31 May 2012

Thomas Cook Group plc
Unaudited results for the six months ended 31 March 2012

£m (unless otherwise stated)	Six months ended 31 March 2012		Six months ended 31 March 2011	
	Underlying	Statutory	Underlying	Statutory
Revenue	3,516.7	3,516.7	3,431.2	3,431.2
Loss from operations[1]	(262.7)	(643.1)	(165.8)	(197.9)
Loss before tax	(328.3)	(712.9)	(232.9)	(269.4)
Loss per share (p)	(18.1)	(68.2)	(19.6)	(23.5)
Dividend per share (p)	-	-	3.75	3.75
Net debt	1,389.9	1,389.9	1,094.2	1,094.2

- The first half has been difficult, but decisive action has been taken to improve the Group's position;
  - Secured £1.4bn of longer term flexible funding with no fixed repayments until 31 May 2015;
  - Disposal of HCV hotels and aircraft sale and leaseback, approved by shareholders on 29 May 2012, will add circa £239m of liquidity;
  - Agreed disposal of Thomas Cook India, on 21 May 2012, for gross proceeds of INR 8,174m (circa £94m) which will reduce debt;
- A sound platform has been created from which to restore confidence and rebuild profitability;
  - UK turnaround programme making good progress and underperforming businesses being addressed;
  - An improvement in bookings achieved since the earlier part of the year;
- Statutory losses of £643m include £300m of non-cash goodwill impairments as announced on 12 May 2012;
- New management team appointed to lead the Group forward and rebuild shareholder value. Harriet Green appointed as Group CEO, with effect from 30 July 2012, and Michael Healy appointed as Group CFO, with effect from 1 July 2012.

Sam Weihagen, Group Chief Executive, Thomas Cook Group plc said:

"This has been a period of significant change for the Group. At the beginning of this month we were delighted to announce the agreement with our banking group of longer term and more flexible funding. This, combined with the sale of Thomas Cook India, the sale and leaseback of some of our aircraft and the disposal of other non-core assets, provides the Group with a much stronger financial platform. From this platform, we can re-energise our business and begin to rebuild profitability, reduce debt and continue to provide a fantastic holiday experience for our customers."

[1] Underlying loss from operations is considered by management to give a fairer view of the year on year comparison of trading performance and is defined as earnings before interest and tax, excluding all separately disclosed items. It also excludes our share of the results of associates and joint venture and net investment income.

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Presentation to analysts

A presentation will be held for equity analysts and shareholders by invitation today at 9am (BST), at Allen & Overy, One Bishops Square, London E1 6AD.

Dial-in details:	+44 (0) 20 3003 2666
Password:	Thomas Cook

Replay number:	+44 (0) 20 8196 1998
Access number:	1435167

A live web-cast and a copy of the slides will be available on our website from 8.45am at www.thomascookgroup.com.

OPERATING REVIEW

The Group has faced a challenging six months. Since December last year, we have put in place a number of measures to improve the Group's stability. At the beginning of this month, we were delighted to announce that we had reached agreement on longer term and more flexible funding with our banking group. The disposals of India and HCV, and the sale and leaseback of aircraft will reduce debt and provide additional liquidity and headroom. These actions place the Group on a much firmer footing and provide a stronger financial platform from which our new management team can rebuild profitability, re-energise our business and continue to provide a fantastic holiday experience for our customers.

The results reflect the continued difficult trading conditions being experienced in most of the Group's markets and particularly the impact of MENA on France and the poor trading in the Canadian mainstream business partly a result of overcapacity in that market. The acquisitions of the Co-op and Russia have also added to seasonal losses in the first half. Following a reorganisation, Central Europe now includes our Russian and Eastern Europe businesses.

Revenue and underlying results

Group revenue for the six months to 31 March 2012 was £3,517m (2011: £3,431m) up 3% (3% on a constant currency basis). Revenue benefited from the inclusion of acquisitions, specifically the Russian and Co-op joint ventures which added £111m, and additional capacity in Airlines Germany and in Northern Europe, but was offset by capacity reductions in other segments and weaker trading in North America and France.

The Group seasonal underlying loss from operations was £263m, an increase of £97m on the prior year. This reflects the inclusion of losses from our acquired businesses in Russia (£10m seasonal loss) and the Co-op in the UK (£15m seasonal loss). The difficult trading environment increased losses, in particular the impact of MENA on the French result (£17m increased loss) and the poor trading in the North American business (£25m worse than prior year). Seasonal losses in the UK business are flat year on year excluding the acquired Co-op seasonal losses, whilst within Central Europe, our German business performed well with a 58% reduction in the seasonal operating loss at constant currency.

The Group's underlying net interest charge for the period was £67m, an increase of £2m as a result of higher average debt and increased arrangement fees.

Separately disclosed items

Included within separately disclosed items of £385m is a £300m charge as a result of a review of the carrying value of goodwill in our North America, West Europe and India businesses. Further details are outlined on page 12. Whilst clearly a substantial sum, the exceptional items are largely of a non-cash nature. Cash exceptional costs were £39m (2011: £48m) and largely relate to the reorganisation and restructuring of our UK, North America and West Europe businesses and costs in relation to the Group's financing.

Earnings and dividends

As a result of the greater underlying operating loss and the separately disclosed items, the Group delivered a statutory loss before tax of £713m compared with £269m for the same period last year. The reported loss after tax was £605m (2011: £201m).

The underlying basic loss per share was 18.1p (2011: 19.6p loss per share) and the basic loss per share was 68.2p (2011: 23.5p).

As previously, announced the Group will not pay any further dividend this year.

Cash flow and balance sheet

The free cash outflow for the period was £522m, an increase of £267m on the comparable period last year. This was driven by the £97m higher seasonal operating loss and a £215m increase in working capital outflow. The Group's working capital profile has changed this year, largely as a result of capacity reductions and we would expect much of the first half working capital variance to reverse by the year end. The resulting net debt at 31 March 2012 was £1,390m (2011: £1,094m) which also reflects the £87m higher opening net debt position.

Reducing debt and increasing liquidity remains a key objective for the Group and the agreement of longer term, more flexible banking arrangements and the recently announced asset disposals are a major step forward in achieving this objective.

Strategic Review

As previously announced on 5 May 2012, the Board has completed its strategic review of the Group, the primary purpose of which is to provide a stable platform for recovery and consider further actions to reduce debt. The outcome of the strategic review is a stabilisation plan which brings together a range of existing actions and new initiatives:

- Continuing to drive the turnaround of our UK business;
- Build on the solid performance in our Northern Europe and German businesses;
- Address our under-performing businesses, particularly in North America, France and Russia;
- Reducing debt and improving the resilience of our financing and capital structure through asset disposals, the sale and leaseback of aircraft and minimising our financial commitments;
- Stabilising our capital structure through the agreement of longer dated more flexible facilities.

Significant progress has been made since the beginning of the year and an update on the key highlights is outlined below:

Turnaround of our UK business

Implementation of the UK turnaround plan is well underway. Good progress across the initiatives has resulted in increased confidence in the scale of the benefits. We now expect over three years to deliver a fully annualised improvement in profitability of £140m (up from £110m as previously announced), for a total estimated cost of circa £70m (up from £60m previously).

Although in the current financial year we expect to deliver benefits of £60m, these will help to mitigate the difficult trading environment and the weaker consumer sentiment towards the Group which we experienced earlier in the year. As a result of the adverse publicity the Group received in the UK, we suffered a weakening in brand sentiment. However, looking forward, we believe we are taking the right actions to stabilise the business and provide a more competitive cost base, which with a steady improvement in brand sentiment will better position the business for future growth.

The annual improvement in profitability and the outlay in costs are anticipated to be phased as follows:

£m	FY 12	FY 13	FY 14	Annualised run rate
Cumulative improvements	60	120	130	**140**
Costs to achieve	40	20	10	

The initial focus of the UK turnaround plan has been on optimising yield, reducing retail and tour operator discounts, improving the operational efficiency of the organisation and facilitating faster, more focused decision making. The following are the key actions taken to date:

1. Optimise the UK airline (£10m improvement)

We reduced the UK fleet by six aircraft during Winter 11/12 as part of right-sizing the UK tour operator programme, particularly in long-haul, to reduce the risk to the business. As previously announced, around 300 employees will have left the business by the end of the financial year.

2. Refocus the product strategy in mainstream package holidays (£15m improvement)

Over 500 under-performing hotels have been removed from the Summer 12 programme (around 22% of properties), whilst we have introduced around 150 new properties, focused on differentiation and exclusivity. For Summer 12, customers choosing differentiated product are up 9%, making up 31% of overall passengers for the season to date. Further new properties are being added for Summer 13 as we continue to evaluate our product offering.

3. Improve yield management (£40m improvement, up £5m)

A single commercial trading approach across the mainstream business has been implemented with a coordinated discounting approach to ensure that distribution channels are not competing against each other. The improved yield tools are allowing us to better manage fast selling stock and delivering better management information. Our revised discount policy has led to a substantial reduction in discount levels with retail shops now averaging around 3% compared to 5% previously. There remain opportunities to align our product portfolio so that they complement rather than compete against each other.

4. Rationalise Distribution (£30m improvement in the JV, up £5m)

The integration within the retail JV continues to make good progress. Nearly 100 stores have closed since October 2011 with a further 15 to be closed or sold during the remainder of the current financial year, resulting in a headcount reduction as previously announced, of around 850 employees.

Leverage of Thomas Cook's foreign exchange expertise across the combined retail estate, alongside improved contractual and commercial terms are driving substantial commercial benefits which largely account for the £5m increase in expected benefits.

5. Operational excellence (£45m improvement, up £20m)

We are currently implementing the majority of projects identified within the "operational excellence" category. This process has allowed us to identify further opportunities, resulting in an increase in the expected benefits. As we outlined previously, operational excellence is about reducing and eliminating operational inefficiencies driven by a siloed structure and overlapping, manual processes.

Since we announced the programme, we have implemented a new IT system to better manage yield on seat-only sales whilst automating processes and focusing on ancillary sales. Paperless ticketing has been launched during Summer 12 and we have reduced brochures by 20% for the current financial year with further efficiencies expected in FY13. We have also announced that we are working with software provider Anite to implement a new reservation platform in the UK to drive improved processes and increase the functionality for our on-line customers. The first phase of this is expected to be implemented in the first half of FY13 for departures in FY14.

Building on the solid performances in our Northern Europe and German businesses

Our businesses in Northern Europe and Germany have performed well over the last few years, despite difficult market conditions, and provide a stable base for the Group. We believe that there is scope for further improvement through strong leadership and building on market positions, increasing online distribution and differentiated hotel products whilst continuing to focus on cost control.

Improving under-performing businesses

As we have previously stated, the performance of our businesses in North America, Russia and France are disappointing and we believe that there is substantial scope to improve the results of these businesses.

The North American mainstream business had a poor year in 2011 and a very weak Winter 11/12 season. We have taken action to reduce our flying commitments and manage our fixed costs and over-capacity. We have exited our flying arrangements with a third party supplier for the Winter 12/13 season onwards. Going forward we have an agreement with WestJet to provide our flying on a flexible basis, which not only reduces our costs, but also provides our customers with a greater choice of departure airports. Further restructuring is ongoing as the new management reposition the business for the future.

Our Russian business, which was acquired on 12 July 2011, has been impacted by MENA as Egypt is an important destination. We have implemented management change and put the business under the Central Europe management team. A comprehensive restructuring programme focused on costs and better capacity management is underway and benefits are already being seen.

In 2011 we changed the management team in our French business, which has suffered considerably from the impact of MENA and the weak consumer environment. We are working on plans to improve the performance and are continuing to evaluate our options.

Disposals

On 11 May the Group announced that it has agreed the sale and leaseback of 17 aircraft with agreements in principle for a further two aircraft. In total we will receive proceeds of USD 294m (circa £183m) for the 19 aircraft. On 29 May 2012 we received shareholder approval for the sale and leaseback of 19 aircraft. The proceeds are to be retained by the Group to provide significant additional liquidity.

Following shareholder approval for the sale of HCV hotels, we will complete the disposal of non-core assets expected to reduce net debt by €94m (circa £75m). On 21 May we announced the disposal of Thomas Cook India for gross proceeds of INR 8,174m (circa £94m), the net proceeds of which will be used to reduce net debt.

Stabilise our capital structure

On the 5 May 2012 we announced a new financing package extending the maturity of the Group's financing until 31 May 2015 with no fixed repayments. Under the agreement the Group retains the proceeds of the sale of HCV hotels and the aircraft sale and leaseback which has increased liquidity and along with revised financial covenants ensure greater financial flexibility.

Current trading

Summer 12

We have been pleased with the recent booking patterns, particularly given the uncertain economic environment.

	Year on year variation %		
	Average selling price	**Cumulative bookings**	**Planned capacity**
UK			
- **Total**	-	-1	-
- **Specialist & Independent**	-	+10	-
- **Mainstream**	+4	-8	-12
Central Europe	+1	+1	Flat
West Europe	+4	-10	-13
Northern Europe	+4	-6	-3
Airlines Germany	+5	+4	+7

Note: Figures as at 26/27 May 2012. In Central Europe and West Europe, bookings represent all bookings including cars/overland, however capacity represents airline seat capacity only. Northern Europe summer season is April - September. The statistics reflect the transfer of the East Europe businesses into Central Europe.

Overall, UK bookings are only slightly lower than prior year. Mainstream bookings are down 8%, well ahead of capacity reductions of 12% and we have 22% less left to sell compared to prior year. Mainstream average selling price is stable at +4% but would need to strengthen further to fully cover cost inflation. Our independent and specialist businesses continue to perform well, with bookings up 10%, but whilst consumer demand for the Olympics packages remains strong, corporate demand has been much weaker than expected which has impacted margins.

In Central Europe, our German business is performing strongly and bookings (+2%) are ahead of planned capacity (flat), with sustained improvement in the last four weeks (+4%). Pricing is up 1% and margins remain stable despite the competition in the market.

Trading in West Europe remains challenging, particularly in France. Bookings are ahead of capacity reductions, resulting in less left to sell and in recent weeks have begun to improve as we have seen uplift in bookings to Tunisia. Pricing remains stable at +4%.

In Northern Europe, bookings are down 6% after a slow start to the year, but have continued to improve with bookings in the last four weeks up 5% and are trending towards capacity. Pricing is showing an improvement from the Winter season, and is up 4%.

Bookings are up 4% in Airlines Germany and continue to improve. Yields are up 5%, partly driven by a higher share of intercontinental routes and the introduction of a fuel surcharge which partly mitigates the increase in fuel prices.

Board and management changes

Following the successful completion of longer term financing, Paul Hollingworth has decided to step down from the Board and his role as Group CFO at the end of June 2012. Paul will be replaced by Michael Healy, who will become Group CFO and join the Board on 1 July 2012. Michael joined the Group on 14 May 2012 and has been working closely with Paul to ensure an orderly handover.

As announced on 24 May 2012, Harriet Green will succeed Sam Weihagen as Group CEO. Harriet will join the Group and the Board on 30 July 2012 at which time Sam Weihagen will step down from the Board. Sam will remain with the Group until 30 September 2012 to ensure an orderly handover.

Outlook

We continue to expect this year to be challenging given the economic backdrop, difficult trading environment with particularly poor performances in our North American and French businesses. Whilst our booking position for the second half has improved trading will be dependent on how well the Group performs during the important lates market.

FINANCIAL REVIEW

Financial results and performance review

Group

£m (unless otherwise stated)	Six months ended 31 March 2012	Six months ended 31 March 2011	Year on year change
Revenue	3,516.7	3,431.2	+85.5
Underlying loss from operations [3]	(262.7)	(165.8)	-96.9
Share of results of associates & joint venture	1.0	(1.4)	+2.4
Net investment income/(loss)	0.3	(1.2)	+1.5
Finance charges	(66.9)	(64.5)	-2.4
Underlying loss before tax	(328.3)	(232.9)	-95.4
Separately disclosed items	(384.6)	(36.5)	-348.1
Loss before tax	(712.9)	(269.4)	-443.5
Underlying loss per share (p)	(18.1)	(19.6)	+1.5
Basic loss per share (p)	(68.2)	(23.5)	-44.7
Dividend per share (p)	-	3.75	-3.75
Free cash flow [4]	(522.1)	(255.2)	-266.9
Net debt	1,389.9	1,094.2	-295.7

Income statement

Revenue and underlying profit from operations

Group revenue for the period increased by 2.5% to £3,516.7m, (3.1% at constant currency). The increase reflects the impact of acquisitions, particularly Intourist, our Russian business and the Co-op in the UK, in addition to volume growth in the Northern Europe and Airlines Germany segments, partially offset by the impact of capacity reductions in the other segments.

The seasonal underlying loss from operations was £262.7m, an increase of £96.9m on the prior year. This result includes £29.4m of first time seasonal losses from operations of the acquired businesses, mainly the Co-operative businesses in the UK and Intourist. In addition, we have seen deteriorating trading in some of our businesses, particularly in France and North America where results are worse by £41.7m.

Following the previously announced changes in management structure to transfer our East Europe businesses into the Central Europe segment, we have revised our segmental presentation and restated prior year segmental information to reflect the new structure. The Central Europe segment now includes the businesses in Poland, Hungary, the Czech Republic and Russia.

[3] Underlying loss from operations is defined as earnings before interest and tax, and has been adjusted to exclude all separately disclosed items. It also excludes our share of the results of associates and joint venture and net investment income.

[4] Free cash flow includes cash from operating activities, purchase and proceeds of disposal of tangible and intangible fixed assets and interest paid.

The main drivers of the year on year increase in underlying loss from operations were:

£m	
H1 2011 Group underlying loss from operations	**(165.8)**
Trading	(11.2)
Increased fuel and accommodation costs	(71.3)
Net impact of acquisitions and disposals	(26.9)
Cost savings	21.7
Inflation, depreciation, exchange translation and other	(9.2)
H1 2012 Group underlying loss from operations	**(262.7)**

Separately disclosed items

Separately disclosed items consist of exceptional operating and finance items, IAS 39 fair value re-measurement, impairment of goodwill and the amortisation of business combination intangibles. These are costs or profits that have arisen in the period which management believes are not the result of normal operating performance. They are therefore disclosed separately to give a more comparable view of the year-on-year underlying trading performance.

The table below summarises the separately disclosed items, which have been included in the interim accounts. Further details are provided in note 5 to the financial information in Appendix 1.

£m	Six months ended 31 March 2012	Six months ended 31 March 2011	Year on year reduction / (increase)
Affecting profit from operations			
Exceptional operating items	(67.3)	(37.9)	(29.4)
Gain on pension curtailment	-	24.5	(24.5)
IAS 39 fair value re-measurement	1.4	(2.2)	3.6
Amortisation of business combination intangibles	(14.9)	(16.5)	1.6
	(80.8)	**(32.1)**	**(48.7)**
Impairment of goodwill	(299.6)	-	(299.6)
	(380.4)	**(32.1)**	**(348.3)**
Affecting net finance costs			
Exceptional finance charges	(1.0)	-	(1.0)
IAS 39 fair value re-measurement	(3.2)	(4.4)	1.2
	(4.2)	**(4.4)**	**0.2**
Total	**(384.6)**	**(36.5)**	**(348.1)**

Exceptional operating items

Exceptional operating items were £67.3m (2011: £37.9m excluding gain on pension curtailment). The principal elements of this charge were reorganisation and restructuring costs of £37.6m relating to our UK, North American and West Europe businesses (£27.3m, £5.5m and £4.8m, respectively), a revised forecast of the cost to settle a dispute with HM Revenue & Customs over place of business, £11.8m, and professional and other fees of £14.0m incurred in relation to the Group's financing.

IAS 39 fair value re-measurement

IAS 39 (as amended) requires the time value element of options used for hedging the Group's fuel and foreign currency exposure be written off to the income statement as incurred. As this is purely a timing issue but 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 also separately disclose the timing effect within net finance charges of marking to market the forward points on our foreign currency hedging. We have therefore separately

disclosed a gain of £1.4m in the operating result (2011: loss of £2.2m) and a loss of £3.2m in net finance costs (2011: loss of £4.4m).

Impairment of goodwill and amortisation of business combination intangibles
As announced on 21 May 2012, we have reached agreement to sell Thomas Cook India. There was a formal process for disposal of this business underway at 31 March 2012 so it has been disclosed as held for sale at that date and recorded at a carrying value no greater than its fair value less costs to sell. This resulted in an impairment of goodwill previously recognised in respect of the business of £96.0m.

Poor trading and subsequent reviews undertaken by new management in Canada and France have indicated that the goodwill carried in the North America and West Europe segments may be impaired. As a consequence, we have tested the goodwill in these segments for impairment and have recognised charges of £109.2m in respect of North America and £94.4m in respect of West Europe.

During the period we incurred non-cash costs of £14.9m (2011: £16.5m) in relation to the amortisation of business combination intangibles. £9.5m 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 £5.4m 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 profit of £1.0m (2011: loss of £1.4m). This mainly reflects the disposal of a loss making business.

Net investment income
The net investment income in the period was £0.3m (2010: loss of £1.2m). The prior year result reflected the sale of legacy investments in our German business.

Net finance costs
Net finance costs (excluding separately disclosed items) for the six month period were £66.9m (2011: £64.5m) up £2.4m mainly as a result of higher average borrowing levels and increased arrangement fees.

Tax
The tax credit for the period was £107.9m (2011: £68.0m). Excluding the effect of separately disclosed items, changes in tax rates and the derecognition of a deferred tax asset, this represents an effective tax rate of 49% (2011: 28%) on the underlying loss for the period. Deferred tax assets of £33.3m relating to the UK have been derecognised following a revised assessment of the entities in which the forecast taxable profits are expected to arise and deferred tax assets of £11.7m relating to France have been derecognised following the deterioration in trading in that business and review by new management. In each case the derecognition reflects the reduced likelihood of utilising the related taxable losses within an acceptable time period.

Loss per share and dividends
The underlying basic loss per share was 18.1 pence (2011: 19.6 pence). The basic loss per share was 68.2 pence (2011: 23.5 pence).

As previously announced, the Group has decided not to declare any further dividend payments this year.

Borrowings and liquidity

£m	Six months ended 31 March 2012	Six months ended 31 March 2011	Year on year reduction / (increase)
Net cash outflow from operating activities	(449.1)	(142.2)	(306.9)
Capital expenditure (net of disposals)	(42.3)	(86.8)	44.5
Interest paid	(30.7)	(26.2)	(4.5)
Free cash flow	**(522.1)**	**(255.2)**	**(266.9)**
Acquisition of businesses	32.8	2.8	30.0
Disposal of businesses	6.9	-	6.9
Dividends paid	(33.0)	(32.0)	(1.0)
Other items (net)	0.7	1.8	(1.1)
Net cash outflow	**(514.7)**	**(282.6)**	**(232.1)**

The seasonal net cash outflow from operating activities has increased by £306.9m to £449.1m. This reflects the increased operating losses for the first six months together with an increased working capital outflow resulting from reduced revenue in advance following capacity reductions and a later booking pattern. The lower capacity will also result in lower payments for accommodation and flying costs and as a result, we would expect to see some claw back in the working capital position by the year end.

Net capital expenditure for the period was £42.3m (2011: £86.8m). The reduction of £44.5m reflects reduced expenditure and the benefit of proceeds from the disposal of non-core assets including a surplus office building in the Netherlands and Moranda, a vacant hotel in Mexico.

The cash inflow from acquisition of businesses reflects cash acquired, principally with the Co-operative transaction.

The interim dividend for 2011 was paid on 7 October 2011. The Group subsequently announced the suspension of dividend payments until the balance sheet has been rebuilt.

Net debt at 31 March 2012 was £1,389.9m (2011: £1,094.2m) which comprised £517.7m of cash, £1,835.6m of borrowings and overdrafts and £72.0m of obligations under finance leases. Available cash and headroom under the Group's committed borrowing facilities at 31 March 2012 was £323m.

Hedging

	Summer 12	Winter 12/13
Euro	95%	73%
US Dollar	87%	64%
Jet Fuel	86%	37%

As at 25 May 2012

PRINCIPAL RISKS & 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 28 to 30, and more fully described throughout the Directors' Report, of the Annual Report & Accounts for the year ended 30 September 2011, 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 global economy and 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;
- failure to implement the UK turnaround plan;
- significant damage to the Group's reputation or brands;
- environmental concerns;
- a major health and safety incident;
- loss of, or difficulty in replacing, senior talent;
- natural catastrophe including closure of airspace;
- disruption to information technology systems or infrastructure, premises or business processes;
- performance failure by outsourced partners.

Financial risks

- liquidity and counterparty credit risks;
- extent of borrowings;
- commodity risk: fuel, foreign currency, and interest rate risks;
- breakdown in internal controls;
- tax risk;
- pension liabilities.

Other risks

- security, political or terrorist risks in key tourist destination markets;
- legal and regulatory risks, (in particular relating to licences and regulations for airlines, package holidays and consumer protection);
- competition law and anti-trust.

In the context of the risks arising from a downturn in the global economy, foreign currency risk and political risks in key tourist destination markets, the Group continues to monitor the recent sovereign debt crises in Greece, Spain and other European countries. 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 2011.

SEGMENTAL PERFORMANCE REVIEW

Segmental performance presented here is based on underlying financial performance before separately disclosed items and the segmental narrative is provided on this underlying basis.

UK

	Six months ended 31 March 2012	Six months ended 31 March 2011	Change
Financial (£m unless otherwise stated)			
Revenue *	993.1	1,022.5	-2.9%
Underlying loss from operations **	(173.6)	(158.7)	-9.4%
Underlying operating margin % ***	(17.5)%	(15.5)%	-12.9%
Non-financial			
Mass market risk			
Passengers †			-7.9%
Capacity ††			-8.0%
Average selling price #			+0.6%
Load factor †††			-
Brochure mix ##			-5.4%
Controlled distribution ‡‡	82.6%	71.5%	+15.5%
Internet distribution ‡‡	35.3%	35.6%	-0.8%

See Appendix 2 for key.

Revenue in our UK segment was down £29.4m at £993.1m, reflecting reduced capacity in our UK mainstream tour operators and airline, partially offset by growth in dynamic packages, particularly through our Flexible Trips business. The Co-op contributed £38.8m of revenue in the first half.

The seasonal underlying loss from operations grew by £14.9m to £173.6m due to the additional seasonal losses from the Co-op of £14.9m. Although we achieved benefits from cost savings and efficiencies, these were offset by the impact of lower revenues, fuel price rises and higher accommodation costs.

Controlled distribution increased to 82.6% following the merger with the high street travel agency businesses of The Co-operative Group and the Midlands Co-operative. The transaction completed on 4 October 2011 and the additional stores are being integrated with our existing retail network. As previously announced, a rationalisation programme is underway to maximise the efficiency of the combined store portfolio with the main benefit of the merger expected to be seen in the second half of the year

Central Europe

	Six months ended 31 March 2012	Restated six months ended 31 March 2011	Change
Financial (£m unless otherwise stated)			
Revenue *	881.9	774.5	+13.9%
Underlying loss from operations **	(20.8)	(17.5)	-18.9%
Underlying operating profit margin % ***	(2.4)%	(2.3)%	-4.3%
Non-financial			
Mass market			
Passengers †			+7.8%
Flight inclusive			+7.7%
Non-flight inclusive			+7.9%
Average selling price #			+3.2%
Controlled distribution ‡‡	23.6%	24.0%	-1.7%
Internet distribution ‡‡	7.2%	7.6%	-5.3%

See Appendix 2 for key.
Results for the six months ended 31 March 2011 have been restated to reflect the transfer of the East Europe businesses from the former West & East Europe segment to the Central Europe segment.

Our Central Europe segment now includes the East Europe businesses in Poland, Hungary, and the Czech Republic as well as the Russian business, which was acquired in July 2011. Revenue has increased by £16.2m on a like-for-like basis (2.9% at constant currency), driven by increased average selling prices. The impact of the Russian acquisition added a further £72.0m to revenue and the specialist German tour operator, Tour Vital acquired in October 2011 added £19.2m to revenues.

The underlying loss from operations increased by £3.3m but this included the initial recognition of seasonal operating losses of £10.4m from the Russian business, partly offset by £0.6m profit from operations within Tour Vital. On a like-for-like basis, the seasonal underlying loss from operations reduced by £6.5m (35.4% at constant currency), reflecting a strong performance from our German operations which also benefitted from improved margins.

The Central Europe business, as historically reported (Germany, Austria & Switzerland), including the acquisition of Tour Vital, reported revenue of £786.2m, an increase of 6.1% at constant currency. The seasonal underlying loss from operations was £5.8m, a reduction of £8.9m (58.0% reduction at constant currency) on the prior year.

Controlled and internet distribution have remained broadly stable despite the growth in passengers through acquisition. This reflects the increased conversion of customers through our in-house distribution channels.

West Europe

	Six months ended 31 March 2012	Restated six months ended 31 March 2011	Change
Financial (£m unless otherwise stated)			
Revenue *	458.0	517.7	-11.5%
Underlying loss from operations **	(65.6)	(34.1)	-92.4%
Underlying operating margin % ***	(14.3)%	(6.6%)	-116.7%
Non-financial			
Mass market			
Passengers †			-12.6%
Flight inclusive			-12.2%
Non-flight inclusive			-13.2%
Average selling price #			+2.0%
Controlled distribution ‡‡	55.7%	58.0%	-4.0%
Internet distribution ‡‡	25.0%	22.7%	+10.1%

See Appendix 2 for key.
Results for the six months ended 31 March 2011 have been restated to reflect the transfer of the East Europe businesses from the former West & East Europe segment to the Central Europe segment.

Revenue in our West Europe segment, which includes our businesses in France, Belgium and The Netherlands, fell by £59.7m (10.6% at constant currency). This reduction reflects the capacity changes implemented as consumer confidence remains weak and the impact of unrest in the MENA region persists, particularly in the French market for which North Africa is an important winter destination. Losses in our French operation increased by £16.9m compared to prior year.

Cost reduction programmes have been initiated in all these markets and whilst they are showing benefits in the period, further cost improvements are targeted for the second half of the year.

The reduction in controlled distribution of mass market products is a result of the disposal of the retail operation in The Netherlands during the period, which reported an operating loss of £2.5m in the comparable prior year period. This disposal reduces overhead costs by approximately £7.0m for the period.

Northern Europe

	Six months ended 31 March 2012	Six months ended 31 March 2011	Change
Financial (£m unless otherwise stated)			
Revenue *	586.5	539.9	+8.6%
Underlying profit from operations **	25.0	34.0	-26.5%
Underlying operating margin % ***	4.3%	6.3%	-31.7%
Non-financial			
Mass market risk			
Passengers †			+9.5%
Capacity ††			+9.9%
Average selling price #			-4.7%
Load factor †††			-0.2%
Brochure mix ##			-8.3%
Controlled distribution ‡‡	85.9%	84.0%	+2.3%
Internet distribution ‡‡	63.1%	58.0%	+8.8%

See Appendix 2 for key.

Revenue in Northern Europe grew to £586.5m reflecting constant currency growth of 9.2% as the business increased capacity to maintain market share in a competitive marketplace. Consumer confidence has declined in these source markets but load factors were maintained albeit at a lower average selling price as we saw a reduction in the proportion of full price brochure sales and a consequent increase in lower margin, late sales. Results were also affected by weaker demand for Thailand following flooding during the winter.

Personnel costs rose as a result of increased staff in the airline following the capacity increase and although other costs were well controlled, the underlying profit from operations reduced by £9.0m to £25.0m (down 26.2% at constant currency).

Controlled distribution and internet distribution continue to increase, the latter reflecting actions taken to make online booking for our Independent businesses more customer friendly.

North America

	Six months ended 31 March 2012	Six months ended 31 March 2011	Change
Financial (£m unless otherwise stated)			
Revenue *	206.6	241.4	-14.4%
Underlying (loss)/profit from operations **	(15.5)	9.3	n/a
Underlying operating margin % ***	(7.5)%	3.9%	n/a
Non-financial			
Mass market risk			
Passengers †			-16.6%
Capacity ††			-14.7%
Average selling price #			-3.0%
Load factor †††			-2.2%
Brochure mix ##			+24.1%
Controlled distribution ‡‡	16.5%	12.9%	+27.9%
Internet distribution ‡‡	31.6%	31.5%	+0.3%

See Appendix 2 for key.
Note: Internet distribution % includes independent travel bookings.

Our North America business has underperformed during the period in the face of difficult market and economic conditions. Revenue reduced by £34.8m to £206.6m (down 14.2% in constant currency), reflecting reduced capacity and lower average selling prices in a very competitive market place.

The underlying result from operations reduced by £24.8m. The deterioration in the like-for-like result was principally margin driven through a combination of fuel cost increases and higher accommodation costs.

During the period we changed the management of the business and the new management team has reviewed the operational approach and taken action to reduce costs and restructure the operations. The decision was taken in April to change our flying partner in this market in order to achieve a more flexible and less risky flying programme. The business will take smaller seat allocations across a wider number of departure airports rather than the previous operation of dedicated aircraft from a few airports and will increase the frequency of flights on certain key routes and departure days offering the customer greater choice and flexibility.

The impact of operating Sears Travel for the full period has increased the proportion of controlled distribution to 16.5%.

Airlines Germany

	Six months ended 31 March 2012	Six months ended 31 March 2011	Change
Financial (£m unless otherwise stated)			
Revenue – external *	390.6	335.2	+16.5%
Revenue – internal *	115.8	119.8	-3.3%
Total revenue *	506.4	455.0	+11.3%
Underlying (loss)/profit from operations **	(3.0)	12.3	n/a
Underlying operating margin % ***	(0.6)%	2.7%	n/a
Non-financial			
Sold seats ‡‡‡			
Thomas Cook tour operators			+1.3%
3rd party tour operators			+10.1%
External seat only			+35.2%
Total sold seats			+15.3%
Sold seats ‡‡‡			
Europe (excl. Cities)			+17.4%
Long haul			+10.2%
Total sold seats			+15.3%
Capacity ††			+14.2%
Yield ###			-2.9%
Seat load factor †††			+0.6%

See Appendix 2 for key.

Revenue has increased £55.4m to £390.6m for the period (17.7% at constant currency) following the addition of two long-haul aircraft to the fleet.

The underlying seasonal operating result was reduced by £15.3m to a loss from operations of £3.0m. This reflects the reduced margins arising from increased fuel costs which have not been fully passed on to customers. For the summer season we have to been more successful in raising yields to partly mitigate much of the increase in fuel prices.

Personnel costs and depreciation have increased as a result of the increased fleet size but this has been largely offset by operating cost efficiencies.

Corporate

Financial (£m)	Six months ended 31 March 2012	Six months ended 31 March 2011	Change
Underlying loss from operations **	(9.2)	(11.1)	+17.1%

See Appendix 2 for key.

Costs in the Corporate segment have reduced in the period principally as a result of lower IT related and other expenses.

Appendix 1 – Condensed consolidated interim financial information

Group Income Statement

		Unaudited Six months ended 31 March 2012			Unaudited Six months ended 31 March 2011		
	notes	Underlying results £m	Separately disclosed items* (note 5) £m	Total £m	Underlying results £m	Separately disclosed items * (note 5) £m	Total £m
Revenue	4	3,516.7	-	3,516.7	3,431.2	-	3,431.2
Cost of providing tourism services		(2,807.8)	0.7	(2,807.1)	(2,714.2)	(3.2)	(2,717.4)
Gross profit		708.9	0.7	709.6	717.0	(3.2)	713.8
Personnel expenses		(542.1)	(24.6)	(566.7)	(491.2)	5.5	(485.7)
Depreciation and amortisation		(86.2)	(0.1)	(86.3)	(80.3)	-	(80.3)
Net operating expenses		(343.3)	(37.1)	(380.4)	(311.3)	(19.3)	(330.6)
(Loss)/profit on disposal of assets	5	-	(4.8)	(4.8)	-	1.4	1.4
Impairment of goodwill and amortisation of business combination intangibles	5	-	(314.5)	(314.5)	-	(16.5)	(16.5)
Loss from operations	4	(262.7)	(380.4)	(643.1)	(165.8)	(32.1)	(197.9)
Share of results of associates and joint venture		1.0	-	1.0	(1.4)	-	(1.4)
Net investment income/(loss)		0.3	-	0.3	(1.2)	-	(1.2)
Finance income	6	24.2	-	24.2	22.8	-	22.8
Finance costs	6	(91.1)	(4.2)	(95.3)	(87.3)	(4.4)	(91.7)
Loss before tax		(328.3)	(384.6)	(712.9)	(232.9)	(36.5)	(269.4)
Tax	7			107.9			68.0
Loss for the period				(605.0)			(201.4)
Attributable to:							
Equity holders of the parent				(594.3)			(200.8)
Non-controlling interests				(10.7)			(0.6)
				(605.0)			(201.4)
Loss per share (pence)							
Basic and diluted	8			(68.2)			(23.5)

All revenue and results arose from continuing operations

The notes on pages 27 to 43 form an integral part of the condensed consolidated interim financial information.

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

Group Statement of Comprehensive Income

	notes	Unaudited Six months ended 31/03/12 £m	Unaudited Six months ended 31/03/11 £m
Loss for the period		(605.0)	(201.4)
Other comprehensive income and expense			
Foreign exchange translation (losses)/gains		(24.0)	42.0
Actuarial (loss)/gain on defined benefit pension schemes	18	(46.7)	118.7
Tax recognised on actuarial movements		9.4	(32.9)
Fair value gains and losses			
(Losses)/gains deferred for the period		(57.8)	74.7
Tax on (losses)/gains deferred for the period		17.0	(20.3)
Losses transferred to the income statement		50.2	44.9
Tax on losses transferred to the income statement		(14.0)	(12.6)
Total comprehensive (expense)/income for the period		(670.9)	13.1
Attributable to:			
Equity holders of the parent		(660.2)	13.7
Non-controlling interests		(10.7)	(0.6)
Total comprehensive (expense)/income for the period		(670.9)	13.1

The notes on pages 27 to 43 form an integral part of the condensed consolidated interim financial information.

Group Cash Flow Statement

	notes	Unaudited Six months ended 31/03/12 £m	Unaudited Six months ended 31/03/11 £m
Cash flows from operating activities			
Cash generated by operations		(428.1)	(123.2)
Income taxes paid		(21.0)	(19.0)
Net cash outflow from operating activities	15	(449.1)	(142.2)
Investing activities			
Proceeds on disposal of subsidiaries		6.9	-
Proceeds on disposal of property, plant and equipment		27.1	10.3
Purchase of subsidiaries (net of cash acquired)	12	32.8	2.8
Purchase of tangible and financial assets		(50.1)	(62.5)
Purchase of intangible assets		(19.3)	(34.6)
Sale of non-current financial assets		0.4	2.3
Additional loan investment		-	(0.6)
Proceeds on disposal of short-term securities		0.3	0.1
Net cash used in investing activities		(1.9)	(82.2)
Financing activities			
Interest paid		(30.7)	(26.2)
Dividends paid	9	(32.7)	(32.0)
Dividends paid to non-controlling interests		(0.3)	-
Draw down of borrowings		817.4	251.3
Repayment of borrowings		(122.8)	(22.2)
Payment of facility set-up fees		(14.9)	-
Repayment of finance lease obligations		(6.3)	(8.1)
Net cash from financing activities		609.7	162.8
Net increase/(decrease) in cash and cash equivalents		158.7	(61.6)
Cash and cash equivalents at beginning of the period		341.7	316.8
Effect of foreign exchange rate changes		(5.4)	5.0
Cash and cash equivalents at end of the period		495.0	260.2
Liquid assets	16	517.7	304.5
Bank overdrafts	16	(22.7)	(44.3)
Cash and cash equivalents at end of the period		495.0	260.2
Cash and cash equivalents are presented in the balance sheet as follows:			
Cash and cash equivalents		476.8	304.5
Assets held for sale		40.9	-
Short term borrowings		(16.7)	(44.3)
Liabilities related to assets held for sale		(6.0)	-
		495.0	260.2

The notes on pages 27 to 43 form an integral part of the condensed consolidated interim financial information.

Group Balance Sheet

	notes	Unaudited as at 31/03/12 £m	Unaudited as at 31/03/11 £m	Audited as at 30/09/11 £m
Non-current assets				
Intangible assets	10	3,233.6	3,963.0	3,550.0
Property, plant & equipment				
Aircraft and aircraft spares	10	614.2	654.5	638.6
Investment property	10	-	17.4	18.0
Other	10	251.2	340.4	280.3
Investment in associates and joint venture		22.3	37.8	22.1
Other investments		13.3	19.3	13.4
Deferred tax assets		404.0	441.1	281.3
Tax assets		4.9	4.8	4.2
Trade and other receivables		129.6	119.8	153.0
Derivative financial instruments		-	3.4	12.6
		4,673.1	5,601.5	4,973.5
Current assets				
Inventories		36.7	38.7	38.7
Tax assets		69.4	44.4	40.2
Trade and other receivables		1,414.4	1,301.1	1,090.5
Derivative financial instruments		79.2	191.1	117.2
Cash and cash equivalents	16	476.8	304.5	359.3
		2,076.5	1,879.8	1,645.9
Assets held for sale	11	233.6	10.9	70.4
Total assets		6,983.2	7,492.2	6,689.8
Current liabilities				
Retirement benefit obligations	18	(6.4)	(6.9)	(6.8)
Trade and other payables		(1,653.1)	(1,611.5)	(2,008.2)
Borrowings	13/16	(95.6)	(422.0)	(179.5)
Obligations under finance leases	16	(17.9)	(14.5)	(18.6)
Tax liabilities		(103.6)	(89.9)	(92.7)
Revenue received in advance		(1,751.6)	(1,773.6)	(1,167.2)
Short-term provisions	14	(163.1)	(155.8)	(187.6)
Derivative financial instruments		(54.9)	(116.9)	(88.2)
		(3,846.2)	(4,191.1)	(3,748.8)
Liabilities related to assets held for sale	11	(107.8)	-	(35.0)
Non-current liabilities				
Retirement benefit obligations	18	(359.9)	(266.7)	(324.2)
Trade and other payables		(104.5)	(18.9)	(42.4)
Long-term borrowings	13/16	(1,695.7)	(905.3)	(967.8)
Obligations under finance leases	16	(53.7)	(56.9)	(62.1)
Non-current tax liabilities		(0.6)	-	(0.6)
Revenue received in advance		(2.3)	(1.0)	(1.9)
Deferred tax liabilities		(119.1)	(141.9)	(120.9)
Long-term provisions	14	(197.2)	(204.5)	(193.5)
Derivative financial instruments		(3.6)	(9.4)	(9.4)
		(2,536.6)	(1,604.6)	(1,722.8)
Total liabilities		(6,490.6)	(5,795.7)	(5,506.6)
Net assets		492.6	1,696.5	1,183.2
Equity				
Called-up share capital		59.2	57.7	59.2
Share premium account		29.2	8.9	29.2
Merger reserve		1,617.8	1,984.2	1,617.8
Hedging and translation reserves		288.3	428.2	316.9
Capital redemption reserve		8.5	8.5	8.5
Retained earnings deficit		(1,558.8)	(800.0)	(871.4)
Investment in own shares		(13.4)	(13.3)	(13.3)
Equity attributable to equity holders of the parent		430.8	1,674.2	1,146.9
Non-controlling interests		61.8	22.3	36.3
Total equity		492.6	1,696.5	1,183.2

The notes on pages 27 to 43 form an integral part of the condensed consolidated interim financial information.

Group Statement of Changes in Equity

The unaudited movements in equity for the six months ended 31 March 2012 were as follows:

	Share capital & share premium £m	Other reserves £m	Hedging & translation reserve £m	Retained earnings/ (deficit) £m	Attributable to equity holders of the parent £m	Non-controlling interests £m	Total £m
Opening balance at 1 October 2011	88.4	1,613.0	316.9	(871.4)	1,146.9	36.3	1,183.2
Loss for the period	-	-	-	(594.3)	(594.3)	(10.7)	(605.0)
Other comprehensive income/(expense):							
Foreign exchange translation losses	-	-	(24.0)	-	(24.0)	-	(24.0)
Actuarial loss on defined benefit pension schemes (net of tax)	-	-	-	(37.3)	(37.3)	-	(37.3)
Fair value gains and losses:							
Losses deferred for the period (net of tax)	-	-	(40.8)	-	(40.8)	-	(40.8)
Losses transferred to the income statement (net of tax)	-	-	36.2	-	36.2	-	36.2
Total comprehensive expense for the period	-	-	(28.6)	(631.6)	(660.2)	(10.7)	(670.9)
Equity credit in respect of share-based payments	-	-	-	1.1	1.1	-	1.1
Purchase of own shares (BAYE)	-	(0.1)	-	-	(0.1)	-	(0.1)
Acquisition of Co-op	-	-	-	(56.9)	(56.9)	36.8	(20.1)
Exchange difference on non-controlling interests	-	-	-	-	-	(0.6)	(0.6)
At 31 March 2012	88.4	1,612.9	288.3	(1,558.8)	430.8	61.8	492.6

The unaudited movements in equity for the six months ended 31 March 2011 were as follows:

	Share capital & share premium £m	Other reserves £m	Hedging & translation reserve £m	Retained earnings/ (deficit) £m	Attributable to equity holders of the parent £m	Non-controlling interests £m	Total £m
Opening balance at 1 October 2010	66.6	1,979.4	299.5	(626.9)	1,718.6	24.1	1,742.7
Loss for the period	-	-	-	(200.8)	(200.8)	(0.6)	(201.4)
Other comprehensive income/(expense):							
Foreign exchange translation gains	-	-	42.0	-	42.0	-	42.0
Actuarial gain on defined benefit pension schemes (net of tax)	-	-	-	85.8	85.8	-	85.8
Fair value gains and losses:							
Gains deferred for the period (net of tax)	-	-	54.4	-	54.4	-	54.4
Losses transferred to the income statement (net of tax)	-	-	32.3	-	32.3	-	32.3
Total comprehensive income/ (expense) for the period	-	-	128.7	(115.0)	13.7	(0.6)	13.1
Equity debit in respect of share-based payments	-	-	-	(0.4)	(0.4)	-	(0.4)
Derecognition of non-controlling interest	-	-	-	2.1	2.1	(2.6)	(0.5)
Exchange difference on non-controlling interests	-	-	-	-	-	1.4	1.4
Dividends	-	-	-	(59.8)	(59.8)	-	(59.8)
At 31 March 2011	66.6	1,979.4	428.2	(800.0)	1,674.2	22.3	1,696.5

Notes to the Financial Information

1. General information and basis of preparation

Thomas Cook Group plc is a limited liability company incorporated and domiciled in England and Wales under the Companies Act 2006 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 30 May 2012.

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 2011 were approved by the Board of Directors on 13 December 2011 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 for preparation

This condensed consolidated financial information for the six months ended 31 March 2012 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 2011, which have been prepared in accordance with IFRSs as adopted by the European Union.

After making appropriate enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the condensed consolidated financial information.

3. Accounting Policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 30 September 2011, as described in those annual financial statements, except for the policy with respect to the presentation of impairment of goodwill, the new or amended standards and interpretations adopted in the current period and other changes noted below.

Impairment of goodwill is now presented with amortisation of business combination intangibles as a separate category on the face of the income statement.

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

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 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.
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.

In addition, the Group has adopted the various amendments to International Financial Reporting Standards and the related Bases for Conclusions and guidance made in the International Accounting Board’s annual improvement process. The relevant IFRSs subject to Annual Improvements 2010 and applicable to the Group include:

IFRS 3	Business Combinations
IFRS 7	Financial Instruments:Disclosure
IAS 1	Presentation of Financial Statements
IAS 27	Consolidated and Separate Financial Statements
IAS 34	Interim Financial Reporting

3. Accounting policies (continued)

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 apply to the Group, which have not been applied in these financial statements, were in issue, but are not yet effective:

IFRS 9 "Financial Instruments" is effective for annual reporting periods commencing on or after 1 January 2015. The standard will eventually replace IAS 39 but currently only details the requirements for recognition and measurement of financial assets and financial liabilities.

Management does not anticipate that the adoption of these new or amended standards and interpretations will have a material impact on the Group.

4. Segmental information

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

These reportable segments are consistent with the presentation of information to the Group Chief Executive (chief operating decision maker) for the purpose of resource allocation and assessment of performance.

Following changes in management structure to transfer our East Europe businesses from the former West & East segment to the Central Europe segment, we have revised our segmental presentation and restated prior year segmental information to reflect the new structure. The Central Europe segment now includes the businesses in Poland, Hungary, the Czech Republic and Russia.

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

Segmental information for these divisions is presented below.

Unaudited six months ended 31 March 2012

	UK £m	Central Europe £m	West Europe £m	Northern Europe £m	North America £m	Airlines Germany £m	Corporate £m	Total £m
Revenue								
Segment sales	1,016.9	897.2	460.1	589.4	206.6	506.4	-	3,676.6
Inter-segment sales	(23.8)	(15.3)	(2.1)	(2.9)	-	(115.8)	-	(159.9)
Total revenue	993.1	881.9	458.0	586.5	206.6	390.6	-	3,516.7
Result								
Underlying (loss)/profit from operations	(173.6)	(20.8)	(65.6)	25.0	(15.5)	(3.0)	(9.2)	(262.7)
Exceptional operating items	(39.2)	(3.7)	(5.5)	(0.1)	(5.3)	(0.2)	(13.3)	(67.3)
IAS 39 fair value re-measurement	(0.7)	-	(1.4)	0.8	-	2.7	-	1.4
Impairment of goodwill and amortisation of business combination intangibles	(100.5)	(1.2)	(94.4)	(8.8)	(109.6)	-	-	(314.5)
Segment result	(314.0)	(25.7)	(166.9)	16.9	(130.4)	(0.5)	(22.5)	(643.1)
Share of results of associates and joint venture								1.0
Net investment income								0.3
Finance income								24.2
Finance costs								(95.3)
Loss before tax								(712.9)
Tax								107.9
Loss for the period								(605.0)
Balance sheet assets								
Segment assets	3,448.6	797.2	1,445.3	1,925.2	241.1	881.8	7,133.3	15,872.5
Inter-segment eliminations								(9,389.9)
								6,482.6

Inter-segment sales are charged at prevailing market prices. Segment assets consist primarily of goodwill, other intangible assets, property, plant and equipment, trade and other receivables and cash and cash equivalents. Non-current assets held for sale are also shown within segment assets.

4. Segmental information (continued)

Unaudited six months ended 31 March 2011

	UK £m	Restated Central Europe £m	Restated West Europe £m	Northern Europe £m	North America £m	Airlines Germany £m	Corporate £m	Total £m
Revenue								
Segment sales	1,034.3	787.8	520.9	542.4	241.4	455.0	-	3,581.8
Inter-segment sales	(11.8)	(13.3)	(3.2)	(2.5)	-	(119.8)	-	(150.6)
Total revenue	1,022.5	774.5	517.7	539.9	241.4	335.2	-	3,431.2
Result								
Underlying (loss)/profit from operations	(158.7)	(17.5)	(34.1)	34.0	9.3	12.3	(11.1)	(165.8)
Exceptional operating items	0.2	(0.9)	(7.6)	0.1	(3.3)	-	(1.9)	(13.4)
IAS 39 fair value re-measurement	1.2	-	1.5	(0.1)	-	(4.8)	-	(2.2)
Impairment of goodwill and amortisation of business combination intangibles	(4.7)	(0.5)	(0.2)	(10.8)	(0.3)	-	-	(16.5)
Segment result	(162.0)	(18.9)	(40.4)	23.2	5.7	7.5	(13.0)	(197.9)
Share of results of associates and joint venture								(1.4)
Net investment loss								(1.2)
Finance income								22.8
Finance costs								(91.7)
Loss before tax								(269.4)
Tax								68.0
Loss for the period								(201.4)

Year ended 30 September 2011

Balance sheet assets	UK £m	Restated Central Europe £m	Restated West Europe £m	Northern Europe £m	North America £m	Airlines Germany £m	Corporate £m	Total £m
Segment assets	3,339.1	1,083.5	1,548.8	1,841.5	314.9	920.5	6,398.2	15,446.5
Inter-segment eliminations								(9,104.5)
								6,342.0

5. Separately disclosed items

	Unaudited six months ended 31/03/12 £m	Unaudited six months ended 31/03/11 £m
Exceptional operating items		
Property costs, redundancy and other costs incurred in business integrations and reorganisations	(31.0)	(29.8)
Costs associated with refinancing	(14.0)	-
Provision for HMRC settlement	(11.8)	-
Aircraft-related separately disclosed items	(2.9)	(6.0)
(Loss)/profit on disposal of assets	(4.8)	1.4
Other separately disclosed operating items	(2.8)	(3.5)
Net gain on pension plan curtailment	-	24.5
Total exceptional operating items	(67.3)	(13.4)
Exceptional finance costs		
Interest on provision for HMRC settlement	(1.0)	-
	(1.0)	-
Total exceptional items	(68.3)	(13.4)
IAS 39 fair value re-measurement		
Time value component of option contracts	1.4	(2.2)
Included within cost of providing tourism services	1.4	(2.2)
Forward points on foreign exchange cash flow hedging contracts	(3.2)	(4.4)
Included within finance income and costs	(3.2)	(4.4)
Amortisation of business combination intangibles	(14.9)	(16.5)
Impairment of goodwill	(299.6)	-
Impairment of goodwill and amortisation of business combination intangibles	(314.5)	(16.5)
Total separately disclosed items	(384.6)	(36.5)

Exceptional operating items have been included in the income statement as follows:	Unaudited six months ended 31 March 2012 £m	Unaudited six months ended 31 March 2011 £m
Cost of providing tourism services	(0.7)	(1.0)
Personnel expenses	(24.6)	5.5
Depreciation and amortisation	(0.1)	-
Net operating expenses	(37.1)	(19.3)
(Loss)/profit on disposal of assets	(4.8)	1.4
	(67.3)	(13.4)

6. Finance income and costs

	notes	Unaudited six months ended 31 March 2012 £m	Unaudited six months ended 31 March 2011 £m
Finance income			
Income from loans included in financial assets		0.2	0.2
Other interest and similar income		3.3	1.5
Fair value gains on derivative financial instruments		-	0.2
Expected return on pension plan assets	18	20.7	20.9
		24.2	22.8
Finance costs			
Interest payable		(58.6)	(52.7)
Finance costs in respect of finance leases		(3.0)	(2.7)
Interest cost on pension plan liabilities	18	(27.5)	(27.6)
Discounting of provisions and other non-current liabilities		(2.0)	(4.3)
		(91.1)	(87.3)
IAS 39 fair value re-measurement			
Forward points on foreign exchange cash flow hedging contracts		(3.2)	(4.4)
Exceptional finance costs			
Interest cost on provision for HMRC settlement		(1.0)	-

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, excluding the effect of adjustments to tax provisions made in respect of exceptional items, impairment of goodwill and amortisation of business combination intangibles. The estimated average tax rate used for the six months to 31 March 2012 is 49% (the tax rate used for the six months to 31 March 2011 was 28%).

The 2012 Budget Statement announced a reduction in the main rate of corporation tax in the UK from 26% to 24% with effect from 1 April 2012, which has been substantively enacted. This reduction is in addition to the decrease to 25% enacted in the Finance Act 2011. The effect of the change in rate from 25% to 24% has been to reduce the Group's deferred tax assets by £3.7m. The Budget also proposes to reduce the main rate of corporation tax by 1% per year to 22% by 1 April 2014. The overall effect of the further changes from 24% to 22%, if applied to the deferred tax balance at 30 September 2011, would be to reduce the deferred tax asset by approximately £8.0m.

8. Loss per share

The calculations for loss per share, based on the weighted average number of shares, are shown in the table below. The weighted average number of shares shown excludes 3.8m shares held by the employee share ownership trusts (2011: 3.8m).

	Unaudited six months ended 31 March 2012	Unaudited six months ended 31 March 2011
Basic and diluted loss per share	£m	£m
Net loss attributable to equity holders of the parent	(594.3)	(200.8)
	millions	millions
Weighted average number of shares for basic and diluted loss per share	871.1	854.5
	pence	pence
Basic and diluted loss per share	(68.2)	(23.5)

	Unaudited six months ended 31 March 2012	Unaudited six months ended 31 March 2011
Underlying basic and diluted loss per share	£m	£m
Underlying net loss attributable to equity holders of the parent *	(157.4)	(167.1)
	millions	millions
Weighted average number of shares for basic and diluted loss per share	871.1	854.5
	pence	pence
Underlying and diluted earnings per share	(18.1)	(19.6)

*Underlying net loss attributable to equity holders of the parent is derived from the pre exceptional loss before tax for the six months ended 31 March 2012 of £328.3m (2011: £232.9m) and adding a notional tax credit of £160.2m (2011: £65.2m).

In accordance with IAS 33: Earnings per share, the calculation of basic and underlying diluted loss per share has not included items that are anti-dilutive. Therefore there is no difference between the calculation of basic and diluted loss per share.

9. Dividends

The interim dividend for 2011 of £32.7m was paid to shareholders on 7 October 2011.

On 29 September 2011, the directors announced that further dividends would not be proposed whilst the Group rebuilds its balance sheet.

10. Reconciliation of tangible and intangible assets

Six months ended 31 March 2012	Unaudited tangible and intangible assets £m
Opening net book amount at 1 October 2011	4,486.9
Additions	64.2
Acquisition of subsidiaries (note 12)	123.8
Disposals	(33.8)
Impairment charge	(299.6)
Transfer to assets held for sale (note 11)	(79.4)
Depreciation and amortisation	(101.2)
Exchange difference	(61.9)
Closing net book amount at 31 March 2012	4,099.0

Six months ended 31 March 2011	
Opening net book amount at 1 October 2010	4,837.2
Additions	97.9
Acquisition of subsidiaries	68.0
Disposals	(8.9)
Impairment charge	(6.0)
Depreciation and amortisation	(96.8)
Exchange difference	83.9
Closing net book amount at 31 March 2011	4,975.3

In accordance with accounting standards, the Group tests the carrying value of goodwill for impairment annually and whenever events or circumstances change.

Poor trading and subsequent reviews undertaken by new management in Canada and France have indicated that the goodwill carried in the North America and West Europe segments may be impaired. As a consequence, we have tested the goodwill in these segments for impairment using updated cash flow projections that are considered to reflect the current trading environment. As a result we have recognised impairment charges of £109.2m in respect of North America and £94.4m in respect of West Europe, resulting in the write off of all goodwill held in respect of the North America segment. The carrying value of West Europe goodwill remains sensitive to reasonably possible changes in key assumptions which could result in a further impairment or write back of goodwill held by this segment.

Impairment testing is performed by comparing the carrying value of each cash-generating unit (CGU) to the recoverable amount, determined on the basis of the CGU value in use calculations. These calculations require the use of estimates and use pre-tax cash flow projections based on management's most recent forecasts of customer volumes, average selling prices and margins. Cash flows beyond the forecast period are extrapolated at an estimated average long-term nominal growth rate.

The discount and long term growth rates used in the North America and West Europe value in use calculations are as follows:

- pre-tax discount rate of 9.23% (North America) and 9.24% (West Europe) reflecting the specific risks in both segments
- long term nominal growth rate of 2% (North America) and 1% (West Europe)

If the estimated growth rate had been zero for the West Europe segment the impairment charge would have increased by £31.2m. If the forecast cash flows in the value in use calculations had been reduced by £1.0m in each and every year the Group would have recognised a further impairment against goodwill of £14.5m

In addition, in the current period we classified the assets and liabilities of our Indian business as held for sale (see note 11). On 21 May 2012, the Group announced that it had agreed to sell its interest for INR 8,174m. Consequently, an impairment charge of £96.0m has been recognised against goodwill on writing down the net assets of the Indian subsidiary to fair value less costs to sell.

Capital commitments

The Group is contractually committed to the acquisition of twelve new Airbus A321 aircraft which have a list price of $96m each, before escalations and discounts. These aircraft are scheduled for delivery in 2014 and will be the first aircraft to be delivered as part of the fleet replacement programme announced in December 2010. Other capital commitments were £31.5m (September 2011: £31.6m).

11. Assets held for sale

	Unaudited 31 March 2012 £m	Audited 30 September 2011 £m
Assets		
Property, plant and equipment – land and buildings	42.4	53.4
Property, plant and equipment – other fixed assets	25.7	14.1
Intangible assets	67.5	0.1
Trade and other receivables	54.8	2.2
Tax assets	0.9	0.1
Deferred tax assets	1.0	-
Inventories	0.4	0.5
Cash and cash equivalents	40.9	-
	233.6	70.4
Liabilities		
Retirement benefit obligations	1.7	1.5
Trade and other payables	37.1	10.2
Borrowings and bank overdrafts	44.3	22.1
Obligations under finance leases	0.4	0.1
Tax liabilities	0.3	0.3
Revenue received in advance	16.7	0.2
Deferred tax liabilities	7.3	0.6
	107.8	35.0

The assets and liabilities related to Thomas Cook (India) Limited ("TCIL"), a 77% owned, consolidated subsidiary of Thomas Cook UK Ltd, reported within the UK segment, have been presented as held for sale following the launch of a formal sale process on 8 February 2012. On 21 May 2011, the Group announced that it had agreed to sell its interest in TCIL, with a completion date for the transaction expected to be before September 2012. These assets and liabilities are a disposal group, however, TCIL is not a discontinued operation at 31 March 2012, as it does not represent a major line of business.

The assets and liabilities of the disposal group were tested for impairment and remeasured to the lower of carrying amount and fair value less cost to sell at the date of held for sale classification. This resulted in goodwill being written down by £96.0m.

The assets and liabilities of Hoteles y Clubs Vacaciones S.A. (“HCV”), a 51% owned, consolidated subsidiary of TC Touristik GmbH, reported within the Central Europe segment, have also been presented as held for sale. On 13 December 2011, the Group announced it had agreed to sell its interest in HCV, shareholder approval was received on 29 May 2012 and the Group expects to complete the sale in June 2012.

12. Business combinations

Acquisitions made during the period

Retail travel joint venture between Thomas Cook Group, The Co-operative Group and Midlands Co-operative

On 4 October 2011 the Group concluded the merger of its high street travel agency and foreign exchange business with those of The Co-operative Group and Midlands Co-operative. The Group acquired 66.5% of the new joint venture company with The Co-operative Group holding 30% and Midlands Co-operative Society holding 3.5%.

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

	Carrying amount before business combination £m	Fair value adjustment £m	Amount recognised at acquisition date £m
Net assets acquired			
Intangible assets	-	23.4	23.4
Property, plant and equipment	11.2	-	11.2
Trade and other receivables	30.2	-	30.2
Cash and cash equivalents	39.4	-	39.4
Trade and other payables	(138.2)	-	(138.2)
Corporation tax payable	(1.1)	-	(1.1)
Provisions	(4.9)	-	(4.9)
	(63.4)	23.4	(40.0)
Less: non-controlling interest			13.4
			(26.6)
Goodwill			77.7
	(63.4)	23.4	51.1
Satisfied by:			
Non-controlling interest in the joint venture			50.0
Deferred consideration			1.4
Put/call option			(0.3)
			51.1

The purchase price of each asset component of the acquisition represents its provisional fair value, based on management's best estimates. The amount indicated above for trade and other receivables represents the fair value of the acquired receivables and is equal to the gross contractual cash flows, all of which are expected to be recoverable.

The acquired business contributed revenue of £38.8m and a net loss of £14.6m to the Group for the period from acquisition to 31 March 2012.

The provisional goodwill of £77.7m reflects anticipated benefits and synergies expected by creating the UK's largest high street travel network and increased in-house distribution of Thomas Cook's own travel products.

The non-controlling interest represents their proportionate share of the identifiable net liabilities of the acquired business.

12. Business combinations (continued)

Tour Vital GmbH and Panameo GmbH

On 1 October 2011 the Group acquired 100% of the share capital of Tour Vital GmbH and Panameo GmbH, two specialist tour operators based in Germany. The consideration was £8.6m of which £2.3m has been paid in cash and £6.3m has been recognised in relation to an earn out to be settled by 1 April 2016.

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

	Carrying amount before business combination £m	Fair value adjustment £m	Amount recognised at acquisition date £m
Net assets acquired			
Intangible assets	-	5.9	5.9
Trade and other receivables	4.6	-	4.6
Cash and cash equivalents	1.6	-	1.6
Trade and other payables	(7.1)	-	(7.1)
Provisions	(0.1)	-	(0.1)
Deferred tax liability	-	(1.7)	(1.7)
	(1.0)	4.2	3.2
Goodwill			5.4
	(1.0)	4.2	8.6
Satisfied by:			
Cash paid			2.3
Contingent consideration			6.3
			8.6

The purchase price of each asset component of the acquisition represents its provisional fair value, based on management's best estimates. The amount indicated above for trade and other receivables represents the fair value of the acquired receivables and is equal to the gross contractual cash flows, all of which are expected to be recoverable.

The acquired businesses contributed revenue of £19.2m and net profit of £0.6m to the Group for the period from acquisition to 31 March 2012.

The provisional goodwill of £5.4m reflects the anticipated benefits arising from the acquisition of two specialist tour operators.

Acquisitions made in the prior period

Algarve Tours - Agencia de Viagens e Turismo, Lda

On 20 September 2011, the Group acquired 100% of Algarve Tours, an incoming agency based in Portugal for a cash consideration of £1.2m. The fair value of net assets acquired was £1.0m and goodwill of £0.2m has been recognised. The Directors do not consider the fair value adjustments to be material to the Group. Consequently the prior year comparatives have not been restated as required by IFRS3 revised.

Net cash inflow from acquisitions

	Current year acquisitions £m	Gold Medal £m	Algarve Tours £m	Think W3 Ltd £m	Hotels4U £m	Total £m
Net cash inflow from acquisitions						
Cash consideration for shares	(2.3)	-	-	-	-	(2.3)
Payment of contingent and deferred consideration	-	(4.0)	-	(2.5)	(0.8)	(7.3)
Cash and cash equivalents acquired (net of overdraft)	41.0	-	1.4	-	-	42.4
	38.7	(4.0)	1.4	(2.5)	(0.8)	32.8

12. Business combinations (continued)

Disposal of businesses

Reisbureau Neckermann Nederland

On 1 October 2011, the Group completed the sale of its retail stores business in the Netherlands. The net cash proceeds on disposal of the business were £4.6m.

Explorers

On 30 March 2012, the Group disposed of the Explorers Hotel in France. The net cash proceeds on disposal were £2.3m.

13. Borrowings and loans

	Unaudited as at 31/03/12 £m	Unaudited as at 31/03/11 £m	Audited as at 30/09/11 £m
Current	95.6	422.0	179.5
Non-current	1,695.7	905.3	967.8
	1,791.3	1,327.3	1,147.3

Movements in borrowings is analysed as follows:

Six months ended 31 March 2012	£m
At 1 October 2011	1,147.3
Draw down of borrowings	821.2
Repayment of borrowings	(122.8)
Transfer to liabilities related to assets held for sale (note 11)	(21.2)
Capitalisation of facility fees	(14.9)
Settlement of loan note	(4.0)
Unwinding of interest	7.4
Exchange differences	(21.7)
At 31 March 2012	1,791.3

Six months ended 31 March 2011	£m
At 1 October 2010	1,062.7
Draw down of borrowings	272.8
Repayment of borrowings	(22.2)
Unwinding of interest	4.9
Exchange differences	9.1
At 31 March 2011	1,327.3

14. Provisions

	Unaudited as at 31/03/12 £m	Unaudited as at 31/03/11 £m	Audited as at 30/09/11 £m
Included in current liabilities	163.1	155.8	187.6
Included in non-current liabilities	197.2	204.5	193.5
	360.3	360.3	381.1

Six months ended 31 March 2012	Aircraft maintenance provisions £m	Other provisions £m	Total £m
At 1 October 2011	216.0	165.1	381.1
Additional provisions	30.5	37.8	68.3
Unused amounts released	(0.5)	(5.6)	(6.1)
Utilisation of provisions	(34.5)	(39.2)	(73.7)
Transfer to liabilities related to assets held for sale (note 11)	(0.1)	-	(0.1)
Exchange differences	(6.5)	(2.7)	(9.2)
At 31 March 2012	204.9	155.4	360.3
Six months ended 31 March 2011	£m	£m	£m
At 1 October 2010	204.8	212.5	417.3
Additional provisions	22.2	15.1	37.3
Unused amounts released	(6.1)	(4.1)	(10.2)
Utilisation of provisions	(27.2)	(46.2)	(73.4)
Exchange differences	(2.6)	(8.1)	(10.7)
At 31 March 2011	191.1	169.2	360.3

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

	Off-market leases £m	Reorganisation and restructuring plans £m	Deferred and contingent consideration £m	Other £m	Total £m
At 1 October 2011	43.5	25.0	24.9	71.7	165.1
Additional provisions	4.9	15.2	3.3	14.4	37.8
Unused amounts released	-	-	-	(5.6)	(5.6)
Utilisation of provisions	(3.2)	(8.1)	(4.2)	(23.7)	(39.2)
Exchange differences	(1.2)	(0.2)	-	(1.3)	(2.7)
At 31 March 2012	44.0	31.9	24.0	55.5	155.4

Off-market leases relate to leases acquired through the Hi! Hotels International Limited acquisition and the The Co-operative Group and Midlands Co-operative, and MyTravel Group plc mergers, which have commitments in excess of the market rate at the time of the transaction. Reorganisation and restructuring plans predominantly represent anticipated restructuring costs in the UK retail business. Deferred and contingent consideration represents future purchase options on the Hotels4u.com Limited and Think W3 Limited acquisitions.

‘Other’ represents liabilities where there is uncertainty of the timing or amount of the future expenditure required in settlement and includes such items as insurance claims, onerous contracts and customer compensation claims. This grouping contains no single category larger than £15m.

Provisions included in non-current liabilities are principally in respect of off-market lease contracts and are expected to be utilised over the term of those contracts which extend up to ten years from the balance sheet date and deferred and contingent consideration arising on acquisitions.

15. Note to the cash flow statement

	Unaudited Six months ended 31 March 2012 £m	Unaudited Six months ended 31 March 2011 £m
Loss before tax	(712.9)	(269.4)
Adjustments for:		
Net finance costs	71.1	68.9
Net investment income	(0.3)	1.2
Share of results of associates and joint venture	(1.0)	1.4
Depreciation and amortisation	86.3	80.3
Impairment of assets	299.6	6.0
Amortisation of business combination intangibles	14.9	16.5
Disposal of businesses, P,P&E, and other assets	4.8	(1.4)
Movement on share-based payments	1.1	(0.4)
Other non-cash items	-	(20.9)
Additional pension contribution	(8.8)	(8.3)
Decrease in provisions	(16.2)	(42.9)
Income received from other non-current investments	0.3	0.3
Interest received	3.7	1.7
Operating cash flows before movement in working capital	(257.4)	(167.0)
Movement in working capital	(170.7)	43.8
Cash generated by operations	(428.1)	(123.2)
Income taxes paid	(21.0)	(19.0)
Net cash from operating activities	(449.1)	(142.2)

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

16. Net debt

	At 1 October 2011 £m	Cash flow £m	Transfer to liabilities related to assets held for sale £m	Other non-cash changes £m	Exchange movements £m	At 31 March 2012 £m
Liquidity						
Cash and cash equivalents	359.3	162.1	(38.7)	-	(5.9)	476.8
Classified as held for sale	-	2.1	38.7	-	0.1	40.9
	359.3	164.2	-	-	(5.8)	517.7
Current debt						
Bank overdrafts	(17.6)	(5.5)	6.0	-	0.4	(16.7)
Bank overdrafts classified as held for sale	-	-	(6.0)	-	-	(6.0)
Short-term borrowings	(89.1)	21.8	15.2	-	2.4	(49.7)
Loan note	(4.0)	4.0	-	-	-	-
Current portion of long-term borrowings	(68.8)	61.0	-	(22.4)	1.0	(29.2)
Borrowings classified as held for sale	(22.1)	(1.7)	(15.2)	-	0.7	(38.3)
Obligations under finance leases classified as held for sale	(0.1)	0.1	(0.4)	-	-	(0.4)
Obligations under finance leases	(18.6)	6.2	0.1	(5.5)	(0.1)	(17.9)
	(220.3)	85.9	(0.3)	(27.9)	4.4	(158.2)
Non-current debt						
Long-term borrowings	(967.8)	(760.8)	-	15.0	17.9	(1,695.7)
Obligations under finance leases	(62.1)	-	0.3	5.5	2.6	(53.7)
	(1,029.9)	(760.8)	0.3	20.5	20.5	(1,749.4)
Total debt	(1,250.2)	(674.9)	-	(7.4)	24.9	(1,907.6)
Net debt	(890.9)	(510.7)	-	(7.4)	19.1	(1,389.9)

17. Contingent liabilities

	Unaudited as at 31/03/12 £m	Audited as at 30/09/11 £m
Contingent liabilities	151.4	124.7

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.

18. Defined benefit plans

The amounts recognised in the balance sheet are as follows:	Unaudited as at 31/03/12 £m	Audited as at 30/09/11 £m
Present value of funded defined benefit obligations	904.2	846.5
Fair value of scheme assets	(793.2)	(743.3)
Deficit on funded retirement benefit obligations	111.0	103.2
Present value of unfunded defined benefit obligations	255.3	227.8
	366.3	331.0

Scheme deficits are presented in the balance sheet as follows:	Unaudited as at 31/03/12 £m	Audited as at 30/09/11 £m
Current liabilities	6.4	6.8
Non-current liabilities	359.9	324.2
	366.3	331.0

The amounts recognised in the income statement are as follows:	Unaudited Six months ended 31/03/12 £m	Unaudited Six months ended 31/03/11 £m
Current service cost	5.4	14.0
Expected return on scheme assets	(20.7)	(20.9)
Gain on settlements	-	(25.8)
Interest cost on scheme liabilities	27.5	27.6
	12.2	(5.1)

Amounts recognised directly in other comprehensive income are as follows:	Unaudited Six months ended 31/03/12 £m	Unaudited Six months ended 31/03/11 £m
Actuarial (losses)/gains on defined benefit pension schemes	(46.7)	118.7

19. 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 associates, joint venture undertaking and participations 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 venture and participations*	
	Unaudited 31 March 2012 £m	Audited 30 September 2011 £m
Sale of goods and services	10.1	31.6
Purchases of goods and services	(17.9)	(36.3)
Interest receivable	0.2	-
Other income	1.1	0.5
Amounts owed by related parties	27.1	23.2
Provisions against amounts owed	(4.0)	(4.2)
Amounts owed to related parties	(8.3)	(5.7)

***** 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.

20. Events occurring after the balance sheet date

Board changes
Harriet Green has been appointed as Group Chief Executive Officer, with effect from 30 July 2012, and Michael Healy has been appointed as Group Chief Financial Officer, with effect from 1 July 2012.

Bank facilities
On 5 May 2012, the Group announced that it had agreed a new financing package with its lenders that extends the maturity of its financing until 31 May 2015 and provides further stability to the business. Under the amended terms there will be no fixed repayments and the Group will now retain the proceeds of certain disposals which will increase liquidity. Revised financial covenants, which offer greater financial flexibility, have also been agreed.

The banks will be entitled to an amendment fee of 1% and will be granted warrants to subscribe for new ordinary shares (representing approximately 5% of the issued share capital of Thomas Cook Group plc) at an exercise price of €0.10 per share. In addition, the warrants issued in December 2011 will be re-priced to the same exercise price.

Aircraft sale and leaseback
On 11 May 2012, the Group announced that it had agreed to the sale and leaseback of 11 Boeing 757 aircraft with Guggenheim Aviation Partners LLC ("Guggenheim") and 6 Boeing 767 aircraft with Aircastle Advisor (International) Limited ("Aircastle"). The Group has also agreed in principle to enter into sale and leaseback agreements in respect of a further 2 Boeing 767 aircraft with Guggenheim. On 29 May 2012, the Group received shareholder approval for these transactions.

The Group expects to receive proceeds of USD 202.9m from the sale of 11 Boeing 757s and 2 B767s to Guggenheim, and USD 91.5m from the sale of 6 Boeing 767s to Aircastle. The leaseback arrangements will be treated for accounting purposes as finance leases.

India
On 21 May 2012, the Group announced that it had agreed to sell its 77% interest in Thomas Cook (India) Limited ("TCIL") to Fairbridge Capital (Mauritius) Limited, a subsidiary of Fairfax Financial Holdings Limited. Under the terms of the agreement, Thomas Cook will receive gross cash proceeds of INR 8,174m for its shareholding; equivalent to INR 50 per share. The Group will grant Fairbridge a licence over the Thomas Cook brand for 12.5 years in the countries in which TCIL currently operates.

Completion of the sale is conditional upon shareholder approval and will require Indian regulatory approval. The sale is expected to complete within the current financial year.

20. Events occurring after the balance sheet date (continued)

Hoteles y Clubs Vacaciones S.A

On 29 May 2012, the Group received shareholder approval for the disposal of its interest in HCV to Iberostar. The Group will receive proceeds of €71.9m and HCV is expected to be sold with net debt of c€22m. The sale is expected to complete in June 2012 and the Group is expected to recognise a gain on disposal of c€35m.

21. 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.

The following exchange rates against Sterling for our major functional currencies are the average of those used to translate the results of the current and prior year periods.

Income Statement	Six months ended 31 March 2012 £m	Six months ended 31 March 2011 £m
Euro	1.18	1.16
Swedish Krona	10.6	10.5
Canadian Dollar	1.59	1.59
Indian Rupee	79.6	71.6

The following exchange rates against Sterling for our major functional currencies have been used to translate the balance sheet at the current and prior period end.

Balance Sheet	As at 31 March 2012 £m	As at 31 March 2011 £m
Euro	1.20	1.13
Swedish Krona	10.6	10.1
Canadian Dollar	1.59	1.56
Indian Rupee	81.5	71.5

As profits and losses in Euro-denominated segments build up differently over the period, the average income statement translation rates may vary.

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 as listed in the Thomas Cook Group plc Annual Report for 30 September 2011 with the exception of the following changes since the approval of that Annual Report: Peter Middleton, David Allvey and Bo Lerenius resigned from the Board on 8 February 2012.

By order of the Board

Paul Hollingworth
Group Chief Financial Officer

30 May 2012

Independent review report to Thomas Cook Group plc

Introduction
We have been engaged by the Company to review the condensed consolidated interim financial information in the half-yearly financial report for the six months ended 31 March 2012, which comprises the Group Income Statement, Group Statement of Comprehensive Income, Group Statement of Cash Flow, Group Balance Sheet, 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 2012 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
30 May 2012
London

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 segmental key performance analysis where revenue of £115.8m (2011 £119.8m) largely to the Central Europe segment has been included.

** Underlying profit/loss from operations is defined as earnings before interest and tax, and has been adjusted to exclude all separately disclosed items. It also excludes our share of the results of associates and joint venture.

*** Underlying operating margin is underlying profit/loss from operations (as defined above) divided by 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 customers who booked transfers only. For Central and West Europe, passengers represents all tour operator passengers departed in the period, excluding those on which only commission is earned.

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

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

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

††† For UK, Northern Europe and North America, load factor is a measure of how successful the tour operator was at selling the committed capacity. Load factor is calculated by dividing the departed mass market passengers in the period (excluding accommodation only passengers) 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 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 Europe, average selling price represents the average selling price (after discounts) achieved per passenger departed in the period.

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

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

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

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