of The Walt Disney Company. The address at which the consolidated financial statements of the ultimate parent company are publicly available is included in Note 21.

The Company's Related Undertakings are listed below.

Direct Subsidiaries	Name	Country	Ownership
	The Walt Disney Company Africa (Proprietary) Limited	South Africa	100%
	DCL Island Development Limited	Bahamas	100%

23 Post balance sheet events

On 17 March 2016, the Company entered into a sale and purchase agreement with DCL Maritime LLC, a fellow group undertaking, for two new ships scheduled to be delivered in 2021 and 2023.