

14 May 2009

Thomas Cook Group plc

Unaudited results for the six month period ended 31 March 2009

Highlights

- Strong financial performance:
 - Revenue up 12.6% to £3,484.3m (including favourable translation impact of £258.6m)
 - Seasonal loss from operations improved 15.6% to £110.9m (including adverse translation impact of £3.9m)
- Interim dividend up 15.4% to 3.75p per share
- Trading in line with expectations:
 - Strong trading performance in Winter 08/09 with an average tour operator departed load factor of 98%
 - Current trading for Summer 09 robust with 5% less to sell versus last year despite the trend to later booking
- Confident of meeting our full year expectations.

	6 months to 31/03/09 £m	Pro forma 6 months to 31/03/08 £m	Year on year change %
Revenue *	3,484.3	3,094.8	+12.6
Loss from operations **	(110.9)	(131.4)	+15.6
Operating profit margin % ***	(3.2)	(4.2)	+23.8
Loss before tax	(280.4)	(233.2)	-20.2
Adjusted LPS (p) †	(15.1)	(10.6)	-42.5
Dividend per share (p)	3.75	3.25	+15.4
Operating cash flow	(291.0)	(266.1)	-9.4
Net debt	(1,004.5)	(190.4)	

See Appendix 3 (pages 58 & 59) for key.

As a result of the change in the Company's year end reference date (from 31 October to 30 September) last year, the prior year financial information and commentary included within this report relates to the pro forma period from 1 October 2007 to 31 March 2008. This has been done to assist investors in understanding the performance of the Group for the interim period. Statutory financial information, including loss per share, for the current and prior year period (6 months to 30 April 2008) has been included in Appendix 2 to this report and summarised on page 12.

Manny Fontenla-Novoa, Chief Executive, Thomas Cook Group plc said:

“We delivered a strong performance during the first half, which is the off-peak season in all our markets except Canada, with improvements in seasonal operating loss of 16%.

“Our focus on mainstream holidays, and in particular medium haul, combined with the flexibility in our business model and our ability to deal with changes in demand patterns has benefited us. These results demonstrate not only this, but also the strengths of our cost discipline, brands, products and people.

“We finished the winter season well, with bookings in line with capacity and an average tour operator departed load factor of 98%. Despite the tough economic conditions, current trading for the Summer 09 season is robust with selling prices up and margins in line with our expectations. Customers continue to book nearer to departure, however, load factors remain strong with bookings trending towards our capacity levels.

“We remain confident that we are on track to meet our full year expectations. Our confidence is underpinned by our proven ability to manage capacity and costs as well as driving synergy improvements and implementing contingency measures as appropriate. As a result, we are increasing our interim dividend by 15%.”

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Presentation to analysts

A presentation will be held for analysts and investors at 9am (BST) at the City Presentation Centre, 4 Chiswell Street, London, EC1Y 4UP.

Dial-in details: +44 (0) 1452 568 060; Password: Thomas Cook Group

Replay number: +44 (0) 1452 550 000; Access number: 98405717#

A live web-cast and a copy of the slides will be available on our website at www.thomascookgroup.com.

CHIEF EXECUTIVE'S REVIEW

Overview of results

Thomas Cook has reported a strong set of results.

Group revenue for the six months to 31 March 2009 rose 12.6% to £3,484.3m from £3,094.8m. The growth arose from currency translation effects and contributions from acquisitions. Excluding these, Group revenue declined 3.7% year on year reflecting managed capacity reductions across all our markets.

The seasonal adjusted loss from operations for the period improved by 15.6% to £110.9m from £131.4m, and adjusted operating loss margin improved by 23.8% to 3.2% from 4.2% last year. As well as robust underlying performance improvements, our acquisitions are making good contributions and we are also benefiting from synergy and other cost savings which more than offset a negative currency translation effect of £3.9m.

The loss after tax for the period increased 17.7% to £207.3m from £176.2m for the same period last year. This was largely as a result of the increased net debt position which enabled several key strategic undertakings, including the successful acquisitions and share buy back. Net finance costs were £69.6m compared with £10.7m in 2008. Adjusted loss per share increased by 42.5% to 15.1p from 10.6p.

Operating cash flow during the first half followed the usual seasonal phasing. Together with the impact of capacity reductions and later booking patterns on working capital, overall operating cash outflow was £291.0m compared with £266.1m for the same period last year. Net debt was £1,004.5m (2008: £190.4m) owing to the operating cash outflow as well as payments to fund acquisitions, dividends and the share buy back programme.

The Group and segmental performance is reported in detail in the Financial Review.

Outlook

We are confident of meeting our full year expectations.

Our confidence is based not only on the reductions in capacity we and others have made in our markets, but also on our mix of products and destinations and our focus on medium haul. Current bookings are trending towards our capacity levels even in these challenging conditions. In addition, we will seek to protect our industry-leading margins by bringing to bear our significant buying power with suppliers along with our strict cost regime and contingency measures. We remain on track to deliver incremental merger synergies for the full year of some £40m and a total of £215m by the 2010 financial year.

Dividend

Thomas Cook will pay an interim dividend of 3.75p per share, an increase of 15.4% on last year. This reflects our robust first half year performance; the strength of our business model and confidence in our outlook; and it demonstrates our commitment to delivering value to shareholders.

The interim dividend will be payable on 4 September 2009 to holders of relevant shares registered on 7 August 2009.

Operational flexibility

Our resilient performance has demonstrated the flexibility within our asset-light business model in challenging conditions. We have exploited our ability to adjust our cost base for changes in demand.

Group accommodation costs amount to around 30% of revenue. With only 5% of accommodation committed at the start of the season, our flexibility is a key strength in managing costs and changes in demand. We are taking advantage of our buying power with our suppliers and are confident that negotiations with suppliers will result in Group-wide prices no higher than last year's, despite adverse movements in currency.

Overall, around two thirds of our Group-wide tour operator flying requirements are undertaken by our own fleet. This allows us considerable flexibility to cut capacity without impacting our own airlines' operations.

It is our flexibility that allows us also to deal with unexpected impacts on our markets, like swine flu. We have successfully rearranged the majority of holidays to Mexico which were cancelled as a result of governments' advice and while net bookings have been adversely impacted in the short term, we are confident that customers will rebook in the coming weeks as they did after the initial impact of the bird flu and SARS scares.

Hedging

We take a cautious approach to future costs and our policy is to hedge foreign exchange and fuel requirements.

Foreign exchange is hedged 6 to 15 months in advance of the expected expenditure. For Summer 09, Euro hedging is at 100% and US dollar hedging is at 96%. For Winter 09/10, Euro hedging is at 60% and US dollar hedging is at 57%.

Fuel costs are currently 95% hedged for Summer 09 and 87% hedged for Winter 09/10. By hedging we aim to provide an optimal level of flexibility along with better cost certainty, recognising the varying requirements of different markets. In future we therefore plan to hedge between 80% and 90% of our fuel requirements from 8 to 18 months ahead of consumption, depending on the market, allowing greater flexibility.

Strategic developments

We have made further progress against our strategy through acquisitions, particularly strengthening our Independent platform.

- We bought a majority stake in Gold Medal International Limited, a leading UK long haul tour operator and flight consolidator, offering more than 1,500 worldwide destinations, with a strong focus on the US, Australasia, the Far East and the Middle

East. We have also entered into option arrangements which will enable us to acquire the remainder of Gold Medal from 31 March 2010.

- We acquired Med Hotels from Lastminute.com. Med Hotels pioneered the bed bank business model in the UK and created one of the leading brands in this sector and we intend to combine the Med Hotels business with Hotels4U.

As announced on 9 February 2009, we have now acquired Lufthansa AG's 24.9% stake in Condor through the exercise of the options granted in 2007. The consideration of €77.2 million, which was agreed under the options at that time, was paid in March.

Winter 08/09 mainstream trading performance

Trading for Winter 08/09 ended well with Group bookings in line with capacity, both down 5%. Average selling prices rose in all markets with a particularly strong performance in the UK, where they rose 7%. The season ended with an average tour operator departed load factor of 98%, an extremely strong performance in line with last year.

Summer 09 mainstream current trading

	Year on year variation %				Planned capacity
	Average selling price	Cumulative bookings	Last 3 weeks bookings*	Last 3 weeks bookings (ex Mexico)*	
UK	+9	-12	-15	-10	-10
Continental Europe	+1	-16	-5	-3	-10
Northern Europe	+5	-15	+17	+17	-6

Note: Figures as at 9/10 May 2009. In Continental Europe, bookings represent all bookings including cars/overland. However, capacity represents airline seat capacity only.

* To give a better like for like comparison, we have shown bookings for the last three weeks which exclude bookings over the Easter period.

We have seen continued momentum in summer trading with underlying trends improving despite the challenging trading environment and the slow booking intake over Easter. Group load factors are 62%, broadly in line with last year and we have 5% less left to sell than at the same time last year. We therefore remain confident that we have the right capacity levels in all our markets.

Average selling prices are up across our major segments (excluding North America mainstream). We have ensured we remain competitively priced through renegotiating terms with suppliers and as a result we are stimulating demand and protecting our margin.

The swine flu incident has had an adverse impact on our net booking position in the short term, as holidays to Mexico have been cancelled following governments' advice. However, the impact on our full season numbers is expected to be small as our Mexican business comprises less than 1% of our customers in Continental Europe, including Condor, under 2% of customers in the UK and we have no exposure to Mexico from Northern Europe. Our North American business, which has greater exposure to Mexico, has seen around 19% of Mexican bookings cancelled. However, following our strategic transformation of this segment, the mainstream travel business now represents only 25% of total North American passengers and 15% of low-season summer passengers.

We believe cancellations have already peaked and, in most cases, holidays have been rebooked to other destinations. We expect bookings to recover rapidly as they did following the bird flu and SARS scares once governments withdraw their advice not to travel to Mexico.

UK

UK haul mix Summer 09	Year on year pro forma variation %	
	Left to sell	Planned capacity
Short haul	-28	-30
Medium haul	Flat	-2
Long haul	-6	-10
UK total	-7	-10

Note: Figures as at 9/10 May 2009.

Summer trading in the UK has been robust with average selling prices up 9%. Cumulative bookings are down 12% and trending towards our planned capacity reductions of 10%. Our concentration on selling capacity in the shoulder months early (May/June and September/October) has left us in a strong position in the lates market with 64% of capacity sold and 7% less left to sell.

Underlying performance, excluding Mexico, has been strong. Bookings in the last three weeks are down 10% year on year and average selling prices are up 15%. Cancellations, excluding Mexico, are in line with prior year levels. While our exposure to Mexico in the UK is less than 2% of capacity for the full season, bookings in the last three weeks have been heavily distorted by the immediate impact of cancellations resulting from the swine flu incident. As a result, total bookings, including Mexico, in the last three weeks are down 15% and average selling prices up 2%.

Demand for our all-inclusive products has continued to rise and is up 18%, accounting for 41% of summer bookings to date compared with 30% last year. We also continue to benefit from our focus on medium haul, which now represents 69% of our total summer charter programme. The demand for destinations outside the Euro-zone continues to grow and at 39% of all holidays is up 8% year on year, with Turkey up 28% year on year and Egypt up 20%.

Continental Europe

Current trading in Continental Europe continues to strengthen as we get further into the season, with bookings over the last three weeks down only 5% year on year. Cumulative bookings are down 16% and average selling prices are up 1%. We anticipate ending the summer season in line with our planned capacity levels.

We are pleased with the market development in Germany, the biggest market within the Continental Europe segment, and remain confident of meeting our financial expectations for the full year. We continue to work closely with suppliers, and overall cumulative average selling prices are up 1% and margins are strong. Bookings over the last three weeks have also been much stronger than the cumulative position, at -5%.

Northern Europe

As anticipated, trading in Northern Europe has improved significantly over the last few weeks, supporting our confidence that Northern Europe will achieve our expectations. Bookings are down 15% year on year, but are up 17% year on year in the last three weeks against capacity levels of -6%. Average selling prices are holding up well at +5%. While the weak economic conditions remain challenging in Denmark, we have seen a recent improvement in bookings which are now tracking last year's levels. In Sweden, our largest Nordic market, bookings and average selling prices have been strong.

North America

We have transformed our business in North America through the integration of TriWest, by strengthening our position in the independent market and reducing our dependence on the highly competitive mainstream market. Our mainstream travel business now represents only 25% of total North American passengers and 15% of low-season summer passengers.

Bookings at this relatively early stage of the off-peak mainstream summer season are trending in line with significantly reduced capacity levels. Average selling prices are flat representing a strong performance in this highly competitive market.

Despite difficult trading conditions, the independent business is performing in line with expectations. Overall, we expect to deliver an exceptionally strong set of results for the full year in this segment.

Airlines Germany

We continue to benefit from our route rationalisation and the planned capacity cut of 7%. Bookings over the last three weeks are down 2%, while cumulative bookings are down 15%. We have confidence that overall bookings will continue to trend towards our planned capacity levels. Load factors are 5% lower than last year reflecting this later booking pattern. However yields are up significantly compared with last year.

FINANCIAL REVIEW

As a result of the change in the Company's year end reference date (from 31 October to 30 September) last year, the prior year financial information and commentary included within this report relates to the pro forma period from 1 October 2007 to 31 March 2008. This has been done to assist investors in understanding the performance of the Group for the interim period. The current period compared to the statutory financial information for the prior year period (6 months to 30 April 2008) has been included in Appendix 2 to this report.

Financial results and performance review

Group

	6 months ended 31 March 2009 £m	Pro forma 6 months ended 31 March 2008 £m	Change %	Statutory 6 months ended 30 April 2008 £m
Revenue *	3,484.3	3,094.8	+12.6	2,964.9
Loss from operations **	(110.9)	(131.4)	+15.6	(163.7)
Operating result margin % ***	(3.2)	(4.2)	+23.8	(5.5)
Loss before tax	(280.4)	(233.2)	-20.2	(260.3)
Adjusted loss per share (p) †	(15.1)	(10.6)	-42.5	(13.9)
Dividend per share (p)	3.75	3.25	+15.4	3.25
Operating cash flow	(291.0)	(266.1)	-9.4	(58.9)
Net debt	(1,004.5)	(190.4)		(265.2)

See Appendix 3 for key.

Revenue and loss from operations

The Group revenue for the period was £3,484.3m, an increase of 12.6% on the prior year pro forma period. However, excluding the impact of foreign exchange translation and acquisitions, Group revenue was down 3.7% year on year, reflecting reduced capacity in all our major markets.

The loss from operations before exceptional items improved by 15.6%, to £110.9m. Excluding the impact of foreign exchange translation and acquisitions, Group loss from operations improved by 8.4% year on year, reflecting improved selling prices and strong cost control. More details of the movements in revenue and loss from operations are given later in this report in the segmental performance review section.

Exceptional operating items

Exceptional items are defined as costs or profits that have arisen in the period which management do not believe are a result of normal operating performance and which, if not separately disclosed, would distort the year on year comparison of trading performance.

Exceptional operating items in the period amounted to £75.7m (2008 pro forma: £46.9m). £40.6m of costs in the period relate to the ongoing MyTravel merger integration process (which is expected to complete this year). A further £24.0m of costs relate to the integration of other acquisitions made in the prior year and other business restructuring activities across the Thomas Cook Group.

The remaining £11.1m of costs relate to impairment and book losses on the disposal of fixed assets (largely aircraft related); aborted acquisition costs and losses resulting from other exceptional operating events in the period which are not expected to recur.

Amortisation of business combination intangibles

During the period we have incurred costs of £17.9m in relation to the amortisation of business combination intangibles (pro forma 2008: £29.6m). Of this amount, £16.6m relates to the amortisation of brand names, customer relationships and computer software, and £1.3m to the amortisation of the order backlog that existed at the time of the respective acquisitions.

Income from associates and joint ventures and net investment income

Our share of results of associates and joint ventures was a loss of £1.8m (pro forma 2008: loss of £1.9m). The current year result reflects our share of losses in our Barclaycard joint venture arrangement.

Net investment income, which reflects dividends and interest received from investments, was £0.7m (pro forma 2008: £1.2m).

Net finance costs

Net finance costs (excluding exceptional finance costs) in the period were £69.6m (pro forma 2008: £10.7m). The increase year on year mirrors the increased net borrowing position of the Group, as a result of the cash outflows in 2008 and 2009 to fund acquisitions (£370m) and the share buy back programme (£296m). In addition, there were increased costs associated with the amortisation of the set-up costs in relation to the banking facility which was put in place in May 2008; the net finance costs in relation to the Group's pension schemes; and the forward points and other mark to market losses on financial derivatives.

Exceptional finance costs in the period amounted to £5.2m (pro forma 2008: £13.9m). This includes £10.6m of revaluation losses on trading securities partly offset by £5.4m relating to the unwinding of the exceptional element of the phasing effect of marking to market the forward points on our foreign currency hedging, which arose in September as a result of the global banking crisis (for which a £12.9m exceptional finance cost was reported in the 11 months ended 30 September 2008).

Loss before tax

Loss before tax for the six months ended 31 March 2009 was £280.4m (pro forma 2008: £233.2m).

Tax

The tax credit in the period was £73.1m (pro forma 2008: £57.0m). Excluding the effect of adjustments to tax provisions made in respect of previous years and exceptional items, this represents an effective tax rate of 26.3% on the pre exceptional loss for the period. The full year pre exceptional effective tax rate is expected to be around 27%.

The cash tax rate will continue to be considerably lower than 27% as a result of being able to utilise the losses available in the UK and Germany. Total losses available to carry forward in the Group at 30 September 2008 were £1.3 billion. Deferred tax assets have been recognised in respect of £0.7 billion of this amount.

Loss after tax

The loss after tax for the six months ended 31 March 2009 was £207.3m (pro forma 2008: £176.2m).

Loss per share and dividends

The loss per share before exceptional items (adjusted loss per share) for the period was 15.1 pence compared with 10.6 pence in the pro forma prior year period. The increase in the loss per share partly reflects the significant reduction in the weighted average number of shares year on year following completion of the share buy back programme.

As noted in the Chief Executive's Review earlier in this report, the Board is recommending an interim dividend of 3.75 pence per share, for payment on 4 September 2009.

Cash flow and net debt

The net cash outflow from operating activities during the period was £291.0m (pro forma 2008: net cash outflow of £266.1m). This includes the loss from operations during the period, the cash outflow on integration and restructuring costs, tax paid, and the outflow on working capital.

The working capital outflow in the period was £143.2m compared with an outflow of £127.1m in the comparative prior year period. The tour operator cash flow profile is extremely cyclical and the winter months are traditionally a period of significant cash outflows, as cash paid out to hoteliers often lag the end of the peak summer season whereas cash is received from customers in advance of their holiday departure. This year, the seasonal working capital outflow has been further exaggerated by the reductions in 2009 capacity and the delay in holiday bookings (and hence revenue received in advance) we have experienced as a result of the economic slowdown.

The net cash outflow from investing activities was £29.3m (pro forma 2008: outflow of £203.7m). The outflow in the current period includes a net £83.6m expenditure on tangible and intangible fixed assets and a £71.8m payment to Lufthansa to complete the purchase of the

Condor airline. These were partly offset by an inflow of cash of £125.3m realised from the disposal of trading securities.

The net cash outflow from financing activities was £140.2m (pro forma 2008: outflow of £117.3m). The outflow in the period largely comprises the net draw down of borrowings under the credit facility of £60.2m, offset by the cash outflow in respect of the completion of the share buy back programme of £47.1m; £55.5m paid out in dividends (prior year final dividend); finance lease payments of £32.7m; and interest payments of £69.8m.

Cash and cash equivalents on the balance sheet at 31 March 2009 were £384.5m (31 March 2008: £342.9m; 30 September 2008: £761.3m). This balance includes restricted cash of £73.8m (30 September 2008: £127.1m) which is held in escrow accounts predominantly in the US and Canada, in respect of local regulatory requirements, in addition to amounts held in respect of White Horse Insurance Ireland Limited, the Group's insurance company and amounts held in other securities.

Net debt at 31 March 2009 was £1,004.5m (31 March 2008: £190.4m; 30 September 2008: £292.5m). The movement since the 2008 financial year end largely reflects the seasonal operating losses and working capital outflow, together with payments for dividends, tax, finance costs, capital expenditure, finance lease payments, the Lufthansa payment and the completion of the share buy back programme. Year on year movements in exchange rates (predominantly on finance leases) have also adversely impacted the net debt balances at 31 March 2009.

Segmental performance review

	6 months ended 31 March 2009 £m	6 months ended 31 March 2008 £m	Change %
External Revenue *			
UK	972.6	990.4	-1.8
Continental Europe	1,377.1	1,102.5	+24.9
Northern Europe	529.1	481.1	+10.0
North America	262.8	249.9	+5.2
Airlines Germany	342.4	270.8	+26.4
Corporate	0.3	0.1	+200.0
Group	3,484.3	3,094.8	+12.6
Loss from operations **			
UK	(109.2)	(122.2)	+10.6
Continental Europe	(34.7)	(31.7)	-9.5
Northern Europe	28.1	35.2	-20.2
North America	14.3	8.2	+74.4
Airlines Germany	(3.6)	(11.6)	+69.0
Corporate	(5.8)	(9.3)	+37.6
Group	(110.9)	(131.4)	+15.6

See Appendix 3 for key.

UK

	6 months ended 31 March 2009	6 months ended 31 March 2008	Change
	£m	£m	%
Financial			
Revenue (£m) *	972.6	990.4	-1.8
Loss from operations (£m) **	(109.2)	(122.2)	+10.6
Operating margin % ***	(11.2)	(12.3)	+8.9
Non-financial			
Mass Market Risk			
Passengers (000's) †			-9.8
Capacity (000's) ††			-10.0
Average selling price (£) #			+6.9
Load factor % †††			+0.2
Brochure mix % ##			-2.4
Controlled distribution % ‡‡	66.3	63.7	+4.1
Internet distribution % ‡‡	34.7	25.2	+37.7

See Appendix 3 for key.

Our UK segment has performed solidly in the period.

Revenue for the six months to March 2009 was 1.8% lower than in the prior year period at £972.6m. However, excluding the impact of acquisitions in the current and prior year, the revenue was 7.4% lower. This reduction reflects lower mass market risk and scheduled passengers, partially offset by improved selling prices. To ensure supply and demand remained in balance and maximise profitability through the current economic downturn, management reduced the risk capacity on sale by 10%. In addition, we continued our focus on medium haul destinations, increasing the proportion of holidays to such places to 77% of our total UK winter risk programme.

As a result of the above actions, the number of mass market passengers carried fell by 9.8% but the average selling prices and margins achieved on those holidays departing in the period were improved year on year.

Other passengers increased by 126% year on year, reflecting the acquisitions we made in the prior year which underpin our strategy for growth in the Independent business and emerging

markets. Retail customers, being third party tour operator passengers booking predominantly through Thomas Cook shops, fell year on year by 5% largely due to the capacity reductions across the whole market.

In addition to the capacity management measures above, we continued to realise significant merger synergies during the period which, together with some net benefits on foreign exchange, offset the year on year increase in fuel prices and the weaker performance in our Retail business.

Acquisitions in the prior and current year period contributed £10.3m to the loss from operations.

As a result of the above, the seasonal loss from operations was improved to £109.2m from £122.2m in the prior year.

Control of distribution and, in particular, growth of sales through the internet continues to be a key cornerstone of our strategy for future success. The proportion of departed passengers who booked on the internet was 34.7%, an increase of 37.7% on the prior year period. The proportion of passengers departing in the period who booked through our controlled distribution channels (owned websites, shops and call centres) grew by 4.1% to 66.3%.

Continental Europe

	6 months ended 31 March 2009 £m	6 months ended 31 March 2008 £m	Change %
Revenue (£m) *	1,377.1	1,102.5	+24.9
Loss from operations (£m) **	(34.7)	(31.7)	-9.5
Operating margin % ***	(2.5)	(2.9)	+13.8
Mass market			
Passengers (000's) †			
Flight-inclusive			-1.8
Non-flight inclusive			-15.6
Average selling price (€) #			+13.3
Controlled distribution % ‡‡	36.0	33.6	+7.1
Internet distribution % ‡‡	9.0	8.1	+11.1

See Appendix 3 for key.

Note: Flight-inclusive passengers above includes Jet Tours passengers post-acquisition.

Our Continental Europe segment, in particular Germany and France, has performed well in the period.

Revenue for the six months to March 2009 increased by 24.9%, to £1,377.1m. However, this increase was driven by changes in translation exchange rates and the impact of acquisitions (Iberoservice, Jet Tours, Neckermann Urlaubswelten, urlaub.de) in the latter half of the prior year. Adjusting for these, underlying revenue was 6.4% lower reflecting reduced passenger numbers in Germany and the Western European markets (Belgium, The Netherlands and France). The largest reduction in passenger volumes was seen in the car business where we do not take on any risk for the product. However, we also planned for and experienced reductions in the flight inclusive business where our significant capacity flexibility allows management to continue to focus on selling profitable product rather than protecting market share. The impact of lower volumes was partly offset by significantly improved selling prices reflecting the increased mix towards more expensive and higher margin flight inclusive sales. In the Eastern markets (Poland, Hungary, Czech Republic), volumes were increased, however, selling prices suffered as a result of a change in product mix and the weak exchange rates in those countries.

The seasonal loss from operations increased by £3.0m to £34.7m in the period. However, included within this figure is £3.1m of seasonal losses from acquisitions made in the prior year and an adverse translation impact of £5.2m. Excluding these, underlying losses from operations improved by 17% and reflects a good underlying performance in Germany and France and the benefits arising from our continued focus on cost reduction measures across all our Continental Europe markets. These have more than offset the adverse impact of the year on year shift in the timing of Easter, and the reduced volumes and margins in Belgium and The Netherlands, where we have suffered most from the tough market conditions.

The proportion of our departed passengers in the Continental Europe markets who booked on the internet was 9.0%, an increase of 11.1% on the prior year period. Whilst this proportion seems low in comparison to the UK and Northern Europe markets, it continues to grow strongly and plays an important role in our multi-channel proposition. The proportion of passengers departing in the period who booked through our controlled distribution channels in Continental Europe (owned websites, shops and call centres) grew by 7.1% to 36.0%.

Northern Europe

	6 months ended 31 March 2009 £m	6 months ended 31 March 2008 £m	Change %
Revenue (£m) *	529.1	481.1	+10.0
Profit from operations (£m) **	28.1	35.2	-20.2
Operating profit margin % ***	5.3	7.3	-27.4
<i>Mass Market Risk</i>			
Passengers (000's) †			-1.3
Capacity (000's) ††			-1.3
Average selling price (SEK) #			+6.4
Load factor % †††			-0.1
Brochure mix % ##			-10.8
Controlled distribution % ‡‡	81.0	78.0	+3.8
Internet distribution % ‡‡	47.5	38.3	+24.0

See Appendix 3 for key.

Our Northern European business has delivered a good performance in the period under review but was not able to match the record profit level of the prior year due to the difficult economic conditions.

Revenue for the six months to March 2009 increased by 10.0%, to £529.1m. Adjusting for the impact of changes in the translation exchange rates, underlying revenue increased by 6.3%, largely reflecting increased selling prices. Passengers and capacity were almost at last year's levels, down only 1.3% year on year.

Unlike our other European tour operating segments, where losses in the winter season are typical both for Thomas Cook and the industry as a whole, our Northern European business continued to generate significant profits in the first six months of this financial year despite the difficult economic conditions. However, the profit from operations of £28.1m was £7.1m lower than the record performance achieved in the prior year period as the increased selling prices achieved were not sufficient to cover the increased cost of fuel.

Our Northern European businesses continue to lead the segments in terms of internet distribution. The proportion of our departed passengers who booked on the internet was 47.5%, an increase of 24.0% on the prior year period. The proportion of passengers departing in the period who booked through our controlled distribution channels in Northern Europe (owned websites, shops and call centres) grew by 3.8% to 81.0%.

North America

	6 months ended 31 March 2009 £m	6 months ended 31 March 2008 £m	Change %
Revenue (£m) *	262.8	249.9	+5.2
Profit from operations (£m) **	14.3	8.2	+74.4
Operating profit margin % ***	5.4	3.3	+63.6
<i>Mass Market Risk</i>			
Passengers (000's) †			-11.7
Capacity (000's) ††			-12.3
Average selling price (C\$) #			+0.7
Load factor % †††			+0.7
Brochure mix % ##			flat
Controlled distribution % ‡‡	41.2	24.7	+66.8
Internet distribution % ‡‡	34.4	11.4	+201.8

See Appendix 3 for key.

Note: Controlled and internet distribution % include independent travel bookings.

Our North American business has delivered a very strong performance in the period under review, despite continued difficult trading conditions and over-capacity in mass market tour operating in Canada.

Revenue for the six months to March 2009 increased by 5.2%, to £262.8m. Adjusting for the impact of changes in the translation exchange rates and the acquisition of TriWest, underlying revenue decreased by 9.1%, reflecting decreased mass market passenger numbers as we continue to manage our way through a period of sustained over capacity in this market.

Increased fuel costs also adversely impacted the year on year margin performance, however, this was offset by benefits arising from the weakening of the US dollar against the Canadian dollar. In addition, our Independent operations, which include the newly acquired TriWest business performed well in the period and contributed £6.1m to the overall year on year improvement in profit from operations. We also continued our focus on cost control throughout the period.

Internet distribution continues to grow in our Canadian business. The proportion of passengers who booked on the internet was 34.4%, an increase of over 200% on the prior year period. The proportion of passengers departing in the period who booked through our controlled distribution channels (owned websites, shops and call centres) grew to 41.2%, an increase of 66.8% on the prior year. Both of these year on year increases are heavily influenced by the TriWest acquisition.

Airlines Germany

	6 months ended 31 March 2009 £m	6 months ended 31 March 2008 £m	Change %
Revenue - external (£m) *	342.4	270.8	+26.4
Revenue - internal (£m) *	129.7	128.9	+0.6
Total revenue (£m) *	472.1	399.7	+18.1
Loss from operations (£m) **	(3.6)	(11.6)	+69.0
Operating margin % ***	(0.8)	(2.9)	+72.4
Sold seats (000's) †††			
TC tour operators			-32.2
3rd party tour operators			+0.8
External seat only			-23.3
Total sold seats			-20.2
Sold seats (000's) †††			
Europe (excl. Cities)			-19.1
Long haul			-7.6
Cities			-90.8
Total sold seats			-20.2
Capacity (ASK m) ††			-11.3
Yield (€) ###			+24.4
Seat load factor % †††			-1.3

See Appendix 3 for key.

Our Airlines Germany segment has performed well in the period.

Total revenue increased by 18.1%, to £472.1m, however this was almost all due to the changes in translation rates year on year, with underlying revenue up only 1.2%. This underlying increase reflects the planned reductions in capacity, offset by significantly improved yields. The increase in yields of 24.4% reflects increased income from fuel surcharges and a change in mix to longer routes as well as the cancellation of the loss-making Cities programme and reduced intra-Germany hub feeder flights.

Fuel costs increased significantly year on year. However, we were able to mitigate the impact of this at the gross margin level by the improved yields noted above. This, together with tight

cost control and benefits arising from the alignment of accounting practices for engine overhauls across the Group's airlines, resulted in a significant reduction in seasonal operating losses to £3.6m, from £11.6m in the prior year period.

Corporate

	6 months ended 31 March 2009 £m	6 months ended 31 March 2008 £m	Change %
Revenue (£m) *	0.3	0.1	+200.0
Loss from operations (£m) **	(5.8)	(9.3)	+37.6

See Appendix 3 for key.

The costs of running the Corporate headquarters have reduced year on year reflecting the continued realisation of synergy benefits and exchange gains from balance sheet revaluations.

Arcandor reporting

Arcandor, our majority shareholder, is issuing its half year accounts to the German market on 29 May 2009, in line with German regulatory requirements. This report will contain statutory financial information relating to Thomas Cook Group plc for the six months ended 31 March 2009 and for the five months ended 31 March 2008 drawn up in line with Arcandor's accounting policies and formats and stated in euros. As a result, it is not directly comparable with the Thomas Cook Group plc financial information contained in this statement.

In addition, in its press release relating to the half year accounts, Arcandor will provide some illustrative figures for Thomas Cook Group plc for the six months ended 31 March 2009 and 31 March 2008. The basis of preparation of these illustrative figures will be set out in their press release and may differ from that used by Thomas Cook Group plc in reporting its results. As a result, the Board of Thomas Cook Group plc has not approved this illustrative information.

Risks and Uncertainties

The principal risks and uncertainties affecting the business activities of the Group and mitigating actions being taken by management were set out on pages 46 and 47, and more fully described throughout the Directors' Report, of the Annual Report & Accounts for the year ended 30 September 2008, a copy of which is available on the Group's corporate website, www.thomascookgroup.com. The key Group risks were summarised under the headings of:

Operational and strategic risks

- downturn in the economies of our source markets leading to a reduction in demand for our products and services;
- fall in demand for traditional package tours and competition from internet distributors and low-cost airlines;
- customers' exposure to the falling value of sterling;
- corporate social responsibility, including environmental issues;
- a major incident caused by a significant lapse in health & safety procedures;
- loss of, or difficulty in replacing, senior talent;
- business continuity;
- performance failure by outsourced partners.

Financial risks

- volatility of fuel prices;
- foreign currency risks;
- interest rate risks;
- liquidity risk;
- counterparty credit risk;
- tax risk;
- requirement to increase defined benefit pension scheme contributions, which may be imposed by the trustees or the Pensions Regulator.

Other risks that are continually monitored by management

- breakdown in internal controls;
- political, military, terrorist, security, natural catastrophe and health risks in key tourist destinations;
- legal and regulatory risks, especially in respect of airline operating licences, insurance and financial services sectors, and legislative impacts;
- failure to comply with new regulations in relation to night flying and environmental emissions;
- money laundering legislation in relation to financial services.

In the view of the Board, the key risks and uncertainties for the remaining six months of the financial year continue to be those set out in the above section of the Annual Report & Accounts.

Appendix 1

Statutory financial information with pro forma comparatives

Group Income Statement

	Notes	Unaudited 6 months to 31/03/09 £m	Pro forma Unaudited 6 months to 31/03/08 £m
Revenue	2	3,484.3	3,094.8
Cost of providing tourism services		(2,722.9)	(2,420.0)
Gross profit		761.4	674.8
Personnel expenses		(500.7)	(459.9)
Depreciation and amortisation		(80.9)	(64.7)
Amortisation of business combination intangibles		(17.9)	(29.6)
Net operating expenses		(366.7)	(329.1)
Profit on disposal of businesses and property, plant & equipment		0.3	0.6
Loss from operations		(204.5)	(207.9)
Analysed between:			
Loss from operations before exceptional items and amortisation of business combination intangibles	2	(110.9)	(131.4)
Amortisation of business combination intangibles		(17.9)	(29.6)
Exceptional items	3	(75.7)	(46.9)
		(204.5)	(207.9)
Share of results of associates and joint ventures		(1.8)	(1.8)
Loss on disposal of associates		-	(0.1)
Net investment income		0.7	1.2
Finance income	4	28.2	38.1
Finance costs	4	(97.8)	(48.8)
Exceptional finance costs	3	(5.2)	(13.9)
Loss before tax		(280.4)	(233.2)
Tax		73.1	57.0
Loss for the period		(207.3)	(176.2)
Attributable to:			
Equity holders of the parent		(206.4)	(175.0)
Minority interests		(0.9)	(1.2)
Adjusted loss per share in pence			
Basic		(15.1)	(10.6)
Diluted		(15.1)	(10.6)
Loss per share in pence			
Basic		(24.2)	(17.9)
Diluted		(24.2)	(17.9)

Group Statement of Net Assets

	Notes	Unaudited as at 31/03/09 £m	Restated* Pro forma Unaudited as at 31/03/08 £m
Non-current assets			
Intangible assets		3,676.0	3,277.5
Property, plant & equipment			
Aircraft and aircraft spares		649.3	609.3
Investment property		18.3	-
Other		346.1	327.5
Investment in associates and joint ventures		49.7	40.0
Other investments		32.5	28.8
Deferred tax assets		521.9	406.9
Tax assets		6.5	4.2
Trade and other receivables		126.8	115.9
Pension assets		0.3	0.5
Derivative financial instruments		30.5	17.1
		<u>5,457.9</u>	<u>4,827.7</u>
Current assets			
Inventories		27.5	20.2
Tax assets		28.8	34.1
Trade and other receivables		1,156.2	1,255.8
Investments		-	0.1
Derivative financial instruments		650.5	240.1
Cash and cash equivalents	6	384.5	342.9
		<u>2,247.5</u>	<u>1,893.2</u>
Total assets		<u>7,705.4</u>	<u>6,720.9</u>
Current liabilities			
Retirement benefit obligations		(4.9)	(4.1)
Trade and other payables		(1,646.4)	(1,421.8)
Borrowings	6	(555.1)	(159.0)
Obligations under finance leases	6	(248.7)	(90.4)
Tax liabilities		(77.2)	(72.1)
Revenue received in advance		(1,320.0)	(1,180.9)
Short-term provisions		(194.4)	(233.2)
Derivative financial instruments		(600.4)	(156.3)
		<u>(4,647.1)</u>	<u>(3,317.8)</u>
Non-current liabilities			
Retirement benefit obligations		(255.9)	(176.2)
Trade and other payables		(28.5)	(98.8)
Long-term borrowings	6	(379.5)	(139.3)
Obligations under finance leases	6	(205.7)	(377.9)
Tax liabilities		-	(2.6)
Revenue received in advance		(1.3)	(0.3)
Deferred tax liabilities		(144.4)	(145.6)
Long-term provisions		(258.9)	(226.1)
Derivative financial instruments		(93.3)	(27.6)
		<u>(1,367.5)</u>	<u>(1,194.4)</u>
Total liabilities		<u>(6,014.6)</u>	<u>(4,512.2)</u>
Net assets		<u>1,690.8</u>	<u>2,208.7</u>

*Refer to basis of preparation

Cash Flow Statement

	Notes	Unaudited 6 months to 31/03/09 £m	Pro forma Unaudited 6 months to 31/03/08 £m
Cash flows from operating activities			
Cash generated by operations		(277.8)	(212.1)
Income taxes paid		(13.2)	(54.0)
Net cash outflow from operating activities	5	<u>(291.0)</u>	<u>(266.1)</u>
Investing activities			
Proceeds on disposal of property, plant & equipment		5.1	6.4
Purchase of subsidiary (net of cash acquired)		(76.1)	(117.1)
Purchase of tangible and financial assets		(49.4)	(30.8)
Purchase of intangible assets		(34.2)	(35.0)
Movement in short term securities		125.3	(27.2)
Net cash used in investing activities		<u>(29.3)</u>	<u>(203.7)</u>
Financing activities			
Interest paid		(69.8)	(30.1)
Dividends paid		(55.5)	-
Drawdown of borrowings		583.9	-
Repayment of borrowings		(523.7)	(16.8)
Repayment of finance lease obligations		(32.7)	(36.5)
Purchase of own shares		(47.1)	(35.8)
Proceeds from subsidiary rights issue to minority shareholders		4.7	-
Proceeds from issue of ordinary shares		-	1.9
Net cash used in financing activities		<u>(140.2)</u>	<u>(117.3)</u>
Net decrease in cash & cash equivalents		(460.5)	(587.1)
Cash and cash equivalents at beginning of period		747.5	813.2
Effect of foreign exchange rate changes		78.3	35.9
Cash & cash equivalents at end of period		<u>365.3</u>	<u>262.0</u>
Liquid assets		384.5	342.9
Bank overdrafts		(19.2)	(80.9)
Cash & cash equivalents at end of period		<u>365.3</u>	<u>262.0</u>

Notes to the Pro forma Interim Financial Information

1. Basis of preparation

The information has been prepared using the accounting policies stated in the Company's report and accounts for the year ended 30 September 2008.

The information in this report relating to the six months ended 31 March 2009 and the pro forma six months ended 31 March 2008 is unaudited and does not constitute full statutory accounts within the meaning of section 240 of the Companies Act 1985.

The statement of net assets as at 31 March 2008 has been amended to reflect changes to the fair values related to Hotels4u.com, Thomas Cook India and MyTravel Group plc acquisitions. The fair values have been recognized from the date of the respective acquisitions and consequently the 31 March 2008 comparatives have been restated.

A copy of the statutory accounts for the 11 months ended 30 September 2008 has been delivered to the Registrar of Companies. The auditors' report on those accounts was not qualified and did not contain a statement under Section 237(2) or (3) of the Companies Act 1985.

2. Segmental analysis

Six months to 31 March 2009

	UK and Ireland £m	Continental Europe £m	Northern Europe £m	North America £m	Airlines Germany £m	Corporate £m	Total £m
Revenue							
Segment sales	980.6	1,382.1	530.0	262.8	472.1	-	3,627.6
Inter-segment sales	(8.0)	(5.0)	(0.9)	-	(129.7)	0.3	(143.3)
Total revenue	972.6	1,377.1	529.1	262.8	342.4	0.3	3,484.3
Profit/(loss) from operations before exceptional items and amortisation of business combination intangibles							
	(109.2)	(34.7)	28.1	14.3	(3.6)	(5.8)	(110.9)

Six months to 31 March 2008

	UK and Ireland £m	Continental Europe £m	Northern Europe £m	North America £m	Airlines Germany £m	Corporate £m	Total £m
Revenue							
Segment sales	991.3	1,104.0	483.2	249.9	399.7	0.1	3,228.2
Inter-segment sales	(0.9)	(1.5)	(2.1)	-	(128.9)	-	(133.4)
Total revenue	990.4	1,102.5	481.1	249.9	270.8	0.1	3,094.8
Profit/(loss) from operations before exceptional items and amortization of business combination intangibles							
	(122.2)	(31.7)	35.2	8.2	(11.6)	(9.3)	(131.4)

Inter-segment sales are charged at prevailing market prices.

3. Exceptional items

	Unaudited 6 months to 31/03/09 £m	Pro forma Unaudited 6 months to 31/03/08 £m
Property costs, redundancy and other costs incurred in integrating the Thomas Cook and MyTravel businesses	(40.6)	(26.5)
Property costs, redundancy and other costs incurred in other business integrations and reorganisations	(24.0)	(0.7)
Other merger related costs	-	(6.9)
Impairment and disposal of assets	(6.3)	(4.6)
Abortive transaction fees	(0.8)	(4.3)
Change in bonding regulations	-	(2.3)
Other exceptional items	(4.0)	(1.6)
Exceptional items included within operating loss	(75.7)	(46.9)
Exceptional items have been included in the income statement as follows:		
Cost of providing tourism services	(9.2)	(1.5)
Personnel expenses	(17.5)	(12.1)
Depreciation	(8.2)	-
Net operating expenses	(41.1)	(33.9)
Profit on disposal of property, plant and equipment	0.3	0.6
	(75.7)	(46.9)
Exceptional finance costs		
Loss on revaluation of trading securities	(10.6)	(13.9)
Reversal of prior year impact of financial markets volatility	5.4	-
	(5.2)	(13.9)
Total exceptional items	(80.9)	(60.8)

4. Finance income / costs

	Unaudited 6 months to 31/03/09 £m	Pro forma Unaudited 6 months to 31/03/08 £m
Finance income		
Income from loans included in financial assets	0.3	0.3
Other interest and similar income	8.5	17.0
Expected return on pension plan assets	19.4	20.8
	<u>28.2</u>	<u>38.1</u>
Finance costs		
Interest payable	(51.2)	(13.3)
Finance costs in respect of finance leases	(12.4)	(12.6)
Interest cost on pension plan liabilities	(25.0)	(20.4)
Forward points on future hedging contracts	(4.4)	-
Fair value losses on derivative financial instruments	(2.7)	-
Other finance costs (including discounting charges)	(2.1)	(2.5)
	<u>(97.8)</u>	<u>(48.8)</u>
Exceptional finance costs		
Loss on revaluation of trading securities	(10.6)	(13.9)
Impact of financial market volatility	5.4	-
	<u>(5.2)</u>	<u>(13.9)</u>
	<u>(74.8)</u>	<u>(24.6)</u>

5. Notes to the cash flow statement

	Unaudited 6 months to 31/03/09 £m	Pro forma Unaudited 6 months to 31/03/08 £m
Loss before tax	(280.4)	(233.2)
Adjustments for:		
Net finance costs	74.8	24.6
Net investment income	(0.7)	(1.2)
Share of results of associates and joint ventures	1.8	1.8
Depreciation and amortisation	80.9	64.7
Amortisation of business combination intangibles	17.9	29.6
Impairment of assets	-	0.9
Disposal of businesses, P,P&E, and other assets	(0.3)	(0.6)
Disposal of associates	-	0.1
Share based payments	2.9	0.3
Other non-cash items	(48.1)	12.5
Increase in provisions	1.0	(0.6)
Income received from other non-current investments	0.7	-
Interest received	14.9	16.1
Operating cash flows before movements in working capital	(134.6)	(85.0)
Movement in working capital	(143.2)	(127.1)
Cash generated by operations	(277.8)	(212.1)
Income taxes paid	(13.2)	(54.0)
Net cash from operating activities	(291.0)	(266.1)

Cash and cash equivalents, which are presented as a single class of assets on the face of the balance sheet, comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less.

6. Net debt

	At 1 October 2008 £m	Cash flow £m	Other non-cash changes £m	Exchange movements £m	At 31 March 2009 £m
Liquidity					
Cash and cash equivalents	761.3	(455.8)	-	79.0	384.5
Trading securities	129.2	(125.3)	(10.6)	6.7	-
	<u>890.5</u>	<u>(581.1)</u>	<u>(10.6)</u>	<u>85.7</u>	<u>384.5</u>
Current debt					
Bank overdrafts	(13.8)	(4.7)	-	(0.7)	(19.2)
Borrowings	(342.2)	(60.2)	(76.1)	(57.4)	(535.9)
Obligations under finance leases	(182.6)	32.7	(64.4)	(34.4)	(248.7)
	<u>(538.6)</u>	<u>(32.2)</u>	<u>(140.5)</u>	<u>(92.5)</u>	<u>(803.8)</u>
Non-current debt					
Long term borrowings	(416.1)	-	76.1	(39.5)	(379.5)
Obligations under finance leases	(228.3)	-	64.4	(41.8)	(205.7)
	<u>(644.4)</u>	<u>-</u>	<u>140.5</u>	<u>(81.3)</u>	<u>(585.2)</u>
Total debt	<u>(1,183.0)</u>	<u>(32.2)</u>	<u>-</u>	<u>(173.8)</u>	<u>(1,389.0)</u>
Net debt	<u>(292.5)</u>	<u>(613.3)</u>	<u>(10.6)</u>	<u>(88.1)</u>	<u>(1,004.5)</u>

Appendix 2

Thomas Cook Group plc Interim Financial Information

Thomas Cook Group plc Consolidated Income Statement

	Notes	Unaudited 6 months to 31/03/09 £m	Unaudited 6 months to 30/04/08 £m
Revenue	4	3,484.3	2,964.9
Cost of providing tourism services		(2,722.9)	(2,330.2)
Gross profit		761.4	634.7
Personnel expenses		(500.7)	(438.0)
Depreciation and amortisation		(80.9)	(64.2)
Amortisation of business combination intangibles		(17.9)	(30.4)
Net operating expenses		(366.7)	(326.9)
Profit on disposal of businesses and property, plant & equipment		0.3	0.2
Loss from operations	4	(204.5)	(224.6)
Analysed between:			
Loss from operations before exceptional items and amortisation of business combination intangibles	4	(110.9)	(163.7)
Amortisation of business combinations intangibles		(17.9)	(30.4)
Exceptional items	5	(75.7)	(30.5)
		(204.5)	(224.6)
Share of results of associates and joint ventures		(1.8)	(2.9)
Net investment income		0.7	0.3
Finance income		28.2	39.9
Finance costs		(97.8)	(59.1)
Exceptional finance costs	5	(5.2)	(13.9)
Loss before tax		(280.4)	(260.3)
Tax	6	73.1	69.0
Loss for the period		(207.3)	(191.3)
Attributable to:			
Equity holders of the parent		(206.4)	(191.0)
Minority interests		(0.9)	(0.3)
Loss per share in pence			
Basic		(24.2)	(19.6)
Diluted		(24.2)	(19.6)

All revenue and results arose from continuing operations.

The notes on pages 43 to 55 form an integral part of the condensed consolidated interim financial information.

Thomas Cook Group plc Consolidated Statement of Recognised Income and Expense

	Notes	Unaudited 6 months to 31/03/09 £m	Unaudited 6 months to 30/04/08 £m
Gains on cash flow hedges		18.3	185.6
Losses on available-for-sale investments		(1.3)	-
Exchange differences on translation of foreign operations		73.2	134.7
Actuarial (losses)/gains on defined benefit pension schemes	14	(46.3)	7.5
Tax on items taken directly to equity		10.1	(39.6)
Net income recognised directly in equity		54.0	288.2
Transfers			
Transferred to profit or loss on cash flow hedges		(130.7)	(9.4)
Tax on items transferred from equity		38.9	2.8
		(91.8)	(6.6)
Loss for the period		(207.3)	(191.3)
Total recognised income & expense for the period		(245.1)	90.3
Attributable to:			
Equity holders of the parent		(244.2)	89.6
Minority interests		(0.9)	0.7
		(245.1)	90.3

The notes on pages 43 to 55 form an integral part of the condensed consolidated interim financial information.

Thomas Cook Group plc Consolidated Balance Sheet

		Unaudited as at 31/03/09	Restated Audited as at 30/09/08
	Notes	£m	£m
Non-current assets			
Intangible assets	8	3,676.0	3,438.7
Property, plant & equipment			
Aircraft and aircraft spares	8	649.3	584.8
Investment property	8	18.3	15.7
Other	8	346.1	312.3
Investment in associates and joint ventures		49.7	42.7
Other investments		32.5	29.4
Deferred tax assets		521.9	328.0
Tax assets		6.5	9.9
Trade and other receivables		126.8	126.4
Pension assets	14	0.3	0.4
Derivative financial instruments		30.5	55.6
		<u>5,457.9</u>	<u>4,943.9</u>
Current assets			
Inventories		27.5	24.2
Tax assets		28.8	15.1
Trade and other receivables		1,156.2	1,016.0
Derivative financial instruments		650.5	261.6
Cash and cash equivalents		384.5	761.3
		<u>2,247.5</u>	<u>2,078.2</u>
Total assets		<u>7,705.4</u>	<u>7,022.1</u>
Current liabilities			
Retirement benefit obligations	14	(4.9)	(9.0)
Trade and other payables		(1,646.4)	(1,855.8)
Borrowings	10	(555.1)	(356.0)
Obligations under finance leases		(248.7)	(182.6)
Tax liabilities		(77.2)	(69.4)
Revenue received in advance		(1,320.0)	(917.5)
Short-term provisions	11	(194.4)	(185.0)
Derivative financial instruments		(600.4)	(174.3)
		<u>(4,647.1)</u>	<u>(3,749.6)</u>
Non-current liabilities			
Retirement benefit obligations	14	(255.9)	(181.6)
Trade and other payables		(28.5)	(36.9)
Long-term borrowings	10	(379.5)	(416.1)
Obligations under finance leases		(205.7)	(228.3)
Revenue received in advance		(1.3)	(0.9)
Deferred tax liabilities		(144.4)	(99.3)
Long-term provisions	11	(258.9)	(234.1)
Derivative financial instruments		(93.3)	(66.9)
		<u>(1,367.5)</u>	<u>(1,264.1)</u>
Total liabilities		<u>(6,014.6)</u>	<u>(5,013.7)</u>
Net assets		<u>1,690.8</u>	<u>2,008.4</u>

		Unaudited as at 31/03/09	Restated Audited as at 30/09/08
	Notes	£m	£m
Equity			
Called-up share capital	12	57.7	59.8
Share premium account	12	8.9	8.9
Merger reserve	12	1,984.2	1,984.2
Translation and hedging reserves	12	210.4	214.8
Capital redemption reserve	12	8.5	6.4
Retained deficit	12	(584.2)	(265.4)
Investment in own shares	12	(13.0)	(13.0)
Equity attributable to equity holders of the parent		1,672.5	1,995.7
Minority interests	12	18.3	12.7
Total equity		1,690.8	2,008.4

The notes on pages 43 to 55 form an integral part of the condensed consolidated interim financial information.

Thomas Cook Group plc Consolidated Cash Flow Statement

	Notes	Unaudited 6 months to 31/03/09 £m	Unaudited 6 months to 30/04/08 £m
Cash flows from operating activities			
Cash generated by operations		(277.8)	(10.2)
Income taxes paid		(13.2)	(48.7)
Net cash from operating activities		(291.0)	(58.9)
Investing activities			
Proceeds on disposal of property, plant and equipment		5.1	3.4
Purchase of subsidiaries (net of cash acquired)	9	(76.1)	(159.7)
Purchase of tangible and financial assets		(49.4)	(30.6)
Purchase of intangible assets		(34.2)	(32.2)
Movements in short-term securities		125.3	38.1
Net cash used in investing activities		(29.3)	(181.0)
Financing activities			
Interest paid		(69.8)	(32.8)
Dividends paid	7	(55.5)	(48.9)
Drawdown of borrowings		583.9	158.0
Repayment of borrowings		(523.7)	(22.6)
Repayment of finance lease obligations		(32.7)	(35.5)
Purchase of own shares		(47.1)	(61.4)
Proceeds from subsidiary rights issue to minority shareholders		4.7	-
Proceeds from issue of ordinary shares		-	2.1
Net cash used in financing activities		(140.2)	(41.1)
Net decrease in cash & cash equivalents		(460.5)	(281.0)
Cash and cash equivalents at beginning of period		747.5	596.0
Effect of foreign exchange rate changes		78.3	19.3
Cash & cash equivalents at end of period		365.3	334.3
Liquid assets		384.5	400.5
Bank overdrafts		(19.2)	(66.2)
Cash & cash equivalents at end of period		365.3	334.3

The notes on pages 43 to 55 form an integral part of the condensed consolidated interim financial information.

Notes to the Thomas Cook Group plc Interim Financial Information

1. General information

Thomas Cook Group plc is a limited liability company incorporated and domiciled in England and Wales under the Companies Act 1985 and listed on the London Stock Exchange. The address of the registered office is The Thomas Cook Business Park, Coningsby Road, Peterborough, Cambridgeshire, PE3 8SB. The principal activities of the Group are discussed in the interim management report on pages 1 to 28.

This condensed consolidated interim financial information was approved for issue on 14 May 2009.

These interim financial results do not comprise statutory accounts within the meaning of Section 240 of the Companies Act 1985. Statutory accounts for the year ended 30 September 2008 were approved by the Board of Directors on 19 December 2008 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 237 of the Companies Act 1985.

The Directors consider that Arcandor AG is the Company's ultimate controlling party. The largest and smallest group undertakings for which consolidated financial statements are prepared and which include the financial statements of the Thomas Cook Group is that headed by Arcandor AG. Arcandor AG is incorporated in Germany and copies of its financial statements, which are publicly available, may be obtained from Arcandor AG, Theodor-Althoff-Str. 2, D-45133 Essen, Germany.

2. Basis of preparation

This condensed consolidated interim financial information for the half-year ended 31 March 2009 has been prepared in accordance with Disclosure and Transparency Rules of the Financial Services Authority and with IAS 34, 'Interim financial reporting' as adopted by the European Union. The interim condensed consolidated financial report should be read in conjunction with the annual financial statements for the period ended 30 September 2008, which have been prepared in accordance with IFRSs as adopted by the European Union.

During the period, the fair values related to the Jet Tours and TriWest acquisitions were revised for the recognition of business combination intangibles and adjustments to trade receivables, provisions and the related deferred tax assets/liabilities. In accordance with IFRS 3, 'Business Combinations' the 11 months ended 30 September 2008 has been restated. Refer to note 9 for further details.

3. Accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the period ended 30 September 2008, as described in those annual financial statements, except for the policy with respect to tax. Taxes on income in interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

There are no new standards, amendments to standards or interpretations which are mandatory for the first time for the financial period ending 30 September 2009.

3. Accounting policies (continued)

The following new standards, amendments to standards and interpretations that are expected to impact the Group but which have not been applied in these financial statements, were in issue, but are not yet effective:

IFRS 8	'Operating segments', issued in November 2006, effective for periods beginning on or after 1 January 2009, subject to EU endorsement. This may change the way in which we report operating segments. A detailed review of the impact of this standard is in progress.
IFRS 3 Revised	'Business combinations' and consequential amendments to IAS 27, 'Consolidated and separate financial statements', IAS 28, 'Investments in associates' and IAS 31, 'Interests in joint ventures', effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. This will significantly change the recognition of goodwill, acquisition costs and contingent consideration relating to acquisitions.
IFRS 2 Amendment	'Share based payment', effective for annual periods beginning on or after 1 January 2009. This provides a definition of vesting conditions and specifies the accounting treatment for non-vesting conditions. It is not expected to materially affect the share based payment charge recognised in the Group accounts.
IAS 23 Amendment	'Borrowing costs', revised version issued in March 2007, effective for annual periods beginning on or after 1 January 2009. This eliminates the option of expensing all borrowing costs when they are incurred and is not expected to have a material impact on the Group.
IAS 1 Revised	'Presentation of financial statements' is effective for annual periods beginning on or after 1 January 2009. This changes the presentation requirements for other comprehensive income and transactions with shareholders, and requires increased disclosures when there is a restatement of comparatives. Adopting this standard will not affect the recognition or measurement of any transactions or events.
IAS 32 Amendment	'Financial instruments: Presentation', issued in February 2008, effective for annual periods beginning on or after 1 January 2009. This clarifies the treatment of puttable financial instruments. The adoption of this amendment is not expected to have a material impact on the Group.
IAS 39 Revised	'Intangible assets', effective for annual periods beginning on or after 1 January 2009. This amendment will change the way in which we account for brochure costs and is expected to have a material impact on the Group.
IFRIC 13	'Customer loyalty programmes', issued in June 2007, effective for annual periods beginning on or after 1 January 2009. The interpretation is not expected to have a material impact on the Group.
IFRIC 14	'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction', issued in July 2007, effective for periods beginning on or after 1 January 2009. The interpretation is not expected to have a material impact on the Group.

The Directors anticipate that the Group will adopt these standards and interpretations on their effective dates.

4. Segmental information

For management purposes, the Group is currently organised into five geographic operating divisions – UK and Ireland, Continental Europe, Northern Europe, North America and Airlines Germany. These divisions are the basis on which the Group reports its primary segment information. Certain residual businesses and corporate functions are not allocated to these divisions and are shown separately in Corporate.

The primary business of all these operating divisions is the provision of leisure travel services and, accordingly, no separate secondary segmental information is provided.

Segmental information for these divisions is presented below:

Six months to 31 March 2009

	UK and Ireland £m	Continental Europe £m	Northern Europe £m	North America £m	Airlines Germany £m	Corporate £m	Total £m
Revenue							
Segment sales	980.6	1,382.1	530.0	262.8	472.1	-	3,627.6
Inter-segment sales	(8.0)	(5.0)	(0.9)	-	(129.7)	0.3	(143.3)
Total revenue	972.6	1,377.1	529.1	262.8	342.4	0.3	3,484.3
Result							
Profit/(loss) from operations before exceptional items and amortisation of business combination intangibles	(109.2)	(34.7)	28.1	14.3	(3.6)	(5.8)	(110.9)
Exceptional items	(45.3)	(14.5)	0.5	(12.3)	2.9	(7.0)	(75.7)
Amortisation of business combination intangibles	(7.5)	(0.3)	(9.4)	(0.7)	-	-	(17.9)
Segment result	(162.0)	(49.5)	19.2	1.3	(0.7)	(12.8)	(204.5)
Share of results of associates and joint ventures							(1.8)
Net investment income							0.7
Finance income							28.2
Finance costs							(103.0)
Loss before tax							(280.4)
Tax							73.1
Loss for the six months							(207.3)

4. Segmental information (continued)

Six months to 30 April 2008

	UK and Ireland £m	Continental Europe £m	Northern Europe £m	North America £m	Airlines Germany £m	Corporate £m	Total £m
Revenue							
Segment sales	883.2	1,084.8	465.0	263.9	384.3	-	3,081.2
Inter-segment sales	(0.9)	(0.6)	(1.6)	-	(113.2)	-	(116.3)
Total revenue	882.3	1,084.2	463.4	263.9	271.1	-	2,964.9
Result							
Loss from operations before exceptional items and amortisation of business combination intangibles	(141.8)	(26.0)	25.7	15.8	(29.6)	(7.8)	(163.7)
Exceptional items	(22.3)	(0.5)	-	-	0.1	(7.8)	(30.5)
Amortisation of business combination intangibles	(7.1)	-	(19.8)	(3.5)	-	-	(30.4)
Segment result	(171.2)	(26.5)	5.9	12.3	(29.5)	(15.6)	(224.6)
Share of results of associates and joint ventures							(2.9)
Net investment income							0.3
Finance income							39.9
Finance costs							(73.0)
Loss before tax							(260.3)
Tax							69.0
Loss for the six months							(191.3)

Inter-segment sales are charged at prevailing market prices.

5. Exceptional items

	Unaudited 6 months to 31/03/09 £m	Unaudited 6 months to 30/04/08 £m
Property costs, redundancy and other costs incurred in integrating the Thomas Cook and MyTravel businesses	(40.6)	(27.0)
Property costs, redundancy and other costs incurred in other business integrations and reorganisations	(24.0)	-
Impairment and disposal of assets	(6.3)	0.2
Abortive transaction fees	(0.8)	(1.2)
Change in bonding regulations	-	(2.5)
Other exceptional items	(4.0)	-
Exceptional items included within operating loss	(75.7)	(30.5)
Exceptional items have been included in the income statement as follows:		
Cost of providing tourism services	(9.2)	(2.6)
Personnel expenses	(17.5)	(8.2)
Depreciation	(8.2)	-
Net operating expenses	(41.1)	(19.9)
Profit on disposal of property, plant and equipment	0.3	0.2
	(75.7)	(30.5)
Exceptional finance costs		
Loss on revaluation of trading securities	(10.6)	(13.9)
Reversal of prior year impact of financial markets volatility	5.4	-
	(5.2)	(13.9)
Total exceptional items	(80.9)	(44.4)

6. Income taxes

Income tax is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial period. The estimated average tax rate used for the 12 months to 30 September 2009 is 27% (the estimated tax rate for the 6 months to April 2008 was 27%).

7. Dividends

A dividend of £55.5m that relates to the period to 30 September 2008 was paid on 27 March 2009 (April 2008: £48.9m).

In addition, the directors propose an interim dividend of 3.75 pence per share (2008: 3.25 pence) payable on 4 September 2009 to shareholders who are on the register as at 7 August 2009. This interim dividend has not been recognised as a liability in these interim financial statements.

8. Capital expenditure

	Unaudited Tangible and intangible assets	
	£m	
Six months to 31 March 2009		
Opening net book amount 1 October 2008 (restated)	4,351.5	
Additions	87.8	
Acquisition of subsidiaries	0.4	
Disposals	(5.8)	
Depreciation, amortisation, impairment and other movements	(99.1)	
Exchange differences	354.9	
Closing net book amount 31 March 2009	4,689.7	
Six months to 30 April 2008		
Opening net book amount 1 November 2007	3,720.2	
Additions	61.2	
Acquisition of subsidiaries*	250.5	
Disposals	(3.2)	
Assets classified as held for sale	11.2	
Depreciation, amortisation, impairment and other movements	(94.6)	
Exchange differences	276.1	
Closing net book amount 30 April 2008	4,221.4	
	Unaudited	Audited
	as at	as at
	31/03/09	30/09/08
	£m	£m
Capital commitments		
Capital expenditure contracted but not provided for in the accounts	91.1	53.4

* The movement for the six months to 30 April 2008 attributable to the acquisition of subsidiaries has been restated by £26.5m to account for the adjustments to the fair values related to the Hotels4U.com, Thomas Cook India MyTravel Group plc and Elegant Resorts acquisitions. In accordance with IFRS3 the fair values have been recognised from the date of acquisition and the six months to April 2008 comparative has been restated.

9. Business combinations

Acquisitions made during the current period

During the period the Group concluded two small acquisitions, namely:

- 2 February 2009, the net assets of Med Hotels Limited, Hoteltransfer Limited, Medhotels.com GmbH, Holiday Hotels Limited and Taskbrook Limited; and
- 21 October 2008, 100% of Airtrack Services Limited.

Details of the net assets acquired are set out in the table below:

	Carrying amount before business combination	Fair value adjustment	Amount recognised at acquisition date
	£m	£m	£m
Net assets acquired			
Intangible assets	-	1.9	1.9
Property, plant and equipment	0.6	-	0.6
	0.6	1.9	2.5
Goodwill			1.8
Total consideration			4.3

Satisfied by:

Cash (including attributable costs)	4.3
	<u>4.3</u>

The purchase price of each asset component of the acquisition represents its provisional fair value, based on management's best estimates.

The acquired business contributed revenue of £0.6m and a net loss of £0.4m to the Group for the period from acquisition to 31 March 2009.

Lufthansa payment

During the period the Group paid £71.8m for Lufthansa AG's 24.9% holding of Condor. As prior to acquiring Lufthansa AG's share, Condor was 100% consolidated by the Group, this payment is in effect settlement of deferred consideration.

	Lufthansa	Other	Total
	£m	£m	£m
Net cash outflow from acquisitions			
Cash consideration for shares (including acquisition costs)	71.8	4.3	76.1
Total consideration	71.8	4.3	76.1

9 Business combinations (continued)

Changes to the prior period acquisitions

During the period the fair value adjustments related to the Jet Tours and TriWest Travel Holdings acquisitions were amended.

In accordance with IFRS 3, the fair value adjustments have been recognised from the date of acquisition and the comparative figures have been restated.

Jet Tours

The restatement has had the following impact as at the date of acquisition (4 August 2008) and as at 30 September 2008.

	At the date of acquisition	As at 30 September 2008
	£m	£m
Balance sheet		
Intangible assets		
Goodwill	(16.2)	(16.2)
Other intangible assets	22.1	21.0
Property, plant and equipment	(0.5)	(0.5)
Trade and other receivables - current	(1.5)	(1.5)
Short-term provisions	(1.1)	(1.1)
Long-term provisions	(1.8)	(1.8)
Deferred tax asset	(1.0)	(0.7)
	<u>-</u>	<u>(0.8)</u>
Income statement – for the eleven months ended 30 September 2008		
Depreciation and amortisation		(1.1)
Tax		0.3
		<u>(0.8)</u>

TriWest Travel Holdings

The restatement has had the following impact as at the date of acquisition (1 August 2008) and as at 30 September 2008.

	At the date of acquisition	As at 30 September 2008
	£m	£m
Balance sheet		
Intangible assets		
Goodwill	(3.1)	(3.4)
Other intangible assets	4.5	4.9
Deferred tax liability	(1.4)	(1.5)
	<u>-</u>	<u>-</u>

10. Borrowings and loans

	Unaudited as at 31/03/09 £m	Audited as at 30/09/08 £m
Current	555.1	356.0
Non-current	379.5	416.1
	<u>934.6</u>	<u>772.1</u>

Movements in borrowings is analysed as follows:

Six months ended 31 March 2009	£m
Opening amount as at 1 October 2008	772.1
Acquisition of subsidiary	-
Borrowings classified as held for sale	-
Draw down of borrowings	588.6
Repayments of borrowings	(523.7)
Exchange difference	97.6
Closing amount as at 31 March 2009	<u>934.6</u>
Six months ended 30 April 2008	£m
Opening amount as at 1 November 2007	182.5
Acquisition of subsidiary	55.7
Borrowings classified as held for sale	6.5
Draw down of borrowings	186.3
Repayments of borrowings	(22.6)
Exchange difference	25.4
Closing amount as at 30 April 2008	<u>433.8</u>

11. Provisions

	Unaudited as at 31/03/09	Restated Audited as at 30/09/08	
	£m	£m	
Current	194.4	185.0	
Non-current	258.9	234.1	
	<u>453.3</u>	<u>419.1</u>	
	Aircraft maintenance provisions £m	Other Provisions £m	Total £m
At 1 October 2008 (restated)	164.1	255.0	419.1
Additional provisions in year	26.1	27.0	53.1
Unused amounts released in year	(2.8)	(15.9)	(18.7)
Utilisation of provisions	(29.4)	(41.5)	(70.9)
Exchange differences	41.7	29.0	70.7
At 31 March 2009	<u>199.7</u>	<u>253.6</u>	<u>453.3</u>
At 1 November 2007	131.1	241.8	372.9
Additional provisions in year	16.8	34.5	51.3
Unused amounts released in year	(6.9)	-	(6.9)
Unwinding of discount	-	4.3	4.3
Utilisation of provisions	(6.3)	(18.5)	(24.8)
Acquisitions*	-	16.7	16.7
Exchange differences	11.0	12.6	23.6
At 30 April 2008	<u>145.7</u>	<u>291.4</u>	<u>437.1</u>

* The movement for the six months to 30 April 2008 attributable to acquisitions of subsidiaries has been restated by £9.5m to account for adjustments to the fair values related to the MyTravel Group plc acquisition. In accordance with IFRS 3 the fair values have been recognized from the date of acquisition and the six months to April 2008 comparative has been restated.

The aircraft maintenance provisions relate to maintenance on leased aircraft and spares used by the Group's airlines in respect of leases which include contractual return conditions. This expenditure arises at different times over the life of the aircraft with major overhauls typically occurring between two and ten years.

Other provisions relate to provisions for onerous contracts and future obligations, including those arising as a result of reorganisation and restructuring plans that are irrevocably committed including severance payments and provisions for social security compensation plans.

Provisions included in non-current liabilities are principally in respect of onerous contracts and are expected to be utilised over the term of those contracts which extend up to ten years from the balance sheet date.

12. Consolidated statement of changes in equity

The movements in equity attributable to equity holders of the parent during the period were as follows:

	Share capital £m	Share premium £m	Merger reserve £m	Translation and hedging reserve £m	Capital redemption reserve £m	Retained earnings £m	Own Shares £m	Attributable to equity holders of the parent £m	Minority interest £m	Total £m
Opening Balance at 1 October 2008 (restated)	59.8	8.9	1,984.2	214.8	6.4	(265.4)	(13.0)	1,995.7	12.7	2,008.4
Total recognised income and expense for the period	-	-	-	(4.4)	-	(239.8)	-	(244.2)	(0.9)	(245.1)
Equity credit in respect of share- based payments	-	-	-	-	-	2.9	-	2.9	-	2.9
Acquisition of minority interest	-	-	-	-	-	-	-	-	6.5	6.5
Purchase of own shares - share buy back scheme	(2.1)	-	-	-	2.1	(26.4)	-	(26.4)	-	(26.4)
Dividends paid	-	-	-	-	-	(55.5)	-	(55.5)	-	(55.5)
At 31 March 2009	57.7	8.9	1,984.2	210.4	8.5	(584.2)	(13.0)	1,672.5	18.3	1,690.8

During the period the Group acquired 12,934,387 of its own shares through purchases on the London Stock Exchange and from Arcandor. The total amount paid to acquire the shares, including related expenses was £26.4m and has been deducted from shareholders' equity. The share buy back programme was completed in October 2008. The shares have been cancelled.

13. Contingent liabilities

	Unaudited as at 31/03/09 £m	Audited as at 30/09/08 £m
Contingent liabilities	161.8	116.0
	<u>161.8</u>	<u>116.0</u>

Contingent liabilities primarily comprise counter-guarantees for bank funding, letters of credit, uncommitted facilities and other contingent liabilities relating to aircraft leases all of which arise in the ordinary course of business.

14. Defined benefit plans

	Unaudited as at 31/03/09 £m	Audited as at 30/09/08 £m
Scheme deficits were presented in the balance sheet as follows:		
Non-current pension asset	(0.3)	(0.4)
Current retirement benefit obligation	4.9	9.0
Non-current retirement benefit obligation	255.9	181.6
	<u>260.5</u>	<u>190.2</u>

	Unaudited 6 months to 31/03/09 £m	Unaudited 6 months to 30/04/08 £m
Amounts recognised in the income statement were as follows:		
Current service cost	11.0	10.9
Expected return on scheme assets	(19.4)	(21.1)
Curtailement (gain)	(0.6)	-
Interest cost on scheme liabilities	25.0	21.1
Total included in income statement	<u>16.0</u>	<u>10.9</u>

	Unaudited 6 months to 31/03/09 £m	Unaudited 6 months to 30/04/08 £m
Amounts recognised directly in equity were as follows:		
Actuarial (losses)/gains on defined benefit pension schemes	(46.3)	7.5

	Unaudited as at 31/03/09 £m	Audited as at 30/09/08 £m
The amounts recognised in the balance sheet were as follows:		
Present value of funded defined benefit obligations	598.7	607.4
Fair value of scheme assets	(536.3)	(581.7)
Asset cap	0.7	0.7
Deficit on funded retirement benefit obligations	63.1	26.4
Present value of unfunded defined benefit obligations	197.4	163.8
Scheme deficits recognised in the balance sheet	<u>260.5</u>	<u>190.2</u>

15. Related party transactions

Thomas Cook Group plc is 52.8% owned by Arcandor AG. As a result, Arcandor controls a majority of the ordinary share capital of the Company and is therefore regarded as a related party.

During the period the Group bought back 6,831,425 shares for £14.0m from Arcandor. This transaction is part of the share buy-back programme and was at arms length. As a result Arcandor now owns 52.8% of the ordinary share capital of the Company.

Other than the items described above, there were no other material changes in the nature and size of related party transactions for the period to those described in the Annual Report and Accounts for the period ended 30 September 2008.

16. Events occurring after the balance sheet date

Details of the interim dividend proposed are given in note 7.

On 7 April 2009 the Group acquired Gold Medal International Limited, a UK tour operator and flight consolidator, for £51.7m, including £29.6m consideration contingent on future earnings. As the acquisition was concluded recently it is not practical to provide a breakdown of the net assets acquired.

17. Seasonality

Revenue is subject to significant seasonal fluctuations between winter and summer seasons, with peak demand in the summer season. The Group mitigates this seasonal impact through operating in different global holiday markets which have different annual cycles and offering a broad range of holiday products in both the winter and summer seasons.

Statement of directors' responsibilities

The directors' confirm that this condensed consolidated set of financial statements has been prepared in accordance with IAS 34 as adopted by the European Union, and that the interim management report herein includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8.

The directors of Thomas Cook Group plc are listed in the Thomas Cook Group plc Annual Report for 30 September 2008, with the exception of the following changes in the period: Dr Peter Diesch resigned from the Board on 22 December 2008 and Dr Karl-Gerhard Eick joined the Board as a non-executive Director on 22 December 2008 and subsequently succeeded Dr Thomas Middelhoff as non-executive Chairman on 17 March 2009. Dr Middelhoff resigned from the Board on 17 March 2009.

By order of the Board

Manny Fontenla-Nova
Group Chief Executive Officer

14 May 2009

Independent review report to Thomas Cook Group plc

Introduction

We have been engaged by the company to review the condensed consolidated set of financial statements in the half-yearly financial report for the six months ended 31 March 2009, which comprises the consolidated income statement, consolidated balance sheet, consolidated statement of recognised income and expense, consolidated cash flow statement and related notes (as set out in Appendix 2). We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed consolidated set of financial statements.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed consolidated set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed consolidated set of financial statements in the half-yearly financial report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, 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.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated set of financial statements in the half-yearly financial report for the six months ended 31 March 2009 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

PricewaterhouseCoopers LLP
Chartered Accountants
14 May 2009
London

Notes

- (a) The maintenance and integrity of the Thomas Cook Group plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim report since it was initially presented on the website.
- (b) Legislation in the United Kingdom governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

Appendix 3 - Key Performance Indicators Definitions

* Revenue for the Group and segmental analysis represents external revenue only, except in the case of the Airlines Germany pro forma segmental key performance analysis where revenue of £129.7m (pro forma 2008: £128.9m) largely to the Continental Europe division has been included.

** Profit/loss from operations is defined as earnings before interest and tax, and has been adjusted to exclude exceptional items and amortisation of business combination intangibles. It also excludes our share of the results of associates and joint ventures.

*** The operating margin is the profit/loss from operations (as defined above) divided by the external revenue, except in the case of the Airlines Germany segmental key performance analysis where total revenue has been used as the denominator to more accurately reflect the trading performance.

< Adjusted earnings per share is calculated as net profit after tax attributable to the equity holders of the parent, but before exceptional items and amortisation of business combination intangibles, divided by the weighted average number of shares in issue during the period.

In the case of pro forma figures for the prior year, the figures reflect the results for the 6 months to 31 March 2008, and have been compiled as if the Group had always had a September year end.

† Passengers in the case of UK, Northern Europe and North America represents the total number of passengers (in thousands) that departed on a Thomas Cook Group plc holiday in the period. It excludes customers who booked third party tour operator products through Thomas Cook retail channels. For Continental Europe passengers represents all tour operator passengers departed in the period, excluding those on which only commission is earned.

Mass Market Risk passengers in UK, Northern Europe and North America represent those holidays sold where the business has financial commitment to the product (flights and accommodation) before the customer books. The analysis excludes accommodation only passengers.

†† Capacity for UK, Northern Europe and North America represents the total number of holidays available to sell. This is calculated by reference to committed airline seats (both in-house and third party).

In the case of Airlines Germany, capacity represents the total number of available seat kilometres (ASK). ASK is a measure of an airline's passenger carrying capacity and is calculated as available seats multiplied by distance flown.

Average selling price for UK, Northern Europe and North America represents the average selling price (after discounts) achieved per mainstream passenger departed in the period (excluding accommodation only passengers). For Continental Europe, average selling price represents the average selling price (after discounts) achieved per passenger departed in the period.

††† For UK, Northern Europe and North America, load factor is a measure of how successful the mainstream businesses were at selling the available capacity. This is calculated by dividing the departed mainstream passengers in the period (excluding accommodation only) by the capacity in the period.

For Airlines Germany, seat load factor is a measure of how successful the airline was at selling the available capacity. This is calculated by dividing the revenue passenger kilometres (RPK) by the available seat kilometres (ASK – see capacity definition above) and is the recognised IATA definition of load factor used for airlines. RPK is a measure of the volume of passengers carried by an airline. One RPK is flown when a passenger is carried one kilometre.

Brochure mix is defined as the number of mainstream holidays (excluding accommodation only) sold at brochure prices divided by the total number of holidays sold (excluding seat only) and is a measure of how successful a business was at selling holidays early. Holidays are generally discounted closer to departure.

‡‡ Controlled distribution is defined as the proportion of passengers booking through our in-house retail shops, call centres and websites. Internet distribution is a sub-set of controlled distribution and is defined as the proportion of passengers booking through in-house websites. Both performance indicators are calculated on departed passengers in the period.

‡‡‡ Sold seats in Airlines Germany represents the total number of one-way seats sold on aircraft (in thousands) that departed in the period.

Yield in Airlines Germany represents the average price achieved per seat departed in the period.