

2 December 2008

Thomas Cook Group plc

Unaudited results for the eleven month and pro forma twelve month periods ended 30 September 2008

Highlights

- Strong financial performance with profit from operations up almost 50% to £365.9m and operating profit margin up 35.5% to 4.2%.
- Adjusted earnings per share up 40.9% to 24.1p.
- Recommended final dividend of 6.5p per share bringing total dividends for the period to 9.75p.
- Targeting merger synergies of £215m by 2010, increased from previous estimate of £155m.
- Capacity cuts, cost savings, fuel and currency hedging and operational flexibility, together with the merger synergies, provide strong foundations for the current year.
- Current trading in line with our expectations. We remain confident of prospects for FY08/09 and are targeting operating profit of £480m for FY09/10.

	Pro forma results			Statutory results	
	12 months to 30/09/08	12 months to 30/09/07	Year on year change	11 months to 30/9/08	12 months to 31/10/07
	£m	£m	%	£m	£m
Revenue *	8,809.8	7,878.5	+11.8	8,167.1	6,404.5
Profit from operations **	365.9	244.2	+49.8	363.4	308.9
Operating profit margin % ***	4.2	3.1	+35.5		
Adjusted profit before tax	309.3	234.4	+32.0	303.9	311.8
Statutory profit before tax				49.5	190.2
Adjusted EPS (p) <	24.1	17.1	+40.9		
Dividend per share (p)	9.75	5.00	+95.0	9.75	5.00
Operating cash flow	220.2	215.3	+2.3	357.2	160.6
Net (debt) / funds	(292.5)	393.6		(292.5)	248.7

See Appendix 3 for key.

Pro forma information is presented, following the merger in the prior year and the change in year end in the current year, to allow a more meaningful comparison of the development of the business. See page 19 for further information on how and why the pro forma financial information has been compiled.

The statutory adjusted profit before tax above is stated before exceptional operating items (2008: £(179.6)m; 2007: £(127.0)m); amortisation of business combination intangibles (2008: £(48.0)m; 2007: £(30.1m)) and exceptional finance costs (2008: £(26.8)m; 2007: £nil). The statutory income statement is included on page 46.

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

"The 2008 financial year was the new Group's first full year of trading and a period in which we achieved a strong financial performance and made significant progress against our strategic agenda. We have achieved industry-leading margins, demonstrating the strength of our management team and the flexibility of our business model.

"Overall our results last year show that, through our merger, we have created a strong company with a team that has the knowledge and capability to read the market and respond accordingly. We have fully integrated our merged business and a number of strategic acquisitions, over-delivered against our cost-reduction targets, actively managed capacity, and successfully navigated our way through a period of unprecedented oil price volatility.

"Whilst it is still early in the booking cycle for most of our markets, current trading is in line with our expectations. Recent research and the high load factors we are currently experiencing give us confidence that consumers remain intent on taking their holidays. We believe our strong financial position, together with the increased synergy savings and contingency measures we have put in place, will enable us to sustain a market-leading performance throughout a challenging 2009. We are targeting further growth in margins in 2009 and 2010 and operating profit of £480 million in 2010."

Enquiries

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A presentation to analysts will take place today at 8.30 am (GMT) at The Lincoln Centre, 18 Lincoln Inn Fields, London, WC2A 3ED. The dial-in number for the presentation is +44 (0) 1452 541077. 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. This demonstrates the quality of management, the strength of our asset-light business model and our operational and cost flexibility. It was achieved against the background of the merger integration and the continued development of the Group through significant strategic acquisitions.

Group pro forma revenue for the twelve months to 30 September 2008 was £8,809.8m (2007: £7,878.5m), an increase of 11.8% on the prior year period. Excluding the impact of translation and acquisitions, Group revenue was flat year on year. This reflects a decrease in UK and North America revenue, as a result of planned capacity cuts, offset by an increase in Northern Europe. Underlying revenue in Continental Europe and Airlines Germany was broadly flat year on year.

We delivered a 49.8% increase in Group profit from operations to £365.9m (2007: £244.2m). The Group operating profit margin rose 35.5% to 4.2%, from 3.1% last year, despite a significant increase in fuel costs. This strong result reflected our ability to adapt to changing demand by reducing capacity; changing our product mix; cost discipline; and fuel and currency hedging; as well as our delivery of significant synergy savings.

Pro forma EBITDA (profit from operations before depreciation and amortisation) increased by 36.5% to £506.0m (2007: £370.8m). Pro forma adjusted earnings per share increased by 40.9% to 24.1p (2007: 17.1p).

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

Financial position

Thomas Cook's financing position is robust. In May 2008, we replaced the existing debt facility with a new credit facility amounting to £1.4 billion, of which £1.0 billion is available for immediate use for the Group's general corporate purposes, including acquisitions and the share buy back programme that we have now completed.

In view of the current uncertainties in the credit markets, we took the prudent approach in October this year, to draw down fully our available facility thus ensuring optimal financial certainty for the Group.

Operating cash flow was £220.2 million in the twelve months to 30 September 2008, compared with £215.3 million last year. At 30 September 2008, net debt was £292.5 million, compared with net funds of £393.6 million last year, reflecting the planned expenditure on the share buyback programme and acquisitions.

Dividend

The Board's dividend recommendation reflects Thomas Cook's financial achievement, the strength of our business model and our commitment to delivering value to shareholders.

Although the statutory financial period ended 30 September 2008 is an eleven month period, the Board has assessed the total dividend on the basis of the pro forma twelve month period ended 30 September 2008. As a result, the Board is recommending a final dividend of 6.5 pence per share which, when combined with the interim dividend of 3.25p paid on 5 September, makes a total dividend for the year of 9.75 pence per share. This represents a pay-out of 41% of profit after tax before exceptional items. This is in line with our policy which remains to increase dividends progressively, paying between 40% and 50% of adjusted earnings by way of dividend.

Once approved, the final dividend will be payable on 27 March 2009 to holders of relevant shares registered on 6 March 2009.

Operational flexibility, cost base and hedging

The flexibility within our asset-light business model has been critical during the past period and we have improved our ability to underpin our future performance in more challenging trading conditions.

The resilience we believe we have in the current difficult trading conditions is based on that flexibility, the strength of our businesses post-merger, and capacity rationalisation throughout the industry. Capacity reductions in the UK market, for example, amount to approximately 25% over the last two years through our actions and those of other market participants.

We are taking advantage of our buying power to manage accommodation costs, which represent over 30% of revenue. We are confident that negotiations with our suppliers will result in prices no higher than last year's levels across the Group this year, despite adverse movements in currency.

The ability to adjust our cost base for potential changes in demand is also important, particularly in the current market conditions. Only 10% of our group-wide hotel capacity is committed for Summer 09 which gives us considerable scope to make further capacity adjustments; and in the UK, around 89% of our tour operator flying requirements is undertaken by our own fleet allowing us considerable flexibility to cut capacity without impacting our own airline's operations.

Tight control of all costs is a fundamental part of the Thomas Cook business model. In addition, we have developed contingency plans to cut our overhead costs further should tougher market conditions prevail.

Hedging

Fuel costs represent approximately 8% of revenue and successful hedging has been an important element of managing this cost. Through a mixture of swaps and options, we avoided the worst of the high crude oil prices in the summer of 2008 as well as realising some benefits when prices fell. We have now locked in our fuel costs for the current financial year.

We are taking a similar cautious approach to future costs and our policy is to hedge fuel and foreign exchange between 12 and 18 months in advance of the expected expenditure. In line with this:

- We have hedged 100% of our fuel requirements for Winter 08/09 and 95% for Summer 09, ensuring certainty of pricing;
- We have hedged 98% of our dollar and 96% of our euro requirements for Winter 08/09 and Summer 09.

Merger synergies

The integration of our operations since the merger between Thomas Cook and MyTravel Group on 19 June 2007 has been highly successful and we have been operating on a single platform from management, commercial and technological perspectives for over a year.

By accelerating synergy delivery, we realised total savings of £142 million in the 2008 pro forma period, of which £139 million were additional savings during the period. The majority of the savings come from the UK business.

Looking forward, we now expect to deliver new synergy targets of:

- £185 million of annual synergy savings by the end of the 2009 financial year compared with the previous accelerated target of £155 million by 2009;
- A total of £215 million of savings by 2010 compared with the original target of £155 million by 2010.

Strategy

We have made significant progress against our strategy, both through actions which have optimised our existing business, and through acquisitions which have allowed us to achieve a step-change in performance. Highlights have included:

- Outstanding performance from Condor, where, following our withdrawal from consolidation negotiations, first with Air Berlin, and then with Germanwings and TuiFly, we demonstrated the ability to operate successfully and profitably on a stand-alone basis. Condor has delivered a strong

performance in a challenging environment for airlines generally, as fuel prices reached record levels, and, more specifically, in Germany where the industry is extremely competitive. Condor's result reflects strong capacity management, cost discipline and focus on operations at a time when merger negotiations could have resulted in distractions.

- Acquisitions that have transformed our market positions in France and Canada.
- The entry into a key strategic emerging market through the acquisition of Thomas Cook India, the largest travel and foreign exchange business in India. At the same time, we regained the worldwide rights to the Thomas Cook brand.
- A step-change in our e-commerce performance, spear-headed by Northern Europe, where recent months have seen over 50% of bookings being made on-line. In the UK, 27% of total bookings are now made on-line, whilst in Germany, where the internet market has developed more slowly, 7% of our customers now book online (an increase of 14% year on year), although a much higher number research on-line and then book through an agent.
- Rapid integration of our merged UK businesses, followed by decisive action on capacity, which have allowed us to deliver strong margin performance in a highly challenging market.

Our strategy remains focused on four key growth drivers: maximising the value of mainstream travel; establishing Thomas Cook as a leading provider of independent travel; building our position as a leading provider of travel-related financial services; and extending our business through mergers, acquisitions and partnerships, with a particular focus on emerging markets.

Maximise value of mainstream

Our integrated business model maximises our earnings from transport, accommodation and distribution through both retail and online outlets. It also gives us the flexibility to manage capacity and product mix allowing us to adapt for differing market conditions. We therefore have considerable flexibility giving us relative resilience in an economic downturn.

- In Northern Europe, our strong market position and our focus on e-commerce have allowed us to achieve another year of record profits.
- In the UK, our focus on medium haul has proved helpful at a time when sterling's decline against the euro has augmented the demand for destinations outside of the traditional short haul destinations in the Euro-zone. Our strong positions in Turkey and Egypt give us considerable advantage. We are also benefiting from the shift to higher-margin all-inclusive resorts.
- Whilst Thomas Cook France already enjoys the position of being the country's largest retailer, the combination of its tour operating business with Jet Tours, the Paris-based, premium tour operator, ensures we are now also the country's third largest tour operator, with a combined market share of around 10%. Jet Tours, with its principal brands Jet Tours, Club Eldorado and Austral Lagons, serves approximately 270,000 customers per year and complements Thomas Cook's existing offering.
- The acquisition of 57 Neckermann Urlaubswelten retail outlets in Germany helps strengthen our German distribution, which remains key to that market.
- We have increased our stake in Iberoservice from 40% to 65%, a controlling interest. The balance is still owned by Iberostar. Iberoservice is a ground handling agency in Spain and it supports both the mainstream and the independent travel businesses.
- Sentido, the new hotel franchise based in Germany, gives us access to 17 hotels, principally in Spain, Egypt, Cyprus, Turkey and Kenya, and two Nile River boats, without increasing our risk profile. At the same time, we have the control to ensure they are high quality resorts, and the opportunity to develop this business further.
- In October 2008, we launched a new e-commerce platform, Starfish, to enhance the functionality of the thomascook.com website. It is designed to increase on-line search by offering greater functionality and flexibility with higher quality information including maps and imagery. The "shortlist" and "compare" capabilities that allow customers to draw up shortlists and compare options they are considering are proving particularly popular and the conversion rates we are getting from visitors using these functions is more than three times the rate of other users of the website.

Leading independent travel provider

We continue to develop our independent business and are benefiting from the rapid growth in this area.

- We have brought new focus to the Independent business in the UK through a significant organisational change, following which the UK business is now jointly managed by Pete Constanti, who leads the Mainstream operations, and Ian Derbyshire, who leads the Independent business. This allows us to maximise the opportunities in each of these areas and, where appropriate, to work together to ensure continued overall development in the UK.
- The acquisition of Hotels4U.com, the UK's largest independent bed bank, enhanced the Group's independent travel offering considerably. Hotels4U sells exclusively over the internet, providing accommodation and resort transfers to over 500,000 customers per annum. It has access to more than 30,000 hotels internationally. Our recently acquired business in India has been amongst the first to take advantage of including Hotels4U stock in their European holiday programmes.
- The acquisition of Elegant Resorts, the number one UK-based luxury travel company, supports our strategy of strengthening our independent travel position and builds on our current expertise in high-value luxury holidays. Elegant Resorts carries more than 20,000 passengers each year to luxury destinations including the Caribbean, the Indian Ocean, the Arabian Gulf and luxury European resorts.
- By acquiring TriWest Travel with its two principal brands, Fun Sun, an independent travel wholesaler, and Intair, a leading airline consolidator, we are creating a leading Canadian independent travel business with significantly enhanced customer reach and product offerings. The business will increase our independent profits and improve our year-round profitability, which is currently skewed towards the winter.

Leading travel-related Financial Services provider

The development of our Financial Services business is underpinned by the strength of the Thomas Cook brand and, by re-establishing world-wide control over it, we have considerably enhanced the potential to develop it in other markets.

- India is one of the fastest-growing travel and travel related foreign exchange markets in the world, expanding by 15% per annum. Our acquisition of 74.9% of Thomas Cook India gives us the opportunity to drive this expansion. We are confident the strength of the foreign exchange business will provide a strong platform for profit growth.
- In the UK, unlike many companies, we are already operating under the new and increased regulation of the travel insurance industry, which comes into place at the beginning of 2009.
- Also in the UK, we expanded our foreign exchange franchise in airports including our high-profile appointment as the leading partner in Heathrow Terminal 5 and Manchester Airport.

Capture growth and value through mergers, acquisitions and partnerships

The businesses acquired earlier in the year are all performing well and we are generating synergies as planned. We continue to review opportunities for expansion, but will concentrate on those that are able to deliver earnings accretion by year two and exceed the cost of capital by year three.

- We are focusing on those emerging markets where tourism is growing at a faster rate than in our traditional markets, as demonstrated by our acquisition of Thomas Cook India, mentioned above. We are particularly encouraged by the opportunities in Russia and China.
- Through the acquisition of Thomas Cook Egypt, we have re-acquired control over the Thomas Cook brand in the important and fast-growing Middle East region, as well as gaining an established and profitable business.

A summary of the acquisitions during the period is set out below:

Acquisition	Description	Consideration
November 2007 Urlaub.de	German online retailer	See note below.
February 2008 Hotels4U.com	UK's largest independent bed bank	Initial consideration of £21.8m, plus earn-out by 2013.
March and July 2008 Controlling stake amounting to 74.9% of Thomas Cook India acquired in three tranches	The largest foreign exchange business and the second largest travel company in India, one of the world's fastest-growing markets	Total consideration Rs. 12,885.6m (£159.1m).
April 2008 Thomas Cook Egypt and Lebanon	Thomas Cook's business in Egypt plus full control of Thomas Cook brand in 15 Middle East countries	See note below.
April 2008 Elegant Resorts	Number one UK luxury travel company adding independent strength	See note below.
May 2008 Neckermann Urlaubswelten	Acquisition of 57 retail outlets in Germany	See note below.
May 2008 Iberoservice	Increased stake from 40% to 65% to achieve controlling interest in Iberoservice, the ground handling agency in Spain	See note below.
August 2008 TriWest Travel Holdings	A leading independent travel wholesaler based in Montreal, Canada	Initial consideration of C\$114.7m (£56.3m), plus earn-out by 2010.
August 2008 Jet Tours	A premium tour operator based in Paris, France	Total consideration €70.0m (£55.1m).

Note: Total consideration for these smaller acquisitions amounts to £62.3m.

Share buyback

In December 2007, we announced plans for a £290 million (€375 million) share buyback programme and the programme was launched in March 2008, following approval at an EGM held on 12 March 2008. In proposing the programme, the Board believed that the repurchase of shares was the best way to return value to shareholders, whilst at the same time improving earnings per share and balance sheet efficiency.

The share buyback programme concluded on 9 October 2008. Up to that date, a total of 120,059,117 shares were purchased for cancellation at a total cost, excluding commission, of £289.9 million. Of these shares, 55,426,756 were purchased from Arcandor AG, as a result of which Arcandor's holding is 52.8% of the Group.

At the close of business on 30 September 2008, the Group had purchased a total of 107,124,730 shares for cancellation, at a total cost of £263.5 million, excluding commission. Of these shares, 48,595,331 were purchased from Arcandor AG, as a result of which Arcandor's holding was 52.8% of the Group.

Board changes

Changes to the Board during the period include the appointment of Juergen Bueser as Group Chief Financial Officer from 1 July 2008. This followed the decision of Ludger Heuberg to step down from the Board for personal reasons and family commitments. He has assumed the role of CFO for the Continental Europe business segment.

Angus Porter resigned from the Board on 25 April 2008. He was appointed Group Strategy Director with effect from 2 June 2008.

Nigel Northridge joined the Board as a Non-Executive Director with effect from 1 August 2008. He is a member of the Management Development and Remuneration Committee and Nominations Committee.

Current trading

Summer 08

The Summer 08 season (of which one month falls into the 08/09 financial year) finished in line with our expectations with strong trading in the lates market at higher prices than in previous years. We achieved strong margins as a result of effective yield management and capacity planning. We also benefited from the closure of XL and other operators in what was a difficult period for airlines.

Winter 08/09

	Sold to date %	Year on year pro forma variation %		
		Average selling price	Bookings	Planned capacity
UK	53	+4	-4	-6
Northern Europe	61*	+9	-8	-2
Continental Europe	53	+11	-6	-6
North America	47	-1	-11	-11

Note: Figures above are as at 22/23 November 2008. Those for UK, Northern Europe and North America represent Risk bookings and committed capacity only. In Continental Europe, capacity figures relate to risk capacity which is much lower than in other segments, whereas bookings represent all bookings including Non-Risk.

* Calculating W08/09 sold to date to include October, as competitors do, we would report 71%.

The Winter 08/09 season has so far performed in line with our expectations. Prices are well up in most of the segments. Bookings are holding up in line with capacity in the UK, Continental Europe and North America, and in Northern Europe we have scope to cut capacity further if required. Effective yield management is delivering robust margins throughout the Group.

UK

In the UK average selling prices are up 4% with bookings down 4%, but ahead of planned capacity reductions of 6%. We are 53% sold for Winter 08/09, one percentage point ahead of the same time last year. Overall we have 8% fewer seats to sell than at the same time last year.

UK haul mix	Year on year pro forma variation %	
	Left to sell	Planned capacity
Short haul	-30	-26
Medium haul	flat	+1
Long haul	-39	-22
UK total	-8	-6

Note: Figures above are as at 22/23 November 2008.

Looking at the UK in more detail, the change in mix is proving highly effective as we have reduced capacity significantly in the more competitive short haul routes and the higher risk long haul routes rather than in medium haul routes which are higher-

margin. We are now beginning to benefit from our policy of selling the less attractive shoulder months early and the average price for short haul is 12% ahead of last year, with medium haul 8% ahead and even long haul 3% ahead. We entered the Winter lates season with 39% less long haul to sell than last year which should result in higher prices for the rest of the season.

Our strategy to focus on medium haul resorts is proving helpful as these destinations offer our customers the option of avoiding the effects of the relatively strong Euro in the short haul Euro-zone resorts.

Average selling prices and margins in recent weeks have held up and departure load factors in November have been in line with last year at 99%.

Continental Europe

Our pricing has been strong in Continental Europe with an 11% increase. Bookings are down 6%, in line with our expectations and our planned risk capacity. Our flexibility over the capacity in this market is a considerable strength that gives us the ability to adapt to changes in market conditions.

Northern Europe

We have driven prices up 9% in Northern Europe. However, bookings are down compared to last year's extremely strong performance, largely as a result of a slow down in long haul. We are mitigating this by expanding our medium haul programmes in the Canaries and Egypt.

While our planned capacity is only down 2% at this stage, we are monitoring closely how much capacity is being cut in the overall market, including the collapse of Sterling, a Danish airline. We have significant flexibility to adjust our own capacity plans over time. We have currently sold 61% for the season to date.

North America

In North America, the winter is our peak season. In view of the over-capacity in the market and the continued aggressive competition, the small decline in prices by 1% is a good result. Bookings are performing in line with planned capacity cuts, both down 11%. We are 47% sold to date, which is in line with last year and our expectations.

TriWest, continues to perform well and has improved the balance of the seasonality and risk profile of the business.

Airlines Germany

Condor continues to perform strongly in a difficult time for the airline industry. We have reduced capacity by 16%, including taking one aircraft out of our fleet, and withdrawn the majority of the intra-Germany flights feeding hubs. This has helped achieve a booked load factor to date for the Winter 08/09 season which is in line with our expectations at 46%.

Summer 09

UK

At this early stage in the booking season, we have sold 24% of capacity in the UK which is broadly in line with last year's level. Bookings are down 8% year on year but in line with planned capacity which is down 11%. Average selling prices are robust, up 8%. We are monitoring changes in behaviour to ensure we can bring to bear the considerable flexibility we have in terms of capacity and costs.

UK haul mix	Year on year pro forma variation %	
	Left to sell	Planned capacity
Short haul	-20	-21
Medium haul	-8	-7
Long haul	-13	-8
UK total	-12	-11

Note: Figures above are as at 22/23 November 2008.

So far in the UK, pricing is 8% ahead of last year and bookings are ahead of the reduction in planned capacity. Since we last reported at the end of September, we have reduced capacity by a further 5% to anticipate the uncertainty in the market. Overall we now have 12% fewer seats to sell than at the same time last year.

We have already successfully optimised our destination mix, prioritising medium haul destinations particularly over short haul, with 20% fewer seats to sell in short haul than last year. We have seen an increase in higher-margin, all-inclusive holidays which now make up 40% of our products. Bookings of Four and Five Star products, amounting to 41% of total bookings, are proving resilient with sales in line with last year. As in the Winter season, we are seeing sales to destinations beyond the Euro-zone flourishing.

Outlook

Whilst it is still early in the booking cycle for most of our markets, current trading is in line with our expectations.

A range of initiatives within our power underpins our confidence in our prospects for the current financial year. Our business model allows us to flex capacity and product mix well into the Summer 09 booking cycle. In addition to our own capacity management, we have seen capacity rationalisation throughout the industry which gives further confidence that we can trade successfully through the current conditions. Capacity reductions in the UK market, for example, amount to approximately 25% over the last two years, through our actions and those of other market participants.

We have tight cost discipline throughout the business. We are negotiating with suppliers to ensure that accommodation costs are no higher than last year's levels despite currency movements. We are also hedging fuel and currency against extreme volatility. In addition, we have developed contingency plans to cut our overhead costs further should tougher market conditions prevail, and have increased synergy targets for 2010 to a total of £215 million with £185 million expected by the end of the 2009 financial year.

The combination of our management team's long industry experience, a restructured market place, our own initiatives and our current trading in line with expectations supports our confidence in our prospects for the full year. We are targeting further growth in margins in 2009 and 2010 and operating profit of £480 million in 2010.

FINANCIAL REVIEW

Basis of financial information

The results included within this announcement reflect both unaudited pro forma and statutory information for Thomas Cook Group plc. The pro forma information has been prepared, following the change in year end from 31 October to 30 September, to allow a more meaningful year on year comparison of the development of the business and reflects the underlying results for the twelve months to 30 September 2008 and the twelve months to 30 September 2007. The prior year pro forma figures have been prepared as if the merger of Thomas Cook AG and MyTravel Group plc had taken place prior to 1 October 2006 (the first day of the comparative accounting period presented). The pro forma financial information has been prepared on an adjusted basis which means before exceptional items, amortisation of intangible assets that arose from the business combination, interest and tax (unless otherwise indicated), and excludes our share of the results of associates and joint ventures.

The statutory information reflects the results of Thomas Cook Group plc for the eleven months to 30 September 2008 and the twelve months to 31 October 2007. The prior year comparatives reflect the results of Thomas Cook AG only for the period from 1 November 2006 to 18 June 2007 and of Thomas Cook Group plc from 19 June 2007, being the date that the merger completed.

During the period, we changed the presentational currency for the Group to Sterling as we now expect to generate the majority of our profits in non-Euro countries, with the UK being by far the largest. Consequently, all the financial information, including the prior year comparatives, included in this report has been presented in Sterling.

We expect to publish our Annual Report including the audited results in the second half of January 2009.

Pro forma (unaudited) financial results and performance review

Group

	12 months ended 30 September 2008 £m	12 months ended 30 September 2007 £m	Change %
Revenue *	8,809.8	7,878.5	+11.8
Profit from operations **	365.9	244.2	+49.8
Operating profit margin % ***	4.2	3.1	+35.5
Adjusted earnings per share (p) <	24.1	17.1	+40.9
Dividend per share (p)	9.75	5.00	+95.0
Adjusted dividend cover >	2.5	2.5	-
Operating cash flow	220.2	215.3	+2.3
Net (debt) / funds	(292.5)	393.6	

See Appendix 3 for key.

Revenue and profit from operations

The Group pro forma revenue for the period was £8,809.8m, an increase of 11.8% on the prior year period. However, excluding the impact of translation and acquisitions, Group revenue was flat year on year, with an underlying decrease in UK revenue of 3% being offset by an increase in Northern Europe of 9%.

The pro forma profit from operations increased by 49.8%, to £365.9m. Fuel costs increased significantly year on year. However, this was more than offset by improvements in underlying performance and increased and accelerated synergy realisation from the Thomas Cook / MyTravel merger, together with a contribution from acquisitions in the period and a net benefit from changes in exchange rates.

Exceptional operating items

Pro forma exceptional operating items amounted to £205.3m (2007: £171.2m) and largely relate to the costs of the merger integration process, the integration costs for other acquisitions made in the year and other business restructuring activities.

More details of the movements in revenue and profit from operations are given in the pro forma segmental review below. More details of exceptional operating items are given in the unaudited statutory financial results section of this report.

Net finance costs

Net finance costs (excluding exceptional finance costs) in the period were £58.2m (2007: £7.9m). The increase year on year reflects lower interest rates on deposits and lower cash balances, due in part to expenditure on acquisitions and integration costs; increased costs stemming from the new three year revolving credit facility; and the normalised phasing effect of marking to market the forward points on our foreign currency hedging, which should reverse next year when the underlying transactions take place.

Exceptional finance costs in the period amounted to £26.8m. This includes £13.9m of revaluation losses on trading securities and £12.9m relating to 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.

Earnings per share and dividends

The pro forma adjusted earnings per share for the period was 24.1 pence compared with 17.1 pence in the pro forma prior year period. Pro forma adjusted earnings per share has been calculated using the pro forma profit for the period, before exceptional items and amortisation of business combination intangibles, divided by the weighted average number of shares in issue. For the prior year period, the number of shares in issue at the end of the period was taken due to the distortion caused by the merger. Adjustments have been made to reflect a normalised pre-exceptional tax charge.

The Board is recommending a final dividend of 6.5 pence per share, for payment after, and subject to shareholder approval at, the Annual General Meeting expected to be held on 19 March 2009. This, together with the interim dividend of 3.25 pence paid on 5 September 2008, brings the total dividend in respect of the period to 9.75 pence. Based on the adjusted earnings per share figure noted above, this equates to a 41% payout ratio for the full year.

Cash flow and net debt

The net cash inflow from operating activities during the pro forma period was £220.2m (2007: £215.3m). This includes the profit from operations during the period,

partly offset by the cash outflow on integration costs, tax paid, and a small net outflow on working capital of £38.3m.

The net cash outflow from investing activities was £361.4m (2007: £122.2m). The outflow in the current period includes £296.4m spent on acquisitions of businesses and £159.5m expenditure on tangible and intangible fixed assets. These were partly offset by the realisation into cash of £75.9m of our trading securities.

The net cash inflow from financing activities was £28.1m (2007: outflow of £103.5m). The inflow in the period largely comprises the net draw down of borrowings under the credit facility of £503.6m, offset by the cash outflow in respect of the share buyback programme of £247.8m; £78.2m paid out in dividends (prior year final dividend and current year interim dividend); finance lease payments of £91.8m; and interest payments of £58.1m.

Cash and cash equivalents on the balance sheet at 30 September 2008 were £761.3m (2007: £856.0m). This excludes cash held in short term securities of £129.2m (2007: £197.3m). However the balance does include restricted cash of £127.1m (2007: £104.3m) which is held in escrow accounts predominantly in the US and Canada, in respect of local regulatory requirements, held by White Horse Insurance Ireland Limited, the Group's insurance company and held in other securities. In addition it should be noted that the Group's working capital cycle is such that cash balances are at their lowest in the winter months and at their peak in the summer months.

Net debt at 30 September 2008 was £292.5m (2007: net funds of £393.6m). The movement year on year largely reflects the cash outflow during the period on the share buyback programme and the acquisitions made, which has resulted in the drawing down of funds on the revolving credit facility. The ratio of net debt to adjusted EBITDA (profit from operations before depreciation and amortisation) at 30 September 2008 was 0.6 times.

Pro forma unaudited segmental performance review

	12 months ended 30 September 2008 £m	12 months ended 30 September 2007 £m	Change %
External Revenue *			
UK	3,097.3	3,131.8	-1.1
Continental Europe	3,620.4	3,049.0	+18.7
Northern Europe	971.6	806.6	+20.5
North America	439.8	379.1	+16.0
Airlines Germany	680.7	511.7	+33.0
Corporate	-	0.3	
Group	8,809.8	7,878.5	+11.8
Profit from operations **			
UK	143.4	73.6	+94.8
Continental Europe	106.3	67.5	+57.5
Northern Europe	86.2	73.5	+17.3
North America	6.0	4.9	+22.4
Airlines Germany	45.4	46.2	-1.7
Corporate	(21.4)	(21.5)	+0.5
Group	365.9	244.2	+49.8

See Appendix 3 for key.

UK

	12 months ended 30 September 2008 £m	12 months ended 30 September 2007 £m	Change %
Financial			
Revenue (£m) *	3,097.3	3,131.8	-1.1
Profit from operations (£m) **	143.4	73.6	+94.8
Operating profit margin % ***	4.6	2.4	+91.7
Non-financial			
Mass Market Risk			
Passengers (000's) †			-6.8
Capacity (000's) ††			-7.5
Average selling price (£) #			+4.9
Load factor % †††			+0.6
Brochure mix % ##			+3.8
Controlled distribution % ††	67.6	64.8	+4.3
Internet distribution % ††	26.2	23.2	+12.9

See Appendix 3 for key.

The UK businesses performed extremely well in the period under review, delivering a 94.8% improvement in profit from operations despite tough market conditions and the ongoing integration process.

The pro forma revenue for the twelve months to September 2008 was 1.1% lower than in the prior year period at £3,097.3m. However, excluding the impact of acquisitions (India, Egypt, Lebanon, Hotels4U, Elegant Resorts), the pro forma revenue was 3% lower. This reduction reflects lower mass market risk passenger numbers, partially offset by improved selling prices and increased load factors. Other passengers increased by 99% year on year, reflecting the acquisitions we made in the period which underpin our strategy for growth in the Independent business. Retail customers, being third party tour operator passengers booking predominantly through Thomas Cook shops, fell year on year by 9.5% largely due to the rationalisation of the retail network of the combined Group following the merger, which resulted in the closure of 98 shops.

One of the key success factors in managing a risk tour operating business is ensuring that supply and demand remains in balance and eliminating loss-making programmes and holidays. To achieve this, management reduced capacity on sale in the UK risk

business by 7.5% year on year, with the larger part of this reduction coming in the summer season. In addition, in line with our strategy, we increased the proportion of our holidays to medium haul destinations, whilst reducing our short haul and long haul programmes. As a result of the above actions, the number of passengers carried fell by 6.8% but the average selling prices and margins achieved on those holidays departing in the period were significantly increased year on year.

In addition to the capacity management measures above, we were also able to realise significant merger synergies during the period which offset the year on year increase in fuel prices and the adverse impact of changes in foreign currency rates.

Acquisitions in the period also contributed to the profit from operations.

As a result, the pro forma profit from operations was increased to £143.4m from £73.6m in the prior year, an increase of almost 100%. The operating profit margin was also improved from 2.4% to 4.6%.

Control of distribution and, in particular, growth of sales through the internet is a key cornerstone of our strategy for future success. The proportion of our mass market departed passengers who booked on the internet was 26.2%, an increase of 12.9% on the prior year period. As can be seen in the Current trading section earlier in this report, this proportion continues to grow. The proportion of mass market passengers departing in the period who booked through our controlled distribution channels (owned websites, shops and call centres) grew by 4.3% to 67.6%.

Continental Europe

	12 months ended 30 September 2008 £m	12 months ended 30 September 2007 £m	Change %
Revenue (£m) *	3,620.4	3,049.0	+18.7
Profit from operations (£m) **	106.3	67.5	+57.5
Operating profit margin % ***	2.9	2.2	+31.8
<i>Mass market</i>			
Passengers (000's) †			
Flight-inclusive			-0.8
Non-flight inclusive			-1.7
Average selling price (€) #			+3.0
Controlled distribution % ††	37.7	35.8	+5.3
Internet distribution % ††	8.5	7.2	+18.1

See Appendix 3 for key.

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

The performance in the Continental Europe businesses in the period was very strong, resulting in a £38.8m improvement in pro forma profit from operations and a 31.8% increase in the operating profit margin.

The pro forma revenue for the twelve months to September 2008 increased by 18.7%, to £3,620.4m. However, this increase was driven by changes in translation exchange rates and the impact of acquisitions (Iberoservice, Jet Tours, Neckermann Urlaubswelten, urlaub.de and the full year impact of the Czech business acquired in the previous year). As a result, underlying revenue remained at the same level as in the prior year, with lower passenger numbers in the German and Dutch businesses, being offset by increased passengers in the other Western markets (Belgium and France) and improved selling prices in Germany and all our Western markets. In the Eastern markets (Poland, Hungary, Czech Republic), where we are still establishing our business, we successfully increased volumes and selling prices.

The reduction in passenger numbers in Germany and the Netherlands was expected and reflects management's focus on selling profitable holidays rather than protecting market share. This policy has proved successful as both selling prices achieved and

margins have increased year on year. Improved flight utilisation in Germany also further helped to improve margins year on year.

The profit from operations was further improved by the realisation of synergy benefits in agency relationships, including the acquisition of a controlling stake in Iberoservice. Other acquisitions and changes in exchange rates also benefited the year on year performance.

As a result, the pro forma profit from operations was increased to £106.3m from £67.5m in the prior year, an increase of 57.5%.

The operating profit margin for the Continental segment was improved from 2.2% to 2.9%. The restructuring programmes we have undertaken in all our Western markets have paid dividends in the period. In France, we are especially pleased with the 5.6% margin we achieved. This is a strong improvement on the prior year margin of 2.9%. Margins also improved significantly in Belgium (4.8% compared to 2.9%) and the Netherlands (3.3% compared to 2.0%). Our relatively new Eastern division also achieved an operating margin of 4.6%, up from 4.1% in the prior year. The overall margin we achieved in Germany (including Airlines Germany) was very pleasing at 3.1% compared with 2.9% in the prior year.

The proportion of our departed passengers in the Continental Europe markets who booked on the internet was 8.5%, an increase of 18.1% on the prior year period. Whilst this proportion seems low in comparison to the UK and Northern Europe markets, as noted in the Current trading section earlier in this report, 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 5.3% to 37.7%.

Northern Europe

	12 months ended 30 September 2008 £m	12 months ended 30 September 2007 £m	Change %
Revenue (£m) *	971.6	806.6	+20.5
Profit from operations (£m) **	86.2	73.5	+17.3
Operating profit margin % ***	8.9	9.1	-2.2
Mass Market Risk			
Passengers (000's) †			+3.2
Capacity (000's) ††			+3.2
Average selling price (SEK) #			+8.6
Load factor % †††			-0.1
Brochure mix % ##			+4.6
Controlled distribution % ‡‡	79.4	77.4	+2.6
Internet distribution % ‡‡	45.6	38.4	+18.8

See Appendix 3 for key.

Our Northern European business has again delivered a record performance in the period under review, increasing the pro forma profit from operations by £12.7m year on year and maintaining operating profit margins of around 9%.

The pro forma revenue for the twelve months to September 2008 increased by 20.5%, to £971.6m. Adjusting for the impact of changes in the translation exchange rates, underlying revenue increased by 9%, reflecting both increased passenger numbers and improved selling prices. The benefit from increased selling prices and passenger numbers was, however, partially offset by increased fuel prices. However, underlying margin was still improved year on year. Changes in exchange rates also benefited the year on year performance.

Our Northern European businesses continue to lead the segments in terms of internet distribution. The proportion of our departed mass market passengers who booked on the internet was 45.6%, an increase of 18.8% on the prior year period. The proportion of mass market passengers departing in the period who booked through our controlled distribution channels in Northern Europe (owned websites, shops and call centres) grew by 2.6% to 79.4%.

North America

	12 months ended 30 September 2008 £m	12 months ended 30 September 2007 £m	Change %
Revenue (£m) *	439.8	379.1	+16.0
Profit from operations (£m) **	6.0	4.9	+22.4
Operating profit margin % ***	1.4	1.3	+7.7
Mass Market Risk			
Passengers (000's) †			-2.3
Capacity (000's) ††			-2.4
Average selling price (C\$) #			-2.6
Load factor % †††			+0.1
Brochure mix % ##			+6.6
Controlled distribution % †††	27.2	21.6	+25.9
Internet distribution % †††	15.8	12.7	+24.4

See Appendix 3 for key.

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

Our North American business has performed solidly in the period under review, despite continued difficult trading conditions and over-capacity in mass market tour operating in Canada. The pro forma profit from operations increased by £1.1m, to £6.0m and the operating profit margin was increased to 1.4%.

The pro forma revenue for the twelve months to September 2008 increased by 16.0%, to £439.8m. Adjusting for the impact of changes in the translation exchange rates and the acquisition of TriWest, underlying revenue decreased by 8%, reflecting both decreased passenger numbers and lower selling prices.

Increased fuel costs adversely impacted the year on year margin performance. However, excluding this, underlying margins were increased year on year through better flight utilisation and an improved brochure mix, despite the current market conditions. In addition, the result benefited from changes in year on year exchange rates and the acquisition of TriWest. Going forward, we expect the proportion of profits from our Independent businesses, and in particular TriWest, to increase

significantly, thereby reducing our exposure to the highly competitive mass market operations.

Internet distribution continues to grow in our Canadian business. The proportion of passengers who booked on the internet was 15.8%, an increase of 24.4% 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 27.2%, an increase of 25.9% on the prior year.

Airlines Germany

	12 months ended 30 September 2008 £m	12 months ended 30 September 2007 £m	Change %
Revenue - external (£m) *	680.7	511.7	+33.0
Revenue - internal (£m) *	297.5	344.1	-13.5
Total revenue (£m) *	978.2	855.8	+14.3
Profit from operations (£m) **	45.4	46.2	-1.7
Operating profit margin % ***	4.6	5.4	-14.8
Sold seats (000's) †††			
TC tour operators			-28.4
3rd party tour operators			+18.5
External seat only			-3.5
Total sold seats			-9.5
Sold seats (000's) †††			
Europe (excl. Cities)			-10.8
Long haul			+1.5
Cities			-24.2
Total sold seats			-9.5
Capacity (ASK m) ††			-4.7
Yield (€) ####			+9.6
Seat load factor % †††			+2.4

See Appendix 3 for key.

Our Airlines Germany segment has performed well in a period when other airlines have suffered significantly in the face of rising fuel prices and intense competition. Although the operating profit margin reduced from 5.4% to 4.6%, contribution to

Group profitability remained in line with the prior year with pro forma profit from operations at £45.4m.

Total revenue increased by 14.3%, to £978.2m. Adjusting for the impact of translation exchange rates, underlying revenue was broadly flat year on year. This reflects the planned reductions in capacity, offset by improved load factors and yields. The increase in yields of 9.6% largely reflects increased income from fuel surcharges and a change in mix from selling to our own German tour operator to selling more to third party tour operators.

Fuel costs increased significantly year on year. However, we were able to largely mitigate the impact of this at the gross margin level by the improved yields and load factors noted above, together with tight cost control. Beneficial movements in foreign exchange rates also contributed positively to the year on year performance.

Corporate

	12 months ended 30 September 2008 £m	12 months ended 30 September 2007 £m	Change %
Revenue (£m) *	-	0.3	
Loss from operations (£m) **	(21.4)	(21.5)	+0.5

See Appendix 3 for key.

The costs of running the Corporate headquarters have remained broadly in line with the prior year, with synergy benefits being offset by year on year net losses on translation due to adverse movements in exchange rates.

Reconciliation of pro forma and statutory profit from operations

The table below sets out the key reconciling differences in profit from operations on a pro forma basis compared with a statutory basis for 2008 and the comparative period.

	2008 £m	2007 £m
Pro forma Group profit from operations **	365.9	244.2
Adjustments:		
Pre-merger operating loss of MyTravel	-	55.2
Net impact of change in year end	(20.0)	9.3
Pre-merger impact of fair value adjustments	-	(11.7)
IAS 39 business combination adjustment	17.5	11.9
Statutory Group profit from operations **	363.4	308.9

See Appendix 3 for key and the income statement on page 46 which reconciles statutory Group profit from operations of £363.4m to statutory profit before tax of £49.5m.

The statutory Group profit from operations for 2008 reflects 100% of the results of Thomas Cook Group plc for the eleven month period ending on 30 September 2008. The statutory Group profit from operations for 2007 reflects 100% of Thomas Cook AG for the twelve month period ending 31 October 2007 and 100% of MyTravel Group plc and Thomas Cook Group plc from 19 June 2007 (being the date of the merger) to 31 October 2007. Consequently, the first adjustment in the table above removes the pre-merger results of MyTravel Group plc from the comparative period. As MyTravel Group plc made losses in the winter period 2007, this adjustment improves statutory profitability in 2007.

The pro forma information has been produced on the assumption that the accounting reference date for Thomas Cook Group plc has always been 30 September 2008. As a result, the second adjustment above removes the pro forma October 2007 result from the current period and replaces the pro forma October 2006 result with the statutory October 2007 result in the prior year period.

In preparing the pro forma profit from operations, account was taken of the impact of acquisition accounting. As part of the fair value adjustments, a provision was made in respect of above market rate hotel lease rentals. In addition, the value of aircraft held on the balance sheet was reduced. In the pro forma figures, we have assumed that

both of these adjustments were made prior to 1 October 2006 and, as a result, the impact of a full year of lower rental costs and reduced depreciation has been reflected in the pro forma profit from operations in the full comparative period. The net effect of these fair value adjustments has been to increase the pro forma profit from operations for the prior period by £11.7m. The third adjustment above, therefore, removes the impact of this adjustment from the pre-acquisition period.

The IAS 39 business combination adjustment represents unrecognised losses on hedging instruments taken to reserves within the MyTravel business prior to the date of the business combination. On consolidation these amounts are included within goodwill and are therefore not recognised in the pro forma figures but increase statutory profit from operations.

Statutory (unaudited) financial results

As noted earlier, the statutory Group profit from operations for 2008 reflects 100% of the results of Thomas Cook Group plc for the eleven month period ending on 30 September 2008. The statutory Group profit from operations for 2007 reflects 100% of Thomas Cook AG for the twelve month period ending 31 October 2007 and 100% of MyTravel Group plc and Thomas Cook Group plc from 19 June 2007 (being the date of the merger) to 31 October 2007.

Income statement highlights

Revenue and profit from operations

Revenue in the period amounted to £8,167.1m compared with £6,404.5m in the prior year. Profit from operations before exceptional items and amortisation of business combination intangibles was £363.4m compared with £308.9m in the prior year.

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.

Total net exceptional operating costs (excluding amortisation of business combination intangibles) in the period were £179.6m compared with £127.0m in the prior year. The increase year on year largely reflects higher merger integration costs as we accelerate and realise higher synergy savings than previously anticipated, together with integration costs associated with new acquisitions made in the period and other restructuring costs.

Included within the net £179.6m of exceptional operating items are £106.7m of costs associated with the integration of the former MyTravel and Thomas Cook businesses. The majority of these costs have arisen in the UK businesses and largely reflect redundancy and other people-related costs and costs of terminating and amalgamating various contracts.

Other exceptional operating costs include £46.4m in relation to provisions for the integration of other businesses acquired during the year and for restructuring projects within the underlying Thomas Cook businesses.

Amortisation of business combination intangibles

Amortisation of business combination intangibles in the period amounted to £48.0m (2007: £30.1m), of which £31.7m relates to the amortisation of brand names, customer relationships and computer software, and £16.3m to the amortisation of the order backlog that existed at the time of the respective acquisitions.

Associates and joint ventures

Our share of results of associates and joint ventures before exceptional items was a loss of £1.6m (2007: profit of £1.8m). The reduction year on year largely reflects the disposal in May 2008 of our 40% stake in Activos Turisticos as part payment for the acquisition of a 65% stake in Viajes Iberoservice Espana S.L., together with increased losses in our Barclaycard joint venture arrangement.

Net investment income, which reflects dividends and interest received from investments, was £0.5m (2007: £1.7m).

The profit on disposal of associates in the prior year of £35.5m largely reflected the sale, to Arcandor, on an arm's length basis, of our 50% interest in SunExpress, an airline based in Turkey.

Net finance costs

Net finance costs (excluding exceptional finance costs) in the period were £58.4m (2007: £0.6m). The increase year on year reflects lower interest rates on deposits and lower cash balances, due in part to expenditure on acquisitions and integration costs; increased costs stemming from the new three year revolving credit facility; increased costs on finance leases due to the full year effect of including the former MyTravel leases; and the normalised phasing effect of marking to market the forward points on our foreign currency hedging, which should reverse next year when the underlying transactions take place.

Exceptional finance costs in the period amounted to £26.8m. This includes £13.9m of revaluation losses on trading securities and £12.9m relating to 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.

Profit before tax for the eleven months ended 30 September 2008 was £49.5m (twelve months ended 31 October 2007: £190.2m).

Tax

The tax charge in the period was £5.1m (2007: £39.5m). Excluding the effect of adjustments to tax provisions made in respect of previous years and exceptional items, this represents an effective tax rate of 26.1% on the pre exceptional profit for the year.

The cash tax rate will continue to be considerably lower than 26.1% 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 are £1.3 billion. Deferred tax assets have been recognised in respect of £0.7 billion of this amount.

Profit after tax for the eleven months ended 30 September 2008 was £44.4m (twelve months ended 31 October 2007: £150.7m).

Earnings per share and dividends

The basic and diluted earnings per share for the period was 4.7 pence (2007: 22.0 pence). The earnings per share figures noted here are impacted by the weighted average number of shares in issue which are significantly lower for the comparative period due to the nature of the merger transaction, and by the change in year end. As a result, management believes that the adjusted earnings per share figures included within the pro forma financial results and performance review section of this report are a more meaningful measure of return.

As noted in the pro forma financial results and performance review section of this report, the Board is recommending a final dividend of 6.5 pence per share for the period ended 30 September 2008, for payment after, and subject to shareholder approval at, the Annual General Meeting expected to be held on 19 March 2009. This, together with the interim dividend of 3.25 pence paid on 5 September 2008 brings the dividend for the eleven month period to 9.75 pence.

Balance sheet, cash flow and net debt

Net assets at 30 September 2008 were £2,009.2m (31 October 2007: £2,120.6m).

Given the cyclical nature of the Group's working capital cycle, the change in accounting reference date, and the merger of MyTravel and Thomas Cook part way through the prior year period, any comparison of statutory current period cash flows against the prior year is significantly distorted. As a result, the pro forma cash flow analysis included earlier in this report should be used as the basis for understanding the Group's cash flows in the period under review.

Cash and cash equivalents on the balance sheet at 30 September 2008 were £761.3m (31 October 2007: £622.3m). This excludes cash held in short term securities of £129.2m (2007: £255.6m). However the balance does include restricted cash of £127.1m (2007: £116.2m) which is held in escrow accounts predominantly in the US and Canada, in respect of local regulatory requirements, held by White Horse Insurance Ireland Limited, the Group's insurance company and held in other securities.

Net debt at 30 September 2008 was £292.5m (31 October 2007: net funds of £248.7m).

Arcandor reporting

Arcandor, our majority shareholder, is issuing its Annual Report to the German market on 15 December 2008, in line with German regulatory requirements. This report will contain statutory financial information relating to Thomas Cook Group plc for the eleven months ended 30 September 2008 and for the twelve months ended 31 October 2007 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 Annual Report, Arcandor will provide illustrative results for Thomas Cook Group plc for the twelve months ended 30 September 2008 and 30 September 2007. The basis of preparation of these illustrative results will be set out in their press release and will differ from that used by Thomas Cook Group plc in reporting its pro forma results. As a result, the Board of Thomas Cook Group plc has not approved this illustrative information.

Appendix 1 – Unaudited pro forma financial information

Unaudited pro forma Group Income Statement

	Note	12 months to 30/09/08 £m	12 months to 30/09/07 £m
Revenue	2	8,809.8	7,878.5
Cost of providing tourism services		(6,779.9)	(6,115.4)
Gross profit		2,029.9	1,763.1
Other operating income		49.7	32.7
Personnel expenses		(999.1)	(938.3)
Depreciation and amortisation		(140.5)	(126.6)
Impairment of goodwill		-	(9.1)
Other operating expenses		(778.3)	(663.9)
Profit on disposal of businesses and property, plant & equipment		(1.1)	15.1
Profit from operations		160.6	73.0
Analysed between:			
Profit from operations before exceptional items	2	365.9	244.2
Exceptional items	3	(205.3)	(171.2)
		160.6	73.0
Share of results of associates and joint ventures		0.2	(2.6)
Profit on disposal of associates		-	37.0
Net investment income		1.4	0.7
Net finance costs	4	(58.2)	(7.9)
Exceptional finance costs		(26.8)	-
Profit before tax		77.2	100.2
Tax		(13.4)	(28.0)
Profit for the period		63.8	72.2
Attributable to:			
Equity holders of the parent		64.0	70.3
Minority interests		(0.2)	1.9
Pre-exceptional earnings per share in pence			
Basic		24.1	17.1
Diluted		24.1	17.1

All sales and results arose from continuing operations.

Unaudited pro forma Group Statement of Net Assets

	As at 30/09/08 £m	As at 30/09/07 £m
Non-current assets		
Intangible assets	3,432.4	2,905.7
Property, plant & equipment		
- aircraft and aircraft spares	584.8	580.6
- investment property	15.7	-
- other	312.8	218.1
Investment in associates and joint ventures	42.7	33.5
Other investments	29.4	26.7
Deferred tax assets	328.6	332.6
Tax assets	9.9	0.1
Trade and other receivables	126.4	105.7
Pension asset	0.4	0.3
Derivative financial instruments	55.6	13.2
	<u>4,938.7</u>	<u>4,216.5</u>
Current assets		
Inventories	24.2	18.6
Tax assets	15.1	18.0
Trade and other receivables	1,017.5	892.7
Derivative financial instruments	261.6	48.2
Cash and cash equivalents	761.3	856.0
	<u>2,079.7</u>	<u>1,833.5</u>
Non-current assets held for sale	-	75.0
Total assets	<u>7,018.4</u>	<u>6,125.0</u>
Current liabilities		
Retirement benefit obligations	(9.0)	(2.3)
Trade and other payables	(1,855.7)	(1,657.7)
Borrowings	(356.0)	(71.0)
Obligations under finance leases	(182.6)	(78.4)
Tax liabilities	(69.4)	(86.3)
Revenue received in advance	(917.5)	(730.3)
Short-term provisions	(183.9)	(183.3)
Derivative financial instruments	(174.3)	(86.8)
	<u>(3,748.4)</u>	<u>(2,896.1)</u>
Liabilities related to assets held for sale	-	(41.3)
Non-current liabilities		
Retirement benefit obligations	(181.6)	(189.0)
Trade and other payables	(36.9)	(127.5)
Long-term borrowings	(416.1)	(116.0)
Obligations under finance leases	(228.3)	(364.1)
Revenue received in advance	(0.9)	(0.3)
Deferred tax liabilities	(97.8)	(93.5)
Long-term provisions	(232.3)	(193.4)
Derivative financial instruments	(66.9)	(16.6)
	<u>(1,260.8)</u>	<u>(1,100.4)</u>
Total liabilities	<u>(5,009.2)</u>	<u>(4,037.8)</u>
Net assets	<u>2,009.2</u>	<u>2,087.2</u>

Unaudited pro forma Group Cash Flow Statement

	Note	12 months to 30/09/08 £m	12 months to 30/09/07 £m
Cash flows from operating activities	5		
Cash generated by operations		293.9	273.8
Income taxes paid		(73.7)	(58.5)
Net cash from operating activities		<u>220.2</u>	<u>215.3</u>
Investing activities			
Dividends received from associates		-	4.1
Proceeds on disposal of subsidiaries (net of cash balances disposed)		-	25.8
Proceeds on disposal of associated undertakings		-	51.4
Proceeds on disposal of property, plant & equipment		18.6	33.0
Proceeds on disposal of non-current assets held for sale		-	22.2
Purchase of subsidiaries (net of cash acquired)		(296.4)	(27.2)
Purchase of tangible and financial assets		(90.5)	(44.5)
Purchase of intangible assets		(69.0)	(44.2)
Disposal/(purchase) of short-term securities		75.9	(142.8)
Net cash used in investing activities		<u>(361.4)</u>	<u>(122.2)</u>
Financing activities			
Interest paid		(58.1)	(30.4)
Dividends paid		(78.2)	-
Dividends paid to minority shareholders		(1.9)	(0.5)
Draw down of borrowings		732.2	29.9
Repayment of borrowings		(228.6)	(51.8)
Repayment of obligations under finance leases		(91.8)	(58.9)
Purchase of own shares		(247.8)	-
Proceeds from issue of ordinary shares		2.3	8.2
Net cash used in financing activities		<u>28.1</u>	<u>(103.5)</u>
Net decrease in cash & cash equivalents		(113.1)	(10.4)
Cash and cash equivalents at beginning of period		813.2	813.0
Effect of foreign exchange rate changes		47.4	10.6
Cash & cash equivalents at end of period		<u>747.5</u>	<u>813.2</u>
Liquid assets		761.3	856.0
Bank overdrafts		(13.8)	(42.8)
Cash & cash equivalents at end of period		<u>747.5</u>	<u>813.2</u>

Notes to the Unaudited Pro forma Financial Information

1. Basis of preparation

The financial information contained in this appendix is pro forma and unaudited and does not constitute full statutory accounts within the meaning of section 240 of the Companies Act 1985. The information has been prepared using the accounting policies set out in the 2007 Annual Report, and the basis of preparation is consistent with that set out on page 51 of this document, except that, for comparison purposes, the amortisation of business combination intangibles has been excluded from the pro forma information.

2. Segmental analysis

Twelve months to 30 September 2008

	UK and Ireland £m	Continental Europe £m	Northern Europe £m	North America £m	Airlines Germany £m	Corporate £m	Total £m
Revenue							
Segment sales	3,104.4	3,646.9	974.9	439.8	978.2	-	9,144.2
Inter-segment sales	(7.1)	(26.5)	(3.3)	-	(297.5)	-	(334.4)
Total revenue	<u>3,097.3</u>	<u>3,620.4</u>	<u>971.6</u>	<u>439.8</u>	<u>680.7</u>	<u>-</u>	<u>8,809.8</u>
Profit/(loss) from operations before exceptional items	<u>143.4</u>	<u>106.3</u>	<u>86.2</u>	<u>6.0</u>	<u>45.4</u>	<u>(21.4)</u>	<u>365.9</u>

Twelve months to 30 September 2007

	UK and Ireland £m	Continental Europe £m	Northern Europe £m	North America £m	Airlines Germany £m	Corporate £m	Total £m
Revenue							
Segment sales	3,138.7	3,052.9	811.9	379.1	855.8	0.3	8,238.7
Inter-segment sales	(6.9)	(3.9)	(5.3)	-	(344.1)	-	(360.2)
Total revenue	<u>3,131.8</u>	<u>3,049.0</u>	<u>806.6</u>	<u>379.1</u>	<u>511.7</u>	<u>0.3</u>	<u>7,878.5</u>
Profit/(loss) from operations before exceptional items	<u>73.6</u>	<u>67.5</u>	<u>73.5</u>	<u>4.9</u>	<u>46.2</u>	<u>(21.5)</u>	<u>244.2</u>

Inter-segment sales are charged at prevailing market prices.

3. Exceptional items

	2008	2007
	£m	£m
Property costs, redundancy and other costs incurred in integrating the Thomas Cook and MyTravel businesses	(116.3)	(82.1)
Property costs, redundancy and other costs incurred in other business integrations and reorganisations	(47.1)	(60.4)
Disposal of property, plant & equipment and other assets	(1.1)	15.1
Impairment of assets	(7.7)	(21.8)
Other expenses incurred as a result of the merger	(21.7)	(4.7)
Other exceptional operating items	(11.4)	(17.3)
Exceptional items included within profit from operations	(205.3)	(171.2)
Share of associates' exceptional items		
Profit on disposal of associates	-	37.0
	-	37.0
Exceptional finance costs		
Loss on revaluation of trading securities	(13.9)	-
Impact of financial markets volatility	(12.9)	-
	(26.8)	-
Total exceptional items	(232.1)	(134.2)

The exceptional finance costs consist of £13.9m of revaluation losses on trading securities and £12.9m relating to 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.

4. Net finance costs

	2008	2007
	£m	£m
Finance income		
Income from loans included in financial assets	1.0	0.9
Other interest and similar income	32.1	36.7
Expected return on pension plan assets	45.3	38.2
Fair value gains on derivative financial instruments	2.2	0.6
	<u>80.6</u>	<u>76.4</u>
Finance costs		
Interest payable	(48.4)	(24.3)
Finance costs in respect of finance leases	(23.7)	(16.9)
Interest cost on pension plan liabilities	(44.9)	(38.8)
Forward points on future hedging contracts	(12.8)	-
Interest on overdue tax	-	(0.3)
Other finance costs (including discounting charges)	(9.0)	(4.0)
	<u>(138.8)</u>	<u>(84.3)</u>
Exceptional finance costs		
Loss on revaluation of trading securities	(13.9)	-
Impact of financial markets volatility	(12.9)	-
	<u>(26.8)</u>	<u>-</u>
	<u>(165.6)</u>	<u>(84.3)</u>
	<u>(85.0)</u>	<u>(7.9)</u>

5. Notes to the cash flow statement

	2008	2007
	£m	£m
Profit before tax	77.2	100.2
Adjustments for:		
Net finance costs	85.0	7.9
Net investment income	(1.4)	(0.7)
Share of results of associates and joint ventures	(0.2)	2.6
Depreciation of property, plant & equipment and intangibles	140.5	126.6
Impairment of assets	7.7	21.8
Disposal of businesses and property, plant & equipment and intangible assets	1.1	(15.1)
Disposal of associates	-	(37.0)
Share based payments	3.1	-
Other non-cash items	(0.8)	5.9
(Increase)/decrease in provisions	(7.6)	58.5
Income received from other non-current investments	0.4	-
Interest received	27.2	26.4
Operating cash flows before movements in working capital	332.2	297.1
Movement in working capital	(38.3)	(23.3)
Cash generated by operations	293.9	273.8
Income taxes paid	(73.7)	(58.5)
Net cash from operating activities	220.2	215.3

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 Oct 2007 £m	Cash flow £m	Other non-cash changes £m	Acquisitions/ disposals £m	Exchange movements £m	At 30 Sept 2008 £m
Liquidity						
Cash and cash equivalents	856.0	(145.3)	-	-	50.6	761.3
Trading securities	197.3	(75.9)	(23.0)	-	30.8	129.2
	<u>1,053.3</u>	<u>(221.2)</u>	<u>(23.0)</u>	<u>-</u>	<u>81.4</u>	<u>890.5</u>
Current debt						
Bank overdrafts	(42.8)	32.2	-	-	(3.2)	(13.8)
Short term borrowings	(2.7)	(144.7)	0.9	(49.6)	(2.7)	(198.8)
Current portion of long term borrowing	(25.5)	(30.2)	(78.0)	-	(9.7)	(143.4)
Borrowings classified as held for sale	(30.2)	-	31.6	-	(1.4)	-
Obligations under finance leases	(78.4)	91.8	(182.8)	(0.1)	(13.1)	(182.6)
	<u>(179.6)</u>	<u>(50.9)</u>	<u>(228.3)</u>	<u>(49.7)</u>	<u>(30.1)</u>	<u>(538.6)</u>
Non-current debt						
Long term borrowings	(116.0)	(328.7)	45.5	-	(16.9)	(416.1)
Obligations under finance leases	(364.1)	-	182.8	-	(47.0)	(228.3)
	<u>(480.1)</u>	<u>(328.7)</u>	<u>228.3</u>	<u>-</u>	<u>(63.9)</u>	<u>(644.4)</u>
Total debt	<u>(659.7)</u>	<u>(379.6)</u>	<u>-</u>	<u>(49.7)</u>	<u>(94.0)</u>	<u>(1,183.0)</u>
Net (debt) / funds	<u>393.6</u>	<u>(600.8)</u>	<u>(23.0)</u>	<u>(49.7)</u>	<u>(12.6)</u>	<u>(292.5)</u>

Appendix 2 – Unaudited statutory financial information

Unaudited Group Income Statement

For the eleven months ended 30 September 2008

	Note	11 months to 30/09/08			Restated 12 months to 31/10/07		
		Pre-Adj's* £m	Adj's* £m	Total £m	Pre-Adj's* £m	Adj's* £m	Total £m
Revenue	2	8,167.1	-	8,167.1	6,404.5	-	6,404.5
Cost of providing tourism services		(6,282.5)	(13.0)	(6,295.5)	(4,879.1)	(11.1)	(4,890.2)
Gross profit		<u>1,884.6</u>	<u>(13.0)</u>	<u>1,871.6</u>	<u>1,525.4</u>	<u>(11.1)</u>	<u>1,514.3</u>
Other operating income		39.3	3.4	42.7	37.8	0.6	38.4
Personnel expenses		(849.3)	(47.0)	(896.3)	(670.7)	(66.7)	(737.4)
Depreciation & amortisation		(127.6)	(0.4)	(128.0)	(103.3)	(1.2)	(104.5)
Amortisation of business combination intangibles		-	(48.0)	(48.0)	-	(30.1)	(30.1)
Other operating expenses		(583.6)	(120.9)	(704.5)	(480.3)	(60.7)	(541.0)
(Loss)/profit on disposal of businesses and P, P & E		-	(1.7)	(1.7)	-	2.0	2.0
Profit on disposal of non-current assets held for sale		-	-	-	-	10.1	10.1
Profit from operations	2	<u>363.4</u>	<u>(227.6)</u>	<u>135.8</u>	<u>308.9</u>	<u>(157.1)</u>	<u>151.8</u>
Share of results of associates and joint ventures		(1.6)	-	(1.6)	1.8	-	1.8
Profit on disposal of associates		-	-	-	-	35.5	35.5
Net investment income	4	0.5	-	0.5	1.7	-	1.7
Finance income	5	68.4	-	68.4	74.1	-	74.1
Finance costs	5	(126.8)	(26.8)	(153.6)	(74.7)	-	(74.7)
Profit before tax		<u>303.9</u>	<u>(254.4)</u>	<u>49.5</u>	<u>311.8</u>	<u>(121.6)</u>	<u>190.2</u>
Tax	6			(5.1)			(39.5)
Profit for the period				<u>44.4</u>			<u>150.7</u>
Attributable to:							
Equity holders of the parent				44.7			149.8
Minority interests				(0.3)			0.9
				<u>44.4</u>			<u>150.7</u>
Earnings per share (pence)	8						
Basic				4.7			22.0
Diluted				4.7			22.0

*Adjustments relate to exceptional operating items (2008: £(179.6)m; 2007: £(127.0)m); amortisation of business combination intangibles (2008: £(48.0)m; 2007: £(30.1m)) and exceptional finance costs (2008: £(26.8)m; 2007: £nil). All revenue and results arose from continuing operations.

**Unaudited Group Statement of Recognised Income and Expense
For the eleven months ended 30 September 2008**

	Note	11 months to 30/09/08 £m	Restated 12 months to 31/10/07 £m
Gains/(losses) on cash flow hedges		281.4	(62.7)
(Losses)/gains on available-for-sale investments		(0.9)	0.4
Exchange differences on translation of foreign operations		121.6	43.9
Actuarial (losses)/gains on defined benefit pension schemes		(16.3)	99.8
Tax on items taken directly to equity	6	(74.5)	(22.2)
Net income recognised directly in equity		<u>311.3</u>	<u>59.2</u>
Transfers			
Transferred to profit or loss on cash flow hedges		(177.8)	63.5
Transfer of translation losses to profit or loss on disposal		-	(0.5)
Transfer of losses on available-for-sale investments to profit or loss on disposal		-	(0.5)
Tax on items transferred from equity	6	53.3	(19.3)
		<u>(124.5)</u>	<u>43.2</u>
Profit for the period		44.4	150.7
Total recognised income and expense for the period		<u>231.2</u>	<u>253.1</u>
Attributable to:			
Equity holders of the parent		231.5	251.7
Minority interests		(0.3)	1.4
		<u>231.2</u>	<u>253.1</u>

**Unaudited Group Balance Sheet
At 30 September 2008**

	As at 30/09/08 £m	Restated As at 31/10/07 £m
Non-current assets		
Intangible assets	3,432.4	2,883.5
Property, plant & equipment		
- aircraft and aircraft spares	584.8	567.1
- investment property	15.7	-
- other	312.8	268.2
Investment in associates and joint ventures	42.7	35.7
Other investments	29.4	26.6
Deferred tax assets	328.6	294.5
Tax assets	9.9	3.7
Trade and other receivables	126.4	98.8
Pension asset	0.4	0.3
Derivative financial instruments	55.6	20.8
	<u>4,938.7</u>	<u>4,199.2</u>
Current assets		
Inventories	24.2	19.1
Tax assets	15.1	20.4
Trade and other receivables	1,017.5	864.4
Derivative financial instruments	261.6	79.3
Cash and cash equivalents	761.3	622.3
	<u>2,079.7</u>	<u>1,605.5</u>
Non-current assets held for sale	-	12.7
Total assets	<u>7,018.4</u>	<u>5,817.4</u>
Current liabilities		
Retirement benefit obligations	(9.0)	(3.3)
Trade and other payables	(1,855.7)	(1,435.9)
Borrowings	(356.0)	(52.1)
Obligations under finance leases	(182.6)	(81.0)
Tax liabilities	(69.4)	(76.2)
Revenue received in advance	(917.5)	(664.7)
Short-term provisions	(183.9)	(184.9)
Derivative financial instruments	(174.3)	(117.2)
	<u>(3,748.4)</u>	<u>(2,615.3)</u>
Liabilities related to assets held for sale	-	(6.8)
Non-current liabilities		
Retirement benefit obligations	(181.6)	(172.2)
Trade and other payables	(36.9)	(124.0)
Long-term borrowings	(416.1)	(130.4)
Obligations under finance leases	(228.3)	(359.2)
Tax liabilities	-	(2.1)
Revenue received in advance	(0.9)	(0.5)
Deferred tax liabilities	(97.8)	(83.8)
Long-term provisions	(232.3)	(179.8)
Derivative financial instruments	(66.9)	(22.7)
	<u>(1,260.8)</u>	<u>(1,074.7)</u>
Total liabilities	<u>(5,009.2)</u>	<u>(3,696.8)</u>
Net assets	<u>2,009.2</u>	<u>2,120.6</u>

Unaudited Group Balance Sheet (continued)
At 30 September 2008

	Note	As at 30/09/08 £m	Restated As at 31/10/07 £m
Equity			
Called-up share capital		59.8	66.1
Share premium account		8.9	6.8
Merger reserve		1,984.2	1,984.2
Capital redemption reserve		6.4	-
Translation and hedging reserves		214.8	15.9
Retained earnings (deficit)/surplus		(264.6)	44.2
Investment in own shares		(13.0)	(4.9)
Equity attributable to equity holders of the parent	10	1,996.5	2,112.3
Minority interests		12.7	8.3
Total equity		2,009.2	2,120.6

Unaudited Group Cash Flow Statement
For the eleven months ended 30 September 2008

	Note	11 months to 30/09/08 £m	Restated 12 months to 31/10/07 £m
Cash flows from operating activities			
Cash generated by operations		420.9	190.4
Income taxes paid		(63.7)	(29.8)
Net cash from operating activities	11	357.2	160.6
Investing activities			
Proceeds on disposal of subsidiaries (net of cash sold)	9	-	31.3
Proceeds on disposal of associated undertakings		-	37.8
Proceeds on disposal of property, plant & equipment		13.2	31.3
Proceeds on sale of non-current assets held for sale		-	22.2
Purchase of subsidiaries (net of cash acquired)	9	(296.4)	180.2
Purchase of tangible and financial assets		(82.2)	(24.7)
Purchase of intangible assets		(60.2)	(39.8)
Purchase of non-current financial asset		-	(4.9)
Disposal/(purchase) of short-term securities		134.1	(199.2)
Net cash from investing activities		(291.5)	34.2
Financing activities			
Interest paid		(55.2)	(32.1)
Dividends paid		(78.2)	-
Dividends paid to minority shareholders		(1.9)	-
Draw down of borrowings		732.3	-
Repayment of borrowings		(221.7)	(15.2)
Repayment of obligations under finance leases		(91.3)	(46.3)
Purchase of own shares		(247.8)	(5.0)
Proceeds from issue of ordinary shares		2.2	7.2
Expenses of issue of ordinary shares		-	(12.2)
Net cash used in financing activities		38.4	(103.6)
Net increase in cash & cash equivalents		104.1	91.2
Cash & cash equivalents at beginning of period		596.0	491.0
Effect of foreign exchange rate changes		47.4	13.8
Cash & cash equivalents at end of period		747.5	596.0
Liquid assets		761.3	622.3
Bank overdrafts		(13.8)	(26.3)
Cash & cash equivalents at end of period		747.5	596.0

Notes to the Unaudited Financial Information

1. General information and basis of preparation

The financial information contained in this preliminary announcement, which comprises the Group income statement, Group balance sheet, Group cash flow statement, Group statement of recognised income and expense and related notes has been prepared under the historical cost convention using the accounting policies set out in the 2007 Annual Report, and the basis of preparation is consistent with the year ended 31 October 2007 except that:

- The financial information has been presented in sterling following the change in the Group's presentational currency during the current period and the prior year information has been restated accordingly;
- The Group has adopted IFRS 7 during the period – disclosure only;
- The Group has recognised a property which meets the definition of an investment property as per IAS 40 'Investment Property'. The property has been fair valued and classified within property, plant and equipment on the face of the balance sheet.

In addition to the change in presentational currency noted above, the prior year comparatives have also been restated to recognise the final fair values on the MyTravel Group plc acquisition, in accordance with IFRS 3. See note 9 for further details.

The financial information contained herein does not constitute the full financial statements of the Group within the meaning of Section 240 of the UK Companies Act 1985.

The 2007 Annual Report has been delivered to the Registrar of Companies. The auditors' report on these accounts was unqualified and did not contain a statement under Section 237(2) or Section 237(3) of the UK Companies Act 1985.

The 2008 Annual Report will be posted to shareholders in late January 2009. Further copies will be available for members of the public on our website at www.thomascookgroup.com, or on application to the Company Secretary, The Thomas Cook Business Park, Conningsby Road, Peterborough, Cambridgeshire, PE3 8SB.

2. 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 as 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 activities is presented below.

Eleven months ended 30 September 2008

	UK & Ireland £m	Cont. Europe £m	North. Europe £m	North America £m	Airlines Germany £m	Corp. £m	Total £m
Revenue							
Segment sales	2,836.6	3,403.4	910.0	420.8	896.1	-	8,466.9
Inter-segment sales	(6.3)	(25.6)	(2.7)	-	(265.2)	-	(299.8)
Total revenue	2,830.3	3,377.8	907.3	420.8	630.9	-	8,167.1
Result							
Profit/(loss) from operations before exceptional items and amortisation of business combination intangibles	144.3	103.1	79.8	14.7	40.1	(18.6)	363.4
Exceptional items	(114.7)	(33.1)	(0.2)	(5.2)	(2.6)	(23.8)	(179.6)
Amortisation of business combination intangibles	(14.2)	(0.1)	(27.8)	(5.9)	-	-	(48.0)
Segmental result	15.4	69.9	51.8	3.6	37.5	(42.4)	135.8
Share of results of associates and joint ventures							(1.6)
Net investment income							0.5
Finance income							68.4
Finance costs							(153.6)
Profit before tax							49.5
Tax							(5.1)
Profit for the year							44.4

Inter-segment sales are charged at prevailing market prices.

2. Segmental information (continued)

Twelve months ended 31 October 2007

	Restated						Total £m
	UK & Ireland £m	Cont Europe £m	North. Europe £m	North America £m	Airlines Germany £m	Corp. £m	
Revenue							
Segment sales	2,468.1	3,038.0	304.6	83.7	855.6	0.3	6,750.3
Inter-segment sales	(4.3)	(3.9)	(2.4)	-	(335.2)	-	(345.8)
Total revenue	2,463.8	3,034.1	302.2	83.7	520.4	0.3	6,404.5
Result							
Profit/(loss) from operations before exceptional items and amortisation of business combination intangibles	169.8	67.4	43.5	(2.4)	46.2	(15.6)	308.9
Exceptional items	(108.6)	2.6	(2.2)	(0.1)	0.1	(18.8)	(127.0)
Amortisation of business combination intangibles	(11.9)	-	(18.5)	0.3	-	-	(30.1)
Segmental result	49.3	70.0	22.8	(2.2)	46.3	(34.4)	151.8
Share of results of associates and joint ventures							1.8
Profit on disposal of associates							35.5
Net investment income							1.7
Finance income							74.1
Finance costs							(74.7)
Profit before tax							190.2
Tax							(39.5)
Profit for the year							150.7

3. Exceptional items

	11 months to 30/09/08 £m	Restated 12 months to 31/10/07 £m
Property costs, redundancy and other costs incurred in integrating the Thomas Cook and MyTravel businesses	(106.7)	(91.7)
Property costs, redundancy and other costs incurred in other business integrations and reorganisations	(46.4)	(13.4)
Disposal of property, plant & equipment	(1.7)	2.0
Disposal of non-current assets held for sale	-	10.1
Impairment of assets	(2.5)	(8.9)
Other expenses incurred as a result of the merger	(14.8)	(11.6)
Other exceptional operating items	(7.5)	(13.5)
Exceptional items included within profit from operations	(179.6)	(127.0)
	11 months to 30/09/08 £m	Restated 12 months to 31/10/07 £m
Exceptional items have been included in the income statement as follows:		
Cost of providing tourism services	(13.0)	(11.1)
Other operating income	3.4	0.6
Personnel expenses	(47.0)	(66.7)
Depreciation and amortisation	(0.4)	(1.2)
Other operating expenses	(120.9)	(60.7)
(Loss)/profit on disposal of businesses and P, P & E	(1.7)	2.0
Profit on disposal of non-current assets held for sale	-	10.1
	(179.6)	(127.0)
Share of associates' exceptional items		
Profit on disposal of associates	-	35.5
	-	35.5
Exceptional finance costs		
Loss on revaluation of trading securities	(13.9)	-
Impact of financial market volatility	(12.9)	-
	(26.8)	-
Total exceptional items	(206.4)	(91.5)

The exceptional finance costs consist of £13.9m of revaluation losses on trading securities and £12.9m relating to 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.

4. Net investment income

	11 months to 30/09/08 £m	Restated 12 months to 31/10/07 £m
Dividends received from other investments	-	1.2
Interest on fixed asset investments	0.5	0.5
	<u>0.5</u>	<u>1.7</u>

5. Finance income and costs

	11 months to 30/09/08 £m	Restated 12 months to 31/10/07 £m
Finance income		
Income from loans included in financial assets	1.0	0.9
Other interest and similar income	23.3	33.7
Expected return on pension plan assets	41.9	38.9
Fair value gains on derivative financial instruments	2.2	0.6
	<u>68.4</u>	<u>74.1</u>
Finance costs		
Interest payable	(40.9)	(20.6)
Finance costs in respect of finance leases	(22.2)	(12.9)
Interest cost on pension plan liabilities	(41.9)	(37.9)
Forward points on future hedging contracts	(12.8)	-
Interest on overdue tax	-	(0.3)
Other finance costs (including discounting charges)	(9.0)	(3.0)
	<u>(126.8)</u>	<u>(74.7)</u>
Exceptional finance costs		
Loss on revaluation of trading securities	(13.9)	-
Impact of financial market volatility	(12.9)	-
	<u>(26.8)</u>	<u>-</u>
	<u>(153.6)</u>	<u>(74.7)</u>
	<u>(85.2)</u>	<u>(0.6)</u>

6. Tax

Analysis of tax charge in the year

	11 months to 30/09/08 £m	Restated 12 months to 31/10/07 £m
Current tax		
corporation tax charge for the year	43.8	24.9
income/reimbursements in respect of prior periods	3.3	(16.4)
	<u>47.1</u>	<u>8.5</u>
Deferred tax		
tax charge/(credit) for the year	(25.6)	32.3
adjustments in respect of prior periods	(16.4)	(1.3)
	<u>(42.0)</u>	<u>31.0</u>
Total tax charge	<u>5.1</u>	<u>39.5</u>

In addition to the amount charged to the income statement, deferred tax relating to actuarial losses on pension schemes and the fair value of derivative financial instruments of £21.2m has been charged directly in equity (2007: £41.5m).

UK corporation tax is calculated at 28.9% (2007: 30%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

Surplus losses not recognised in deferred tax of £531.0m (2007: £558.0m) are available in the UK and Germany for offset against future profits.

7. Dividends

	11 months to 30/09/08 £m	Restated 12 months to 31/10/07 £m
Interim dividend paid of 3.25 pence per share (2007: nil)	29.2	-
Proposed final dividend for the period of 6.5 pence per share (2007: 5.0 pence).	55.8	48.8
	<u>85.0</u>	<u>48.8</u>

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

8. Earnings per share

The calculations for earnings per share, based on the weighted average number of shares, are shown in the table below. The weighted average number of shares shown excludes 5.1m shares held by the employee share ownership trusts (2007: 0.5m).

	11 months to 30/09/08	Restated 12 months to 31/10/07
Basic and diluted earnings per share		
	£m	£m
Net profit attributable to equity holders of the parent	44.7	149.8
	millions	millions
Weighted average number of shares for basic earnings per share	947.6	681.1
Effect of dilutive potential ordinary shares – share options *	0.5	0.8
Weighted average number of shares for diluted earnings per share	948.1	681.9
	pence	pence
Basic earnings per share	4.7	22.0
Diluted earnings per share	4.7	22.0

* Awards of shares under the Thomas Cook Performance Share Plan and Buy As You Earn Scheme will be satisfied by shares held in trust and therefore are potentially dilutive. The remainder of the share schemes will be satisfied by the purchase of existing shares in the market and will therefore not result in any dilution of earnings.

9. Acquisitions

MyTravel Group plc

On 19 June 2007, the Group acquired 100% of the share capital of MyTravel Group plc. Provisional details of the net assets acquired were disclosed in note 18 of the Group Financial Statements in the 2007 Annual Report. The determination of the fair values has now been concluded and an additional provision of £9.5m in respect of off-market contracts and a related deferred tax asset of £2.7m have been recognised with a consequent increase in goodwill of £6.8m. In accordance with IFRS 3, the final fair values have been recognised from the date of acquisition and the comparative figures have been restated.

Hotels4U.com

On 14 February 2008, the Group acquired the business of Hotels4U.com Limited, an online retailer of hotel accommodation and resort transfers. Hotels4U.com Limited owns the subsidiaries Transfers4U.com Limited (100%) and Trust Accommodation.com Limited (100%). The purchase price was £39.0m of which £21.8m has been paid in cash and an estimated balance of £17.2m has been recognised in relation to an earn out based on profitability up to 2013. The acquired business contributed revenue of £12.3m and net loss of £0.6m to the Group for the period from acquisition to 30 September 2008.

Thomas Cook India

On 27 March 2008, the Group acquired 54.4% of Thomas Cook (India) Limited, a foreign exchange and travel company in India. On 20 June and 4 July 2008, the Group acquired a further 1.4% and 19.08% respectively. Thomas Cook (India) Limited owns a number of subsidiaries incorporated in India, Mauritius and Sri Lanka. The purchase price was Rs. 12,885.6m (£159.1m) paid in cash, less £2.2m contingent refund. The acquired business contributed revenue of £20.2m and net profit after minority interest of £1.0m to the Group for the period from acquisition to 30 September 2008.

TriWest Travel Holdings

On 1 August 2008, the Group acquired TriWest Travel Holdings. TriWest Travel Holdings is a Canadian independent travel wholesaler which holds 70% of Skylink Voyages Inc. The purchase price

9. Acquisitions (continued)

was C\$121.4m (£59.6m), of which C\$114.7m (£56.3m) has been paid in cash and the balance of C\$6.7m (£3.3m) is subject to earn out based on profitability up to 2010. The acquired business contributed revenue of £45.5m and net profit of £1.4m to the Group for the period from acquisition to 30 September 2008.

Jet Tours

On 4 August 2008, the Group acquired Jet Tours, a premium tour operator based in Paris, France. Jet Tours owns a number of subsidiaries incorporated in France, Morocco and Tunisia. The purchase price was €70.0m (£55.1m), all of which was paid in cash. The acquired business contributed revenue of £52.1m and net loss of £2.1m to the Group for the period from acquisition to 30 September 2008.

Other

During the period, the Group also concluded a number of smaller acquisitions, namely:

- 1 November 2007, 100% of urlaub.de (Urlaubshop GmbH);
- 3 April 2008, 100% of Elegant Resorts Limited;
- 4 April 2008, 100% of Thomas Cook Egypt (Thomas Cook Overseas Limited) and Lebanon (Thomas Cook Lebanon S.A.L.);
- 1 May 2008, 100% of Neckermann Urlaubswelten GmbH & Co.KG; and
- 1 May 2008, 65% of Viajes Iberoservice Espana S.L.

The acquired businesses contributed revenue of £69.1m and net profit of £2.3m to the Group for the period from acquisition to 30 September 2008.

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

	Hotels4U	Thomas Cook India	TriWest Travel Holdings	Jet Tours	Other	Total
	£m	£m	£m	£m	£m	£m
Intangible assets	14.1	32.0	3.0	1.9	20.2	71.2
Property, plant & equipment	0.1	9.0	0.6	1.6	2.9	14.2
Deferred tax assets	-	-	-	6.1	0.2	6.3
Inventory	-	-	-	0.1	0.2	0.3
Trade and other receivables	1.2	37.7	6.9	37.2	63.1	146.1
Cash and cash equivalents	0.7	21.6	18.5	10.0	20.6	71.4
Trade and other payables	(6.1)	(19.3)	(21.4)	(49.7)	(66.2)	(162.7)
Retirement obligations	-	(0.4)	-	(0.7)	-	(1.1)
Short term borrowings*	(1.5)	(53.4)	-	(4.6)	(3.4)	(62.9)
Deferred tax liabilities	(3.9)	(9.3)	(0.8)	-	(3.3)	(17.3)
Provisions for liabilities	-	(0.1)	-	(0.7)	(2.0)	(2.8)
Net assets acquired	4.6	17.8	6.8	1.2	32.3	62.7
Less minority interest	-	(4.4)	(0.1)	-	(1.7)	(6.2)
	4.6	13.4	6.7	1.2	30.6	56.5
Goodwill	35.0	146.9	53.8	55.2	31.7	322.6
Total consideration	39.6	160.3	60.5	56.4	62.3	379.1
Satisfied by:						
Cash and attributable costs	22.4	162.5	57.2	56.4	57.8	356.3
Loan payable	-	-	-	-	2.0	2.0
Contingent consideration	17.2	(2.2)	3.3	-	1.0	19.3
Decrease in associate**	-	-	-	-	1.5	1.5
	39.6	160.3	60.5	56.4	62.3	379.1

* Short term borrowings in Thomas Cook India include £36.8m commercial paper and bank loans, £12.9m preference share capital and £3.7m bank overdraft.

** As part of the acquisition of Viajes Iberoservice Espana S.L (shown in Other above), the Group contributed a portion of its 40% stake in an existing associate, Activos Turisticos.

9. Acquisitions (continued)

The purchase price of each component of each acquisition represents its provisional fair value based on management's best estimate.

If all of the acquisitions (excluding Neckermann Urlaubswelten GmbH & Co.KG and Viajes Iberoservice Espana S.L) had occurred on 1 November 2007, they would have contributed £646.9m to consolidated revenue and £3.3m to consolidated net profit, before accounting for £3.8m of amortisation of business combination intangibles. Neckermann Urlaubswelten GmbH & Co.KG and Viajes Iberoservice Espana S.L are excluded as pre-acquisition revenue and net profit information is not available.

The net cash outflow from acquisitions was as follows:

	Hotels4U	Thomas Cook India	TriWest Travel Holdings	Jet Tours	Other	Total
	£m	£m	£m	£m	£m	£m
Cash consideration for shares (including acquisition costs)	(22.4)	(162.1)	(56.8)	(56.4)	(56.9)	(354.6)
Cash and cash equivalents acquired (net of overdrafts)	(0.8)	17.9	18.5	5.4	17.2	58.2
	<u>(23.2)</u>	<u>(144.2)</u>	<u>(38.3)</u>	<u>(51.0)</u>	<u>(39.7)</u>	<u>(296.4)</u>

10. Equity attributable to equity holders of the parent

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

	£m
Balance at 1 November 2006	378.5
Total recognised income & expense for the year	251.7
Equity credit in respect of share based payments	0.6
Capital increase	0.4
Issue of equity shares net of expenses	(5.3)
Acquisition of MyTravel	1,491.3
Purchase of own shares	(4.9)
Net change directly in equity	<u>1,482.1</u>
Total movements	<u>1,733.8</u>
Balance at 31 October 2007	2,112.3
Total recognised income & expense for the year	231.5
Equity credit in respect of share based payments	3.1
Capital increase	-
Issue of equity shares net of expenses	2.2
Purchase of own shares	(8.3)
Disposal of own shares	0.2
Share buyback	(266.3)
Dividends	(78.2)
Net change directly in equity	<u>(347.3)</u>
Total movements	<u>(115.8)</u>
Balance at 30 September 2008	<u>1,996.5</u>

11. Notes to the cash flow statement

	2008	Restated 2007
	£m	£m
Profit before tax	49.5	190.2
Adjustments for:		
Finance income	(68.4)	(74.1)
Finance costs	153.6	74.7
Net investment income	(0.5)	(1.7)
Share of results of associates and joint ventures	1.6	(1.8)
Depreciation of property, plant & equipment and intangibles	128.0	104.5
Amortisation of business combination intangibles	48.0	30.1
Impairment of assets	6.8	8.9
Disposal of businesses, P,P&E, and other assets	1.7	(12.1)
Disposal of associates	-	(35.5)
Share based payments	3.1	0.6
Other non-cash items	(32.7)	(12.2)
Increase in provisions	0.5	46.5
Income received from other non-current investments	0.4	1.2
Interest received	27.2	29.7
Operating cash flows before movements in working capital	318.8	349.0
Movement in working capital	102.1	(158.6)
Cash generated by operations	420.9	190.4
Income taxes paid	(63.7)	(29.8)
Net cash from operating activities	357.2	160.6

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.

12. Net debt

	At 1 Nov 2007 £m	Cash flow £m	Other non-cash changes £m	Acquisitions/ disposals £m	Exchange movements £m	At 30 Sept 2008 £m
Liquidity						
Cash and cash equivalents	622.3	88.4	-	-	50.6	761.3
Trading securities	255.6	(134.1)	(23.0)	-	30.7	129.2
	<u>877.9</u>	<u>(45.7)</u>	<u>(23.0)</u>	<u>-</u>	<u>81.3</u>	<u>890.5</u>
Current debt						
Bank overdrafts	(26.3)	15.7	-	-	(3.2)	(13.8)
Short term borrowings	(2.7)	(144.7)	0.9	(49.6)	(2.7)	(198.8)
Current portion of long term borrowing	(23.1)	(37.2)	(72.2)	-	(10.9)	(143.4)
Borrowings classified as held for sale	(6.5)	-	7.9	-	(1.4)	-
Obligations under finance leases	(81.0)	91.3	(178.9)	(0.1)	(13.9)	(182.6)
	<u>(139.6)</u>	<u>(74.9)</u>	<u>(242.3)</u>	<u>(49.7)</u>	<u>(32.1)</u>	<u>(538.6)</u>
Non-current debt						
Long term borrowings	(130.4)	(328.7)	63.4	-	(20.4)	(416.1)
Obligations under finance leases	(359.2)	-	178.9	-	(48.0)	(228.3)
	<u>(489.6)</u>	<u>(328.7)</u>	<u>242.3</u>	<u>-</u>	<u>(68.4)</u>	<u>(644.4)</u>
Total debt	<u>(629.2)</u>	<u>(403.6)</u>	<u>-</u>	<u>(49.7)</u>	<u>(100.5)</u>	<u>(1,183.0)</u>
Net (debt) / funds	<u>248.7</u>	<u>(449.3)</u>	<u>(23.0)</u>	<u>(49.7)</u>	<u>(19.2)</u>	<u>(292.5)</u>

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 £297.5m (2007: £344.1m) largely to the Continental Europe division has been included.

** Profit 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 profit margin is the profit 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 for 2008 is calculated as pro forma net profit after tax, but before exceptional items and amortisation of business combination intangibles, divided by the weighted average number of shares in issue during the 12 months to September. For 2007, the number of shares outstanding at 30 September 2007 has been used as an approximation to the weighted average number of shares in the period. Profit after tax has been calculated using a notional tax rate of 26.1% for 2008 and 28.0% for 2007.

> Adjusted dividend cover for 2008 is calculated by dividing the adjusted earnings per share (see above) by the pro forma full year paid and proposed dividends. Adjusted dividend cover for 2007 is as stated in the 2007 Annual Report and is calculated by dividing the adjusted earnings per share for the pro forma 12 months to October 2007 by the pro forma dividend (assuming an interim dividend of one-third had been applicable).

In the case of pro forma figures, the figures reflect the normalised results for the 12 months to 30 September 2008 and the 12 months to 30 September 2007, and have been compiled as if the merger of Thomas Cook AG and MyTravel Group plc had taken place prior to 1 October 2006 (the first day of the comparative period presented) and 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.