

13 May 2010

Thomas Cook Group plc
Unaudited results for the six months ended 31 March 2010

Solid financial performance despite global recession

- Revenue down 5% to £3,309m (7% at constant currency) as a result of planned capacity cuts
- Increase in seasonal underlying loss from operations contained to £17m reflecting our flexible business model
- Reported loss before tax reduced by 18%, or £57m, as a result of lower exceptionals and finance charges
- Operating cash flow improved by £168m and net debt reduced year on year by £53m despite capacity cuts
- Interim dividend unchanged at 3.75p per share

Strengthened financial position following successful refinancing of credit facilities

- £1,050m 3 year bank facility with the ability to extend maturity for a further 2 years
- €400m 5 year euro bond, £300m 7 year sterling bond
- Lengthened maturity, diversified funding and increased available facilities

Response to volcanic ash cloud (April 2010) demonstrates our customer focus

- Staff responded swiftly and positively to the huge operational challenge
- Excellent feedback from customers and partners
- Restored a full programme within 36 hours of the flight ban being lifted
- Estimated financial impact of around £70m

	6 months to 31/03/10	6 months to 31/03/09 Restated*	Year on year change
	£m	£m	%
Revenue	3,308.9	3,484.3	-5.0
Underlying loss from operations ¹	(130.2)	(113.1)	-15.1
Loss before tax	(252.2)	(309.0)	+18.4
Loss per share (p)	(24.8)	(26.5)	+6.4
Dividend per share (p)	3.75	3.75	flat
Operating cash flow	(123.4)	(291.0)	+57.6
Net debt	951.9	1,004.5	+5.2

* Figures restated for new accounting standards and resultant changes in accounting policies, and restatements of prior period acquisitions. See page 8 for further information.

¹ Underlying loss from operations is defined as earnings before interest and tax, and has been adjusted to exclude exceptional operating items, IAS 39 fair value re-measurement and amortisation of business combination intangibles. It also excludes our share of the results of associates and joint ventures.

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

“Our first half results demonstrate a solid operating result and strong cash flow performance. Our flexible capacity model has enabled us to adjust to lower demand in winter while planning for more resilient demand this summer.

“The eruption of the volcano in Iceland provided us with a significant operational challenge. Our focus was rightly on the welfare and repatriation of our customers and we’ve received excellent customer feedback. This reflects the hard work and dedication of the Thomas Cook team, minimising the stress and disruption to our holidaymakers. Within five days of the ban being lifted, the vast majority of our customers had been returned home. I would like to record my gratitude to both staff and customers for their superb response to this unprecedented event. As we stated on 19 April 2010, the precise financial impact is difficult to calculate and may take some time to finalise given the unprecedented nature of the event and the number of customers affected. However, our best estimate of the impact on our results is around £70m, of which £15m to £20m relates to lost contribution.

“Whilst we are faced with a backdrop of increasing economic uncertainty, our flexible business model and the importance of the holiday to the consumer stands us in good stead. We are pleased with the development of our summer bookings programme, particularly given the disruption caused by the volcanic ash cloud. If we exclude the estimated impact of the volcanic ash cloud, then the Group remains confident of meeting Board expectations for the year.”

Enquiries

Thomas Cook Group plc

Paul Hollingworth, CFO

Investor Relations

+44 (0) 20 7557 6413

Brunswick

Sophie Brand

Zoe Bird

+44 (0) 20 7404 5959

Presentation to analysts

A presentation will be held for analysts and investors today at 9am (BST) at UBS, 1 Finsbury Avenue, London, EC2M 2PP.

Dial-in details: +44 (0) 1452 561 371

Password: 71148777

Replay number: +44 (0) 1452 55 00 00

Access number: 71148777#

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

CHIEF EXECUTIVE'S REVIEW

Overview of results and financial position

Thomas Cook has delivered a solid, first half operating result and a strong cash flow performance.

Group revenue for the six months to 31 March 2010 was £3,309m (2009: £3,484m), down 5% (7% on a constant currency basis), largely reflecting planned capacity reductions in our winter 09/10 mainstream travel programme. The planned capacity reductions were a prudent response to the global economic recession.

The first half seasonal underlying loss from operations of £130m was up £17m on the prior year (2009 restated: £113m loss). This was the result of reduced capacity and the foreign exchange impact of weaker sterling on flying and accommodation costs, which were partially mitigated by cost initiatives in accommodation purchasing, airline operations and general overheads.

Underlying net finance charges fell to £55m (2009 restated: £66m), as a result of lower effective interest rates and a renewed focus on cash flow management, which saw a £168m improvement in operating cash flows.

The Group incurred exceptional items of £60m in the period, a significant reduction on £81m (restated) in the prior year. The costs incurred mainly relate to the impairment of assets and onerous lease provisions in Hi Hotels, a legacy MyTravel hotel chain; costs associated with the impact of the failure of Skyservice, a Canadian supplier of flying services; and the continuation of restructuring projects and fuel-related exceptionals which commenced in 2009.

As a result of lower finance costs and a reduction in exceptional items, the reported loss before tax was reduced by 18% to £252m (2009 restated: £309m loss). The loss per share was 24.8p (2009 restated: 26.5p loss).

We recorded a £168m improvement in operating cash flows in the first half, with a seasonal cash outflow of £123m (2009: £291m outflow). Net debt at 31 March 2010 was £952m, down £53m from 31 March 2009. This excellent result, given the reductions in capacity, highlights the Group's renewed focus on cash management.

Refinancing

In April and May, we successfully refinanced the Group, providing a simpler framework, longer and varied maturities and greater flexibility and funding. The new arrangements, which in total amount to £1,700m (at current exchange rates), comprise a £1,050m banking facility and circa £650m of bond issues (sterling equivalent). In addition there is a £200m bonding facility.

The banking facilities comprise a £200m term loan and £850m revolving credit facility which mature in May 2013, with the ability to extend maturity for up to a further two years. Borrowings under the facilities are at a margin of 2.75% over LIBOR. The new financial covenants comprise a leverage covenant whereby adjusted net debt² must be less than 3.75

² Adjusted net debt is defined as net debt plus aircraft rentals capitalised at 6 times.

times leverage EBITDAR³, and a fixed charge cover covenant whereby fixed charge EBITDAR⁴ must be greater than 2.0 times fixed charges.

In addition we raised around £650m (sterling equivalent) in the bond markets, following strong support for our inaugural issue from a wide group of institutional investors. The bond issue comprised a €400m, five year euro bond with an annual coupon of 6.75% maturing in June 2015 and a £300m, seven year sterling bond with annual coupon of 7.75%, maturing in June 2017.

Volcanic ash cloud

The volcanic ash cloud from Iceland closed the majority of airspace above Northern Europe for almost six days (15-20 April 2010), and it then took a further five days before the vast majority of our customers had been returned home. As a result, we experienced severe disruption, not only to our flight and holiday programme, but also to our whole business as our sole focus as an organisation switched to deal with the crisis.

Our first priority was to support our customers, and our staff responded swiftly and positively to the huge operational challenge they were presented with. Within 36 hours of the flight ban being lifted, we were back to operating a full holiday programme. Customers due to depart were offered alternative holidays and many rebooked.

The precise financial impact is difficult to calculate given the number of factors involved, the length of the flight ban and the knock on effects, some of which may take some time to materialise, such as the impact on booking behaviour. However, we estimate that the event will have a financial impact of around £70m. This impact will be seen in the second half results.

The safety of our customers remains our highest priority. However, the Group is working with the government and relevant national and international bodies to put in place measures to ensure such a blanket ban is not needlessly imposed again and to seek some compensation for the exceptional costs and lost contribution. Thomas Cook management would like to express their gratitude to staff and customers for their superb response to this unprecedented event.

Trading

Winter 09/10 trading performance

Trading for winter 09/10 finished strongly with Group bookings down 9%, in line with planned capacity reductions. Average selling prices were +7% and +12% in the UK and Northern Europe respectively. The season ended, despite disruption from the volcanic ash cloud, with an average tour operator departed load factor of 97%, a good performance given the economic backdrop and an improvement on last year.

³ Leverage EBITDAR is defined as earnings before interest, tax, depreciation, amortisation, exceptional items and IAS 39 fair value re-measurement, as adjusted to add back aircraft lease rentals

⁴ Fixed charge EBITDAR is defined as leverage EBITDAR, as adjusted to add back retail rentals

Summer 10 current trading

We were seeing a good upswing in summer bookings ahead of the volcanic eruption. However, clearly this event disrupted normal booking patterns, although we are now seeing a return to more normal trading.

	Year on year variation %			
	Average selling price	Cumulative bookings	Last 4 weeks bookings	Planned capacity
UK	+2	+1	+5	-3
Central Europe	-3	+1	+10	+3
West/East Europe	-1	-2	+5	+3
Northern Europe	+8	-7	-29	-1

Note: Figures as at 8/9 May 2010. In Central Europe and West/East Europe, bookings represent all bookings including cars/overland. However, capacity represents airline seat capacity only. Northern Europe summer season is April-September and therefore bookings are impacted by cancellations as a result of the volcanic ash cloud.

UK: Sales of summer holidays continue to show significant improvement, with bookings up 5% in the last four weeks and cumulative bookings ahead of planned capacity levels. The programme is now 65% sold, 2% points ahead of last year, with 9% less left to sell for the season than at the same time last year. We have continued with our strategy to sell the shoulder months early and have 18% less left to sell in May, 13% less left to sell in June and 8% less left to sell in October.

Cumulative average selling prices remain 2% ahead of last year. This reflects the continued shift in mix away from higher priced long haul to lower priced but higher margin medium haul. We continue to expect prices to trend upwards against last year as less lates activity is anticipated, and in the last four weeks average selling prices have been 11% ahead. Price increases and a reduction in accommodation costs are required to offset foreign exchange pressures due to the weakness of sterling.

Our Independent businesses, whose statistics are not included in the table above are, on the whole, trading well. Bookings in Hotels4U are up around 79% and in Gold Medal Netflights Retail are up 45% year on year.

Central Europe (Germany and Austria): Cumulative bookings have improved since we last reported and are now ahead of last year and trending towards planned capacity. Bookings in the last four weeks have been very strong, up 10%. Although cumulative prices are down 3%, reflecting the decision to pass through some of the lower flight and accommodation costs to customers, margins have been held so far. Focus on the Independent business is paying off with dynamic packaging performing strongly with bookings up 23% year on year.

West/East Europe (France, Belgium, the Netherlands, Eastern Europe): Average selling prices are down only 1% compared with last year. We continue to expect an increase in demand and our capacity planning reflects this. However, we retain considerable flexibility to adjust capacity without incurring additional costs. Bookings in France and the Netherlands are significantly improving. The Belgian market remains challenging due to the difficult economic environment and increased competition. The management team have continued to closely manage the cost base to offset any sales weakness.

Northern Europe: Northern Europe is our most stable performer. Bookings are behind last year, but pricing continues to improve and is now 8% ahead of last year. We remain confident that our sales programmes will see bookings trend towards capacity. Internet sales now represent 55% of total sales and controlled distribution has risen to 83%.

North America: Mainstream bookings are ahead of prior year, but prices are under pressure due to continued market overcapacity. Following the collapse of Skyservice, we have secured flying for summer 10 with WestJet. Going forward, we have contracted with Jazz Air LP to fly our winter programme at competitive rates. Independent bookings, which account for the majority of summer bookings, are 7% ahead of prior year with flat pricing.

Airlines Germany: Summer bookings are up 4% year on year, aided by a rebound in demand for intercontinental flights. Yields, down 3% overall, continue to be impacted by competitive pricing although benefit from the increased proportion of intercontinental flights.

Hedging

We are almost fully hedged for the current financial year and continue to hedge for future seasons in line with our previously stated hedging policy.

	Summer 2010	Winter 2010/11
Euro	96%	88%
US Dollar	92%	71%
Jet Fuel	92%	69%

As at 7 May 2010

Outlook

Our first half results demonstrate a solid operating result and strong cash flow performance. Our flexible capacity model has enabled us to adjust to lower demand in winter while planning for more resilient demand this summer.

The eruption of the volcano in Iceland provided us with a significant operational challenge. Our focus was rightly on the welfare and repatriation of our customers and we've received excellent customer feedback. This reflects the hard work and dedication of the Thomas Cook team, minimising the stress and disruption to our holidaymakers. Within five days of the ban being lifted, the vast majority of our customers had been returned home. As we stated on 19 April 2010, the precise financial impact is difficult to calculate and may take some time to finalise given the unprecedented nature of the event and the number of customers affected. However, our best estimate of the impact on our results is around £70m, of which £15m to £20m relates to lost contribution.

Whilst we are faced with a backdrop of increasing economic uncertainty, our flexible business model and the importance of the holiday to the consumer stands us in good stead. We are pleased with the development of our summer bookings programme, particularly given the disruption caused by the volcanic ash cloud. If we exclude the estimated impact of the volcanic ash cloud, then the Group remains confident of meeting Board expectations for the year.

Strategic Initiatives Update

As we outlined at our investor day in March, we remain committed to maximising the value of our core Mainstream business whilst investing in areas of future growth, primarily in Independent travel, travel-related financial services and acquisitions.

Mainstream travel

The strategy for our Mainstream business is to improve product mix, whilst simultaneously reducing operating costs, thus driving an improvement in margin. Key achievements in the period include:

- On track to achieve £17m incremental airline synergies by end of 2010;
- Destination management team now in place and circa 5% reduction in addressable accommodation costs achieved in winter 09/10;
- UK medium haul accounts for 73% of the summer 10 programme, up from 69% in summer 09.

Independent travel

Our objective within Independent travel is to grow both the top and bottom line, largely through the development of our European online travel agent (OTA). In the period we saw:

- Independent share of Group sales up to 27% from 26%, and passengers in the half year to March 2010 up 8%, despite the poor economic backdrop;
- OTA initiative continuing to make progress with the organisational structure now agreed under the leadership of Thomas Doering who also acts as CEO of our West/East segment;
- Total Group bookings over the internet, both Mainstream and Independent, have risen to 24% from 22%.

Financial services

Our key objectives in Financial services are to increase our UK foreign exchange market share and to increase sales of travel insurance products. In the period we:

- Generated an increase in sales despite the drop in passenger numbers;
- Added 12 foreign currency ATM's in the UK and six in Canada;
- Acquired Essential Travel, providing a scalable platform for online travel related products.

Mergers and acquisitions

We continue to assess acquisition opportunities that complement our strategy and will only acquire the right businesses at the appropriate price, in line with our strict acquisition criteria.

During the period we announced:

- The early acquisition of the remaining stake in Gold Medal (December 2009), allowing us to extract further synergies through accelerated integration;
- The acquisition of Essential Travel (April 2010), one of the UK's leading online providers of travel-related products including travel insurance, airport parking and airport hotels.

FINANCIAL REVIEW

Financial results and performance review

Basis of preparation

The financial information included in this statement has been prepared in accordance with the accounting policies set out in the Group's Annual Report 2009 with the following exceptions:

- During the period the Group implemented the amendments to IAS 38 – Intangible assets. As a result of the implementation of this amendment, the Group policy with regards the recognition of brochure production costs has changed to one of immediate write off when the brochures are ready for distribution. This has resulted in a prior year adjustment increasing the 2009 half year underlying operating losses by £2.2m and increasing the 2009 full year underlying profit by £0.2m.
- During the period the Group also adopted the amendments to IAS 39 – Eligible hedged items. As a result of the implementation of this amendment, the Group policy with regards the time value element of option costs has changed to one of immediate recognition in the income statement. This has resulted in the following pre-tax adjustments: 2010 half year: credit of £3.2m; 2009 half year: charge of £25.7m; 2009 full year: charge of £8.1m; all of which have been separately disclosed in the income statement.

To improve consistency further in this area, the forward points on our foreign exchange hedging, which were previously shown in the underlying net finance charges, have also been separately disclosed. This has resulted in the following amounts being reclassified from net finance charges to IAS 39 fair value re-measurement: 2010 half year: credit of £4.3m; 2009 half year: charge of £4.4m; 2009 full year: credit of £10.0m. Further details of these changes are given on page 11 of this statement.

- During the period the Group also adopted IFRS 8 – Segmental reporting. As a result of this adoption, the previously presented “Continental Europe” segment has been split into two separate segments, being “Central Europe” and “West/East Europe”. The prior year segmental analysis has been restated accordingly. Further details of this change are given on page 13 of this statement.
- During the period further new or amended standards and interpretations have been adopted by the Group. Their adoption has not had a significant impact on the amounts reported in these interim financial statements. Details of these can be found in note 3 of Appendix 1.

In addition to the above, changes have also been made to the prior year financial information to reflect adjustments to the accounting for certain prior period acquisitions. Further details of these changes are given in Note 2 to the financial information in Appendix 1.

The prior year financial information included in Appendix 1 has been restated to reflect all of the above changes. To further assist readers of the accounts, the 2009 restated full year income statement and selected segmental analysis has also been included in Appendix 3.

Group

	6 months to 31/03/10	6 months to 31/03/09 Restated*	Year on year change
	£m	£m	%
Revenue	3,308.9	3,484.3	-5.0
Underlying loss from operations ⁵	(130.2)	(113.1)	-15.1
Loss before tax	(252.2)	(309.0)	+18.4
Loss per share (p)	(24.8)	(26.5)	+6.4
Dividend per share (p)	3.75	3.75	flat
Operating cash flow	(123.4)	(291.0)	+57.6
Net debt	951.9	1,004.5	+5.2

* Figures restated for new accounting standards and resultant changes in accounting policies, and restatements of prior period acquisitions. See page 8 for further information.

Income statement highlights

Revenue and underlying loss from operations

Group revenue for the period was £3,308.9m, a decrease of 5% on the prior year period. Excluding the impact of translation, Group revenue was down 7%, reflecting reduced capacity in all our major markets as we continued to manage the business through the global recession. The year on year net impact of acquisitions and disposals on Group revenue was £44m.

The underlying loss from operations for the period was £130.2m, an increase of £17.1m on the prior year. As noted above, capacity for the winter season was reduced throughout the Group as a result of the global recession. This led to lower revenue and margins. In addition, the weakening of sterling against the euro and dollar resulted in higher accommodation and flying costs, particularly in our UK business. We were able to partially mitigate the effects of lower volumes and the weak sterling exchange rate by increased average selling prices in the UK and Northern Europe, lower dollar fuel costs and the realisation of cost savings following the restructuring and integration activity of the previous year. Acquisitions also contributed £7m profit to the underlying operating result.

More details of the movements in revenue and underlying loss from operations are given later in this report in the segmental performance review section.

Separately disclosed items

Separately disclosed items consist of exceptional items, IAS 39 fair value re-measurement and the amortisation of business combination intangibles. These are costs or profits that have arisen in the period which management does not believe are a result of normal operating performance and which, if not separately disclosed, would distort the year on year comparison of trading performance.

⁵ Underlying loss from operations is defined as earnings before interest and tax, and has been adjusted to exclude exceptional operating items, IAS 39 fair value re-measurement and amortisation of business combination intangibles. It also excludes our share of the results of associates and joint ventures.

The table below summarises the separately disclosed items which have been included in the half year accounts:

	6 months to 31/03/10	6 months to 31/03/09 Restated
	£m	£m
Affecting loss from operations		
Exceptional operating items	(60.1)	(75.7)
IAS 39 fair value re-measurement	3.2	(25.7)
Amortisation of business combination intangibles	(15.5)	(17.9)
	(72.4)	(119.3)
Affecting net finance charges		
Exceptional finance charges	-	(5.2)
IAS 39 fair value re-measurement	4.3	(4.4)
	4.3	(9.6)
Total all	(68.1)	(128.9)

Exceptional operating items

Exceptional operating items in the period amounted to £60.1m (2009: £75.7m). £26.0m of this relates to the impairment of assets and establishment of onerous lease provisions in Hi Hotels, a Spanish hotel chain operating 19 properties in the Balearics. The long term hotel operating leases within Hi Hotels, which was part of the MyTravel Group, were entered into at a time when market conditions in the Spanish holiday locations were very favourable. The emergence of alternative holiday destinations, the strong euro and the global recession have resulted in significant margin pressure in the Spanish destinations such that many of the leases are now considered to be onerous. We are currently in the early stages of arbitration proceedings with the owner of the hotels which will potentially result in a reduction in the hotel rental costs. However, it is still too early to predict whether these proceedings will be successful.

£8.8m of the exceptional operating items relates to the write down of receivables due from Skyservice, a Canadian airline that provided flying capacity to our Canadian tour operator and that went into liquidation on 31 March 2010. The collapse of Skyservice also caused significant disruption to our flying programme in April, the last month of the high season for our Canadian operator. As such we expect additional exceptional costs of around £4-5m to come through in the second half of the year.

The remaining exceptional operating items relate largely to the continued run-off of the restructuring and fuel-related exceptional items we reported on in 2009. Whilst we still expect some additional costs from these items to come through in the second half of the year, these should be substantially lower as the projects and fuel hedges to which they relate come to an end.

As reported in our press release of 19 April and earlier in this statement, the unprecedented global travel disruption caused by the volcanic ash cloud has had a substantial financial impact on the Group. We are still calculating the precise financial impact, the final figure for

which is heavily dependent on the level of government compensation we receive. However, we estimate the financial impact of the disruption to be around £70m.

IAS 39 fair value re-measurement

The Group has adopted the amendment to IAS 39 for the first time in this interim financial report. As part of the provisions of this amendment, the time value element of options used for hedging the Group's fuel and foreign exchange exposure must be written off to the income statement as incurred. As this is purely a timing issue and can give rise to significant, unpredictable gains and losses in the income statement, management has decided to separately disclose the impact in the income statement to assist readers of the accounts in better understanding the underlying business development. For consistency, we have also reclassified the timing effect of marking to market the forward points on our foreign currency hedging to this category.

As a result of the above changes, we have separately disclosed a £3.2m gain in the operating result and a £4.3m gain in net finance charges in the current year. The prior year comparatives have also been restated to include a loss of £25.7m separately disclosed in the operating result. In addition, £4.4m of forward point costs which were included in the net finance charges in the half year 2009 have been reclassified to IAS 39 fair value re-measurement.

Amortisation of business combination intangibles

During the period we incurred non-cash costs of £15.5m (2009: £17.9m) in relation to the amortisation of business combination intangibles. £10.9m of the amortisation relates to the merger of Thomas Cook and MyTravel and represents the amortisation of brand names, customer relationships and computer software. The remaining £4.6m relates to other acquisitions made post-merger.

Income from associates and joint ventures

Our share of the results of associates and joint ventures was a gain of £0.7m (2009: loss of £1.8m). The improvement year on year stems partly from the disposal, in August 2009, of our 19.99% share in Aqua Sol which was loss-making in the first six months of the previous year. In addition, we significantly reduced our share of the losses in our Barclaycard joint venture arrangement.

Net investment income

Net investment income in the period was £nil (2009: income of £0.7m). The reduction year on year reflects the disposal in 2009 of our 10% interest in L'tur Tourismus AG, a German package tour operator.

Net finance costs

Net finance costs (excluding separately disclosed items) in the period amounted to £54.6m (2009 restated: £65.9m). The reduction year on year of £11.3m reflects the lower applicable interest rates.

Tax

The tax credit in the period was £40.9m (2009 restated: £81.3m). Excluding the effect of adjustments to tax provisions made in respect of previous years, exceptional items, IAS 39 re-measurements and amortisation of business combination intangibles, this represents an effective tax rate of 27% on the underlying loss for the period.

The underlying cash tax rate for the full year 2009 was 20% and we expect the cash tax rate to continue to be considerably lower than the underlying income statement rate as a result of being able to utilise the losses available in the UK and Germany. Total losses available to carry forward in the Group at 30 September 2009 were £1.4 billion. As at 30 September 2009, deferred tax assets were recognised in respect of £0.8 billion of this amount.

Loss per share and dividends

The loss per share for the period was 24.8 pence (2009 restated: loss of 26.5 pence).

The Board is recommending an unchanged interim dividend of 3.75 pence per share, for payment on 8 October 2010 to shareholders who are on the register as at 10 September 2010.

Cash and liquidity

Cash management continues to be a key focus for Thomas Cook Group, and this is particularly important during times of economic downturn and capacity reductions. The Group's working capital profile is extremely cyclical, with the winter months being traditionally a period of significant cash outflows, as cash paid to hoteliers often lags the end of the peak summer season whereas cash is received from customers in advance of their holiday departures. However, despite capacity cuts in summer 2009 and winter 2009/10, the Group successfully reduced the seasonal working capital outflow to £21.0m, a huge improvement of £120.1m over the prior year period. This improvement was largely achieved by increasing the amount of deposits taken from customers on the booking of their holiday as well as improving the collection of final holiday balances.

The working capital outflow noted above, as well as the underlying operating losses and cash outflows in respect of exceptional items, interest, tangible and intangible assets and taxes, resulted in an overall seasonal net cash outflow (net of debt movements) of £255.0m (2009: outflow of £613.3m).

Net debt (being cash less borrowings, overdrafts and finance leases) at 31 March 2010 was £951.9m (31 March 2009: £1,004.5m). This comprised £427.6m of cash, £1,121.5m of borrowings and overdrafts (of which £22.1m relates to loan notes issued in conjunction with the acquisition of Gold Medal), and £258.0m of finance lease liabilities.

Segmental performance review

The segmental performance presented here is based on underlying profit/loss from operations before exceptional items, IAS 39 re-measurement and amortisation of business combination intangibles. It also excludes our share of results of associates and joint ventures. As stated earlier in this report, following the implementation of IFRS 8, the previously reported Continental Europe segment has now been split into two distinct segments – Central Europe (which comprises Germany, Switzerland and Austria) and West/East Europe (which comprises France, Belgium, the Netherlands, Poland, Hungary and the Czech Republic). Additional segmental information is provided in Note 4 of the financial information in Appendix 1 to this document.

	6 months ended 31 March 2010	6 months ended 31 March 2009 Restated	Change %
	£m	£m	
External Revenue			
UK & Ireland	1,000.0	972.6	+2.8
Central Europe	700.4	769.1	-8.9
West/East Europe	526.3	608.0	-13.4
Northern Europe	523.4	529.1	-1.1
North America	237.5	262.8	-9.6
Airlines Germany	321.3	342.4	-6.2
Corporate	-	0.3	
Group	3,308.9	3,484.3	-5.0
Underlying (loss)/profit from operations ⁶			
UK & Ireland	(116.3)	(109.0)	-6.7
Central Europe	(6.7)	(12.4)	+46.0
West/East Europe	(27.3)	(24.8)	-10.1
Northern Europe	30.2	28.2	+7.1
North America	11.1	14.3	-22.4
Airlines Germany	(8.5)	(3.6)	-136.1
Corporate	(12.7)	(5.8)	-119.0
Group	(130.2)	(113.1)	-15.1

⁶ Underlying loss from operations is defined as earnings before interest and tax, and has been adjusted to exclude exceptional operating items, IAS 39 fair value re-measurement and amortisation of business combination intangibles. It also excludes our share of the results of associates and joint ventures.

UK & Ireland

	6 months ended 31 March 2010	6 months ended 31 March 2009	Change
	£m	£m	%
Revenue (£m) *	1,000.0	972.6	+2.8
Underlying loss from operations (£m) **	(116.3)	(109.0)	-6.7
Underlying operating margin % ***	(11.6)	(11.2)	-3.6
Mass market			
Passengers (000's) †			-9.9
Capacity (000's) ††			-10.1
Average selling price (£) #			+7.3
Load factor % †††	97.5	97.2	+0.3
Controlled distribution % ‡	67.6	65.2	+3.7
Internet distribution % ‡‡	32.5	30.2	+7.6

See Appendix 2 for key.

Revenue overall was broadly in line with the prior year. However, the underlying loss from operations increased by £7.3m, as lower input costs in Mainstream and a good performance in our Independent businesses could not fully mitigate the impact of the weak sterling on accommodation and flying costs.

The flat revenue year on year reflects an increase in the Independent businesses, largely as a result of the acquisitions of Gold Medal and Med Hotels, offset by a reduction in Mainstream. The reduction in Mainstream reflects the 10% capacity cut that management put in place in anticipation of tough trading conditions, partly offset by improved average selling prices achieved.

As fuel and aircraft lease costs are denominated in dollars and much of the accommodation costs are denominated in euros and dollars, the weakness of sterling against both of these currencies has had a significant effect on the margins achieved in our UK Mainstream business. Management estimates the adverse impact of exchange rate development year on year to be £44m. The improved selling prices we achieved, together with our negotiations with hoteliers to reduce accommodation rates, went some way to mitigate the exchange impact, as did the fall in our underlying dollar fuel costs year on year. However, these were not sufficient to recover all the adverse margin impact of the exchange rate development in our Mainstream business.

Our control of distribution also continues to be a key area of focus. Controlled distribution of mass market passengers departing in the period accounted for 67.6%, with internet distribution accounting for 32.5%.

The Independent businesses performed well in the period, with Gold Medal and Med Hotels contributing £6.9m of underlying operating profit improvement year on year.

Our Indian operation had a difficult start to the year as the global recession continued to impact the financial services business and consequently results were down £2.7m year on year.

Central Europe

	6 months ended 31 March 2010 £m	6 months ended 31 March 2009 £m	Change %
Revenue (£m) *	700.4	769.1	-8.9
Underlying loss from operations (£m) **	(6.7)	(12.4)	+46.0
Underlying operating margin % ***	(1.0)	(1.6)	+37.5
Mass market			
Passengers (000's) †			
Flight-inclusive			-3.4
Non-flight inclusive			-8.1
Average selling price (€) #			-6.2
Total business			
Controlled distribution % ‡	24.0	24.7	-2.8
Internet distribution % ‡‡	7.4	7.4	flat

See Appendix 2 for key.

Currency-adjusted revenue in Central Europe was down 12% year on year, reflecting both capacity reductions and selling price decreases. However, the underlying loss from operations was reduced by £5.7m as improved margins, as well as internal cost reduction measures, more than offset the passenger volume shortfall.

Flight-inclusive passenger volumes in Central Europe year on year decreased by 3% with average selling prices down 8%. The reduction in both volume and price reflects the anticipated tough trading conditions experienced in the winter season as well as passing on some of the lower flight and accommodation costs.

Despite the reduced volumes and selling prices, the underlying gross margin was broadly flat year on year as we improved our utilisation of the purchased flying capacity and achieved significant benefits from re-negotiations of rates with hoteliers and airlines. The restructuring programmes we undertook last year and our continued focus on driving down costs also resulted in approximately £6m of savings year on year.

In the Independent business, our dynamic packaging business is performing well. However, as we operated a number of shops within the Karstadt department store chain (owned by Arcandor), our share of controlled distribution was impacted by the collapse of Arcandor. As such, controlled distribution of departing passengers in the period fell to 24.0%. Internet distribution was in line with last year at 7.4%.

West/East Europe

	6 months ended 31 March 2010 £m	6 months ended 31 March 2009 £m	Change %
Revenue (£m) *	526.3	608.0	-13.4
Underlying loss from operations (£m) **	(27.3)	(24.8)	-10.1
Underlying operating margin % ***	(5.2)	(4.1)	-26.8
Mass market			
Passengers (000's) †			
Flight-inclusive			-7.6
Non-flight inclusive			-12.3
Average selling price (€) #			-8.6
Total business			
Controlled distribution % ‡	51.2	48.2	+6.2
Internet distribution % ††	18.2	14.3	+27.3

See Appendix 2 for key.

Currency-adjusted revenue in West/East Europe was down 16% year on year. However, the underlying loss from operations increased by only £2.5m as re-negotiations with hoteliers and airlines, as well as internal cost reduction measures, largely offset the passenger volume and selling price reductions.

Flight-inclusive passenger volumes in West/East Europe decreased year on year by 8% overall. The market in France has been particularly affected by the global recession, resulting in significant revenue and margin pressure. In response to this, we reduced our capacity in France by 9%, with the biggest reductions in the long haul market. In Belgium and Holland, passenger numbers and selling prices also suffered in the continuing recession. In Poland, the biggest of our East European markets, whilst passengers were down, selling prices and margins improved year on year.

Average selling prices overall in West/East Europe were reduced by 9% year on year partly due to changes in the mix of product sold as we moved capacity away from long haul. In addition, we were able to pass on to customers some of the savings we made by successfully re-negotiating lower accommodation and airline costs from our key suppliers. As a result, margins achieved on holidays sold increased year on year.

The restructuring programmes we undertook last year and our continued focus on driving down costs resulted in approximately £11m of savings year on year.

Internet distribution in the period grew by 27.3% year on year and represented 18.2% of departing passengers. Our overall share of controlled distribution grew to 51.2%.

Northern Europe

	6 months ended 31 March 2010 £m	6 months ended 31 March 2009 £m	Change %
Revenue (£m) *	523.4	529.1	-1.1
Underlying profit from operations (£m) **	30.2	28.2	+7.1
Underlying operating margin % ***	5.8	5.3	+9.4
Mass market			
Passengers (000's) †			-7.5
Capacity (000's) ††			-7.7
Average selling price (SEK) #			+12.3
Load factor % †††	99.1	98.9	+0.2
Total business			
Controlled distribution % ‡	82.9	81.0	+2.3
Internet distribution % ‡‡	54.0	47.5	+13.7

See Appendix 2 for key.

Currency-adjusted revenue in Northern Europe was down 3% year on year. However, the underlying profit from operations increased by £2.0m as higher selling prices, lower input costs and continued focus on overhead cost control more than offset the reduction in passengers.

The market in Northern Europe in the first quarter of the financial year was weak as we continued to suffer the effects of the global recession. However, we saw market conditions and sales improve substantially in the second quarter. Overall, passengers in Northern Europe decreased by 7.5%, but average selling prices were strong, up 12% year on year (including a benefit from currency translation).

Mainstream margins were broadly flat year on year. Benefits from the improved selling prices, lower fuel prices and successful re-negotiation of our underlying accommodation rates with key suppliers, were offset by the reduced passenger volumes and the adverse impact of the strong euro (the currency in which most of Northern Europe's accommodation costs are denominated).

Our Independent businesses in Northern Europe have performed relatively well in the period although independent remains a small part of the overall Northern Europe operations.

Northern Europe continues to lead the markets in controlled and internet distribution. Controlled distribution accounted for over 80% of departing passengers in the period, with internet distribution accounting for 54.0%.

North America

	6 months ended 31 March 2010 £m	6 months ended 31 March 2009 £m	Change %
Revenue (£m) *	237.5	262.8	-9.6
Underlying profit from operations (£m) **	11.1	14.3	-22.4
Underlying operating margin % ***	4.7	5.4	-13.0
Mainstream			
Passengers (000's) †			-6.8
Capacity (000's) ††			-5.2
Average selling price (C\$) #			-7.4
Load factor % †††	94.5	96.1	-1.7
Controlled distribution % ‡	14.1	14.2	-0.7
Independent			
Passengers (000's) †			-2.0
Total business			
Internet distribution % ‡‡	33.4	34.7	-3.7

See Appendix 2 for key.

Currency-adjusted revenue in North America was down 17% year on year and the underlying profit from operations decreased by £3.2m as tough trading conditions, particularly in the Mainstream sector, continued to prevail.

Overcapacity continues to be a significant issue in the Canadian Mainstream market. This, together with the challenges faced when our largest aircraft seat provider, Skyservice, went into liquidation on 31 March 2010, resulted in lower profits in the Canadian Mainstream business compared to the prior year. Mainstream passengers, which represent around half of all passengers in the peak winter season, decreased by 7%, and average selling prices were weak, also down 7% year on year. The overall margin achieved also suffered as lower fuel prices and re-negotiated accommodation costs were more than offset by the reduced volumes and selling prices.

The trading performance was, however, partly offset by £4m of savings which largely resulted from the restructuring and integration programmes we initiated last year.

Our Independent business was less impacted by the difficult trading conditions due to its greater product diversification and lower volatility. This validates our strategy to focus on Independent which last year accounted for more than half of the profits from the North America segment.

Growth of controlled and internet distribution continues to be a key part of the strategy for North America. Controlled distribution accounted for 14.1% of departing Mainstream passengers. Internet distribution accounted for 33.4% of all departing passengers.

Airlines Germany

	6 months ended 31 March 2010 £m	6 months ended 31 March 2009 £m	Change %
Revenue - external (£m) *	321.3	342.4	-6.2
Revenue - internal (£m) *	123.0	129.7	-5.2
Total revenue (£m) *	444.3	472.1	-5.9
Underlying loss from operations (£m) **	(8.5)	(3.6)	-136.1
Underlying operating margin % ***	(1.9)	(0.8)	-137.5
Sold seats (000's) †††			
TC tour operators			-4.1
3rd party tour operators			-4.5
External seat only			-4.7
Total sold seats			-4.4
Sold seats (000's) †††			
Europe (excl. Cities)			-3.0
Long haul			-8.4
Total sold seats			-4.4
Capacity (ASK m) ††			-6.6
Yield (€) #			-5.3
Seat load factor % †††			+2.3

See Appendix 2 for key.

Currency adjusted revenue in Airlines Germany was down 9% year on year and the underlying loss from operations increased by £4.9m, as a result of planned capacity cuts in our intercontinental business as well as competitive pricing in the market.

In anticipation of a tough winter, airline seat capacity was reduced by 7%, with the largest part of the reduction coming from long haul flying. Sold seats were down only 4%, however, as we successfully improved our aircraft utilisation and load factors. Average yields were down 5%.

The reduction in yields is partly due to a reduced share of long haul flying, but also due to pressure in the market place to reduce prices, following a fall in fuel prices. Whilst we have seen a reduction in our underlying fuel prices, the nature of our hedging strategy is such that the pressure on yields was greater than the reductions we have seen. In addition, the benefit we did see from lower dollar fuel prices was reduced substantially by the adverse translation impact as the euro weakened against the dollar.

Increased maintenance and depreciation costs also contributed to the increased losses, but cost savings achieved from the airline synergies project and other cost cutting initiatives contributed positively to the underlying result by £8m.

Corporate

	6 months ended 31 March 2010 £m	6 months ended 31 March 2009 £m	Change %
Revenue (£m) *	-	0.3	
Underlying loss from operations (£m) **	(12.7)	(5.8)	-119.0

See Appendix 2 for key.

The costs associated with running the corporate headquarters increased year on year to £12.7m. This build up of costs was already seen in the second half of last year and reflects the ongoing re-sizing and re-shaping of the post-merger head office functions to ensure that we are appropriately placed to effectively support the operating segments in delivering the Group's strategy and growth in the future.

Risks and Uncertainties

The principal risks and uncertainties affecting the business activities of the Group and mitigating actions being taken by management were set out on pages 38 and 39, and more fully described throughout the Directors' Report, of the Annual Report & Accounts for the year ended 30 September 2009, a copy of which is available on the Group's corporate website, www.thomascookgroup.com. The key Group risks were summarised under the headings of:

Operational and strategic risks

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

Financial risks

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

Other risks that are continually monitored by management

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

In the view of the Board, the key risks and uncertainties for the remaining six months of the financial year continue to be those set out in the above section of the Annual Report & Accounts 2009.

Appendix 1 – Condensed Consolidated Interim Financial Information

Group Income Statement

	Notes	Unaudited Six months ended 31 March 2010			Restated Unaudited Six months ended 31 March 2009		
		Underlying results £m	Separately disclosed items * (note 5) £m	Total £m	Underlying results £m	Separately disclosed items * (note 5) £m	Total £m
Revenue	4	3,308.9	-	3,308.9	3,484.3	-	3,484.3
Cost of providing tourism services		(2,558.6)	(19.3)	(2,577.9)	(2,713.7)	(34.9)	(2,748.6)
Gross profit		750.3	(19.3)	731.0	770.6	(34.9)	735.7
Personnel expenses		(485.9)	(9.4)	(495.3)	(483.2)	(17.5)	(500.7)
Depreciation and amortisation		(82.9)	(2.6)	(85.5)	(72.7)	(8.2)	(80.9)
Net operating expenses		(311.7)	(25.7)	(337.4)	(327.8)	(41.1)	(368.9)
Profit on disposal of assets		-	0.1	0.1	-	0.3	0.3
Amortisation of business combination intangibles		-	(15.5)	(15.5)	-	(17.9)	(17.9)
Loss from operations	4	(130.2)	(72.4)	(202.6)	(113.1)	(119.3)	(232.4)
Share of results of associates and joint ventures		0.7	-	0.7	(1.8)	-	(1.8)
Net investment income		-	-	-	0.7	-	0.7
Finance income	6	22.8	-	22.8	28.2	-	28.2
Finance costs	6	(77.4)	-	(77.4)	(94.1)	-	(94.1)
Exceptional finance costs	6	-	-	-	-	(5.2)	(5.2)
IAS 39 fair value re- measurement	6	-	4.3	4.3	-	(4.4)	(4.4)
Loss before tax		(184.1)	(68.1)	(252.2)	(180.1)	(128.9)	(309.0)
Tax	7			40.9			81.3
Loss for the period				<u>(211.3)</u>			<u>(227.7)</u>
Attributable to:							
Equity holders of the parent				(211.8)			(226.8)
Non-controlling interests				0.5			(0.9)
				<u>(211.3)</u>			<u>(227.7)</u>
Loss per share in pence							
Basic and diluted				(24.8)			(26.5)

All revenue and results arose from continuing operations.

The notes on pages 28 to 43 form an integral part of the condensed consolidated interim financial information.

* Separately disclosed items consist of exceptional items, IAS 39 fair value re-measurement and amortisation of business combination intangibles.

Group Statement of Comprehensive Income/(Expense)

	Unaudited 6 months to 31/03/10 £m	Restated Unaudited 6 months to 31/03/09 £m
Loss for the period	(211.3)	(227.7)
Other comprehensive income/(expense)		
Foreign exchange translation	60.4	72.8
Actuarial gains/(losses) on defined benefit pension schemes	12.6	(46.3)
Tax recognised on actuarial movements	(3.6)	12.9
Fair value gains/(losses)		
- deferred for the period	28.4	52.9
- tax on items deferred for the period	(9.1)	(13.2)
- reclassified to the income statement	135.3	(140.9)
- tax on items reclassified to the income statement	(39.1)	41.9
Total comprehensive expense for the period	<u>(26.4)</u>	<u>(247.6)</u>
Attributable to:		
Equity holders of the parent	(26.9)	(246.7)
Non-controlling interests	0.5	(0.9)
Total comprehensive expense for the period	<u>(26.4)</u>	<u>(247.6)</u>

The notes on pages 28 to 43 form an integral part of the condensed consolidated interim financial information.

Group Cash Flow Statement

	Notes	Unaudited 6 months to 31/03/10 £m	Restated Unaudited 6 months to 31/03/09 £m
Cash flows from operating activities			
Cash outflows generated by operations		(106.0)	(277.8)
Income taxes paid		(17.4)	(13.2)
Net cash outflow from operating activities	13	(123.4)	(291.0)
Investing activities			
Proceeds on disposal of property, plant & equipment		4.2	5.1
Purchase of subsidiary (net of cash acquired)		(5.0)	(76.1)
Purchase of tangible and financial assets		(68.1)	(49.4)
Purchase of intangible assets		(35.1)	(34.2)
Sale of non-current financial assets		4.4	-
Additional loan investment		(0.6)	-
Disposal of short term securities		-	125.3
Net cash used in investing activities		(100.2)	(29.3)
Financing activities			
Interest paid		(31.4)	(69.8)
Dividends paid		-	(55.5)
Draw down of borrowings		266.3	308.9
Repayment of borrowings		(80.0)	(248.7)
Repayment of finance lease obligations		(28.9)	(32.7)
Purchase of own shares		-	(47.1)
Proceeds from subsidiary rights issue to non-controlling shareholders		-	4.7
Net cash from / (used in) financing activities		126.0	(140.2)
Net decrease in cash & cash equivalents		(97.6)	(460.5)
Cash and cash equivalents at beginning of period		507.0	747.5
Effect of foreign exchange rate changes		(0.8)	78.3
Cash & cash equivalents at end of period		408.6	365.3
Liquid assets	14	427.6	384.5
Bank overdrafts	14	(19.0)	(19.2)
Cash & cash equivalents at end of period		408.6	365.3

The notes on pages 28 to 43 form an integral part of the condensed consolidated interim financial information.

Group Balance Sheet

		Unaudited as at 31/03/10	Restated Unaudited as at 31/03/09	Restated Audited as at 30/09/09
	Notes	£m	£m	£m
Non-current assets				
Intangible assets	9	3,820.9	3,675.3	3,769.7
Property, plant & equipment				
Aircraft and aircraft spares	9	605.8	649.3	628.3
Investment property	9	17.6	18.3	18.0
Other	9	345.7	346.1	347.1
Investment in associates and joint ventures		36.4	49.7	36.0
Other investments		21.2	32.5	20.3
Deferred tax assets		418.9	524.7	433.5
Tax assets		5.6	6.5	5.6
Trade and other receivables		103.8	126.4	113.4
Pension assets		-	0.3	-
Derivative financial instruments		14.7	30.5	4.9
		<u>5,390.6</u>	<u>5,459.6</u>	<u>5,376.8</u>
Current assets				
Inventories		25.9	27.5	27.0
Tax assets		41.3	28.8	38.6
Trade and other receivables		1,187.6	1,147.1	925.9
Derivative financial instruments		118.4	650.5	133.9
Cash and cash equivalents	14	427.6	384.5	550.2
		<u>1,800.8</u>	<u>2,238.4</u>	<u>1,675.6</u>
Non-current assets held for sale				
		10.9	-	9.1
Total assets		<u>7,202.3</u>	<u>7,698.0</u>	<u>7,061.5</u>
Current liabilities				
Retirement benefit obligations	16	(4.8)	(4.9)	(4.8)
Trade and other payables		(1,572.6)	(1,644.9)	(1,903.8)
Borrowings	11/14	(834.3)	(555.1)	(619.1)
Obligations under finance leases	14	(183.2)	(248.7)	(237.8)
Tax liabilities		(78.9)	(77.2)	(80.9)
Revenue received in advance		(1,495.1)	(1,320.0)	(861.8)
Short-term provisions	12	(222.8)	(194.4)	(228.9)
Derivative financial instruments		(80.7)	(600.4)	(251.1)
		<u>(4,472.4)</u>	<u>(4,645.6)</u>	<u>(4,188.2)</u>
Non-current liabilities				
Retirement benefit obligations	16	(352.8)	(255.9)	(366.3)
Trade and other payables		(19.2)	(28.5)	(17.1)
Long-term borrowings	11/14	(287.2)	(379.5)	(320.9)
Obligations under finance leases	14	(74.8)	(205.7)	(47.7)
Revenue received in advance		(1.1)	(1.3)	(1.2)
Deferred tax liabilities		(96.4)	(144.8)	(110.0)
Long-term provisions	12	(247.0)	(259.5)	(271.7)
Derivative financial instruments		(9.8)	(93.3)	(18.8)
		<u>(1,088.3)</u>	<u>(1,368.5)</u>	<u>(1,153.7)</u>
Total liabilities		<u>(5,560.7)</u>	<u>(6,014.1)</u>	<u>(5,341.9)</u>
Net assets		<u>1,641.6</u>	<u>1,683.9</u>	<u>1,719.6</u>

	Unaudited As at 31/03/10	Restated Unaudited as at 31/03/09	Restated Audited as at 30/09/09
	£m	£m	£m
Equity			
Called-up share capital	57.7	57.7	57.7
Share premium account	8.9	8.9	8.9
Merger reserve	1,984.2	1,984.2	1,984.2
Translation and hedging reserves	317.8	228.3	141.9
Capital redemption reserve	8.5	8.5	8.5
Retained earnings deficit	(742.9)	(609.0)	(487.4)
Investment in own shares	(13.1)	(13.0)	(13.1)
Equity attributable to equity holders of the parent	1,621.1	1,665.6	1,700.7
Non-controlling interests	20.5	18.3	18.9
Total equity	1,641.6	1,683.9	1,719.6

The notes on pages 28 to 43 form an integral part of the condensed consolidated interim financial information.

Group Statement of Changes in Equity

The movements in equity for the six months ended 31 March 2010 were as follows:

	Share capital & share premium £m	Other reserves £m	Translation & hedging reserve £m	Retained earnings £m	Attributable to equity holders of the parent £m	Non-controlling interest £m	Total £m
Opening balance at 1 October 2009	66.6	1,979.6	136.1	(474.0)	1,708.3	18.9	1,727.2
IAS 38 Brochure costs	-	-	-	(3.4)	(3.4)	-	(3.4)
IAS 39 Time value of options	-	-	5.8	(5.8)	-	-	-
Acquisition accounting	-	-	-	(4.2)	(4.2)	-	(4.2)
As restated	66.6	1,979.6	141.9	(487.4)	1,700.7	18.9	1,719.6
Loss for the period	-	-	-	(211.8)	(211.8)	0.5	(211.3)
Other comprehensive income/(expense):							
Foreign exchange translation	-	-	60.4	-	60.4	-	60.4
Actuarial gains on defined benefit pension schemes (net of tax)	-	-	-	9.0	9.0	-	9.0
Fair value gains:							
- deferred for the period (net of tax)	-	-	19.3	-	19.3	-	19.3
- reclassified to the income statement (net of tax)	-	-	96.2	-	96.2	-	96.2
Total comprehensive income/(expense) for the period	-	-	175.9	(202.8)	(26.9)	0.5	(26.4)
Equity credit in respect of share-based payments	-	-	-	7.0	7.0	-	7.0
Exchange difference on non-controlling Interest	-	-	-	-	-	1.1	1.1
Dividends	-	-	-	(59.7)	(59.7)	-	(59.7)
At 31 March 2010	66.6	1,979.6	317.8	(742.9)	1,621.1	20.5	1,641.6

The movements in equity for the six months ended 31 March 2009 were as follows:

	Share capital & share premium £m	Other reserves £m	Restated Translation & hedging reserve £m	Restated Retained earnings £m	Restated Attributable to equity holders of the parent £m	Non-controlling interest £m	Restated Total £m
Opening balance at 1 October 2008	68.7	1,977.6	214.8	(265.4)	1,995.7	12.7	2,008.4
IAS 38 Brochure costs	-	-	-	(3.4)	(3.4)	-	(3.4)
Acquisition accounting	-	-	-	(1.0)	(1.0)	-	(1.0)
As restated	68.7	1,977.6	214.8	(269.8)	1,991.3	12.7	2,004.0
Loss for the period	-	-	-	(226.8)	(226.8)	(0.9)	(227.7)
Other comprehensive income/(expense):							
Foreign exchange translation	-	-	72.8	-	72.8	-	72.8
Actuarial losses on defined benefit pension schemes (net of tax)	-	-	-	(33.4)	(33.4)	-	(33.4)
Fair value gains/(losses):							
- deferred for the period (net of tax)	-	-	39.7	-	39.7	-	39.7
- reclassified to the income statement (net of tax)	-	-	(99.0)	-	(99.0)	-	(99.0)
Total comprehensive income/(expense) for the period	-	-	13.5	(260.2)	(246.7)	(0.9)	(247.6)
Equity credit in respect of share-based payments	-	-	-	2.9	2.9	-	2.9
Acquisition of non-controlling interest	-	-	-	-	-	6.5	6.5
Purchase of own shares-share buy back scheme	(2.1)	2.1	-	(26.4)	(26.4)	-	(26.4)
Dividends paid	-	-	-	(55.5)	(55.5)	-	(55.5)
At 31 March 2009	66.6	1,979.7	228.3	(609.0)	1,665.6	18.3	1,683.9

The notes on pages 28 to 43 form an integral part of the condensed consolidated interim financial information.

Notes to the Condensed Consolidated Interim Financial Information

1. General information

Thomas Cook Group plc is a limited liability company incorporated and domiciled in England and Wales under the Companies Act 1985 and listed on the London Stock Exchange. The address of the registered office is 6th Floor South, Brettenham House, Lancaster Place, London, WC2E 7EN. The principal activities of the Group are discussed in the interim management report on pages 1 to 21.

This condensed consolidated interim financial information was approved for issue on 13 May 2010.

This condensed consolidated interim financial information does not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 30 September 2009 were approved by the Board of Directors on 29 November 2009 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498 of the Companies Act 2006.

This condensed consolidated interim financial information has been reviewed, not audited.

2. Basis of preparation

This condensed consolidated financial information for the six months ended 31 March 2010 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS 34 "Interim financial reporting" as adopted by the European Union. The half-yearly condensed consolidated financial report should be read in conjunction with the annual financial statements for the year ended 30 September 2009, which have been prepared in accordance with IFRSs as adopted by the European Union.

During the period a restatement of prior period comparatives was required due to adjustments to the accounting for certain prior period acquisitions. The business combination intangibles, related deferred tax liability and deferred consideration related to the Gold Medal acquisition have been revised. Refer to note 10 for the restated balance sheet as at the date of acquisition of Gold Medal.

In addition, the prior year/period income statement and balance sheet have been restated to reflect the unwinding of the discount on contingent or deferred consideration for the acquisition of Gold Medal and Hotels4U, which was previously omitted. In accordance with IAS 8 "Accounting policies, changes in accounting estimates and errors" the periods ended 30 September 2009 and 31 March 2009 have been restated.

The unwinding of the discount on contingent and deferred consideration has had the following impact on prior periods' income statements and balance sheets:

	31/03/2009	30/09/2009
	£m	£m
Loss for the period/year	(0.7)	(3.5)
Loss attributable to shareholders	(0.7)	(3.5)
Decrease in total equity	(1.7)	(4.5)
Basic earnings per share	(0.1) pence	(0.4) pence
Diluted earnings per share	(0.1) pence	(0.4) pence

3. Accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 30 September 2009, as described in those annual financial statements, except for the policy with respect to tax, the new or amended standards and interpretations adopted in the current period and other changes noted below.

Tax on income in interim periods is accrued using the tax rate that would be applicable to the expected total annual earnings.

Adoption of new or amended standards and interpretations in the current period

In the current period, the following new or amended standards have been adopted and have affected the amounts reported or the disclosure and presentation in these interim financial statements:

IAS 1 Revised "Presentation of Financial Statements" is effective for annual reporting periods commencing on or after 1 January 2009. The amendments require a number of presentational changes, including the introduction of a statement of comprehensive income and the requirement to present a statement of changes in equity as a primary statement. The statement of comprehensive income represents all items of recognised income and expense in either one statement or two linked statements. Management has elected to present two statements.

IAS 38 Amendment "Intangible assets" is effective for annual reporting periods commencing on or after 1 January 2009. The amendment requires advertising or promotional expenditure to be expensed when the Group has the right to access the goods or has received the service. In particular, brochure costs are to be expensed as and when the brochures are available to be sent to customers or retail outlets. Under the previous policy brochure costs were expensed when delivered to the retail outlets or customer. The comparative figures have been restated to reflect the change in accounting policy. Adoption of the standard has had the following impact:

	31/03/2010	31/03/2009	30/09/2009
	£m	£m	£m
Profit/(loss) for the period/year	0.7	(1.5)	0.1
Profit/(loss) attributable to shareholders	0.7	(1.5)	0.1
Decrease in total equity	(2.8)	(5.2)	(3.4)
Basic earnings per share	0.1 pence	(0.2) pence	Nil pence
Diluted earnings per share	0.1 pence	(0.2) pence	Nil pence

IAS 39 Amendment "Eligible hedged items" is effective for annual reporting periods commencing on or after 1 July 2009. The amendment prohibits the time value component of derivative options being designated as an effective hedge. The comparative figures have been restated to reflect the change in accounting policy and the movement in time value recognised in the income statement in the current and prior periods is included under the descriptions "IAS 39 fair value re-measurement". Adoption of the standard has had the following impact:

	31/03/2010	31/03/2009	30/09/2009
	£m	£m	£m
Profit/(loss) for the period/year	2.3	(18.3)	(5.8)
Profit/(loss) attributable to shareholders	2.3	(18.3)	(5.8)
Basic earnings per share	0.3 pence	(2.1) pence	(0.7) pence
Diluted earnings per share	0.3 pence	(2.1) pence	(0.7) pence

3. Accounting policies (continued)

IFRS 8 "Operating segments" is effective for annual reporting periods commencing on or after 1 January 2009. The standard requires reporting segments to be identified based on the information used by management to run the business. As a result, the Group's reportable segments have changed. See Note 4 for further details.

In the current period, the following new or amended standards and interpretations have been adopted. Their adoption has not had a significant impact on the amounts reported or the disclosure and presentation in these interim financial statements, but may impact the accounting or the disclosure and presentation for future transactions and arrangements.

IAS 23 Revised	"Borrowing costs" is effective for annual reporting periods commencing on or after 1 January 2009. The amendment requires the capitalisation of borrowing costs related to assets requiring a substantial amount of time to be ready for their intended purpose.
IFRS 3 Revised	"Business combinations" is effective prospectively for business combinations with acquisition dates on or after the beginning of the first annual reporting period commencing on or after 1 July 2009. The amendment changes the way in which step acquisitions are to be accounted for and requires acquisition costs to be expensed and adjustments to contingent consideration to be recognised in the income statement after a specified period. As there have been no business combinations in the current period, the only impact from adopting the amendment relates to the recognition of deferred tax assets from the Thomas Cook / MyTravel merger. In accordance with the transition requirements, the recognition of deferred tax assets from past acquisitions is reflected in the income statement, and not in goodwill.
IAS 28 Amendment	"Investment in associates" and amendment to IAS 31 "Interest in joint ventures" (with consequential amendments to IAS 32 "Financial instruments: presentation" and IFRS 7 "Financial instruments: disclosure") are effective for annual reporting periods commencing on or after 1 January 2009. The amendment changes the disclosure requirements for investments in associates or joint ventures accounted for under IAS 39 "Financial instruments: recognition and measurement" and clarifies the allocation of losses from impairing an investment in associate.
IAS 27 Revised	"Consolidated and separate financial statements" is effective for annual reporting periods commencing on or after 1 July 2009. The amendment gives entities the option to recognise on a transaction-by-transaction basis non-controlling interests (previously known as minority interest) at the value of their proportion of identifiable assets and liabilities or at full fair value.
IFRS 2 Amendment	"Share based payments" is effective for annual reporting periods commencing on or after 1 January 2009. The amendment provides a definition of vesting conditions and specifies the accounting treatment for non-vesting conditions.
IFRS 7 Amendment	"Financial instruments: disclosure" is effective for annual reporting periods commencing on or after 1 July 2009. The amendment requires enhanced disclosure for fair value and measurement risk. The amendment has not had an impact on the disclosures in the interim accounts but will impact the disclosure in the 2010 Annual Report.
IAS 32 Amendment	"Financial instruments: presentation" is effective for annual reporting periods commencing on or after 1 January 2009. The amendment clarifies the treatment of puttable financial instruments, whereby puttable instruments meeting certain criteria are treated as equity as opposed to financial liabilities.
IFRIC 13	"Customer loyalty programmes" is effective for annual reporting periods commencing on or after 1 January 2009. The interpretation explains how entities who grant loyalty award credits to customers should account for their obligations.
IFRIC 14	"IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction" is effective for annual reporting periods commencing on or after 1 January 2009. The interpretation provides guidance on the amount of pension scheme surpluses that can be recognised as a defined benefit asset and when minimum funding requirements may give rise to additional liabilities.

3. Accounting policies (continued)

Other changes - IAS 39 fair value re-measurement

During the period it was decided to separately disclose the movement in forward points on foreign exchange cash flow hedging contracts and time value of options on the face of the income statement as "IAS 39 fair value re-measurement". Both items are subject to market fluctuations and unwind when the options or forward contracts mature, and therefore are not considered to be part of the Group's underlying performance.

The prior period comparatives have been restated to reflect this change.

New or amended standards and interpretations in issue but not yet effective

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

IAS 24 Amendment	"Related parties" is effective for annual reporting periods commencing on or after 1 January 2011. The amendment clarifies the definition of related parties.
IFRS 2 Amendment	"Share based payments" is effective for annual reporting periods commencing on or after 1 January 2010. This amendment clarifies the scope and accounting for group cash-settled share based payments.
IAS 32 Amendment	"Classification of rights", is effective for annual reporting periods commencing on or after 1 February 2010. The amendment clarifies the treatment of rights, options or warrants issued to acquire a fixed number of an entity's own equity instruments for a fixed amount of consideration.
IFRS 9	"Financial Instruments" is effective for annual reporting periods commencing on or after 1 January 2013. The standard will eventually replace IAS 39 but currently only details the requirements for recognition and measurement of financial assets.
IFRIC 14 Amendment	"Prepayments of a minimum funding requirement" is effective for annual reporting periods commencing on or after 1 January 2011. The amendment remedies one of the consequences of IFRIC 14, whereby an entity under certain circumstances was not allowed to recognise an asset for the prepayment of a minimum funding requirement.

Management is currently assessing the impact of adopting these new or amended standards and interpretations.

4. Segmental analysis

The Group has adopted IFRS 8 "Operating segments" with effect from 1 October 2008. The new standard requires operating segments to be identified based on management's view, rather than the risk and reward model and the primary and secondary segments required by the previous standard (IAS14). As a result, following the adoption of IFRS 8, the Group's reportable segments have been changed. In particular, the segment previously referred to as "Continental Europe" has been split into two segments, "Central Europe" and "West/East Europe". The reportable segments of the Group now consist of six geographic operating divisions – UK and Ireland, Central Europe, West/East Europe, Northern Europe, North America and Airlines Germany, and Corporate which consists of certain residual businesses and corporate functions. These reportable segments are consistent with how information is presented to the Group Chief Executive for the purpose of resource allocation and assessment of performance. The key measure used by the Group Chief Executive to assess the performance of the Group and segments is underlying profit/loss from operations which is defined in Appendix 2 to this document.

Information for the reportable segments noted above is presented below. Amounts reported for the prior period have been restated in accordance with the requirements of IFRS 8.

Six months to 31 March 2010

	UK and Ireland £m	Central Europe £m	West/East Europe £m	Northern Europe £m	North America £m	Airlines Germany £m	Corporate £m	Total £m
Revenue								
Segment sales	1,013.1	716.5	530.2	524.1	237.5	444.3	-	3,465.7
Inter-segment sales	(13.1)	(16.1)	(3.9)	(0.7)	-	(123.0)	-	(156.8)
Total revenue	1,000.0	700.4	526.3	523.4	237.5	321.3	-	3,308.9
Result								
Underlying (loss)/profit from operations	(116.3)	(6.7)	(27.3)	30.2	11.1	(8.5)	(12.7)	(130.2)
Exceptional items	(33.0)	(1.1)	(11.3)	(0.7)	(10.1)	(3.2)	(0.7)	(60.1)
IAS 39 fair value re-measurement	(1.3)	-	(1.2)	0.4	-	5.3	-	3.2
Amortisation of business combination intangibles	(4.8)	-	(0.2)	(10.1)	(0.4)	-	-	(15.5)
(Loss)/profit from operations	(155.4)	(7.8)	(40.0)	19.8	0.6	(6.4)	(13.4)	(202.6)
Share of results of associates and joint ventures								0.7
Net investment income								-
Finance income								22.8
Finance costs								(77.4)
IAS 39 fair value re-measurement								4.3
Loss before tax								(252.2)
Tax								40.9
Loss for the period								(211.3)

Inter-segment sales are charged at prevailing market prices.

4. Segmental analysis (continued)

Six months to 31 March 2009 (restated)

	UK and Ireland £m	Central Europe £m	West/East Europe £m	Northern Europe £m	North America £m	Airlines Germany £m	Corporate £m	Total £m
Revenue								
Segment sales	980.6	784.5	610.2	530.0	262.8	472.1	-	3,640.2
Inter-segment sales	(8.0)	(15.4)	(2.2)	(0.9)	-	(129.7)	0.3	(155.9)
Total revenue	972.6	769.1	608.0	529.1	262.8	342.4	0.3	3,484.3
Result								
Underlying (loss)/profit from operations	(109.0)	(12.4)	(24.8)	28.2	14.3	(3.6)	(5.8)	(113.1)
Exceptional items	(45.3)	(5.4)	(9.1)	0.5	(12.3)	2.9	(7.0)	(75.7)
IAS 39 fair value re-measurement	(9.0)	-	(1.2)	(2.9)	(0.6)	(12.0)	-	(25.7)
Amortisation of business combination intangibles	(7.5)	-	(0.3)	(9.4)	(0.7)	-	-	(17.9)
(Loss)/profit from operations	(170.8)	(17.8)	(35.4)	16.4	0.7	(12.7)	(12.8)	(232.4)
Share of results of associates and joint ventures								(1.8)
Net investment income								0.7
Finance income								28.2
Finance costs								(94.1)
Exceptional finance costs								(5.2)
IAS 39 fair value re-measurement								(4.4)
Loss before tax								(309.0)
Tax								81.3
Loss for the period								(227.7)

Inter-segment sales are charged at prevailing market prices.

5. Separately disclosed items

	Unaudited 6 months to 31/03/10 £m	Restated Unaudited 6 months to 31/03/09 £m
Exceptional operating items		
Property costs, redundancy and other costs incurred in integrating the Thomas Cook and MyTravel businesses	-	(40.6)
Property costs, redundancy and other costs incurred in other business integrations and reorganisations	(12.6)	(24.0)
Asset impairment and onerous lease provisions on Hi Hotels	(26.0)	-
Costs and write downs associated with Skyservice liquidation	(8.8)	-
Fuel - related exceptionals	(12.8)	(0.6)
Profit on disposal and impairment of assets	0.1	(6.3)
Other exceptional items	-	(4.2)
	<u>(60.1)</u>	<u>(75.7)</u>
Exceptional finance costs		
Loss on revaluation of trading securities	-	(10.6)
Reversal of prior year impact of financial markets volatility	-	5.4
	<u>-</u>	<u>(5.2)</u>
Total exceptional items	<u>(60.1)</u>	<u>(80.9)</u>
IAS 39 fair value re-measurement		
Time value component of option contracts	3.2	(25.7)
Included within cost of providing tourism services	<u>3.2</u>	<u>(25.7)</u>
Forward points on foreign exchange cash flow hedging contracts	4.3	(4.4)
Included within finance income/cost	<u>4.3</u>	<u>(4.4)</u>
Amortisation of business combination intangibles		
Amortisation of business combination intangibles	(15.5)	(17.9)
Total separately disclosed items	<u>(68.1)</u>	<u>(128.9)</u>
Exceptional operating items have been included in the income statement as follows:		
	Unaudited 6 months to 31/03/10 £m	Restated Unaudited 6 months to 31/03/09 £m
Cost of providing tourism services	(22.5)	(9.2)
Personnel expenses	(9.4)	(17.5)
Depreciation and amortisation	(2.6)	(8.2)
Net operating expenses	(25.7)	(41.1)
Profit on disposal of assets	0.1	0.3
	<u>(60.1)</u>	<u>(75.7)</u>

6. Finance income/costs

	Unaudited 6 months to 31/03/10 £m	Restated Unaudited 6 months to 31/03/09 £m
Finance income		
Income from loans included in financial assets	0.3	0.3
Other interest and similar income	2.9	8.5
Fair value gains on derivative financial instruments	0.6	-
Expected return on pension plan assets	19.0	19.4
	<u>22.8</u>	<u>28.2</u>
Finance costs		
Interest payable	(37.4)	(51.2)
Finance costs in respect of finance leases	(7.6)	(12.4)
Interest cost on pension plan liabilities	(27.4)	(25.0)
Fair value losses on derivative financial instruments	-	(2.7)
Other finance costs (including discounting charges)	(5.0)	(2.8)
	<u>(77.4)</u>	<u>(94.1)</u>
Exceptional finance costs		
Loss on revaluation of trading securities	-	(10.6)
Impact of financial market volatility	-	5.4
	<u>-</u>	<u>(5.2)</u>
IAS 39 fair value re-measurement		
Forward points on foreign exchange cash flow hedging contracts	4.3	(4.4)
	<u>4.3</u>	<u>(4.4)</u>

7. Income taxes

Income tax is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial period. The estimated average tax rate used for the 12 months to 30 September 2010 for underlying earnings is 27% (the estimated tax rate for the 6 months to March 2009 was 27%).

8. Dividends

The Directors propose an interim dividend of 3.75 pence per share (2009: 3.75 pence) payable on 8 October 2010 to shareholders who are on the register as at 10 September 2010. This interim dividend has not been recognised as a liability in these interim financial statements.

The final dividend of £59.7m relating to the year ended 30 September 2009 was paid on 8 April 2010 (March 2009: £55.5m). This amount has been recognised as a liability in the interim accounts as it was declared prior to the period end.

9. Reconciliation of tangible and intangible assets

	Unaudited Tangible and intangible assets £m	
Six months ended 31 March 2010		
Opening net book amount 1 October 2009 (restated)	4,763.1	
Additions	103.4	
Disposals	(4.1)	
Depreciation, amortisation and impairment	(101.0)	
Exchange differences	28.6	
Closing net book amount 31 March 2010	<u>4,790.0</u>	
Six months ended 31 March 2009		
	Restated £m	
Opening net book amount 1 October 2008	4,350.8	
Additions	87.8	
Acquisition of subsidiaries	0.4	
Disposals	(5.8)	
Depreciation, amortisation and impairment	(99.3)	
Exchange differences	355.1	
Closing net book amount 31 March 2009	<u>4,689.0</u>	
	Unaudited as at 31/03/10 £m	Audited as at 30/09/09 £m
Capital commitments		
Capital expenditure contracted but not provided for in the accounts	125.7	127.8

10. Business combinations

Changes to the prior period acquisition values for Gold Medal

During the period the fair value adjustments related to the Gold Medal acquisition were finalised and deferred consideration was amended for changes in the expected timing and amount of future cash flows. As these changes have been made within 12 months of the acquisition date, in accordance with IFRS 3 (issued 2004) "Business combinations", the fair value adjustments and the adjustments to deferred consideration have been recognised from the date of acquisition and the comparative figures have been restated.

The restatements have had the following impact as at the date of acquisition (7 April 2009) and as at 30 September 2009:

	At date of acquisition £m	As at 30/09/09 £m
Balance sheet		
Intangible assets		
Increase in goodwill	1.5	1.5
Decrease in other intangible assets	(6.5)	(6.1)
Decrease in provisions	3.2	3.2
Decrease in deferred tax liability	1.8	1.7
	<u>-</u>	<u>0.3</u>
Income statement - for the year ended 30 September 2009		
Decrease in depreciation and amortisation		0.4
Increase in tax		<u>(0.1)</u>
		<u>0.3</u>

11. Borrowings and loans

	Unaudited as at 31/03/10 £m	Unaudited as at 31/03/09 £m	Audited as at 30/09/09 £m
Current	834.3	555.1	619.1
Non-current	287.2	379.5	320.9
	<u>1,121.5</u>	<u>934.6</u>	<u>940.0</u>

Movements in borrowings are analysed as follows:

Six months ended 31 March 2010	£m
Opening amount as at 1 October 2009	940.0
Draw down of borrowings	266.3
Repayments of borrowings	(103.6)
Issue of loan note on acquisition	22.1
Exchange difference	(3.3)
Closing amount as at 31 March 2010	<u>1,121.5</u>

Six months ended 31 March 2009	£m
Opening amount as at 1 October 2008	772.1
Draw down of borrowings	313.6
Repayments of borrowings	(248.7)
Exchange difference	97.6
Closing amount as at 31 March 2009	<u>934.6</u>

12. Provisions

	Unaudited as at 31/03/10	Restated Unaudited as at 31/03/09	Restated Audited as at 30/09/09
	£m	£m	£m
Current	222.8	194.4	228.9
Non-current	247.0	259.5	271.7
	<u>469.8</u>	<u>453.9</u>	<u>500.6</u>

	Aircraft maintenance provisions £m	Other provisions £m	Total £m
Six months ended 31 March 2010			
Opening amount as at 1 October 2009	209.1	291.5	500.6
Additional provisions	25.5	24.8	50.3
Unused amounts released	(2.5)	(4.5)	(7.0)
Utilisation of provisions	(21.6)	(62.1)	(83.7)
Exchange differences	9.2	0.4	9.6
Closing amount as at 31 March 2010	<u>219.7</u>	<u>250.1</u>	<u>469.8</u>

	£m	£m	£m
Six months ended 31 March 2009			
Opening amount as at 1 October 2008	164.1	254.9	419.0
Additional provisions	26.1	27.7	53.8
Unused amounts released	(2.8)	(15.9)	(18.7)
Utilisation of provisions	(29.4)	(41.5)	(70.9)
Exchange differences	41.7	29.0	70.7
Closing amount as at 31 March 2009	<u>199.7</u>	<u>254.2</u>	<u>453.9</u>

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

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

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

13. Notes to the cash flow statement

	Unaudited 6 months to 31/03/10 £m	Restated Unaudited 6 months to 31/03/09 £m
Loss before tax	(252.2)	(309.0)
Adjustments for:		
Net finance costs	50.3	75.5
Net investment income	-	(0.7)
Share of results of associates and joint ventures	(0.7)	1.8
Depreciation and amortisation	85.5	80.9
Amortisation of business combination intangibles	15.5	17.9
Disposal of businesses, P,P&E, and other assets	(0.1)	(0.3)
Share-based payments	7.0	2.9
Other non-cash items	22.0	(22.4)
(Decrease)/increase in provisions	(14.5)	1.0
Income received from other non-current investments	-	0.7
Interest received	2.2	15.0
Operating cash flows before movements in working capital	(85.0)	(136.7)
Movement in working capital	(21.0)	(141.1)
Cash generated by operations	(106.0)	(277.8)
Income taxes paid	(17.4)	(13.2)
Net cash from operating activities	(123.4)	(291.0)

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.

14. Net debt

	At 1 October 2009 £m	Cash flow £m	Other non-cash changes £m	Exchange movements £m	At 31 March 2010 £m
Liquidity					
Liquid assets	550.2	(121.2)	-	(1.4)	427.6
	550.2	(121.2)	-	(1.4)	427.6
Current debt					
Bank overdrafts	(43.2)	23.6	-	0.6	(19.0)
Borrowings	(575.9)	(159.5)	(79.9)	-	(815.3)
Obligations under finance leases	(237.8)	52.2	(2.7)	5.1	(183.2)
	(856.9)	(83.7)	(82.6)	5.7	(1,017.5)
Non-current debt					
Long term borrowings	(320.9)	(26.8)	79.9	2.7	(265.1)
Loan notes on acquisitions	-	-	(22.1)	-	(22.1)
Obligations under finance leases	(47.7)	(23.3)	2.7	(6.5)	(74.8)
	(368.6)	(50.1)	60.5	(3.8)	(362.0)
Total debt	(1,225.5)	(133.8)	(22.1)	1.9	(1,379.5)
Net debt	(675.3)	(255.0)	(22.1)	0.5	(951.9)

15. Contingent liabilities

	Unaudited as at 31/03/10 £m	Audited as at 30/09/09 £m
Contingent liabilities	129.0	136.1

Contingent liabilities primarily comprise guarantees, letters of credit and other contingent liabilities, including contingent liabilities related to structured aircraft leases, all of which arise in the ordinary course of business. The amounts disclosed above represent the Group's contractual exposure.

16. Defined benefit plans

	Unaudited as at 31/03/10 £m	Audited as at 30/09/09 £m
The amounts recognised in the balance sheet are as follows:		
Present value of funded defined benefit obligations	809.7	784.1
Fair value of scheme assets	(680.1)	(621.9)
Deficit on funded retirement benefit obligations	129.6	162.2
Present value of unfunded defined benefit obligations	228.0	208.9
	<u>357.6</u>	<u>371.1</u>

	Unaudited as at 31/03/10 £m	Audited as at 30/09/09 £m
Scheme deficits are presented in the balance sheet as follows:		
Current retirement benefit obligation	4.8	4.8
Non-current retirement benefit obligation	352.8	366.3
	<u>357.6</u>	<u>371.1</u>

	Unaudited 6 months to 31/03/10 £m	Unaudited 6 months to 31/03/09 £m
Amounts recognised in the income statement are as follows:		
Current service cost	12.4	11.0
Expected return on scheme assets	(19.0)	(19.4)
Curtailement gain	-	(0.6)
Interest cost on scheme liabilities	27.4	25.0
	<u>20.8</u>	<u>16.0</u>

	Unaudited 6 months to 31/03/10 £m	Unaudited 6 months to 31/03/09 £m
Amounts recognised directly in other comprehensive income are as follows:		
Actuarial gains/(losses) on defined benefit pension schemes	12.6	(46.3)

17. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its associated and joint venture undertakings are disclosed below.

Trading transactions

During the period, Group companies entered into the following transactions with related parties who are not members of the Group:

	Associates, joint ventures and participations*	
	Unaudited 31/03/10 £m	Audited 30/09/09 £m
Sale of goods and services	11.8	12.8
Purchases of goods and services	(20.2)	(35.4)
Interest receivable	-	0.2
Other income	0.9	7.7
Management fees and other expenses	(0.2)	(1.3)
Amounts owed by related parties	22.6	20.7
Provisions against amounts owed	(4.3)	(4.4)
Amounts owed to related parties	(4.1)	(5.6)

* Participations are equity investments where the Group has significant equity participation but which are not considered to be associates or joint ventures.

All transactions are considered to have been made at market prices. Outstanding amounts will normally be settled by cash payment.

18. Events occurring after the balance sheet date

Acquisition

On 12 April 2010, the Group acquired 100% of Essential Travel for a maximum consideration of £14.5m, including £11.1m of contingent and deferred consideration. Essential Travel is one of the UK's leading providers of online insurance and other travel-related products including airport parking, airport hotels and car hire. As the acquisition was concluded on 12 April 2010, it is not practical to provide a breakdown of the net assets acquired.

Refinancing

In April and May 2010, we successfully refinanced the Group. The new arrangements, which in total amount to £1,700m (at current exchange rates), comprise a £1,050m banking facility and circa £650m of bond issues (sterling equivalent). In addition there is a £200m bonding facility.

The banking facilities comprise a £200m term loan and £850m revolving credit facility which mature in May 2013, with the ability to extend maturity for up to a further two years. Borrowings under the facilities are at a margin of 2.75% over LIBOR. The bond issue comprised a €400m, five year euro bond with an annual coupon of 6.75% maturing in June 2015 and a £300m, seven year sterling bond with annual coupon of 7.75%, maturing in June 2017.

Volcanic ash cloud

The volcanic ash cloud from Iceland closed the majority of airspace above Northern Europe for almost six days (15-20 April 2010), and it then took a further five days to fully repatriate all of our customers. As a result, we experienced severe disruption. The precise financial impact is difficult to calculate. However, our best estimate of the impact on our results is around £70m, of which £15m to £20m relates to lost margin.

19. Seasonality

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

Statement of Directors' Responsibilities

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

- an indication of important events that have occurred during the six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related party transactions in the first six months and any material changes in the related party transactions described in the last annual report.

The directors of Thomas Cook Group plc are listed in the Thomas Cook Group plc Annual Report for 30 September 2009, with the exception of the following changes in the period: Peter Middleton was appointed as an Independent Non-Executive Director on 30 November 2009 and Paul Hollingworth was appointed as Group Chief Financial Officer on 1 January 2010. Nigel Northridge resigned as an Independent Non-Executive Director at the conclusion of the AGM on the 25 March 2010. Dawn Airey was appointed as an Independent Non-Executive Director on 12 April 2010.

By order of the Board

Paul Hollingworth
Group Chief Financial Officer

13 May 2010

Independent Review Report to Thomas Cook Group plc

Introduction

We have been engaged by the Company to review the condensed consolidated set of financial statements in the half-yearly financial report for the six months ended 31 March 2010, which comprises the Group Balance Sheet, the Group Income Statement, the Group Statement of Comprehensive Income/(Expense), the Group Cash Flow Statement, the Group Statement of Changes in Equity and related notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

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

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

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2010 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

PricewaterhouseCoopers LLP
Chartered Accountants
13 May 2010
London

Notes:

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

Appendix 2 - Key Performance Indicators Definitions

* Revenue for the Group and segmental analysis represents external revenue only, except in the case of the Airlines Germany pro forma segmental key performance analysis where revenue of £123.0m (2009: £129.7m) largely to the Central Europe division has been included.

** Underlying profit/loss from operations is defined as earnings before interest and tax, and has been adjusted to exclude exceptional operating items, IAS 39 re-measurements and amortisation of business combination intangibles. It also excludes our share of the results of associates and joint ventures.

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

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

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

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

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

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

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

Average selling price for the UK, Northern Europe and North America represents the average selling price (after discounts) achieved per Mass Market passenger departed in the period (excluding accommodation only passengers). For Central and West/East Europe, average selling price represents the average selling price (after discounts) achieved per passenger departed in the period.

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

‡ Controlled distribution is defined as the proportion of passengers booking through our in-house retail shops, call centres and websites.

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

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

Appendix 3 – Full Year 2009 Restated Financial Information

Group Income Statement

		Restated Audited Year ended 30 September 2009		
		Underlying results	Separately disclosed items*	Total
	Notes	£m	£m	£m
Revenue	1	9,268.8	-	9,268.8
Cost of providing tourism services		(7,017.8)	(66.8)	(7,084.6)
Gross profit		2,251.0	(66.8)	2,184.2
Personnel expenses		(1,027.1)	(59.7)	(1,086.8)
Depreciation and amortisation		(158.4)	(9.2)	(167.6)
Net operating expenses		(650.4)	(84.4)	(734.8)
Loss on disposal of assets		-	(3.9)	(3.9)
Amortisation of business combination intangibles		-	(34.4)	(34.4)
Profit from operations	1	415.1	(258.4)	156.7
Share of results of associates and joint ventures		(3.8)	-	(3.8)
Loss on sale of associates		-	(2.2)	(2.2)
Net investment income		1.4	-	1.4
Finance income		51.2	-	51.2
Finance costs		(169.0)	-	(169.0)
Exceptional finance costs		-	0.8	0.8
IAS 39 fair value re-measurement		-	10.0	10.0
Profit before tax		294.9	(249.8)	45.1
Tax				(35.6)
Profit for the year				<u>9.5</u>
Attributable to:				
Equity holders of the parent				7.0
Non-controlling interests				<u>2.5</u>
				<u>9.5</u>
Earnings per share (pence)				
Basic		25.3		0.8
Diluted		25.1		0.8

All revenue and results arose from continuing operations.

* Separately disclosed items consist of exceptional items, IAS 39 fair value re-measurement and amortisation of business combination intangibles.

Note 1 - Segmental analysis

Year ended 30 September 2009

	UK and Ireland £m	Central Europe £m	West/East Europe £m	Northern Europe £m	North America £m	Airlines Germany £m	Corporate £m	Total £m
Revenue								
Segment sales	3,117.2	2,191.0	1,860.0	1,061.6	370.4	1,061.2	-	9,661.4
Inter-segment sales	(19.2)	(43.9)	(6.8)	(2.3)	-	(320.4)	-	(392.6)
Total revenue	3,098.0	2,147.1	1,853.2	1,059.3	370.4	740.8	-	9,268.8
Result								
Underlying profit/(loss) from operations	162.0	50.4	85.7	86.6	17.9	47.4	(34.9)	415.1
Exceptional items	(88.8)	(21.9)	(42.7)	(7.3)	(22.8)	(3.4)	(29.0)	(215.9)
IAS 39 fair value re-measurement	(0.6)	-	(0.3)	(0.7)	(0.1)	(6.4)	-	(8.1)
Amortisation of business combination intangibles	(13.8)	-	(0.5)	(18.9)	(1.2)	-	-	(34.4)
Profit/(loss) from operations	58.8	28.5	42.2	59.7	(6.2)	37.6	(63.9)	156.7

Inter-segment sales are charged at prevailing market prices.