

27 June 2007

**Thomas Cook Group plc  
Interim Results  
for the 6 months ended 30 April 2007**

- Despite challenging conditions in a number of markets in which we operate, the combined Group successfully reduced the pro forma seasonal loss before tax in the 6 months to April 2007 by €25.4m, or 8%, to €293.0m (2006: loss before tax of €318.4m).
- The pro forma seasonal operating loss\* in the 6 months to April 2007 was reduced by €22.9m, or 7%, to €323.1m (2006: loss of €346.0m).
- In the MyTravel business, the operating loss\* was reduced by 12% to €102.3m (2006: loss of €115.8m).
- In the Thomas Cook AG business, the operating loss\* was reduced by 4% to €220.8m (2006: loss of €230.2m).
- Strong cash flow and balance sheet.
- Excellent progress being made towards integrating the two companies.
- Mr Bo Lerenius and Mr Hemjo Klein to join Thomas Cook Group plc Board as independent Non-Executive Directors with effect from 1 July 2007.
- 12 July 2007 presentation for investors and analysts on Continental Europe and Airlines Germany.
- Strategy review underway; presentation for investors and analysts before the end of the year.

\* The (loss) / profit from operations is stated before exceptional items.

The pro forma loss before tax for the six months ended 30 April 2007 after net exceptional costs of €15.8m, net income from associates of €49.4m, net investment income of €0.9m and net finance costs of €4.4m was €293.0m. Net exceptional items are shown in note 4 to Appendix 1 and 2.

### **Current trading – Summer 07**

- As we had anticipated, trading conditions in the UK remain challenging for summer 07. Consequently, we have taken actions throughout the year to reduce capacity year on year by 5%. Against this, cumulative bookings are 5% behind the prior year and we have sold 74% of our capacity, which is in line with the prior year. Average selling prices are flat year on year.
- In Northern Europe, cumulative bookings for summer 07 are currently 2% behind the prior year on 1% more capacity. To date, we have sold 70% of our capacity, which is 2% behind the prior year, and average selling prices are 3% up.
- In Continental Europe, bookings are currently 7% behind the prior year with average selling prices 2% ahead. Trading conditions in our largest market, Germany, remain challenging. However, we continue to align capacity to the reduction in bookings.
- In North America, cumulative bookings for summer 07, being the low season, are currently 27% behind the prior year. Capacity, however, is also down 29% following the removal of one aircraft from the plan. To date, we have sold 58% of our capacity, which is 2% up on the prior year, and average selling prices are 10% up.
- In Airlines Germany, cumulative bookings for summer 07 are currently 9% behind the prior year but on 11% less capacity. Seat only bookings, representing 31% of total Airlines bookings to date, have reduced year on year by 7%, reflecting significantly reduced City business offset by a strong performance in long haul.

### **Outlook**

- While conditions for the summer remain challenging in a number of markets, the Board believes that in the absence of significant adverse events, such as were experienced last year, trading conditions in the UK for the remainder of the summer season should be significantly improved. On that basis, the Board believes that its financial performance for the full year 2007 will be in line with its expectations.

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

“Thomas Cook Group plc is a robust business which is well placed strategically to take advantage of the significant opportunities for growth. The merger has created a very strong platform for us to compete in an increasingly diverse, growing and international travel market, bringing together complementary brands and increased geographic reach.

“I would like to thank everyone who is involved in bringing these two businesses together and for successfully delivering this merger. Management has already made significant progress in building the foundations of this new dynamic business. Delivering the planned synergies of at least €140m (£95m) from the merger remains an important focus of our efforts.

“Despite the additional effort required by all those involved in the merger process, our first pro forma results show a 7% improvement on the same period last year on the pre-exceptional operating profit line, demonstrating our on-going focus on trading performance. A record performance and strong pricing environment in our Northern European operations are particularly encouraging.”

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A presentation to analysts will take place today at 9.30am at the Lincoln Centre, 18 Lincoln's Inn Fields, London WC2A 3ED.

A copy of the slides and a recording of the presentation will be available on our website at [www.thomascookgroup.com](http://www.thomascookgroup.com).

## **BASIS OF PREPARATION**

The financial information contained in this report includes the underlying results for the 6 months to 30 April 2007 for each of MyTravel Group plc (MYT) and Thomas Cook AG (TCAG), prepared on the basis of the Thomas Cook Group plc (TCG) accounting policies, formats and reporting currency (euro). Details of the accounting policies are included in Appendix 3 to this report.

In addition to the financial information on each of MYT and TCAG, the report also includes pro forma primary statements for TCG, in which the two underlying sets of financial information have been aggregated to illustrate the effect of the merger of MYT and TCAG as if the transaction had taken place prior to 1 November 2005. In aggregating the two sets of financial information, no account has been taken of the impact of acquisition accounting, nor has any intra-Group trading between the two entities been eliminated. Further details on the assumptions applied in preparing the financial information are set out in note 1 to the Pro forma Interim Financial Information. The financial statements for TCG for the year ended 31 October 2007 will include the full impact of acquisition accounting.

As noted in our Prospectus, the total transaction costs of the merger are estimated to be in the region of €82m. While the vast majority of these costs are expected to be charged to shareholders' equity or goodwill as part of the acquisition accounting, some costs will be included in the income statement for the year ended 31 October 2007. These costs will be separately disclosed as exceptional items.

The tour operator key performance indicators (KPI's) included in this report have, where possible, been aligned between the two entities. However, as the Continental Europe segment and the Airlines Germany segment do not operate the same integrated business model as that used in the UK, Northern Europe and North America, the KPI's included for those segments are necessarily different.

## OVERVIEW

### Pro forma Group results of TCG

Geographic analysis of sales	Six months to 30 April 2007 €m	Six months to 30 April 2006 €m
UK	1,392.2	1,373.2
Northern Europe	562.8	552.7
Continental Europe	1,442.5	1,394.9
North America	378.3	432.4
Airlines Germany	300.8	286.6
Corporate**	6.8	19.9
<b>Group</b>	<b>4,083.4</b>	<b>4,059.7</b>

Geographic analysis of (loss)/profit from operations*	Six months to 30 April 2007 €m	Six months to 30 April 2006 €m
UK	(279.5)	(297.6)
Northern Europe	35.3	26.3
Continental Europe	(48.5)	(48.9)
North America	14.6	23.8
Airlines Germany	(31.8)	(30.5)
Corporate**	(13.2)	(19.1)
<b>Group</b>	<b>(323.1)</b>	<b>(346.0)</b>

\* The (loss) / profit from operations is stated before exceptional items. The pro forma loss before tax for the six months ended 30 April 2007 after net exceptional costs of €15.8m, net income from associates of €49.4m, net investment income of €0.9m and net finance costs of €4.4m was €293.0m. Net exceptional items are shown in note 4 to Appendix 1 and 2.

\*\* Corporate comprises the central functions of TCAG and hotel and agency participations.

Despite challenging conditions in a number of markets in which we operate, the combined Group successfully reduced the pro forma seasonal operating loss before exceptional items in the 6 months to April 2007 by €22.9m, or 7%, to €323.1m (2006: loss of €346.0m). Improvements were made in the UK, Northern European and Continental European businesses and in Corporate. Airlines Germany showed increased losses as a result of fuel price increases. The North American business showed a reduction in profitability year on year as a result of the challenging market conditions.

The improvement in the combined Group results comes despite increases in the cost of fuel, which is a material element of the variable cost base of the Group. In winter 06/07, the weighted average price achieved for the Group increased by 17% compared with the price achieved in winter 05/06.

In December 2006, the UK government doubled Air Passenger Duty (APD) at short notice. As a result of this change in the law, we expect to pay over to the government approximately €60m of additional APD in relation to departures in the financial year 2007. As the tour operators are uniquely prevented by law from collecting this tax from customers who had already booked at the time of the change, the combined Thomas Cook Group will suffer approximately €12m of this cost (of which €4.1m relates to winter 06/07 departures and has been included in these results as an exceptional operating item).

Pro forma net funds for the combined Group at 30 April 2007 amounted to €303.7m, compared with €88.6m at 30 April 2006 and €160.1m at 31 October 2006. The increase year on year largely reflects the cash received from the disposals in 2006 of loss-making and non-core TCAG businesses and investments.

### **Current trading**

As we had anticipated, trading conditions in the UK remain challenging for summer 07. Consequently, we have taken actions throughout the year to reduce capacity year on year by 5%. Against this, cumulative bookings are 5% behind the prior year and we have sold 74% of our capacity, which is in line with the prior year. Average selling prices are flat year on year.

In Northern Europe, cumulative bookings for summer 07 are currently 2% behind the prior year on 1% more capacity. To date, we have sold 70% of our capacity, which is 2% behind the prior year, and average selling prices are 3% up year on year.

In Continental Europe, bookings are currently 7% behind the prior year with average selling prices 2% ahead. Trading conditions in our largest market, Germany, remain challenging. However, we continue to align capacity to the reduction in bookings.

In North America, cumulative bookings for summer 07, being the low season, are currently 27% behind the prior year. Capacity, however, is also down 29% following the removal of one aircraft from the plan. To date, we have sold 58% of our capacity, which is 2% up on the prior year, and average selling prices are 10% up year on year.

In Airlines Germany, cumulative bookings for summer 07 are currently 9% behind the prior year but on 11% less capacity. Seat only bookings, representing 31% of total Airlines bookings to date, have reduced year on year by 7%, reflecting significantly reduced City business offset by a strong performance in long haul.

### **Integration update**

Having completed the merger of MyTravel Group plc and Thomas Cook AG in just over four months, we are making excellent progress towards integrating the two companies:

- On 6 June 2007, we announced the Thomas Cook Group management structure, including the combined head office team and UK & Ireland management team, and work is in progress towards completing the process of filling the remaining senior management positions.
- On 26 June 2007, we announced plans for the rationalisation of the UK retail estate, which involve a proposal to close approximately 150 shops. Most of our UK shops will now be branded Thomas Cook, although the Going Places brand will be retained in certain locations where it is advantageous to do so.
- Following extensive analysis, we announced on 26 June 2007 our proposals to close six sites in the UK. The proposed closures include the current MyTravel UK headquarters in Rochdale, the TC UK Airline offices in Manchester and two

call centre locations. The head office site of the new TC UK organisation is planned to be located at existing facilities in Peterborough.

- We also announced the UK and Ireland brand strategy. Thomas Cook and Airtours will be our brands in the upper market and mass market segments respectively. Direct Holidays will continue to be the UK's number one brand for package holidays sold direct to the consumer. We have a number of strong brands in the specialist sector, including Thomas Cook Signature, Cresta, Tradewinds, Nielsen and Club 18-30, which we intend to retain and grow.
- Work is well advanced towards creating a single UK airline, Thomas Cook Airlines, operating with a single flight plan.
- In order to minimise operational risks and optimise synergies, the merged UK business will use the systems of Thomas Cook UK for tour operating and retail, while using MyTravel's airline systems. In this way, we will avoid extensive system integration, and instead undertake a significantly less complex data migration exercise.

### **Appointment of Independent Directors to Thomas Cook Group plc Board**

The Board of Thomas Cook Group plc has today announced that Mr Bo Lerenius and Mr Hemjo Klein have agreed to join the Board as Non-Executive Directors with effect from 1 July 2007.

### **Investor Day**

On 12 July 2007, the Group will be hosting a presentation in London on the Continental Europe and Airlines Germany operations for investors and analysts.

### **Strategy Day**

The Group will carry out a strategic review of operations over the summer and hold a strategy presentation for investors and analysts before the end of the year.

**Dividend policy**

It is expected that the Board of Thomas Cook Group plc will propose a final dividend in respect of the year ending 31 October 2007, for payment after, and subject to shareholder approval at, the annual general meeting expected to be held in spring 2008.

The dividend policy will take into account the level of peer group dividends, the profitability and cash flows of TCG, including the results of integration synergies actually realised, and the desirability of providing shareholders with dividend payments increasing progressively over time.

**Outlook**

While conditions for the summer remain challenging in a number of markets, the Board believes that in the absence of significant adverse events, such as were experienced last year, trading conditions in the UK for the remainder of the summer season should be significantly improved. On that basis, the Board believes that its financial performance for the full year 2007 will be in line with its expectations.

## OPERATING AND FINANCIAL REVIEW - MYTRAVEL

### MYT Group results

Geographic analysis of sales (external only)	Six months to	Six months to
	30 April 2007 €m	30 April 2006 €m
MYT UK	588.0	638.6
MYT Northern Europe	562.8	552.7
MYT North America	378.3	432.4
<b>MYT Group</b>	<b>1,529.1</b>	<b>1,623.7</b>

Geographic analysis of (loss)/profit from operations*	Six months to	Six months to
	30 April 2007 €m	30 April 2006 €m
MYT UK	(152.2)	(165.9)
MYT Northern Europe	35.3	26.3
MYT North America	14.6	23.8
<b>MYT Group</b>	<b>(102.3)</b>	<b>(115.8)</b>

\* The (loss) / profit from operations is stated before exceptional items. Results in the period to 30 April 2007 have been translated from sterling to euros at a rate of €1.485: £1. Results in the period to 30 April 2006 have been translated from sterling to euros at a rate of €1.459: £1.

MYT Group		
% change W06/07 vs W05/06		
Capacity†		(9)%
Brochure sales mix††		(2)%
Average selling price†*		6%
	<b>W06/07</b>	<b>W05/06</b>
Load factor†	97.2%	97.6%
Operating margin %‡	(6.7)%	(7.1)%

†Based on charter businesses only.

††Calculated as brochure sales divided by total passengers and expressed as a movement in % points.

‡Based on Group reported figures excluding share of results of associates. (Loss)/profit from operations is stated before exceptional items.

\* Translated at constant exchange rates.

Sales for the six months ended 30 April 2007 for the MYT Group were €1,529.1m compared with €1,623.7m in the prior year period. Of the reduction of €94.6m, €50.6m occurred in the UK and €54.1m in North America. These were partly offset by an increase of €10.1m in Northern Europe. In all three geographic markets, capacity was

reduced and average selling prices were higher year on year. These geographic variances are further analysed in the “Segmental review of results” later in this report.

The losses from operations before exceptional items were reduced to €102.3m compared with losses of €115.8m in the prior year period. The €13.5m improvement includes an improvement of €13.7m in the UK and €9.0m in Northern Europe, offset by an adverse variance in North America of €9.2m. Again, these geographic variances are further analysed in the “Segmental review of results” below.

Net exceptional costs in the period amounted to €15.1m compared with a net exceptional profit in the prior year period of €10.9m. The current year net cost comprises €8.8m of costs incurred in reorganising the Group’s UK businesses, including the costs associated with the closure of a further 45 Going Places stores; €4.4m of advisory fees incurred on the potential acquisition of the First Choice UK Mainstream business; €1.8m of irrecoverable Air Passenger Duty; and €0.1m of losses on the disposal of assets.

Our share of the results of associates in the period was a loss of €1.6m compared with a loss of €1.2m in the prior year period. Net finance costs were €1.7m compared with €3.2m in the prior year period.

## Segmental review of results - MYT

### MYT UK

% change W06/07 vs W05/06		
Capacity†		(11)%
Brochure sales mix††		(1)%
Average selling price†		3%
	<b>W06/07</b>	<b>W05/06</b>
Load factor†	96.1%	97.3%
Mix of passengers – short haul	22%	25%
Mix of passengers – medium haul	60%	58%
Mix of passengers – long haul	18%	17%
Internet distribution %*	21%	16%
Controlled distribution %*	65%	61%
Operating margin %‡	(25.9)%	(26.0)%

†Based on charter businesses only.

††Calculated as brochure sales divided by total passengers and expressed as a movement in % points.

\* Internet and controlled distribution are calculated on sales value of order intake in the period. Controlled distribution is defined as the proportion of sales generated through our in-house retail shops, call centres and websites.

‡Based on Group reported figures excluding share of results of associates. (Loss)/profit from operations is stated before exceptional items.

Sales in the six months to 30 April 2007 in the UK were €588.0m compared with €638.6m in the prior year period. The reduction of €50.6m largely reflects the reduced capacity on sale (down 11%).

The losses from operations before exceptional items in the UK were reduced to €152.2m from €165.9m, an improvement of €13.7m, or 8%. Excluding the impact of euro translation, the underlying improvement was 10%.

This improvement came despite market conditions remaining very challenging. In order to minimise the impact of the tough trading conditions, capacity was reduced by 11% as noted above. However, although selling prices achieved were 3% higher than the prior year, this increase was not enough to cover the increased prices of fuel, passenger taxes and other direct costs. As a result, the gross margin in the UK was lower year on year. During the period, we have, however, continued our focus on reducing the fixed overhead cost base of the business. As a result of these continued efforts, the trading performance was more than offset by €31.5m of year on year savings in S,G&A costs and personnel expenses.

## MYT Northern Europe

% change W06/07 vs W05/06		
Capacity†		(8)%
Brochure sales mix††		(3)%
Average selling price†		11%
	<b>W06/07</b>	<b>W05/06</b>
Load factor†	99.1%	98.1%
Internet distribution %*	36%	29%
Controlled distribution %*	79%	75%
Operating margin %‡	6.3%	4.8%

†Based on charter businesses only.

††Calculated as brochure sales divided by total passengers and expressed as a movement in % points.

\* Internet and controlled distribution are calculated on sales value of order intake in the period. Controlled distribution is defined as the proportion of sales generated through our in-house retail shops, call centres and websites.

‡Based on Group reported figures excluding share of results of associates. (Loss)/profit from operations is stated before exceptional items.

In Northern Europe, sales in the six months to 30 April 2007 were €562.8m compared with €552.7m in the prior year period, an increase of €10.1m. We continue to focus on ensuring that supply and demand remain in balance, and as a result, capacity in the Northern European businesses for the winter season was reduced by 8%. However, selling prices achieved were 11% higher year on year. The opening of the new “Sunwing” franchised hotel in Phuket and the general continuing expansion in the long haul Thai market contributed significantly to this achievement.

The profit from operations before exceptional items in the period was €35.3m compared with €26.3m in the prior year. This record performance again demonstrates the ability of the management team in Northern Europe to improve profitability, through innovation, in a competitive market. The improved financial performance was achieved despite increased advertising expenditure to support new brand launches in a number of countries.

## MYT North America

% change W06/07 vs W05/06		
Capacity†		(4)%
Brochure sales mix††		(1)%
Average selling price†		0.4%
	<b>W06/07</b>	<b>W05/06</b>
Load factor†	96.4%	97.3%
Internet distribution %*	7%	6%
Controlled distribution %*	17%	18%
Operating margin %‡	3.9%	5.5%

†Based on charter businesses only.

††Calculated as brochure sales divided by total passengers and expressed as a movement in % points.

\* Internet and controlled distribution are calculated on sales value of order intake in the period. Controlled distribution is defined as the proportion of sales generated through our in-house retail shops, call centres and websites.

‡Based on Group reported figures excluding share of results of associates. (Loss)/profit from operations is stated before exceptional items.

In North America, the trading environment has remained very challenging with significant over-capacity in the market. Year on year, we estimate that the capacity in the market increased by 8% overall, despite MyTravel North America reducing its capacity year on year by 4%. Selling prices achieved in the MyTravel North America operation were slightly up year on year, by 0.4%. However, this increase was not sufficient to cover the increased costs and the adverse impact of currency translation, and consequently, the gross margin achieved declined significantly. While savings in S,G&A costs and personnel expenses were achieved, these were not sufficient to offset the margin shortfall.

As a result, the operating profit before exceptional items in our North American operation was reduced to €14.6m compared with €23.8m in the prior year period.

### Balance sheet

Net liabilities at 30 April 2007 were €420.2m compared with net liabilities of €418.9m at 30 April 2006 and €297.4m at 31 October 2006. The movement in the six month period largely reflects the losses from operations incurred in the period.

Net funds at 30 April 2007 amounted to €102.0m compared with €148.7m as at 30 April 2006 and €104.2m as at 31 October 2006.

**Cash balance and cash flow**

Cash and cash equivalents at 30 April 2007 amounted to €279.0m compared with €361.5m at 30 April 2006 and €305.9m at 31 October 2006.

The net cash generated by operations amounted to €50.6m compared with €41.8m generated in the prior year period. This includes a seasonal inflow on working capital of €143.6m (2006: €159.6m), offset by the reduced seasonal operating losses. Tax paid in the period amounted to €25.5m (2006: €23.3m).

The net cash outflow from investing activities was €20.6m (2006: net cash inflow of €3.3m including a €28.7m inflow from the disposal of our hotel in Majorca and other assets). The outflow in 2007 largely comprised expenditure on property, plant and equipment and intangible assets of €21.2m (2006: €15.6m). The increased capital expenditure year on year of €5.6m largely comprises timing differences on aircraft maintenance and expenditure on hotel and shop refurbishments in Northern Europe.

The net cash outflow from financing activities was broadly flat year on year at €22.1m (2006: €19.5m), and largely comprised capital repayments and interest payments on finance leases and similar borrowings.

## OPERATING AND FINANCIAL REVIEW – THOMAS COOK AG

### TCAG Group results

Geographic analysis of sales (external only)	Six months to	Six months to
	30 April 2007 €m	30 April 2006 €m
TCAG UK	804.2	734.6
TCAG Continental Europe	1,442.5	1,394.9
TCAG Airlines Germany	300.8	286.6
TCAG Corporate	6.8	19.9
<b>TCAG Group</b>	<b>2,554.3</b>	<b>2,436.0</b>

Geographic analysis of (loss)/profit from operations*	Six months to	Six months to
	30 April 2007 €m	30 April 2006 €m
TCAG UK	(127.3)	(131.7)
TCAG Continental Europe	(48.5)	(48.9)
TCAG Airlines Germany	(31.8)	(30.5)
TCAG Corporate	(13.2)	(19.1)
<b>TCAG Group</b>	<b>(220.8)</b>	<b>(230.2)</b>

\* The (loss) / profit from operations is stated before exceptional items.

TCAG Group		
% change W06/07 vs W05/06		
Departed passengers – tour operators†		(1)%
Average selling price – tour operators†*		6%
Seats sold – Airlines Germany**		(8)%
	<b>W06/07</b>	<b>W05/06</b>
Load factor – Airlines Germany††	91.8%	94.7%
Operating margin %‡	(8.6)%	(9.4)%

†Based on total passengers for TCAG UK and Continental Europe segments.

\*\*All sold seats including fixed tour operator allotments and no-shows.

††Seats sold divided by available capacity.

‡Based on Group reported figures excluding share of results of associates. (Loss)/profit from operations is stated before exceptional items.

\* Translated at constant exchange rates.

Sales for the six months ended 30 April 2007 for TCAG Group were €2,554.3m compared with €2,436.0m in the prior year period. Of the increase of €118.3m, €69.6m occurred in the UK, €47.6m in Continental Europe and €14.2m in Airlines Germany.

These were partly offset by a decrease of €13.1m in Corporate primarily as a result of the disposal of Thomas Cook Canada and Thomas Cook Egypt in the latter part of 2006. Average selling prices increased in all markets. These segmental variances are further analysed in the “Segmental review of results” later in this report.

The losses from operations before exceptional items for the TCAG Group were reduced to €220.8m compared with losses of €230.2m in the prior year period. The €9.4m improvement largely relates to the Corporate segment and largely reflects a €15.4m reduction in S,G&A costs and personnel expenses in the current year. Again, the segmental variances are further analysed in the “Segmental review of results” below.

The net exceptional costs in the period were €0.7m compared with a net exceptional profit of €27.7m in the prior year period. The current year net costs include €7.0m of costs incurred in reorganising the Group’s UK and Corporate businesses; €5.5m of advisory fees incurred on the potential acquisition of the First Choice UK Mainstream business; €2.3m of irrecoverable Air Passenger Duty; and €0.5m of impairment losses. These costs were offset by €14.6m of gains on the disposal of property, plant and equipment. This largely relates to the disposal of two hotels, one in Morocco, the Aga Founty, and one in Spain, the Royal Beach. The prior year exceptional profit of €27.7m includes €21.2m gain on the disposal of the Thomas Cook India business.

The profit on disposal of associates in the period of €53.3m (2006: €4.4m) largely reflects the sale, to KarstadtQuelle, on an arm’s length basis, of our 50% interest in SunExpress, an airline based in Turkey. The proceeds from the sale amounted to €54.0m and are largely receivable in cash in July 2007. This disposal realised a profit of €50.1m. In addition, during the period, the Group disposed of its interests in Falstacen S.L., Thomas Cook Thailand and Troll Tours Reisen GmbH, realising further profits of €3.2m.

Our share of the results of associates in the period was a loss of €2.3m compared with a profit of €5.6m in the prior year period. The reduction in profitability of €7.9m relates largely to the disposal of SunExpress.

Net investment income in the period was €0.9m (2006: €0.9m) and represents income from minority interests. Net finance costs were €2.7m compared with €17.5m in the prior year period. The reduction in net finance costs in the period reflects the improved net funds position of the Group, largely as a result of the business and asset disposals.

## Segmental review of results – TCAG Group

### TCAG UK

% change W06/07 vs W05/06		
Capacity†		10%
Brochure sales mix††		(5)%
Average selling price†		2%
	<b>W06/07</b>	<b>W05/06</b>
Load factor†	96.4%	97.5%
Mix of passengers – short haul	8%	10%
Mix of passengers – medium haul	77%	78%
Mix of passengers – long haul	15%	12%
Internet distribution %*	22%	18%
Controlled distribution %*	58%	56%
Operating margin %‡	(15.8)%	(17.9)%

†Based on charter businesses only.

††Calculated as brochure sales divided by total passengers and expressed as a movement in % points.

\* Internet and controlled distribution are calculated on sales value of order intake (charter only) in the period. Controlled distribution is defined as the proportion of sales generated through our in-house retail shops, call centres and websites.

‡Based on Group reported figures excluding share of results of associates. (Loss)/profit from operations is stated before exceptional items.

Sales in the six months to 30 April 2007 in the UK were €804.2m compared with €734.6m in the prior year period, an increase of €69.6m. This underlying increase reflects a higher number of passengers carried, driven by improved fleet utilisation, and an increase in the average selling price achieved in the charter business.

The losses from operations before exceptional items were reduced to €127.3m from €131.7m, an improvement of €4.4m, or 3%. Excluding the impact of euro translation, the underlying improvement was 5%.

This improvement came despite market conditions remaining very challenging. Although the selling prices achieved in the tour operator were 2% higher year on year, this increase was not sufficient to cover the increased costs of flying. However, S,G&A costs and personnel expenses were reduced by €6.6m year on year which more than offset the trading performance.

## TCAG Continental Europe

% change W06/07 vs W05/06		
Departed passengers†		(2)%
Average selling price†		5%
	<b>W06/07</b>	<b>W05/06</b>
Internet distribution %*	9%	8%
Controlled distribution %*	32%	29%
Operating margin %‡	(3.4)%	(3.5)%

†Based on total departed passengers.

\* Internet and controlled distribution are calculated on sales value of departed passengers in the period. Controlled distribution is defined as the proportion of sales generated through our in-house retail shops, call centres and websites.

‡Based on Group reported figures excluding share of results of associates. (Loss)/profit from operations is stated before exceptional items.

In Continental Europe, sales in the six months to 30 April 2007 were €1,442.5m compared with €1,394.9m in the prior year period, an increase of €47.6m. The German market, which represents the largest market in the Continental Europe segment, remained challenging throughout the period. Consequently, the number of departed passengers fell by 5% and selling prices remained broadly in line with the prior year. However, sales in the Western markets (Belgium, France and The Netherlands) were very strong. In Belgium, where we are the market leader, the number of passengers carried increased year on year by 6% and the average selling prices achieved increased by 18%.

The loss from operations before exceptional items in the period was broadly in line with the prior year at €48.5m (2006: €48.9m). This partly reflects the challenging market conditions in Germany where we have seen a significant reduction in gross margin year on year. The performance in Germany has, however, been largely offset by strong performances in Belgium and France. In Belgium, we were able to build on our market leading tour operator position whilst also improving the efficiency of our in-house airline. In France, we have concentrated on successfully growing our market share to long haul, French-speaking destinations. In addition, S,G&A costs and personnel expenses in the Continental Europe segment were reduced by €10.4m year on year.

## TCAG Airlines Germany

% change W06/07 vs W05/06		
Capacity†		(5)%
Seats sold††		(8)%
Yield per passenger*		8%
	<b>W06/07</b>	<b>W05/06</b>
Load factor†††	91.8%	94.7%
Operating margin %‡	(10.5)%	(10.6)%

†Total available seats offered for the full season.

††All sold seats including fixed tour operator allotments and no-shows.

\*Total flight related revenues divided by seats sold.

†††Seats sold divided by available capacity.

‡Based on Group reported figures excluding share of results of associates. (Loss)/profit from operations is stated before exceptional items.

In Airlines Germany, sales in the six months to 30 April 2007 were €300.8m compared with €286.6m in the prior year period. The increase of €14.2m reflects an 8% increase in the yield per passenger, partly offset by a 5% reduction in capacity, following the removal of a B757 from the fleet in November 2006.

The operating loss before exceptional items in our Airlines Germany operation was €31.8m compared with €30.5m in the prior year period. The adverse variance is largely a result of the increased costs of fuel (price achieved per metric tonne up 15%) which were not fully recovered through increases in selling prices and lower depreciation costs.

## TCAG Corporate

In the Corporate segment, sales in the six months to 30 April 2007 were €6.8m compared with €19.9m in the prior year period. The decrease of €13.1m reflects the disposal of businesses in the prior year.

The operating loss before exceptional items in the Corporate segment was €13.2m compared with €19.1m in the prior year period. The improvement year on year includes a €15.4m reduction in S,G&A costs and personnel expenses in the current year offset by the reduced turnover, following the disposals noted above.

**Balance sheet**

Net assets at 30 April 2007 were €607.3m compared with €359.2m at 30 April 2006 and €598.1m at 31 October 2006. The movement in the six month period includes a reduction in the pension liabilities of €136.9m as a result of increased discount rates applied in the updated actuarial valuations at 30 April 2007, offset by the seasonal losses from operations incurred in the period.

Net funds at 30 April 2007 amounted to €201.7m compared with net debt of €60.1m as at 30 April 2006 and net funds of €55.9m as at 31 October 2006. The increase year on year of €261.8m is largely due to cash received from disposals of businesses and assets in the latter part of the prior year.

**Cash balance and cash flow**

Cash and cash equivalents at 30 April 2007 amounted to €632.3m compared with €767.2m at 30 April 2006 and €736.0m at 31 October 2006.

The net cash generated by operations amounted to €154.0m compared with €105.9m generated in the prior year period. This includes a seasonal inflow on working capital of €287.9m (2006: €314.2m), offset by the reduced seasonal operating losses. Tax paid in the period amounted to €3.2m (2006: €22.6m).

The net cash outflow from investing activities was €205.1m (2006: net cash inflow of €94.6m, including €101.5m inflow from the disposal of businesses and assets), and largely comprised the purchase of short term securities of €227.3m. Expenditure on property, plant and equipment and intangible assets amounted to €36.6m (2006: €20.4m). The increased capital expenditure year on year of €16.2m relates to ongoing expenditure incurred on the development of a TCAG Group-wide booking and pricing tool (Project GLOBE) which commenced in 2006.

The net cash outflow from financing activities during the period was €52.2m (2006: €147.8m), and largely comprised capital repayments and interest payments on finance

leases and other borrowings. The reduction year on year relates to the scheduled repayment of borrowings of €108.2m in the prior year period compared with €12.5m in the current year.

**Pro forma financial information**

The unaudited pro forma Income Statement, Statement of Net Assets and Cash Flow Statement included on pages 26 to 29, have been prepared to illustrate the effect of the merger of Thomas Cook AG and MyTravel Group plc as if the transaction had taken place prior to 1 November 2005. They have been prepared on the basis of accounting policies set out in Appendix 3, except that:

- the information has been prepared without making any adjustments for the impact of acquisition accounting. In particular, the assets and liabilities of MyTravel Group plc have not been restated to fair value and no goodwill has been recognised; and
- the impact of intra-Group trading between MyTravel Group plc and Thomas Cook AG has not been taken into account.

## Pro forma Group Income Statement

	Unaudited 6 months to 30/04/07 €m	Unaudited 6 months to 30/04/06 €m	Unaudited 12 months to 31/10/06 €m
Sales	4,083.4	4,059.7	11,870.6
Cost of providing tourism services	(3,268.1)	(3,184.5)	(9,172.2)
<b>Gross profit</b>	<b>815.3</b>	<b>875.2</b>	<b>2,698.4</b>
Other operating income	29.3	20.8	48.5
Personnel expenses	(619.7)	(640.7)	(1,319.9)
Depreciation and amortisation	(100.5)	(110.2)	(218.3)
Impairment of goodwill	-	-	(13.5)
Other operating expenses	(477.8)	(496.8)	(980.7)
Profit on disposal of businesses and property, plant & equipment	14.5	44.3	70.7
<b>(Loss)/profit from operations</b>	<b>(338.9)</b>	<b>(307.4)</b>	<b>285.2</b>
Analysed between:			
<b>(Loss)/profit from operations before exceptional items</b>	<b>(323.1)</b>	<b>(346.0)</b>	<b>271.6</b>
Exceptional items*	(15.8)	38.6	13.6
	<b>(338.9)</b>	<b>(307.4)</b>	<b>285.2</b>
Share of results of associates	(3.9)	4.4	5.0
Profit on disposal of associates	53.3	4.4	20.4
Net investment income	0.9	0.9	0.9
Finance income	54.4	39.9	91.0
Finance costs	(58.8)	(60.6)	(119.5)
<b>(Loss)/profit before tax</b>	<b>(293.0)</b>	<b>(318.4)</b>	<b>283.0</b>
Tax	115.8	58.0	(64.4)
<b>(Loss)/profit for the period</b>	<b>(177.2)</b>	<b>(260.4)</b>	<b>218.6</b>

\* Details of the exceptional items are given in note 4 to the MyTravel financial information and note 4 to the Thomas Cook AG financial information. Exceptional items are defined in note 10 to appendix 3.

## Pro forma Group Statement of Net Assets

	Unaudited as at 30/04/07 €m	Unaudited as at 30/04/06 €m	Unaudited as at 31/10/06 €m
<b>Non-current assets</b>			
Goodwill	1,382.0	1,354.6	1,342.4
Other intangible assets	93.9	68.5	76.7
Property, plant & equipment			
Aircraft and spare engines	880.1	1,016.5	959.0
Other	358.0	403.7	370.2
Investment in associates	46.6	60.8	54.7
Other investments	17.2	27.9	21.3
Deferred tax assets	351.2	305.4	273.6
Tax assets	0.1	-	-
Trade & other receivables	163.5	173.5	157.9
Pension asset	0.4	0.4	0.4
Derivative financial instruments	23.1	33.9	12.9
	<u>3,316.1</u>	<u>3,445.2</u>	<u>3,269.1</u>
<b>Current assets</b>			
Inventories	23.4	22.4	22.5
Tax assets	20.3	40.3	13.7
Trade & other receivables	1,381.5	1,198.1	852.2
Trading securities	300.0	7.7	72.7
Derivative financial instruments	34.0	128.5	46.3
Cash & cash equivalents	911.3	1,128.7	1,041.9
	<u>2,670.5</u>	<u>2,525.7</u>	<u>2,049.3</u>
<b>Non-current assets held for sale</b>	41.4	41.3	47.2
<b>Total assets</b>	<u>6,028.0</u>	<u>6,012.2</u>	<u>5,365.6</u>
<b>Current liabilities</b>			
Retirement benefit obligations	(3.4)	(4.3)	(4.5)
Trade & other payables	(2,249.3)	(2,070.6)	(1,962.7)
Borrowings	(59.2)	(100.3)	(47.4)
Obligations under finance leases	(52.5)	(70.5)	(60.7)
Tax liabilities	(126.0)	(157.3)	(147.8)
Revenue received in advance	(1,660.4)	(1,653.6)	(915.8)
Short-term provisions	(182.4)	(226.4)	(218.5)
Derivative financial instruments	(133.0)	(90.6)	(122.4)
	<u>(4,466.2)</u>	<u>(4,373.6)</u>	<u>(3,479.8)</u>
<b>Non-current liabilities</b>			
Retirement benefit obligations	(285.4)	(539.3)	(421.1)
Trade & other payables	(107.5)	(138.2)	(122.8)
Borrowings	(210.1)	(260.4)	(243.7)
Obligations under finance leases	(546.9)	(618.6)	(602.9)
Tax liabilities	-	(6.1)	-
Deferred tax liabilities	(32.6)	(20.7)	(34.6)
Revenue received in advance	(0.9)	(0.4)	(0.4)
Long-term provisions	(126.6)	(80.3)	(133.0)
Derivative financial instruments	(21.8)	(30.0)	(21.8)
	<u>(1,331.8)</u>	<u>(1,694.0)</u>	<u>(1,580.3)</u>
<b>Liabilities related to assets held for sale</b>	(42.9)	(4.3)	(4.8)
<b>Total liabilities</b>	<u>(5,840.9)</u>	<u>(6,071.9)</u>	<u>(5,064.9)</u>
<b>Net assets/(liabilities)</b>	<u>187.1</u>	<u>(59.7)</u>	<u>300.7</u>

## Pro forma Group Cash Flow Statement

	Unaudited 6 months to 30/04/07 €m	Unaudited 6 months to 30/04/06 €m	Unaudited 12 months to 31/10/06 €m
<b>Cash flows from operating activities</b>			
Cash generated by operations	207.8	170.3	227.4
Income taxes paid	(28.7)	(45.9)	(70.2)
<b>Net cash from operating activities</b>	<b>179.1</b>	<b>124.4</b>	<b>157.2</b>
<b>Investing activities</b>			
Dividends received from associates	-	0.2	6.0
Proceeds on disposal of subsidiary undertaking (net of cash balances disposed)	20.0	58.1	97.1
Proceeds on disposal of joint ventures	1.8	18.6	54.4
Proceeds on disposal of property, plant & equipment	37.6	53.5	96.1
Purchase of shares from minority interests	-	(9.8)	(11.8)
Movements in short term securities	(227.3)	13.3	(59.6)
Purchase of property, plant & equipment	(36.3)	(28.8)	(83.1)
Purchase of intangible assets	(21.5)	(7.2)	(33.6)
Acquisition of subsidiary (net of cash acquired)	-	-	5.3
<b>Net cash (used in)/from investing activities</b>	<b>(225.7)</b>	<b>97.9</b>	<b>70.8</b>
<b>Financing activities</b>			
Interest paid	(31.6)	(32.0)	(66.6)
Dividends paid to minority shareholders	(0.1)	(0.1)	(1.9)
Draw down of borrowings / new bank loans raised	44.6	-	1.8
Repayment of borrowings	(60.3)	(114.8)	(124.5)
Repayment of obligations under finance leases	(28.5)	(29.0)	(53.3)
Issue of shares	1.6	8.6	13.9
<b>Net cash used in financing activities</b>	<b>(74.3)</b>	<b>(167.3)</b>	<b>(230.6)</b>
<b>Net (decrease)/increase in net cash &amp; cash equivalents</b>	<b>(120.9)</b>	<b>55.0</b>	<b>(2.6)</b>
Net cash & cash equivalents at beginning of period	1,039.6	1,038.9	1,038.9
Effect of foreign exchange rate changes	(21.3)	(18.5)	3.3
<b>Net cash &amp; cash equivalents at end of period</b>	<b>897.4</b>	<b>1,075.4</b>	<b>1,039.6</b>
Cash and cash equivalents	911.3	1,128.7	1,041.9
Cash classified as held for sale	-	2.0	0.2
Bank overdrafts	(13.9)	(55.3)	(2.5)
<b>Net cash &amp; cash equivalents at end of period</b>	<b>897.4</b>	<b>1,075.4</b>	<b>1,039.6</b>

## **Note to the Pro forma Interim Financial Information**

### **1. Basis of preparation**

The information in this report relating to the six months ended 30 April 2007, the six months ended 30 April 2006 and the year ended 31 October 2006 is unaudited and does not constitute full statutory accounts within the meaning of section 240 of the Companies Act 1985. No interim financial information in respect of Thomas Cook Group plc is required under the Listing Rules of the Financial Services Authority. The unaudited pro forma combined financial information does not constitute the company's statutory accounts and nor does it comprise the information which would be required in respect of interim financial information issued under the Listing Rules of the Financial Services Authority.

On 19 June 2007, Thomas Cook AG merged with MyTravel Group plc to become Thomas Cook Group plc.

The unaudited pro forma combined financial information set out on pages 26 to 28 has been prepared by the directors to illustrate the effect of the merger of Thomas Cook AG and MyTravel Group plc as if the transaction had taken place prior to 1 November 2005 (the first day of the comparative accounting periods presented). This is to provide information that the directors believe is relevant to an understanding of the operations of the merged group. The unaudited pro forma combined financial information has been prepared for illustrative purposes only. Because of its nature, it is not designed to and does not give a fair presentation of the profit and loss that would have been reported in accordance with IFRS had the transaction occurred on 1 November 2005, which would have required the assets of MyTravel Group plc to be fair valued as at that date.

The unaudited pro forma combined financial information has been prepared on the basis of the accounting policies set out in Appendix 3 to this report, which are consistent with the requirements of International Financial Reporting Standards as adopted by the EU, except as described below. The information has been derived by aggregating the MyTravel Group Interim Financial Information set out in Appendix 1 to this report and the Thomas Cook AG Interim Financial Information set out in Appendix 2 to this report.

The information has been prepared without making any adjustments for the impact of acquisition accounting in accordance with IFRS 3. In particular, the assets and liabilities of MyTravel Group plc have not been restated to fair value and no goodwill has been recognised. Moreover, the impact of intra-group trading between the MyTravel Group plc group and the Thomas Cook AG Group has not been eliminated as required by IAS 27.

The transaction costs of the merger incurred to 30 April 2007 have been recorded within liabilities and current assets in the financial information for MyTravel Group and Thomas Cook AG. Thomas Cook Group plc, the new parent company, did not trade during the six months ended 30 April 2007 or the comparative periods presented and, hence, has been excluded from this aggregation.

No account has been taken for any restructuring costs or any potential cost savings or other synergies that may result from the combination.

## **INDEPENDENT REVIEW REPORT TO THOMAS COOK GROUP PLC**

### **Introduction**

We have been instructed by the company to review the Thomas Cook Group plc pro forma financial information for the six months ended 30 April 2007, which comprises the pro forma Group income statement, the pro forma Group statement of net assets, the pro forma Group cash flow statement and the related note 1 (the 'Thomas Cook Group pro forma financial information'). We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the company in accordance with our engagement letter dated 25 June 2007. Our work has been undertaken so that we might state to the company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

### **Directors' responsibilities**

The Thomas Cook Group pro forma financial information is the responsibility of, and has been approved by, the directors of Thomas Cook Group plc. The directors are also responsible for ensuring that the Thomas Cook Group pro forma financial information is prepared in accordance with the basis set out in note 1 to the Thomas Cook Group pro forma financial information.

### **Review work performed**

We conducted our review in accordance with the guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the disclosed accounting policies and presentation have been applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK and Ireland) and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the Thomas Cook Group pro forma financial information.

### **Review conclusion**

On the basis of our review we are not aware of any material modifications that should be made to the Thomas Cook Group pro forma financial information for the six months ended 30 April 2007 in order for it to have been properly compiled on the basis set out in note 1.

**PricewaterhouseCoopers LLP**  
Chartered Accountants  
London  
27 June 2007

**Deloitte & Touche LLP**  
Chartered Accountants  
Manchester  
27 June 2007

## Appendix 1 – MyTravel Group Interim Financial Information

### MyTravel Group Consolidated Income Statement

	Notes	Unaudited 6 months to 30/04/07 €m	Unaudited 6 months to 30/04/06 €m	Unaudited 12 months to 31/10/06 €m
Sales	3(a)	1,529.1	1,623.7	4,090.4
Cost of providing tourism services		(1,256.4)	(1,324.9)	(3,205.5)
<b>Gross profit</b>		<b>272.7</b>	<b>298.8</b>	<b>884.9</b>
Personnel expenses		(225.1)	(237.5)	(479.5)
Depreciation and amortisation		(31.0)	(31.2)	(61.6)
Impairment of goodwill		-	-	(13.5)
Other operating expenses		(133.9)	(146.9)	(280.6)
(Loss)/profit on disposal of businesses and property, plant & equipment		(0.1)	11.9	17.3
<b>(Loss)/profit from operations</b>		<b>(117.4)</b>	<b>(104.9)</b>	<b>67.0</b>
Analysed between:				
<b>(Loss)/profit from operations before exceptional items</b>	3(b)	<b>(102.3)</b>	<b>(115.8)</b>	<b>90.7</b>
Exceptional items	3(b),4	(15.1)	10.9	(23.7)
	3(b)	<b>(117.4)</b>	<b>(104.9)</b>	<b>67.0</b>
Share of results of associates		(1.6)	(1.2)	0.1
Finance income		8.1	6.7	14.6
Finance costs		(9.8)	(9.9)	(17.7)
<b>(Loss)/profit before tax</b>		<b>(120.7)</b>	<b>(109.3)</b>	<b>64.0</b>
Tax		(11.7)	(15.8)	(25.2)
<b>(Loss)/profit for the period</b>		<b>(132.4)</b>	<b>(125.1)</b>	<b>38.8</b>
Attributable to:				
Equity holders of the parent		(132.5)	(126.9)	37.9
Minority interests		0.1	1.8	0.9
<b>(Loss)/earnings per share (€)</b>				
Basic		(0.29)	(0.28)	0.08
Diluted		(0.29)	(0.28)	0.08

All sales and results arose from continuing operations.

## MyTravel Group Consolidated Statement of Recognised Income and Expense

	Unaudited 6 months to 30/04/07 €m	Unaudited 6 months to 30/04/06 €m	Unaudited 12 months to 31/10/06 €m
Losses on cash flow hedges	(25.5)	(13.5)	(60.4)
Exchange differences on translation of foreign operations	0.9	(3.6)	(14.3)
Actuarial losses on defined benefit pension schemes	-	-	(2.0)
Tax on items taken directly to equity	-	-	0.4
<b>Net expense recognised directly in equity</b>	<b>(24.6)</b>	<b>(17.1)</b>	<b>(76.3)</b>
<b>Transfers</b>			
Transferred to profit or loss on cash flow hedges	33.0	(2.1)	7.3
Transfer of translation losses to profit or loss on disposals	-	-	0.6
	<b>33.0</b>	<b>(2.1)</b>	<b>7.9</b>
<b>(Loss)/profit for the period</b>	<b>(132.4)</b>	<b>(125.1)</b>	<b>38.8</b>
<b>Total recognised income &amp; expense for the period</b>	<b>(124.0)</b>	<b>(144.3)</b>	<b>(29.6)</b>
Attributable to:			
Equity holders of the parent	(124.1)	(146.1)	(30.5)
Minority interests	0.1	1.8	0.9
	<b>(124.0)</b>	<b>(144.3)</b>	<b>(29.6)</b>

## MyTravel Group Consolidated Balance Sheet

Notes	Unaudited as at 30/04/07 €m	Unaudited as at 30/04/06 €m	Unaudited as at 31/10/06 €m
<b>Non-current assets</b>			
Goodwill	190.8	209.1	197.7
Other intangible assets	16.4	15.5	16.9
Property, plant & equipment			
Aircraft and spare engines	301.6	335.5	324.7
Other	120.2	114.5	119.3
Investment in associates	11.3	12.1	12.9
Other investments	0.1	0.1	0.1
Deferred tax assets	14.9	11.3	13.6
Trade and other receivables	79.7	74.5	73.6
Pension asset	0.4	0.4	0.4
Derivative financial instruments	0.2	4.1	1.0
	<u>735.6</u>	<u>777.1</u>	<u>760.2</u>
<b>Current assets</b>			
Inventories	12.6	12.9	12.0
Tax assets	3.6	14.7	4.8
Trade and other receivables	445.2	379.3	324.3
Derivative financial instruments	5.3	17.6	16.1
Cash and cash equivalents	279.0	361.5	305.9
	<u>745.7</u>	<u>786.0</u>	<u>663.1</u>
<b>Total assets</b>	<u>1,481.3</u>	<u>1,563.1</u>	<u>1,423.3</u>
<b>Current liabilities</b>			
Retirement benefit obligations	(0.1)	-	(0.1)
Trade and other payables	(887.9)	(945.6)	(764.0)
Borrowings	(13.8)	(6.5)	(10.6)
Obligations under finance leases	(17.8)	(36.6)	(25.4)
Tax liabilities	(62.5)	(86.1)	(74.9)
Revenue received in advance	(526.3)	(508.5)	(390.0)
Short-term provisions	(41.9)	(38.8)	(57.8)
Derivative financial instruments	(57.2)	(36.6)	(69.9)
	<u>(1,607.5)</u>	<u>(1,658.7)</u>	<u>(1,392.7)</u>
<b>Non-current liabilities</b>			
Retirement benefit obligations	(10.1)	(8.3)	(10.0)
Trade and other payables	(27.9)	(38.6)	(36.1)
Borrowings	(64.0)	(82.5)	(75.9)
Obligations under finance leases	(81.4)	(87.2)	(89.8)
Tax liabilities	-	(6.1)	-
Deferred tax liabilities	(32.6)	(18.6)	(34.5)
Revenue received in advance	(0.9)	-	-
Long-term provisions	(75.4)	(75.8)	(72.6)
Derivative financial instruments	(1.7)	(6.2)	(9.1)
	<u>(294.0)</u>	<u>(323.3)</u>	<u>(328.0)</u>
<b>Total liabilities</b>	<u>(1,901.5)</u>	<u>(1,982.0)</u>	<u>(1,720.7)</u>
<b>Net liabilities</b>	<u>(420.2)</u>	<u>(418.9)</u>	<u>(297.4)</u>

## MyTravel Group Consolidated Balance Sheet (continued)

		Unaudited as at 30/04/07 €m	Unaudited as at 30/04/06 €m	Unaudited as at 31/10/06 €m
	Notes			
<b>Equity</b>				
Called up share capital		197.7	195.7	196.8
Share premium account		275.0	1,049.6	275.0
Other reserves and retained earnings		(893.0)	(1,664.3)	(769.3)
<b>Equity attributable to equity holders of the parent</b>				
	5	(420.3)	(419.0)	(297.5)
Minority interests		0.1	0.1	0.1
<b>Total deficit</b>		<b>(420.2)</b>	<b>(418.9)</b>	<b>(297.4)</b>

## MyTravel Group Consolidated Cash Flow Statement

	Notes	Unaudited 6 months to 30/04/07 €m	Unaudited 6 months to 30/04/06 €m	Unaudited 12 months to 31/10/06 €m
<b>Cash flows from operating activities</b>				
Cash generated by operations	6	50.6	41.8	0.4
Income taxes paid	6	(25.5)	(23.3)	(25.9)
<b>Net cash from/(used in) operating activities</b>		<b>25.1</b>	<b>18.5</b>	<b>(25.5)</b>
<b>Investing activities</b>				
Proceeds on disposal of property, plant & equipment		0.6	28.7	41.2
Purchase of shares from minority interests		-	(9.8)	(11.8)
Purchase of property, plant & equipment		(18.2)	(12.5)	(34.8)
Purchase of intangible assets		(3.0)	(3.1)	(5.4)
Acquisition of subsidiary (net of cash acquired)		-	-	5.3
<b>Net cash (used in)/from investing activities</b>		<b>(20.6)</b>	<b>3.3</b>	<b>(5.5)</b>
<b>Financing activities</b>				
Interest paid		(10.1)	(9.9)	(16.9)
Dividends paid to minority shareholders		(0.1)	(0.1)	(0.1)
Draw down of borrowings / new bank loans raised		44.6	-	1.8
Repayment of borrowings		(47.8)	(6.6)	(9.8)
Repayment of obligations under finance leases		(9.7)	(11.5)	(19.0)
Issue of shares		1.0	8.6	13.9
<b>Net cash used in financing activities</b>		<b>(22.1)</b>	<b>(19.5)</b>	<b>(30.1)</b>
<b>Net (decrease)/increase in cash &amp; cash equivalents</b>		<b>(17.6)</b>	<b>2.3</b>	<b>(61.1)</b>
Cash & cash equivalents at beginning of period		305.9	368.0	368.0
Effect of foreign exchange rate changes		(9.3)	(8.8)	(1.0)
<b>Cash &amp; cash equivalents at end of period</b>		<b>279.0</b>	<b>361.5</b>	<b>305.9</b>

## **Notes to the MyTravel Group Interim Financial Information**

### **1. General information**

The information in this report relating to the six months ended 30 April 2007, the six months ended 30 April 2006 and the year ended 31 October 2006 is unaudited and does not constitute full statutory accounts within the meaning of section 240 of the Companies Act 1985.

A copy of the statutory accounts for the year ended 31 October 2006 has been delivered to the Registrar of Companies. The auditors' report on those accounts was not qualified and did not contain a statement under Section 237(2) or (3) of the Companies Act 1985.

### **2. Basis of preparation**

The MyTravel interim financial information has been prepared using the accounting policies to be applied by Thomas Cook Group plc as set out in Appendix 3. The comparative figures for the year ended 31 October 2006 are derived from the statutory accounts delivered to the Registrar of Companies and have been restated for the adoption of the Thomas Cook Group plc accounting policies. The impact of these accounting policy changes is not material. In addition, the amounts presented have been retranslated into euros, the presentational currency of Thomas Cook Group plc. Results have been translated using average exchange rates and the balance sheets have been retranslated at period end exchange rates. The resulting exchange differences have been dealt with through a separate component of equity.

As permitted, the Group has chosen not to apply IAS 34 'Interim Financial Reporting' and therefore the financial information in this respect is not in full compliance with International Financial Reporting Standards (IFRS). The information has been prepared in accordance with the recognition and measurement requirements of IFRS.

### 3. Business segments

For management purposes, the Group was organised into three operating divisions – MyTravel UK, MyTravel Northern Europe and MyTravel North America. These divisions are the basis on which the Group reported its primary segment information. The principal activity of all divisions is the provision of leisure travel services. Segment information about these divisions is presented below.

<b>(a) Sales</b>		Unaudited 6 months to 30/04/07 €m	Unaudited 6 months to 30/04/06 €m	Unaudited 12 months to 31/10/06 €m
UK	External sales	588.0	638.6	2,253.9
	Inter-segment sales	1.9	0.7	3.7
	<b>Total revenue</b>	<b>589.9</b>	<b>639.3</b>	<b>2,257.6</b>
Northern Europe	External sales	562.8	552.7	1,151.9
	Inter-segment sales	2.8	1.8	8.0
	<b>Total revenue</b>	<b>565.6</b>	<b>554.5</b>	<b>1,159.9</b>
North America	External sales	378.3	432.4	684.6
<b>Total</b>		<b>1,533.8</b>	<b>1,626.2</b>	<b>4,102.1</b>
Eliminations		(4.7)	(2.5)	(11.7)
<b>Group</b>		<b>1,529.1</b>	<b>1,623.7</b>	<b>4,090.4</b>

Inter-segment sales are charged at prevailing market prices.

### 3. Business segments (continued)

<b>(b) Segment result</b>	Unaudited 6 months to 30/04/07 €m	Unaudited 6 months to 30/04/06 €m	Unaudited 12 months to 31/10/06 €m
<b>(Loss)/profit from operations before exceptional items:</b>			
UK	(152.2)	(165.9)	(18.6)
Northern Europe	35.3	26.3	94.1
North America	14.6	23.8	15.2
<b>Group</b>	<b>(102.3)</b>	<b>(115.8)</b>	<b>90.7</b>
<b>Exceptional items:</b>			
UK	(15.0)	0.1	(28.5)
Northern Europe	(0.1)	11.8	13.3
North America	-	(1.0)	(8.5)
<b>Group</b>	<b>(15.1)</b>	<b>10.9</b>	<b>(23.7)</b>
<b>(Loss)/profit from operations:</b>			
UK	(167.2)	(165.8)	(47.1)
Northern Europe	35.2	38.1	107.4
North America	14.6	22.8	6.7
<b>Group</b>	<b>(117.4)</b>	<b>(104.9)</b>	<b>67.0</b>
Share of results of associates	(1.6)	(1.2)	0.1
Finance income	8.1	6.7	14.6
Finance costs	(9.8)	(9.9)	(17.7)
<b>(Loss)/profit before tax</b>	<b>(120.7)</b>	<b>(109.3)</b>	<b>64.0</b>
Tax	(11.7)	(15.8)	(25.2)
<b>(Loss)/profit after tax</b>	<b>(132.4)</b>	<b>(125.1)</b>	<b>38.8</b>

#### 4. Exceptional items

	Unaudited 6 months to 30/04/07 €m	Unaudited 6 months to 30/04/06 €m	Unaudited 12 months to 31/10/06 €m
Property costs, redundancy & other costs incurred in reorganising the Group's UK businesses	(8.8)	-	(24.9)
Property costs, redundancy & other costs incurred in reorganising the Northern Europe retail estate	-	-	(1.6)
Property costs, redundancy & other costs incurred in reorganising the Canadian retail estate	-	(1.0)	(1.0)
Aborted transaction fees	(4.4)	-	-
Cost of irrecoverable air passenger duty	(1.8)	-	-
Adjustment to the carrying value of goodwill as part of a balance sheet review	-	-	(13.5)
Disposal of items of property, plant & equipment	(0.1)	11.9	17.3
	<u>(15.1)</u>	<u>10.9</u>	<u>(23.7)</u>
Exceptional items have been included in the income statement as follows:			
Cost of providing tourism services	(1.8)	-	(0.7)
Personnel expenses	(0.3)	(0.4)	(9.1)
Impairment of goodwill	-	-	(13.5)
Other operating expenses	(12.9)	(0.6)	(17.7)
(Loss)/profit on disposal of items of property, plant & equipment	(0.1)	11.9	17.3
	<u>(15.1)</u>	<u>10.9</u>	<u>(23.7)</u>

#### 5. 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:

	Unaudited 6 months to 30/04/07 €m	Unaudited 6 months to 30/04/06 €m	Unaudited 12 months to 31/10/06 €m
Total recognised income & expense for the period	(124.1)	(146.1)	(30.5)
Equity credit in respect of share based payments	0.3	0.6	1.2
Issue of equity shares net of expenses	1.0	8.6	13.9
Net increase in equity holders' deficit	<u>(122.8)</u>	<u>(136.9)</u>	<u>(15.4)</u>
Equity holders' deficit at beginning of period	(297.5)	(282.1)	(282.1)
<b>Equity holders' deficit at end of period</b>	<u>(420.3)</u>	<u>(419.0)</u>	<u>(297.5)</u>

## 6. Notes to the Cash Flow Statement

	Unaudited 6 months to 30/04/07 €m	Unaudited 6 months to 30/04/06 €m	Unaudited 12 months to 31/10/06 €m
(Loss)/profit before tax	(120.7)	(109.3)	64.0
Adjustments for:			
Finance income	(8.1)	(6.7)	(14.6)
Finance costs	9.8	9.9	17.7
Share of results of associates	1.6	1.2	(0.1)
Depreciation of property, plant & equipment	27.9	26.5	55.3
Impairment of property, plant & equipment	1.0	-	1.3
Amortisation of intangible assets	3.1	4.7	6.3
Impairment of goodwill	-	-	13.5
Loss/(profit) on disposal of businesses and property plant & equipment	0.1	(11.9)	(17.3)
Share based payments	0.3	0.6	1.2
Other non-cash items	(9.6)	(6.0)	(12.5)
Decrease in provisions	(6.2)	(34.1)	(21.1)
Interest received	7.8	7.3	14.9
Operating cash flows before movements in working capital	(93.0)	(117.8)	108.6
Increase in inventories	(0.7)	(2.0)	(0.9)
Increase in receivables	(136.1)	(77.8)	(7.3)
Increase/(decrease) in payables	280.4	239.4	(100.0)
Cash generated by operations	50.6	41.8	0.4
Income taxes paid	(25.5)	(23.3)	(25.9)
<b>Net cash from/(used in) operating activities</b>	<b>25.1</b>	<b>18.5</b>	<b>(25.5)</b>

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.

## 7. Net funds

	Unaudited 6 months to 30/04/07 €m	Unaudited 6 months to 30/04/06 €m	Unaudited 12 months to 31/10/06 €m
<b>Cash &amp; cash equivalents</b>	279.0	361.5	305.9
<b>Current debt</b>			
Current portion of long term borrowings	(13.8)	(6.5)	(10.6)
Obligations under finance leases	(17.8)	(36.6)	(25.4)
	<u>(31.6)</u>	<u>(43.1)</u>	<u>(36.0)</u>
<b>Non-current debt</b>			
Long term borrowings	(64.0)	(82.5)	(75.9)
Obligations under finance leases	(81.4)	(87.2)	(89.8)
	<u>(145.4)</u>	<u>(169.7)</u>	<u>(165.7)</u>
<b>Total debt</b>	<u>(177.0)</u>	<u>(212.8)</u>	<u>(201.7)</u>
<b>Net funds</b>	<u>102.0</u>	<u>148.7</u>	<u>104.2</u>

## **INDEPENDENT REVIEW REPORT TO MYTRAVEL GROUP PLC**

### **Introduction**

We have been instructed by the company to review the MyTravel financial information for the six months ended 30 April 2007, which comprises the consolidated income statement, the consolidated statement of recognised income and expense, the consolidated balance sheet, the consolidated cash flow statement and related notes 1 to 7 (the 'MyTravel financial information'). We have read the other information contained in Appendix One to the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the company in accordance with Bulletin 1999/4 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

### **Directors' responsibilities**

The Thomas Cook Group plc interim report is the responsibility of, and has been approved by, the directors of Thomas Cook Group plc. The MyTravel financial information has been prepared by the directors of MyTravel Group plc. The directors are also responsible for ensuring that the MyTravel financial information is prepared in accordance with the basis set out in note 2 to the MyTravel financial information.

### **Review work performed**

We conducted our review in accordance with the guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the disclosed accounting policies and presentation have been applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK and Ireland) and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the MyTravel financial information.

### **Review conclusion**

On the basis of our review we are not aware of any material modifications that should be made to the MyTravel financial information as presented for the six months ended 30 April 2007.

### **Deloitte & Touche LLP**

Chartered Accountants

Manchester

27 June 2007

## Appendix 2 – Thomas Cook AG Interim Financial Information

### Thomas Cook AG Consolidated Income Statement

	Notes	Unaudited 6 months to 30/04/07 €m	Unaudited 6 months to 30/04/06 €m	Unaudited 12 months to 31/10/06 €m
Sales	3(a)	2,554.3	2,436.0	7,780.2
Cost of providing tourism services		(2,011.7)	(1,859.6)	(5,966.7)
<b>Gross profit</b>		<b>542.6</b>	<b>576.4</b>	<b>1,813.5</b>
Other operating income		29.3	20.8	48.5
Personnel expenses		(394.6)	(403.2)	(840.4)
Depreciation and amortisation		(69.5)	(79.0)	(156.7)
Other operating expenses		(343.9)	(349.9)	(700.1)
Profit on disposal of businesses and property, plant & equipment		14.6	32.4	53.4
<b>(Loss)/profit from operations</b>		<b>(221.5)</b>	<b>(202.5)</b>	<b>218.2</b>
Analysed between:				
<b>(Loss)/profit from operations before exceptional items</b>	3(b)	<b>(220.8)</b>	<b>(230.2)</b>	<b>180.9</b>
Exceptional items	3(b),4	(0.7)	27.7	37.3
	3(b)	<b>(221.5)</b>	<b>(202.5)</b>	<b>218.2</b>
Share of results of associates		(2.3)	5.6	4.9
Profit on disposal of associates		53.3	4.4	20.4
Net investment income		0.9	0.9	0.9
Finance income		46.3	33.2	76.4
Finance costs		(49.0)	(50.7)	(101.8)
<b>(Loss)/profit before tax</b>		<b>(172.3)</b>	<b>(209.1)</b>	<b>219.0</b>
Tax		127.5	73.8	(39.2)
<b>(Loss)/profit for the period</b>		<b>(44.8)</b>	<b>(135.3)</b>	<b>179.8</b>
Attributable to:				
Equity holders of the parent		(45.6)	(137.0)	176.7
Minority interests		0.8	1.7	3.1
<b>(Loss)/earnings per share (€)</b>				
Basic		(0.75)	(2.25)	2.91
Diluted		(0.75)	(2.25)	2.91

All sales and results arose from continuing operations.

## Thomas Cook AG Consolidated Statement of Recognised Income and Expense

	Unaudited 6 months to 30/04/07 €m	Unaudited 6 months to 30/04/06 €m	Unaudited 12 months to 31/10/06 €m
(Losses)/profits on cash flow hedges	(51.9)	27.6	(60.4)
Losses on available-for-sale investments	(0.6)	(0.6)	(0.6)
Exchange differences on translation of foreign operations	(1.2)	(2.9)	2.4
Actuarial gains / (losses) on defined benefit pension schemes	127.5	3.7	(17.8)
Tax on items taken directly to equity	(21.0)	(9.9)	26.9
<b>Net income/(expense) recognised directly in equity</b>	<b>52.8</b>	<b>17.9</b>	<b>(49.5)</b>
<b>Transfers</b>			
Transferred to profit or loss on cash flow hedges	33.3	(44.0)	(58.4)
Transfer of translation losses to profit or loss on disposal	-	2.6	5.6
Transfer of losses on cash flow hedges to profit or loss on disposal	-	0.1	-
Tax on items transferred from equity	(12.0)	15.4	19.8
	21.3	(25.9)	(33.0)
<b>(Loss)/profit for the period</b>	<b>(44.8)</b>	<b>(135.3)</b>	<b>179.8</b>
<b>Total recognised income &amp; expense for the period</b>	<b>29.3</b>	<b>(143.3)</b>	<b>97.3</b>
Attributable to:			
Equity holders of the parent	28.5	(145.0)	94.2
Minority interests	0.8	1.7	3.1
	<b>29.3</b>	<b>(143.3)</b>	<b>97.3</b>

## Thomas Cook AG Consolidated Balance Sheet

	Notes	Unaudited as at 30/04/07 €m	Unaudited as at 30/04/06 €m	Unaudited as at 31/10/06 €m
<b>Non-current assets</b>				
Goodwill		1,191.2	1,145.5	1,144.7
Other intangible assets		77.5	53.0	59.8
Property, plant & equipment				
Aircraft and spare engines		578.5	681.0	634.3
Other		237.8	289.2	250.9
Investment in associates		35.3	48.7	41.8
Other investments		17.1	27.8	21.2
Deferred tax assets		336.3	294.1	260.0
Tax assets		0.1	-	-
Trade & other receivables		83.8	99.0	84.3
Derivative financial instruments		22.9	29.8	11.9
		<b>2,580.5</b>	<b>2,668.1</b>	<b>2,508.9</b>
<b>Current assets</b>				
Inventories		10.8	9.5	10.5
Tax assets		16.7	25.6	8.9
Trade & other receivables		936.3	818.8	527.9
Trading securities		300.0	7.7	72.7
Derivative financial instruments		28.7	110.9	30.2
Cash & cash equivalents		632.3	767.2	736.0
		<b>1,924.8</b>	<b>1,739.7</b>	<b>1,386.2</b>
<b>Non-current assets held for sale</b>		41.4	41.3	47.2
<b>Total assets</b>		<b>4,546.7</b>	<b>4,449.1</b>	<b>3,942.3</b>
<b>Current liabilities</b>				
Retirement benefit obligations		(3.3)	(4.3)	(4.4)
Trade & other payables		(1,361.4)	(1,125.0)	(1,198.7)
Borrowings		(45.4)	(93.8)	(36.8)
Obligations under finance leases		(34.7)	(33.9)	(35.3)
Tax liabilities		(63.5)	(71.2)	(72.9)
Revenue received in advance		(1,134.1)	(1,145.1)	(525.8)
Short-term provisions		(140.5)	(187.6)	(160.7)
Derivative financial instruments		(75.8)	(54.0)	(52.5)
		<b>(2,858.7)</b>	<b>(2,714.9)</b>	<b>(2,087.1)</b>
<b>Non-current liabilities</b>				
Retirement benefit obligations		(275.3)	(531.0)	(411.1)
Trade & other payables		(79.6)	(99.6)	(86.7)
Borrowings		(146.1)	(177.9)	(167.8)
Obligations under finance leases		(465.5)	(531.4)	(513.1)
Deferred tax liabilities		-	(2.1)	(0.1)
Revenue received in advance		-	(0.4)	(0.4)
Long-term provisions		(51.2)	(4.5)	(60.4)
Derivative financial instruments		(20.1)	(23.8)	(12.7)
		<b>(1,037.8)</b>	<b>(1,370.7)</b>	<b>(1,252.3)</b>
<b>Liabilities related to assets held for sale</b>		(42.9)	(4.3)	(4.8)
<b>Total liabilities</b>		<b>(3,939.4)</b>	<b>(4,089.9)</b>	<b>(3,344.2)</b>
<b>Net assets</b>		<b>607.3</b>	<b>359.2</b>	<b>598.1</b>

## Thomas Cook AG Consolidated Balance Sheet (continued)

	Notes	Unaudited as at 30/04/07 €m	Unaudited as at 30/04/06 €m	Unaudited as at 31/10/06 €m
<b>Equity</b>				
Called up share capital		303.7	303.7	303.7
Share premium account		540.3	539.7	539.7
Other reserves and retained earnings		(249.4)	(517.1)	(277.9)
<hr/>				
<b>Equity attributable to equity holders of the parent</b>	5	<b>594.6</b>	<b>326.3</b>	<b>565.5</b>
Minority interests		12.7	32.9	32.6
<hr/>				
<b>Total equity</b>		<b>607.3</b>	<b>359.2</b>	<b>598.1</b>

## Thomas Cook AG Consolidated Cash Flow Statement

	Notes	Unaudited 6 months to 30/04/07 €m	Unaudited 6 months to 30/04/06 €m	Unaudited 12 months to 31/10/06 €m
<b>Cash flows from operating activities</b>				
Cash generated by operations	6	157.2	128.5	227.0
Income taxes paid	6	(3.2)	(22.6)	(44.3)
<b>Net cash from operating activities</b>		<b>154.0</b>	<b>105.9</b>	<b>182.7</b>
<b>Investing activities</b>				
Dividends received from associates		-	0.2	6.0
Proceeds on disposal of subsidiary undertaking (net of cash balances disposed)		20.0	58.1	97.1
Proceeds on disposal of associates		1.8	18.6	54.4
Proceeds on disposal of property, plant and equipment		37.0	24.8	54.9
Movements in short-term securities		(227.3)	13.3	(59.6)
Purchase of property, plant and equipment		(18.1)	(16.3)	(48.3)
Purchase of intangible assets		(18.5)	(4.1)	(28.2)
<b>Net cash (used in)/from investing activities</b>		<b>(205.1)</b>	<b>94.6</b>	<b>76.3</b>
<b>Financing activities</b>				
Interest paid		(21.5)	(22.1)	(49.7)
Dividends paid to minority shareholders		-	-	(1.8)
Repayment of borrowings		(12.5)	(108.2)	(114.7)
Repayment of obligations under finance leases		(18.8)	(17.5)	(34.3)
Issue of shares		0.6	-	-
<b>Net cash used in financing activities</b>		<b>(52.2)</b>	<b>(147.8)</b>	<b>(200.5)</b>
<b>Net (decrease)/increase in net cash and cash equivalents</b>		<b>(103.3)</b>	<b>52.7</b>	<b>58.5</b>
Net cash and cash equivalents at beginning of period		733.7	670.9	670.9
Effect of foreign exchange rate changes		(12.0)	(9.7)	4.3
<b>Net cash and cash equivalents at end of period</b>		<b>618.4</b>	<b>713.9</b>	<b>733.7</b>
Cash and cash equivalents		632.3	767.2	736.0
Cash classified as held for sale		-	2.0	0.2
Bank overdrafts		(13.9)	(55.3)	(2.5)
<b>Net cash &amp; cash equivalents at end of period</b>		<b>618.4</b>	<b>713.9</b>	<b>733.7</b>

## **Notes to the Thomas Cook AG Interim Financial Information**

### **1. General Information**

The information in this report relating to the six months ended 30 April 2007, the six months ended 30 April 2006 and the year ended 31 October 2006 is unaudited and does not constitute full statutory accounts within the meaning of section 240 of the Companies Act 1985.

A copy of the statutory accounts for the year ended 31 October 2006 has been delivered to the Handelsregister at Amtsgericht in Bad Homburg. The auditors' report on those accounts was unqualified. In addition, the accounts were published in the Bundesanzeiger (Federal Bulletin) as required by the German Commercial Code (Handelsgesetzbuch).

### **2. Basis of preparation**

The Thomas Cook AG interim financial information has been prepared using the accounting policies to be applied by Thomas Cook Group plc as set out in Appendix 3. The comparative figures for the year ended 31 October 2006 are derived from the statutory accounts delivered to the Handelsregister at Amtsgericht in Bad Homburg and have been restated for the adoption of the Thomas Cook Group plc accounting policies. With the exception of the full recognition of the defined benefit pension obligation, the impact of these accounting policy changes is not material.

As permitted, the Group has chosen not to apply IAS 34 'Interim Financial Reporting' and therefore the financial information in this respect is not in full compliance with International Financial Reporting Standards (IFRS). The information has been prepared in accordance with the recognition and measurement requirements of IFRS.

### 3. Business segments

For management purposes, the Group was organised into four operating divisions – Thomas Cook UK, Thomas Cook Continental Europe, Airline Germany and Corporate. These divisions are the basis on which the Group reported its primary segment information. The principal activity of all divisions is the provision of leisure travel services. Segment information about these divisions is presented below.

<b>(a) Sales</b>		Unaudited 6 months to 30/04/07 €m	Unaudited 6 months to 30/04/06 €m	Unaudited 12 months to 31/10/06 €m
UK	External sales	804.2	734.6	2,482.7
	Inter-segment sales	1.5	0.6	2.2
	<b>Total revenue</b>	<b>805.7</b>	<b>735.2</b>	<b>2,484.9</b>
Continental Europe	External sales	1,442.5	1,394.9	4,567.8
	Inter-segment sales	1.9	3.1	6.8
	<b>Total revenue</b>	<b>1,444.4</b>	<b>1,398.0</b>	<b>4,574.6</b>
Airline Germany	External sales	300.8	286.6	694.4
	Inter-segment sales	205.7	212.7	547.9
	<b>Total revenue</b>	<b>506.5</b>	<b>499.3</b>	<b>1,242.3</b>
Corporate	External sales	6.8	19.9	35.3
	Inter-segment sales	5.3	4.9	19.3
	<b>Total revenue</b>	<b>12.1</b>	<b>24.8</b>	<b>54.6</b>
<b>Total</b>		<b>2,768.7</b>	<b>2,657.3</b>	<b>8,356.4</b>
Eliminations		(214.4)	(221.3)	(576.2)
<b>Group</b>		<b>2,554.3</b>	<b>2,436.0</b>	<b>7,780.2</b>

Inter-segment sales are charged at prevailing market prices.

### 3. Business segments (continued)

<b>(b) Segment result</b>	Unaudited 6 months to 30/04/07 €m	Unaudited 6 months to 30/04/06 €m	Unaudited 12 months to 31/10/06 €m
<b>(Loss)/profit from operations before exceptional items:</b>			
UK	(127.3)	(131.7)	80.7
Continental Europe	(48.5)	(48.9)	99.2
Airline Germany	(31.8)	(30.5)	38.1
Corporate	(13.2)	(19.1)	(37.1)
<b>Group</b>	<b>(220.8)</b>	<b>(230.2)</b>	<b>180.9</b>
<b>Exceptional items:</b>			
UK	(5.6)	(0.1)	39.1
Continental Europe	0.1	10.4	(24.8)
Airline Germany	0.4	-	4.4
Corporate	4.4	17.4	18.6
<b>Group</b>	<b>(0.7)</b>	<b>27.7</b>	<b>37.3</b>
<b>(Loss)/profit from operations:</b>			
UK	(132.9)	(131.8)	119.8
Continental Europe	(48.4)	(38.5)	74.4
Airline Germany	(31.4)	(30.5)	42.5
Corporate	(8.8)	(1.7)	(18.5)
<b>Group</b>	<b>(221.5)</b>	<b>(202.5)</b>	<b>218.2</b>
Share of results of associates	(2.3)	5.6	4.9
Profit on disposal of associates	53.3	4.4	20.4
Net investment income	0.9	0.9	0.9
Finance income	46.3	33.2	76.4
Finance costs	(49.0)	(50.7)	(101.8)
<b>(Loss)/profit before tax</b>	<b>(172.3)</b>	<b>(209.1)</b>	<b>219.0</b>
Tax	127.5	73.8	(39.2)
<b>(Loss)/profit after tax</b>	<b>(44.8)</b>	<b>(135.3)</b>	<b>179.8</b>

#### 4. Exceptional items

	Unaudited 6 months to 30/04/07 €m	Unaudited 6 months to 30/04/06 €m	Unaudited 12 months to 31/10/06 €m
Disposal of businesses	-	21.2	32.4
Disposal of items of property, plant and equipment	14.6	11.2	21.0
Disposal of brand rights	-	-	10.8
Exceptional past service cost in pension scheme	-	-	31.2
Restructuring of businesses	(7.0)	(3.5)	(46.5)
Aborted transaction fees	(5.5)	-	-
Building impairment	-	-	(8.4)
Cost of irrecoverable air passenger duty	(2.3)	-	-
Loans written off and impairment of trade receivables and other assets	(0.5)	(1.2)	(3.2)
	<u>(0.7)</u>	<u>27.7</u>	<u>37.3</u>

Exceptional items have been included in the income statement as follows:

Sales	-	-	10.8
Cost of providing tourism services	(2.3)	-	-
Personnel expenses	(6.4)	(4.4)	(6.9)
Depreciation and amortisation	-	-	(8.4)
Other operating expenses	(6.6)	(0.3)	(11.6)
Profit on disposal of items of property, plant and equipment	14.6	32.4	53.4
	<u>(0.7)</u>	<u>27.7</u>	<u>37.3</u>

#### 5. 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:

	Unaudited 6 months to 30/04/07 €m	Unaudited 6 months to 30/04/06 €m	Unaudited 12 months to 31/10/06 €m
Total recognised income & expense for the period	28.5	(145.0)	94.2
Issue of shares	0.6	-	-
Net increase/(decrease) in equity holders' interest	<u>29.1</u>	<u>(145.0)</u>	<u>94.2</u>
Equity holders' interest at beginning of period	565.5	471.3	471.3
<b>Equity holders' interest at end of period</b>	<u>594.6</u>	<u>326.3</u>	<u>565.5</u>

## 6. Notes to the Cash Flow Statement

	Unaudited 6 months to 30/04/07 €m	Unaudited 6 months to 30/04/06 €m	Unaudited 12 months to 31/10/06 €m
(Loss)/profit before tax	(172.3)	(209.1)	219.0
Adjustments for:			
Finance income	(46.3)	(33.2)	(76.4)
Finance costs	49.0	50.7	101.8
Share of results of associates	2.3	(5.6)	(4.9)
Depreciation of property, plant & equipment	56.9	67.4	132.0
Amortisation of intangible assets	12.6	11.6	24.7
Profit on disposal of businesses and property, plant & equipment	(14.6)	(32.4)	(53.4)
Profit on disposal of associates	(53.3)	(4.4)	(20.4)
Other non-cash items	19.1	(14.4)	(30.6)
Contribution to pension scheme	-	-	(124.5)
Decrease in provisions	3.1	(30.4)	25.0
Interest received	12.8	14.1	35.9
Operating cash flows before movements in working capital	(130.7)	(185.7)	228.2
Increase in inventories	(0.4)	(1.4)	(2.1)
(Increase)/decrease in receivables	(388.2)	(285.6)	1.4
Increase/(decrease) in payables	676.5	601.2	(0.5)
Cash generated by operations	157.2	128.5	227.0
Income taxes paid	(3.2)	(22.6)	(44.3)
<b>Net cash from operating activities</b>	<b>154.0</b>	<b>105.9</b>	<b>182.7</b>

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.

## 7. Net funds

	Unaudited 6 months to 30/04/07 €m	Unaudited 6 months to 30/04/06 €m	Unaudited 12 months to 31/10/06 €m
<b>Liquidity</b>			
Cash & cash equivalents (including cash classified as held for sale)	632.3	769.2	736.2
Trading securities	300.0	7.7	72.7
	<u>932.3</u>	<u>776.9</u>	<u>808.9</u>
<b>Current debt</b>			
Bank overdrafts	(13.9)	(55.3)	(2.5)
Short term borrowings	(21.4)	(26.5)	(23.0)
Current portion of long term borrowings	(10.1)	(12.0)	(11.3)
Obligations under finance leases	(34.7)	(33.9)	(35.3)
	<u>(80.1)</u>	<u>(127.7)</u>	<u>(72.1)</u>
<b>Non-current debt</b>			
Long term borrowings	(146.1)	(177.9)	(167.8)
Obligations under finance leases	(465.5)	(531.4)	(513.1)
	<u>(611.6)</u>	<u>(709.3)</u>	<u>(680.9)</u>
<b>Debt related to non-current assets classified as held for sale</b>	(38.9)	-	-
<b>Total debt</b>	<u>(730.6)</u>	<u>(837.0)</u>	<u>(753.0)</u>
<b>Net funds/(debt)</b>	<u>201.7</u>	<u>(60.1)</u>	<u>55.9</u>

## 8. Disposal of associated undertakings

On 24 April 2007 the Group disposed of its 50% investment in Günes Ekspres Havacilik A.S. (Sun Express), an airline based in Turkey, to KarstadtQuelle AG. The proceeds on the disposal of Sun Express are receivable by 31 July 2007.

During the period, the Group also disposed of its interests in Falstacen S.L., Thai Asia Travel Co. Ltd and Troll Tours Reisen GmbH for total proceeds of €8.0m, of which €1.8m was received on completion.

Details of the profit on disposal are set out in the table below:

	Sun Express €m	Other €m	Total €m
Investment in associate	3.9	4.8	8.7
Disposal proceeds	54.0	8.0	62.0
Profit on disposal	<u>50.1</u>	<u>3.2</u>	<u>53.3</u>

## **INDEPENDENT REVIEW REPORT TO THOMAS COOK AG**

### **Introduction**

We have been instructed by the company to review the Thomas Cook AG financial information for the six months ended 30 April 2007, which comprises the consolidated income statement, the consolidated statement of recognised income and expense, the consolidated balance sheet, the consolidated cash flow statement and related notes 1 to 8 (the 'Thomas Cook AG financial information'). We have read the other information contained in Appendix Two to the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the company in accordance with Bulletin 1999/4 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

### **Directors' responsibilities**

The Thomas Cook Group plc interim report is the responsibility of, and has been approved by, the directors of Thomas Cook Group plc. The Thomas Cook AG financial information has been prepared by the directors of Thomas Cook AG. The directors are also responsible for ensuring that the Thomas Cook AG financial information is prepared in accordance with the basis set out in note 2 to the Thomas Cook AG financial information.

### **Review work performed**

We conducted our review in accordance with the guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the disclosed accounting policies and presentation have been applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK and Ireland) and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the Thomas Cook AG financial information.

### **Review conclusion**

On the basis of our review we are not aware of any material modifications that should be made to the Thomas Cook AG financial information as presented for the six months ended 30 April 2007.

### **PricewaterhouseCoopers LLP**

Chartered Accountants

London

27 June 2007

## **Appendix 3 – Accounting policies for TCG plc**

The principal accounting policies applied in the preparation of the financial information presented in this document are set out below. These are the accounting policies that are expected to apply in the first consolidated financial statements for Thomas Cook Group plc, subject to any changes arising from new standards becoming effective for that financial year.

### **1 Basis of consolidation**

The interim financial information for each of MyTravel Group plc and Thomas Cook AG consolidate those of the Company and its subsidiary undertakings. The results of subsidiaries acquired or disposed of are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the purchase method.

In this interim report, the combined pro forma information for Thomas Cook Group plc has been aggregated from the results of MyTravel Group plc and Thomas Cook AG on the basis set out in note 1 to the Thomas Cook Group financial information.

Where audited financial accounts are not coterminous with those of the Group, the financial information has been derived from the last audited accounts available and unaudited management accounts for the period up to the Company's balance sheet date.

### **2 Associates and joint ventures**

Entities, other than subsidiaries, over which the Group exerts significant influence but not control or joint control are associates. Entities which the Group jointly controls with one or more other party under a contractual arrangement are joint ventures.

The Group's share of the results of associates and joint ventures is included in the Group income statement using the equity accounting method. Investments in associates and joint ventures are included in the Group balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the entity, after adjustment for goodwill.

### **3 Intangible assets – goodwill**

Goodwill arising on an acquisition represents any excess of the fair value of the consideration given over the fair value of the identifiable assets, liabilities and contingent liabilities acquired. Goodwill is recognised as an asset, and is reviewed for impairment at least annually. Any impairment is recognised immediately in the Group's income statement and is not subsequently reversed.

On disposal of a subsidiary, joint venture or associate, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

### **4 Intangible assets – other**

Intangible assets, other than goodwill, are carried on the Group's balance sheet at cost less accumulated amortisation. Internally generated intangible assets are capitalised at the directly attributable cost of production. Amortisation is charged on a straight-line basis over the asset's useful life.

Computer software, including internally generated software, is amortised over three to five years.

Other acquired intangible assets, are assessed separately and useful lives established according to the particular circumstances.

### **5 Property, plant and equipment**

Property, plant and equipment is stated at cost, net of straight line depreciation and any provision for impairment.

Depreciation on items of property, plant and equipment, other than freehold land, upon which no depreciation is provided, is calculated on a straight-line basis to write down their cost to their estimated

residual value over their expected useful lives.

Typical useful lives are as follows:

Freehold buildings	40 to 50 years
Leasehold properties	shorter of remaining lease period and 40 years
New aircraft	12 to 20 years (or remaining lease period if shorter)
Aircraft spares	12 to 15 years (or remaining lease period if shorter)
Other fixed assets	3 to 15 years

Estimated residual values and useful lives are reviewed annually.

#### **6 *Non-current assets held for sale***

The Group classifies non-current assets as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. To be classified as held for sale, the assets must be available for immediate sale in their present condition subject only to terms that are usual and customary for the sale of such assets and their sale must be highly probable. Sale is considered to be highly probable when management are committed to a plan to sell the assets and an active programme to locate a buyer and complete the plan has been initiated, at a price that is reasonable in relation to their current fair value and there is an expectation that the sale will be completed within one year from the date of classification.

Non-current assets classified as held for sale are carried on the Group's balance sheet at the lower of their carrying amount and fair value less costs to sell.

#### **7 *Aircraft overhaul and maintenance costs***

The cost of major overhauls of owned and finance leased engines, auxiliary power units and airframes is capitalised and then amortised over between two and ten years until the next scheduled major overhaul. Provision is made for the future costs of major overhauls of operating leased engines, auxiliary power units and airframes by making appropriate charges to the income statement, calculated by reference to the number of hours flown during the period, as a consequence of legal obligations placed upon the Group under the terms of certain of the operating leases.

#### **8 *Inventories***

Inventories are stated at the lower of cost and net realisable value. Cost represents purchase price. Net realisable value represents the estimated selling price less all costs to be incurred in marketing, selling and distribution.

#### **9 *Revenue recognition and associated costs***

Sales represents the aggregate amount of gross revenue receivable from inclusive tours, travel agency commissions receivable and other services supplied to customers in the ordinary course of business. Sales and direct expenses relating to inclusive tours arranged by the Group's leisure travel providers, including travel agency commission, insurance and other incentives, are taken to the income statement on holiday departure. Sales relating to travel agency commission on third party leisure travel products are recognised on holiday departure. Other sales and associated expenses are taken to the income statement as earned or incurred. Sales and expenses exclude intra-group transactions.

#### **10 *Income statement presentation***

Profit or loss from operations includes the results from operating activities of the Group, before its share of the results of associates and joint ventures.

Gross profit represents the contribution from revenues less the cost of flights, accommodation and other direct costs of providing tourism services.

Exceptional items are items that are unusual because of their size, nature or incidence and which the Group's management consider should be disclosed separately to enable a full understanding of the Group's results.

#### **11 Tax**

Tax represents the sum of tax currently payable and deferred tax. Tax is recognised in the income statement unless it relates to an item recognised directly in equity, in which case the associated tax is also recognised directly in equity.

Tax currently payable is provided on taxable profits based on the tax rates and laws that have been enacted or substantively enacted at the balance sheet date. Provision is made for deferred tax so as to recognise all temporary differences which have originated but not reversed at the balance sheet date that result in an obligation to pay more tax, or a right to pay less tax, in the future, except as set out below. This is calculated on a non-discounted basis by reference to the average tax rates that are expected to apply in the relevant jurisdictions and for the periods in which the temporary differences are expected to reverse.

Deferred tax assets are assessed at each balance sheet date and are only recognised to the extent that their recovery against future taxable profits is probable. Deferred tax liabilities are recognised for the retained earnings of overseas subsidiaries, joint ventures and associates unless the Group is able to control the timing of the distribution of those earnings and it is probable that they will not be distributed in the foreseeable future.

#### **12 Pensions**

Pension costs charged against profits in respect of the Group's defined contribution schemes represent the amount of the contributions payable to the schemes in respect of the accounting period.

The Group also operates a number of defined benefit schemes. The pension liabilities recognised on the balance sheet in respect of these schemes represent the difference between the present value of the Group's obligations under the schemes and the fair value of those schemes' assets. Actuarial gains or losses are recognised in the period in which they arise within the statement of recognised income and expense. Other movements in the pension liability are recognised in the income statement.

#### **13 Foreign currency**

Average exchange rates are used to translate the results of all subsidiaries, associates and joint ventures that have a functional currency other than the euro. The balance sheets of such entities are translated at period end exchange rates. The resulting exchange differences are dealt with through a separate component of equity.

Transactions in currencies other than the functional currency of an entity are translated at the exchange rate at the date of the transaction. Foreign currency monetary assets and liabilities held at the period end are translated at period end exchange rates. The resulting exchange gain or loss is dealt with in the income statement.

#### **14 Leases**

Leases under which substantially all of the risk and rewards of ownership are transferred to the Group are finance leases; all other leases are operating leases.

Assets held under finance leases are recognised within property, plant and equipment on the balance sheet and depreciated over the shorter of the lease term or their expected useful lives. The interest element of finance lease payments represents a constant proportion of the capital balance outstanding and is charged to the income statement over the period of the lease.

Operating lease rentals are charged to the income statement on a straight-line basis over the lease term.

**15**      ***Derivative financial instruments***

Derivatives are recognised at their fair value. When a derivative does not qualify for hedge accounting, changes in fair value are recognised immediately in the income statement. When a derivative qualifies for hedge accounting as a cash flow hedge, changes in fair value that are determined to be an effective hedge are recognised directly in the hedging reserve. Any ineffective portion of the change in fair value is recognised immediately in the income statement.

If a hedged transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the associated cumulative gain or loss is removed from the hedging reserve and is included in the initial cost or carrying amount of the asset or liability. For all other cash flow hedges, the associated cumulative gain or loss is removed from the hedging reserve and recognised in the income statement in the same period or periods during which the hedged or forecast transaction affects profit or loss.

When a derivative qualifies for hedge accounting as a fair value hedge, changes in fair value of the derivative are recognised in the income statement where they offset changes in the fair value of the hedged asset or liability, attributable to the hedged risk.

**16**      ***Share-based payments***

The Group issues share options to certain employees as part of their total remuneration. The fair values of the share options are calculated at the date of grant, using an appropriate option pricing model. These fair values are charged to the income statement on a straight-line basis over the expected vesting period of the options, with a corresponding increase in equity reserves.

**17**      ***Insurance contracts and reinsurance contracts***

Premiums written relate to business incepted during the year, together with any differences between the booked premiums for prior years and those previously accrued, less cancellations. Premiums are recognised as revenue (earned premiums) proportionally over the period of coverage. Premiums are shown after the deduction of commission and premium taxes where relevant.

Claims and loss adjustment expenses are charged to income as incurred based on the estimated liability for compensation owed to policyholders or third parties damaged by policyholders. The Group does not discount its liabilities for unpaid claims. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Group and statistical analysis for the claims incurred but not reported.

Contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more contracts issued by the Group and that meet the classification requirements for insurance contracts are classified as reinsurance contracts held.

The benefits to which the Group is entitled under its reinsurance contracts held are recognised as receivables from reinsurers. The Group assesses its reinsurance assets for impairment on an annual basis.

Receivables and payables are recognised when due. These include amounts due to and from insurance policyholders.