Thomas Cook Group

19 May 2016

Results for the six months ended 31 March 2016

Further progress despite continued market disruption

£m (unless otherwise stated)	6 months ended		Change	Like-for-like change[ii]
	31 Mar 2016	31 Mar 2015		
Revenue	2,672	2,742	(70)	9
Underlying[i] Gross Margin %	21.7%	21.3%	0.4%	0.1%
Underlying[i] Loss from Operations (Underlying EBIT)	(163)	(173)	10	8
EBIT Separately Disclosed Items	(45)	(48)	3	3
Loss from operations (EBIT)	(208)	(221)	13	11
Loss before tax	(288)	(303)	15	13
Net Debt	(825)	(700)	(125)	(50)[iii]

Notes (i) 'Underlying' refers to trading results that are adjusted for separately disclosed items that are significant in understanding the ongoing results of the Group. Separately disclosed items are detailed on page 13

(ii) 'Like-for-like' change adjusts for the impact of disposals, foreign exchange translation, fuel and other. The detailed like-for-like adjustments are shown on page 9

(iii) 'Like-for-like' net debt adjusts the prior year comparative for foreign exchange translation, the impact of changing finance lease arrangements and other non-cash changes

The comments below are based on like-for-like comparisons unless otherwise stated, as Management believes this provides a clearer view of ongoing business performance

Continued improvement in profitability in the first half

- Group revenue up slightly at £2,672 million
- Underlying Gross margin increased by 10 basis points to 21.7%
- Underlying EBIT loss improved by 5% to £163 million
- Loss before tax improved by 5% to £288 million on a statutory basis
- Moody's assigned new B1 credit rating to Thomas Cook, one notch higher than our existing ratings

Trading well to destinations other than Turkey

- Summer 2016 bookings to destinations excluding Turkey up 6% compared to last year
- Growing sales to the Western Mediterranean and long haul in line with increased demand:
  - Summer 2016 bookings to the Balearics up 14%; Canaries up 23%; and USA up 29%
- Strong growth to alternative destinations not yet fully offsetting weak demand for Turkey:
  - Bookings for Summer 2016 currently down 5% overall

Customers responding to increased focus on quality and service

- Group Net Promoter Score ('NPS') increased by 4 points, with better NPS scores across every market
- Successfully launched 24-hour satisfaction promise in 1,500 hotels for Summer 16
- Investments in online leading to step change in performance:
  - Web sales grew 10% in UK and 21% in Germany in Q2
- Strengthening own brand hotels and airlines:
  - Sales to own-brand hotels increased 21% year-on-year
  - Added 10 new destinations to our airline network including Los Angeles and Cape Town

Peter Fankhauser, Chief Executive of Thomas Cook commented:

"Thomas Cook has made significant progress in the last six months. Despite disruption in some of our key markets, we've managed to slightly grow our revenues on a like-for-like basis, having anticipated the shift in demand away from Turkey, Tunisia and Egypt and into the Western Mediterranean and long haul destinations.

"At the same time, we've increased our underlying gross margin by 10 basis points thanks to our focus on selling higher quality holidays. The launch of Casa Cook in Rhodes this month is a great example of how we are widening our appeal to independent, style-conscious travellers.

"Underpinning these results has been a fundamental change in our approach to our customers. The Corfu inquest was a turning point for Thomas Cook. It was clear to me that we needed to change our mindset and put the customer back at the heart of our business.

"I am proud of the way in which my colleagues across the business have embraced all the changes we have made. We've created a comprehensive new training scheme for all customer-facing staff, rolled out new software to better serve customers in resort, and introduced a 24-hour customer promise in 1,500 of our most popular hotels. It's early days and there is more to do, but we've already seen a positive reaction from our customers, with improvements in the net promoter score across all our markets.

"As we look ahead to our busiest period, Thomas Cook is trading well to destinations other than Turkey, with particularly strong bookings to Spain and the USA. However demand for Turkey – our second largest market last year – remains significantly below last year's levels. This has impacted our German Airlines business in particular. We've also seen a sharp decline in demand in Belgium following the tragic attack at Brussels airport in March. As a result, taking into account anticipated foreign exchange translation gains, we expect underlying EBIT for the full year to be between £310 million and £335 million[1]. We continue to expect to pay a dividend in respect of the current year's earnings.

"Despite the current market environment, I am confident that the actions we are taking to focus on customer excellence, strengthen our holiday offering, invest in omni-channel distribution, and bring our businesses closer together mean we're well positioned to meet our existing growth expectations to FY18, creating value for both customers and shareholders."

Analyst and Investor Presentation

A presentation will be held for equity analysts and investors today at 9.00 a.m. (BST) at Farmers & Fletchers In the City, 3 Cloth Street, London EC1A 7LD. A live webcast of the presentation will be available via the following link and dial in:

http://webcasts.thomascookgroup.com/thomascook010/default.asp

United Kingdom: 020 3059 8125
All other locations: +44 20 3059 8125

Forthcoming announcement date

The Group intends to announce its results for the third quarter ended 30 June 2016 on Thursday 28 July 2016.

Enquiries

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[1] Thomas Cook Group considers the current range of analysts' estimates of FY16 underlying EBIT to be £310 million to £359 million

FINANCIAL HIGHLIGHTS

The comments below are based on like-for-like comparisons unless otherwise stated, as Management believes this provides a clearer view of ongoing business performance

- Group revenue was slightly higher at £2,672 million (H1 2015: £2,663 million) following successful strategy to rebalance programme away from Turkey and towards Spain and long-haul destinations
- Underlying Gross margin grew by 10 basis points to 21.7% (H1 2015: 21.6%) due to a focus on higher quality holidays within our Winter Sun offering
- Underlying EBIT improved by £8 million to a £163 million loss (H1 2015: £171 million loss), excluding a £5 million benefit from Easter falling earlier this year
  - Northern Europe achieved strong growth, increasing underlying EBIT by over 70%, or £17 million, to £40 million (H1 2015: £23 million)
  - Our UK business also performed well, improving underlying EBIT by £5 million and achieving a last twelve month ('LTM') underlying EBIT margin of 5.1%, up 60 basis points year-on-year
  - Continental Europe outperformed a difficult market to grow EBIT by £1 million
  - Airlines Germany was impacted by weaker demand to Turkey where it is a market leader and increased competition, resulting in a decline in underlying EBIT of £19 million
- Net debt increased by £50 million (£125 million on a statutory basis) to £825 million (H1 2015: £700 million on a statutory basis) reflecting lower bookings and working capital timing differences
- Moody's Investor Service has assigned Thomas Cook a B1 rating, one notch higher than the ratings already assigned by Standard & Poor's and Fitch
- Programme to repurchase up to £100 million of our outstanding bonds to be launched shortly, ahead of plan, in line with strategy for the reduction of fixed-term debt
- Signed new £150 million additional bank facility to provide flexibility to refinance outstanding bonds

CURRENT TRADING AND OUTLOOK

Winter 2015/16

Trading for the Winter 2015/16 season closed out in line with our expectations as set out in our Pre-Close Statement on 22 March 2016.

Summer 2016

Our Summer 2016 programme is 63% sold for the Group as a whole, 2% below this time last year.

Having acted early to rebalance capacity away from Turkey, Tunisia and Egypt, we have seen strong growth to alternative popular and profitable destinations such as Spain, the USA, Cuba and Mexico. Across the Group, bookings to all destinations other than Turkey are up 6% compared to last year; excluding Turkey, Tunisia and Egypt, bookings are up 13%.

Demand for Turkey remains significantly below last year, with some customers leaving it later to book their holidays – Summer bookings so far have, on average, been made almost two weeks later than last year. As we continue to focus on driving margins rather than volumes, we have reduced our risk capacity by 4%. Reflecting this capacity reduction and the later booking pattern, total bookings for the Group including Turkey are down by 5%, while overall pricing is firm, in line with this time last year.

In the UK, bookings are 3% lower than last year, reflecting the later booking pattern for Turkey. Package holiday pricing remains strong, up 3%, reflecting expansion of our differentiated holidays. Overall pricing is down 2%, reflecting the mix effect of continuing growth in our UK seat-only business, which has lower average selling prices than package holidays. We continue to expand our long haul programme in particular, with bookings up 19% so far.

Northern Europe continues to trade well, with Summer pricing up by 6%, and higher margins. Bookings are down 2% compared to last year, reflecting higher volumes to the Canaries and the Balearic Islands, offset by weakness to Turkey.

In Continental Europe, bookings are 10% lower than this time last year, reflecting continued weakness in consumer sentiment due to geopolitical events. Despite the weak environment, pricing remains resilient, in line with last year's levels. Our German business, with bookings down by 6% and pricing broadly in line

with last year, is outperforming the wider tour operating market and is benefitting from cheaper third-party flights. However our Belgian business was directly impacted by the tragic attack on Brussels airport in March and, as a result, bookings in Belgium are significantly below last year.

For Condor (Airlines Germany), bookings are 4% lower than last year, mainly due to the later booking profile to Turkey where Condor is a market leader. Significant supply pressures in Germany have resulted in a decline in average selling prices of 2% compared to last year. These market conditions are expected to have a direct impact on Condor's profitability over the Summer holiday period, with the third quarter being especially weak due to low demand for Turkey in the "shoulder" season. However, we expect that further re-routing of Turkey capacity and cost efficiencies will improve Condor's performance in FY17.

Summer 2016	Year-on-Year Variation %			
	Bookings(i)	ASP(i)	% Sold(ii)	Bookings ex Turkey(i)
UK	-3%	-2%(iii)	66%	+8%
Northern Europe	-2%	+6%	65%	+11%
Continental Europe	-10%	Flat	63%	+3%
Airlines Germany	-4%	-2%	58%	+5%
Total	**-5%**	**Flat**	**63%**(iv)	**+6%**

Based on cumulative bookings to 14 May 2016

Notes: (i) Risk and non-risk customers
(ii) Risk customers only
(iii) UK average selling price is up by 3% for package holidays and unchanged for seat-only, resulting in a 2% decline on a blended basis due to the change in mix
(iv) For the tour operator only, the Summer 2016 season is 66% sold, 3% lower than last year

Winter 2016/17

With around 10% of the programme sold, early bookings for next Winter have started well, with bookings in all source markets well above last year at good average selling prices. For the Group as a whole, bookings are 16% higher than last year and average selling prices are up 2%.

Outlook

For the Summer period, most of our businesses are trading well to destinations other than Turkey, growing bookings excluding Turkey by 6% overall. Demand has been particularly strong so far to Spain and long haul destinations and, encouragingly, demand for Turkey has strengthened in recent weeks, consistent with the later booking pattern.

However, total bookings to Turkey remain significantly below last year's levels and, at the current run rate, we now expect a shortfall compared to our previous expectations, particularly in Airlines Germany. In addition, the attack at Brussels airport in March has significantly impacted our Belgian business, due to operational disruption to our flying programme, a high level of cancellations and a significant drop in customer demand. These effects are expected to be particularly acute in the third quarter. We expect foreign exchange translation gains (based on current exchange rates) to partly offset these headwinds. As a result, we expect underlying EBIT for the full year to be between £310 million and £335 million[1].

In spite of these near-term challenges, we are confident that Thomas Cook remains on track to meet our existing growth expectations to FY18, supported by strong early trading for next Winter, significantly improved prospects for Airlines Germany and further benefits from continuing to implement our New Operating Model, as we bring our businesses closer together and generate further efficiencies.

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[1] Thomas Cook Group considers the current range of analysts' estimates of FY16 underlying EBIT to be £310 million to £359 million

PROGRESS IN EXECUTING OUR STRATEGY

We have made good progress in executing our strategy over the Winter period, supporting our financial performance in the first half. Our strategy, which we set out at our full year results in November 2015, is to provide our customers with high quality differentiated and flexible holiday experiences, supported by a total customer focus. By focusing relentlessly on customer excellence, and by implementing the New Operating Model, our Group-wide transformation programme, we believe we will grow profitably, increase cash flows and deliver shareholder value.

Our progress in these areas is described below.

Focus on customer excellence

We continue to invest in customer service across all areas of the business, in order to always give customers the very best holiday experience. We have reviewed and overhauled our customer training across the Group, including in our destinations where so far this year we have fully trained over 1,300 reps and managers in Customer and Service Culture. In addition, our 24-hour hotel satisfaction promise has been launched, reassuring customers that we are on hand to resolve problems within 24 hours. In order to consistently measure customer satisfaction, we have now fully embedded NPS as a core indicator against which management performance is measured. Reflecting our improving customer proposition, NPS has increased across all segments, resulting in a Group-wide improvement of 4 points (12%) compared to the first half of last year.

We have made good progress against the recommendations made in Justin King's independent review of our business last November. We are doubling our spend on health and safety by Summer 2017 and increasing the number of in-house health and safety staff by 50%. We are planning to introduce physical audits of our top 3,600 hotels by next season, going beyond Justin King's recommendations. We are also introducing more thorough audits on areas of particular risk such as swimming pools, and have rolled out new training to our resort staff with a focus on health and safety in order to supplement the physical audit cycle. Gas safety has been a particular area of focus and we are currently working with both Capita and CORGI to roll out our UK Gas Safety Policy to all major hotels across the group.

New Operating Model

Launched last year, our New Operating Model is a three-year transformation programme aimed at implementing our strategy in a clear and structured way. In the first half, the programme delivered EBIT benefits of £9 million, in line with our expectations, and we remain on track to achieve £100 million to £120 million of cumulative annualised net EBIT benefits by FY18. The cash costs of implementing the New Operating Model were £23 million in the first half.

The New Operating Model is focused on four main areas: own-brand hotels and flights, our broader holiday offering, omni-channel and efficiencies.

Own-brand Hotels and Flights

Our own-brand hotels and flights enable us to offer customers a consistent, high quality, exclusive experience, and to capture more margin.

Hotels

We currently have around 190 own-brand hotels, located across 16 destination countries and operating under six brands (Sunwing, Sunprime, Sentido, SunConnect, Smartline and Casa Cook), with each brand targeting a specific consumer segment. We continue to develop this portfolio by ensuring continued quality improvements, and as a result the online review scores for these hotels have increased to an average of 85%, up from 82% a year ago (according to meta-review data from Trust You).

In addition, we are developing new high quality hotels aimed at generating superior returns. In December 2015 we opened the Ocean Beach Club by Sunwing in Gran Canaria, a premium family concept hotel providing 137 rooms available all year round, with a guest satisfaction rating of 4.7 out of 5. In May 2016 we opened our first Casa Cook in Rhodes, a new lifestyle concept hotel providing 93 new hotel rooms aimed at independent modern travellers.

We are also continuing to work on a hotel investment fund to acquire hotels and resorts in our core destination markets, using capital from third-party investors, including Fosun and its portfolio companies. While recent geopolitical events in our key destinations and elsewhere have inevitably made progress more difficult, we continue to expect the fund to be implemented and to deliver benefits over the medium term.

Flights

Our fleet renewal programme is now complete. We took delivery of the final four brand new Airbus A321 aircraft before Easter, taking the total to 25 new aircraft delivered over the last three years. As a result, 95% of our fleet of 93 aircraft is now either brand new or fully refurbished, resulting in a significantly improved customer experience. We continue to expand our long-haul business, with long haul capacity across the Group up by 14% over the Winter, reflecting our continued focus on expanding Winter Sun holidays. For the Summer, long haul capacity is expected to grow by 26%, with new routes added to Los Angeles, Boston, Austin (Texas), Rio de Janeiro and Cape Town.

Currently approximately 45% of our airlines' seats are sold on a seat-only basis or to third party tour operators, with the remainder sold to our own package holiday customers. This is up by 4% compared to last year, reflecting the continued expansion of our profitable seat-only business. Our airlines account for two thirds of the Group's overall flying requirements, with the remaining flights being sourced from third party airlines.

Our holiday offering

Our holiday offering is focused on higher margin differentiated holidays – including holidays to both own-brand hotels and a closely-managed portfolio of selected partner hotels – supplemented by a wide range of complementary products that give customers greater choice and flexibility when choosing their holiday.

Our objective is to grow sales of differentiated holidays, by improving quality and service standards in our hotels, and by selling fewer, higher quality hotels across the Group (rather than in just one source market). In the first half we saw continued growth in customer demand for holidays to our own-brand hotels, with sales increasing by 21%, while sales of differentiated holidays overall was stable year-on-year. Excluding Turkey, Tunisia and Egypt, sales of differentiated holidays increased by 5%.

We are also sharing more of our hotel capacity within the Group, allowing us to maximise margins by allocating capacity where there is most demand. Across the Group, we now share capacity for 37% of differentiated hotels across the Group, compared with just 7% two years ago.

Omni-channel and customer

We are focused on using technology to improve our customer relationships across all channels. We have made a step change in our web performance, driven by recent investments in our online proposition. In the UK and Germany, our web sales were up by 10% and 21% respectively in the second quarter compared to last year. Conversion across devices is up significantly – by 10% for desktop, 31% for tablet and 48% for mobile devices in the UK – while in Germany the increase in conversion is even higher. In the UK, almost a third of visitors use their smartphone to access our website, up from just over a quarter last year.

We are the first UK tour operator to offer customers the ability to pay by Direct Debit, and it is proving very popular for forward bookings, with almost half of our Summer 2017 customers so far using this option. Direct debit enables our customers to easily spread the cost of a holiday over time.

We are also making it easier for customers to personalise their travel experiences with us by improving the way we offer ancillary products and services across the Group. As a result, revenue from ancillaries – including travel insurance, airline meals, seat selection, extra luggage, private transfers, room upgrades, excursions and entertainment whilst in resort – increased by 10% in the first half.

Efficiencies

We aim to provide best value to our customers through an efficient, low cost operating structure. As an initial stage of our "One Tour Operator" initiative, we have just launched a major efficiencies programme in Continental Europe, initially focused on Germany, Belgium and the Netherlands. The programme aims to streamline our processes and remove duplication within that segment, in order to significantly reduce operating costs from FY17 onwards, and deliver key New Operating Model initiatives. These include consolidating tour operating activities, integrating marketing and finance functions, and standardising our IT work. Once this programme has been implemented, the individual source markets in Continental Europe will focus mainly on sales, yield and trading, and merchandising, while a segment-wide structure will exist to carry out centralised support activities.

China JV

Our Chinese joint venture with Fosun continues to develop well. Established at the end of 2015, the business started market testing in January with pilot holidays from China to Thomas Cook hotels in South East Asia, and is now rapidly expanding its offering to encompass a range of additional destinations and services, including serving inbound and corporate customers. Headcount has now reached 25. A full marketing launch campaign is planned for Autumn 2016.

Financing

The reduction of fixed-term debt is a priority for the Group, as we move towards a more efficient capital structure with reduced interest costs. As we stated at our full year results in November, we intend to reduce our outstanding fixed-term debt by £300 million by the end of FY18. In keeping with this, we intend to launch a programme shortly to repurchase up to £100 million of our outstanding bonds, with the objective of reducing interest costs earlier than originally planned.

In addition, in order to provide greater financial flexibility, we have recently entered into a new two-year facility providing up to a further £150 million of liquidity. This is in addition to our existing £800 million revolving credit and bonding facilities. As well as providing additional liquidity for general purposes, this new facility will give the Group more flexibility when considering options to redeem its outstanding bonds and reduce interest costs.

Consistent with our aim to achieve an improved credit rating over time, we are pleased to announce that Moody's Investor Service has assigned a B1 rating to the Company. This is one notch higher than the ratings already assigned to the Company by Standard & Poor's and Fitch, and will further enhance the Company's access to liquidity and reduce our interest costs.

Dividends

At the same time as reducing debt, it remains our intention to recommence dividend payments. Based on current trading and the expected benefits from our New Operating Model, we expect to pay a dividend from FY16 profits.

Our policy will be to target a payout ratio of between 20% and 30% of reported net profit each year. We believe this represents an appropriate balance between debt reduction and providing a return to shareholders. A final dividend will be declared with the full year results announcement each year, starting with the announcement of our FY16 results. In view of the seasonality of the Group's profit profile, it is not our intention to pay interim dividends for the foreseeable future. The Board will review the policy annually as we reduce debt, to determine the scope to increase the payout ratio in the future.

Alongside making dividend payments, the reduction of fixed-term debt remains a priority for the Group, and we intend to continue to move towards a more efficient capital structure, with reduced interest costs.

FINANCIAL REVIEW

£m	6 months ended 31 Mar 2016	6 months ended 31 Mar 2015	Change	Like-for-like Change(ii)
Revenue	2,672	2,742	(70)	9
Underlying(i) Gross Profit	579	585	(6)	4
Underlying(i) Gross Margin %	*21.7%*	*21.3%*	*0.4%*	*0.1%*
Underlying(i) Operating expenses	(742)	(758)	16	4
Underlying(i) loss from operations (Underlying EBIT)	**(163)**	**(173)**	**10**	**8**
EBIT Separately Disclosed Items	(45)	(48)	3	3
Loss from operations (EBIT)	(208)	(221)	13	11
Gain on disposal of associate	-	8	(8)	(8)
Net finance charges (underlying)	(73)	(79)	6	6
Separately disclosed finance charges	(7)	(11)	4	4
Loss before tax	(288)	(303)	15	13
Free cash flow(iii)	(650)	(437)	(213)	(213)
Net debt(iv)	(825)	(700)	(125)	(50)

Notes (i) 'Underlying' refers to trading results that are adjusted for separately disclosed items that are significant in understanding the ongoing results of the Group. Separately disclosed items are detailed on page 13

(ii) 'Like-for-like' change adjusts for the impact of disposals, foreign exchange translation, fuel and other. The detailed like-for-like adjustments are shown on page 9

(iii) Free cash flow is cash from operating activities less exceptional items, capital expenditure and interest paid

(iv) 'Like-for-like' net debt adjusts the prior year comparative for foreign exchange translation, the impact of changing finance lease arrangements and other non-cash changes

Overview

The comments below are based on like-for-like comparisons unless otherwise stated, as Management believes this provides a clearer view of on-going business performance

Our first half financial performance delivered continued improvement in like-for-like underlying Group EBIT, with an EBIT loss of £163 million, £8 million better than last year.

Group revenue increased by £9 million (0.3%), whilst underlying Gross Margin increased by 10 basis points to 21.7%. We achieved improved profitability, despite disruption and weak consumer demand in certain markets, through an improved product mix in our Winter Sun programme, together with cost efficiencies from the initial benefits of our New Operating Model.

The seasonal cash outflow of £650 million (H1 2015: £437 million outflow) has been adversely impacted by the timing of working capital movements as a result of the later customer booking pattern, together with the impact of changes to consumer law in Germany in April 2015, as previously highlighted.

As a consequence of the timing of working capital in the first half, and after reflecting non-cash changes such as foreign currency translation, Group net debt increased to £825 million at 31 March 2016, £50 million higher than at 31 March 2015, on a like-for-like basis.

Like-for-like Analysis

Certain items, such as the normal translational effect of foreign exchange movements, affect the comparability of the underlying performance between financial years. Accordingly, to assist in understanding the underlying year-on-year progression, 'like-for-like' (LfL) adjusted growth has been analysed as follows:

Year to date like-for-like analysis

Group	Revenue £m	Gross Margin %	Operating Expenses £m	Underlying EBIT £m
6 months ended 31 March 2015	**2,742**	**21.3%**	**(758)**	**(173)**
Easter	49	(0.2)%	0	5
Fuel	(65)	0.5%	0	0
Impact of Currency Movements	(63)	(0.0)%	12	(3)
6 months ended 31 March 2015 LfL	**2,663**	**21.6%**	**(746)**	**(171)**
6 months ended 31 March 2016	2,672	21.7%	(742)	(163)
6 month LfL change (£m)	**9**	**n/a**	**4**	**8**
6 month LfL change (%)	**0.3%**	**10 basis points**	**0.5%**	**4.7%**

Underlying EBIT by segment	UK £m	CE £m	NE £m	Condor £m	Corporate £m	Group £m
6 months ended 31 March 2015	**(131)**	**(51)**	**25**	**1**	**(17)**	**(173)**
Easter	2	1	0	2	0	5
Impact of Currency Movements	0	1	(2)	(2)	0	(3)
6 months ended 31 March 2015 LfL	**(129)**	**(49)**	**23**	**1**	**(17)**	**(171)**
6 months ended 31 March 2016	(124)	(48)	40	(18)	(13)	(163)
6 month LfL change (£m)	**5**	**1**	**17**	**(19)**	**4**	**8**
6 month LfL change (%)	**3.9%**	**2.0%**	**73.9%**	**n/a**	**23.5%**	**4.7%**

Revenue

Group revenue increased by £9 million (0.3%) on a like-for-like basis to £2,672 million. This reflects a shift in our Winter destination strategy to meet the changing preferences of our customers, which resulted in a decrease in sales of holidays to Egypt, Turkey and Tunisia of £132 million. This impact has been offset by growth in departures to Spain (+£56 million) and Long Haul destinations such as the USA (+£38 million) and Cuba (+£25 million).

The main components of the changes in like-for-like revenue are as follows:

	£m
H1 2015 Like-for-like Revenue	**2,663**
Egypt	(55)
Tunisia	(48)
Turkey	(29)
Spain	56
Major Long Haul	79
Other	6
H1 2016 Revenue	**2,672**

Gross Margin

Gross margin of 21.7% is 10 basis points ahead of last year, despite weak consumer demand in certain of our source markets. This reflects the initial benefits of our strategy of focusing on differentiated and exclusive holidays, which are generally more profitable than other types of holiday.

Operating Expenses / Overheads

Operating expenses reduced by £4 million (0.5%), mainly due to a £17 million (2.6%) reduction in operating costs, offset by a £13 million increase in depreciation due to the higher level of investment in IT and our airline in recent years.

£m	Six months to 31 Mar 2016	Six months to 31 Mar 2015	Change	Six months to 31 Mar 2015 Like-for-like	Like-for-like Change
Personnel Costs	(417)	(424)	7	(418)	1
Net Operating Expenses	(228)	(249)	21	(244)	16
SubTotal	**(645)**	**(673)**	**28**	**(662)**	**17**
Depreciation	(97)	(85)	(12)	(84)	(13)
Total	**(742)**	**(758)**	**16**	**(746)**	**4**

Underlying EBIT

The Group generated an underlying EBIT loss of £163 million in the first half of the year, an improvement of £8 million (4.7%) compared with an H1 2015 loss of £171 million.

Benefits of £9 million have been delivered through our New Operating Model, in line with our expectations; given the seasonality of our business, we expect to deliver a greater amount of benefits in the second half of this year. However, profitability in our German Airline, Condor, has been affected by demand weakness to Turkey and market overcapacity in the short and medium haul sector of the market and, as previously guided, we have incurred a higher depreciation charge following our investment in our airline and in IT in recent years.

Segmental Review

Sources of Growth in Underlying EBIT

During the period the Group reported an improvement in underlying EBIT of £8 million on a like-for-like basis, analysed as follows:

	UK £m	Continental Europe £m	Northern Europe £m	Airlines Germany £m	Corporate* £m	Group £m
Revenue	700	1,036	536	546	(146)	2,672
Gross Margin%	22.4%	13.8%	26.7%	24.2%	n/a	21.7%
EBIT	**(124)**	**(48)**	**40**	**(18)**	**(13)**	**(163)**
EBIT Change	5	1	17	(19)	4	8
Like-for-Like EBIT Change	**3.9%**	**2.0%**	**73.9%**	**n/a**	**23.5%**	**4.7%**

*Negative revenue is a result of intercompany eliminations

The financial performance of each segment is considered below.

United Kingdom & Ireland

	H1 2016	H1 2015	Change	H1 2015 LfL	Like-for-like Change
Revenue (£m)	700	708	(8)	699	1
Gross Profit (£m)	157	149	8	151	6
Underlying Gross margin (%)	22.4%	21.0%	1.4%	21.6%	0.8%
Underlying EBIT (£m)	**(124)**	**(131)**	**7**	**(129)**	**5**
Departed Customers (000's)	1,769	1,777	(8)	1,777	(8)

Our UK business traded strongly in the first half of the year, with a seasonal underlying EBIT loss of £124 million, representing an improvement of £5 million compared to the same period last year (H1 2015: £129 million loss). This improved performance reflects the continuing execution of our Winter Sun programme building on growth in the prior year, together with further improvement in product quality and our online capability.

Revenue of £700 million was £1 million (0.1%) higher than prior year, maintaining the growth achieved in FY15.

Underlying gross margin increased by 80 basis points on a like-for-like basis to 22.4%, reflecting the continuing benefits of improvements in product quality, with a higher proportion of customers staying in our own-brand hotels and the further expansion of our UK airline's long haul programme.

Continental Europe

	H1 2016	H1 2015	Change	H1 2015 LfL	Like-for-like Change
Revenue (£m)	1,036	1,113	(77)	1,083	(47)
Gross Profit (£m)	143	155	(12)	150	(7)
Underlying Gross margin (%)	13.8%	13.9%	(0.1)%	13.9%	(0.1)%
Underlying EBIT (£m)	**(48)**	**(51)**	**3**	**(49)**	**1**
Departed Customers (000's)	1,886	2,000	(114)	1,989	(103)

Revenue and Underlying EBIT by Market within Continental Europe

£m	H1 2016	H1 2015	Change	H1 2015 LfL	Like-for-like Change
Revenue					
- Germany[i]	653	694	(41)	671	(18)
- Russia	15	18	(3)	17	(2)
- France	99	101	(2)	99	0
- Other Continental Markets	269	300	(31)	296	(27)
Total	**1,036**	**1,113**	**(77)**	**1,083**	**(47)**
Underlying EBIT					
- Germany[i]	8	7	1	7	1
- Russia	(4)	(5)	1	(5)	1
- France	(11)	(12)	1	(12)	1
- Other Continental Markets	(41)	(41)	0	(39)	(2)
Total	**(48)**	**(51)**	**3**	**(49)**	**1**

[i] Germany has been restated to only include the performance of the German Tour Operator. The horizontal functions based in Germany have now been reported in Other Continental Markets. For reference in H1 2016 those functions delivered an underlying EBIT loss of £7m (H1 2015: EBIT loss £8m)

Continental Europe delivered a seasonal underlying EBIT loss of £48 million for the first half of the year, £1 million lower than last year. Revenue of £1,036 million was £47 million (4.3%) lower than last year due to weaker consumer demand in some of our source markets. Despite this reduced level of demand, EBIT performance has improved slightly due to our focus on margin maximisation and cost efficiencies.

Our German business has compensated for lower customer demand and improved its underlying EBIT result by £1 million by taking advantage of the lower cost flight capacity currently available in the market to strengthen margins, while also reducing overheads through operating efficiencies. These improvements follow the actions we took last year to strengthen our management team, improve relationships with our distribution partners, and improve our web proposition. Russia and France also recorded modest improvements in underlying EBIT. Other Continental markets include Belgium, Holland and Eastern Europe, as well as central support costs for our Continental businesses and the cost of in-destination services.

Northern Europe

	H1 2016	H1 2015	Change	H1 2015 LfL	Like-for-like Change
Revenue (£m)	536	511	25	508	28
Gross Profit (£m)	143	125	18	121	22
Underlying Gross margin (%)	26.7%	24.5%	2.2%	23.8%	2.9%
Underlying EBIT (£m)	**40**	**25**	**15**	**23**	**17**
Departed Customers (000's)	643	620	23	620	23

Our Northern Europe business reported underlying EBIT of £40 million for the first half of the year, £17 million better than last year. Strong Winter trading has resulted from maintaining risk capacity at last year's levels while the market in general has sought to reduce capacity commitments. As a result, our Nordic business was well positioned to take advantage of poor weather in the early part of the booking period to deliver an exceptionally strong trading performance.

Revenue of £536 million was £28 million (5.5%) higher demonstrating the strong differentiation of our product offering, which has maintained its unrivalled popularity with our customers, together with a strong performance in ancillary sales.

Underlying gross margin increased by 290 basis points on a like-for-like basis to 26.7% reflecting strong Winter trading with seat load factors of 99% and growth in average selling prices.

Airlines Germany

	H1 2016	H1 2015	Change	H1 2015 LfL	Like-for-like Change
Revenue (£m)	546	563	(17)	527	19
Gross Profit (£m)	132	150	(18)	146	(14)
Underlying Gross margin (%)	24.2%	26.6%	(2.4)%	27.7%	(3.5)%
Underlying EBIT (£m)	**(18)**	**1**	**(19)**	**1**	**(19)**
Departed Customers (000's)	2,850	2,833	17	2,844	6

As we previously reported Condor, our German airline, has been significantly impacted by weak consumer demand, particularly to Turkey where it is a market leader, and market overcapacity in the short / medium haul sector, which has resulted in a seasonal underlying EBIT loss of £18 million in H1 2016, £19 million higher than last year.

Revenues of £546 million were £19 million (3.6%) higher than last year, as increased capacity in both the short/medium and long haul sectors was partially offset by lower selling prices in challenging market conditions.

Corporate

	H1 2016	H1 2015	Change	H1 2015 LfL	Like-for-like Change
Corporate underlying overheads (£m)	(13)	(17)	4	(17)	4

Corporate underlying operating expenses of £13 million were £4 million lower than last year (H1 2015: £17 million), reflecting further cost efficiencies in our head office functions.

Other Financial Items

Net Finance Charges

Group underlying net finance charges for the year decreased by £6 million to £73 million (H1 2015: £79 million). The main reason for this reduction was the early refinancing of the Group's €400 million Eurobond (due in June 2015) in January 2015. As a consequence, there was a period when both of those bonds were outstanding in the comparative half year. A detailed analysis of net finance costs is set out Note 5 on page 27.

Separately Disclosed Items

Net Separately Disclosed Items (SDIs) for H1 2016 comprised a £52 million charge, which is in line with the prior year (H1 2015: £52 million) as analysed below:

£m	H1 2016 Cash[(i)]	H1 2016 Non-cash	H1 2016 Total	H1 2015 Cash	H1 2015 Non-cash	H1 2015 Total
Restructuring	(21)	(3)	(24)	(21)	(1)	(22)
Onerous contracts and leases	(2)	(11)	(13)	-	(18)	(18)
Other	-	(8)	(8)	1	(9)	(8)
EBIT related items	**(23)**	**(22)**	**(45)**	**(20)**	**(28)**	**(48)**
Gain on disposal of associate	-	-	-	-	7	7
Finance related charges	-	(7)	(7)	-	(11)	(11)
Total	**(23)**	**(29)**	**(52)**	**(20)**	**(32)**	**(52)**

Note (i) Cash items encompasses both current year cashflows, and cash effects which have not been realised before the end of the period

Further information on Separately Disclosed Items is included within Note 4 on page 26.

Summary Cash Flow Statement[(i)]

£m	H1 2016	H1 2015
Underlying EBIT	(163)	(173)
Depreciation	97	85
Underlying EBITDA	**(66)**	**(88)**
Working Capital	(411)	(176)
Tax	(6)	(9)
Pensions & Other	(6)	(12)
Operating Cash flow	**(489)**	**(285)**
Exceptional Items [(ii)]	(35)	(28)
Investment in China JV	(3)	-
Capital Expenditure	(81)	(84)
Net Interest Paid	(42)	(40)
Free Cash flow[(iii)]	**(650)**	**(437)**
New Equity	-	92
Other	-	(6)
Net Cash flow	**(650)**	**(351)**

Notes (i) The Group uses three non-statutory cash flow measures to manage the business. Operating Cashflow is net cash from operating activities excluding interest income and the cash effect of separately disclosed items impacting EBIT. Free Cash flow is cash from operating activities less capital expenditure and interest paid. Net Cashflow is the net decrease in cash and cash equivalents excluding the net movement in borrowings, finance lease repayments and facility set-up fees

(ii) Exceptional items include net cash from disposals of £20 million in H1 2015

(iii) Free cash flow is cash from operating activities less exceptional items, capital expenditure and interest paid

Free cash outflow of £650 million was £213 million higher than last year (H1 2015: £437 million) reflecting mainly the timing of working capital changes due to the later booking profile, which has resulted in lower customer deposits at 31 March 2016, together with changes to German consumer law in April 2015.

The temporary timing of cash flows in H1 2016 has also affected the calculation of our Cash Conversion metric, resulting in negative free cash flow over the last 12 months.

£m	H1 LTM 2016	H1 LTM 2015
EBIT	320	337
Net Interest	(135)	(152)
Underlying PBT	185	185
Free Cash Flow	(51)	71
Cash conversion	**n/a**	**38%**

The impact of lower customer deposits and German consumer law changes is expected to reverse as the Summer booking cycle progresses.

Net Debt

The Group sources debt and finance facilities from a combination of the international capital markets and its relationship banking group. During the last 12 months, the Group's net debt increased from £700 million to £825 million, equivalent to an increase of £50 million on a like-for-like basis. This increase in net debt is a direct result of the timing of working capital changes as described above.

	£m
31 March 2015 Closing net debt position	**(700)**
Exchange rate movements	(31)
Non-cash movements	(44)
31 March 2015 Like-for-like net debt position	**(775)**
Operating cashflow	382
Capex	(199)
Exceptionals	(108)
Net Interest paid	(127)
JV Dividend and Other	2
31 March 2016 Closing net debt position	**(825)**

The composition and maturity of the Group's net debt is summarised below:

£m	31 March 16	31 March 15	Movement	Maturity
2015 Euro Bond	-	(206)	206	June 2015
2017 GBP Bond	(299)	(298)	(1)	June 2017
2020 Euro Bond	(429)	(394)	(35)	June 2020
2021 Euro Bond	(316)	(290)	(26)	June 2021
Commercial Paper	(134)	(99)	(35)	Various
Revolving Credit Facility	-	-	-	May 2019
Finance Leases	(183)	(191)	8	Various
Aircraft related borrowings	(70)	(102)	32	Various
Other external debt	(25)	(16)	(9)	Various
Arrangement fees	24	25	(1)	n/a
Total Debt	**(1,432)**	**(1,571)**	**(139)**	
Cash (net of overdraft)	607	871	(264)	
Net Debt	**(825)**	**(700)**	**(125)**	

The Group's £800 million Committed Facilities comprise a Revolving Credit Facility of £500 million, of which nil was drawn at 31 March 2016, and a £300 million bonding and guarantee facility of which £253 million was utilised for bonding facilities at 31 March 2016 (H1 2015: £250 million). These facilities expire in May 2019. In addition to our existing £800 million bank facilities, the Group has recently entered into a new two-year £150 million bank facility. As well as providing additional liquidity for general purposes, this new facility will give the Group more flexibility when considering options to redeem its outstanding bonds and reduce interest costs.

Treasury Management

The Group's funding, liquidity and exposure to foreign currencies, interest rates, commodity prices and financial credit risk are managed by a centralised Treasury function and are conducted within a framework of Board-approved policies and guidelines.

The principal aim of Treasury activities is to reduce volatility by hedging, which provides a degree of certainty to the operating segments, and to ensure a sufficient level of liquidity headroom at all times.

The successful execution of policy is intended to support a sustainable low risk growth strategy, enable the Group to meet its financial commitments as they fall due, and enhance the Group's credit rating over the medium term.

Cash management

Due to the seasonality of the Group's business cycle and cash flows, a substantial amount of surplus cash accumulates during the Summer months. Efficient use and tight control of cash throughout the Group is facilitated by the use of cash pooling arrangements and the net surplus cash is invested by Treasury in high quality, short-term liquid instruments consistent with Board-approved policy, which is designed to mitigate counterparty credit risk. Yield is maximised within the terms of the policy but returns in general remain low given the low interest rate environment in the UK, the US and Europe.

A small portion of the Group's cash is restricted in overseas jurisdictions primarily due to legal or regulatory requirements. Such cash does not form part of our liquidity headroom calculation.

Hedging of Fuel and Foreign Exchange

The objective of the Group's hedging policy is to smooth fluctuations in the price of Jet Fuel and foreign currencies, in order to provide greater certainty for planning purposes. The proportion of our exposures that have been hedged are shown in the table below.

	Summer 16	Winter 16/17	Summer 17
Euro	86%	71%	32%
US Dollar	95%	91%	45%
Jet Fuel	95%	90%	62%

As at 13 May 2016

As Jet Fuel is priced in US Dollars, our net fuel costs are influenced by both the fuel price and the movements in the US Dollar against our base currencies.

While we expect net fuel costs to be around £100 million lower in FY16 compared to last year, these benefits will be partly absorbed by higher dollar-denominated non-fuel flying costs, and partly passed on to our customers through lower prices.

The Group's policy is not to hedge the translation impact of profits generated outside the UK. If current rates for Euro and Swedish Krona were maintained throughout the remainder of FY16, there would be a positive year-on-year translation impact of approximately £20 million.

The average and period end exchange rates relevant to the Group were as follows:

	Average Rate		Period End Rate	
	H1 2016	H1 2015	H1 2016	H1 2015
GBP/Euro	1.34	1.31	1.26	1.38
GBP/US Dollar	1.47	1.55	1.44	1.48
GBP/SEK	12.49	12.20	11.67	12.80

Credit Rating

The Group has maintained its 'B' ratings from both Standard & Poor's and Fitch and has recently been issued a rating of B1 from Moody's, recognising our continuing progress in the transformation of Thomas Cook despite external challenges.

Corporate Ratings	2016		2015	
	Rating	Outlook	Rating	Outlook
Standard and Poor's	B	Stable	B	Stable
Fitch	B	Stable	B	Stable
Moody's	B1	Stable	n/a	n/a

PRINCIPAL RISKS & UNCERTAINTIES

Management have undertaken a broader review of the principal risks and uncertainties affecting the business activities of the Group.

The outcome of this review has not identified new risks for the Group or changes to the Group's control environment which is more fully described throughout the Directors' Report of the Annual Report & Accounts for the year ended 30 September 2015, a copy of which is available on the Group's corporate website, **www.thomascookgroup.com.**

The principal risks are listed below:

- Our New Operating Model, the next phase of our transformation, fails to deliver our strategic and operational targets.
- Failure to align our products and services to customer preferences may have an adverse impact on our ability to improve our customers' experience of Thomas Cook holidays.
- Failure to achieve growth in our digital distribution channel may have an adverse impact on our market share, profitability and future growth.
- Failure to recruit or to retain the right people at the right time will lead to a lack of capability or capacity to enable the implementation of our business strategy.
- IT architecture is unable to support the needs of the business.
- Increasing information security and cyber threats.
- A decision or a course of action is perceived negatively by the media, investors and/or general public, which in turn impacts the corporate reputation of the Group and its share price.
- Cash generation limits the ability to strategically manage debt repayment and/or dividend payment.
- Due to the nature of its business, the Group will always be exposed to a risk of a health and safety incident that may impact our customers or colleagues together with associated reputational damage.
- Increasing security threats and general socio/political uncertainties negatively impacting our key markets and reducing the demand for travel related products. In particular, currently there is much uncertainty around security threats and the impact "Brexit" will have on the travel industry.
- Failure to comply with regulatory, legislative and corporate social responsibility requirements in the legal jurisdictions where Thomas Cook operates.

Appendix 1 – Condensed consolidated interim financial statements

Group Income Statement

	notes	**Unaudited Six months ended 31 March 2016 £m**	*Restated Unaudited Six months ended 31 March 2015 £m
Revenue	3	**2,672**	2,742
Cost of providing tourism services		**(2,089)**	(2,159)
Gross profit		**583**	583
Personnel expenses		**(429)**	(429)
Depreciation and amortisation		**(97)**	(86)
Net operating expenses		**(262)**	(286)
Amortisation of business combination intangibles	4	**(3)**	(3)
Loss from operations	3	**(208)**	(221)
Gain on disposal of associate	4	**-**	8
Finance income	5	**3**	2
Finance costs	5	**(83)**	(92)
Loss before tax		**(288)**	(303)
Tax	6	**1**	(11)
Loss for the period		**(287)**	(314)
Attributable to:			
Owners of the parent		**(269)**	(302)
Non-controlling interests		**(18)**	(12)
		(287)	(314)
Basic loss per share (pence)	7	**(17.6)**	(20.8)
Diluted loss per share (pence)		**(17.5)**	(20.8)

*£1m of forward points on foreign exchange cash flow hedging contracts has been re-presented from finance costs to cost of providing tourism services within separately disclosed items

The notes on pages 23 to 31 form an integral part of the condensed consolidated interim financial information.

Non-GAAP measures – Reconciliation to underlying earnings	**£m**	**£m**
Underlying loss from operations	**(163)**	(173)
Separately disclosed items*	**(45)**	(48)
Loss from operations	**(208)**	(221)
Separately disclosed net finance costs*	**(7)**	(11)
Underlying net finance costs	**(73)**	(79)
Associated undertakings	**-**	8
Loss before tax	**(288)**	(303)

*See note 4 for details on separately disclosed items

Group Statement of Other Comprehensive Income

	Unaudited Six months ended 31 March 2016 £m	Unaudited Six months ended 31 March 2015 £m
Loss for the period	**(287)**	(314)
Other comprehensive income and expense		
Items that will not be reclassified to profit or loss		
Actuarial losses on defined benefit pension schemes	**(42)**	(97)
Tax on actuarial losses	**8**	3
Items that may be reclassified subsequently to profit or loss		
Foreign exchange translation gains/ (losses)	**50**	(42)
Fair value gains and losses		
Losses deferred for the period	**(135)**	(71)
Tax on losses deferred for the period	**44**	9
Losses transferred to the income statement	**69**	11
Tax on losses transferred to the income statement	**(19)**	(2)
Total net other comprehensive expense for the period	**(25)**	(189)
Total comprehensive expense for the period	**(312)**	(503)
Attributable to:		
Owners of the parent	**(294)**	(491)
Non-controlling interests	**(18)**	(12)
Total comprehensive expense for the period	**(312)**	(503)

The notes on pages 23 to 31 form an integral part of the condensed consolidated interim financial information.

Group Cash Flow Statement

	Unaudited Six months ended 31 March 2016 £m	Unaudited Six months ended 31 March 2015 £m
Loss before tax	**(288)**	(303)
Adjustments for:		
Net finance costs	**80**	91
Share of results of associates	**-**	(1)
Gain on disposal of associate	**-**	(7)
Depreciation, amortisation and impairment of assets	**112**	94
Share-based payments	**3**	4
Decrease in provisions	**(30)**	(47)
Additional pension contributions	**(11)**	(12)
Interest received	**3**	2
Decrease/ (increase) in working capital:		
Inventories	**(7)**	(2)
Receivables	**(171)**	(85)
Payables	**(208)**	(55)
Cash used in operations	**(517)**	(321)
Income taxes paid	**(6)**	(9)
Net cash used in operating activities	**(523)**	(330)
Proceeds on disposal of associate	**-**	17
Proceeds on disposal of property, plant and equipment	**1**	1
Investment in China JV	**(3)**	-
Purchase of tangible assets	**(48)**	(51)
Purchase of intangible assets	**(33)**	(33)
Proceeds from other investments	**-**	1
Net cash used in investing activities	**(83)**	(65)
Interest paid	**(45)**	(42)
Dividends paid to non-controlling interest	**-**	(6)
Draw down of borrowings	**147**	477
Repayment of borrowings	**(190)**	(209)
Payment of facility set-up fees	**-**	(4)
Net proceeds from issue of ordinary shares	**-**	92
Repayment of finance lease obligation	**(17)**	(19)
Net cash (used in)/ from financing activities	**(105)**	289
Net decrease in cash and cash equivalents	**(711)**	(106)
Cash and cash equivalents at beginning of year	**1,286**	1,017
Effect of foreign exchange rate changes	**32**	(44)
Cash, cash equivalents and overdrafts at end of the period	**607**	867

The notes on pages 23 to 31 form an integral part of the condensed consolidated interim financial information.

Group Balance Sheet

	Notes	**Unaudited as at 31 March 2016 £m**	Unaudited as at 31 March 2015 £m	Audited as at 30 September 2015 £m
Non-current assets				
Intangible assets		**2,924**	2,759	2,794
Property, plant & equipment				
Aircraft and aircraft spares		**610**	574	605
Other		**210**	171	202
Investment in associates and joint ventures		**8**	4	4
Other investments		**1**	1	1
Deferred tax assets		**246**	220	197
Pension asset		**50**	-	50
Tax assets		**-**	1	-
Trade and other receivables		**62**	102	55
Derivative financial instruments	9	**15**	19	15
		4,126	3,851	3,923
Current assets				
Inventories		**40**	35	32
Deferred tax asset		**-**	15	-
Tax assets		**2**	3	3
Trade and other receivables		**768**	727	585
Derivative financial instruments	9	**82**	263	114
Cash and cash equivalents		**615**	871	1,301
		1,507	1,914	2,035
Total assets		**5,633**	5,765	5,958
Current liabilities				
Retirement benefit obligations		**(7)**	-	(7)
Trade and other payables		**(1,274)**	(1,294)	(1,979)
Borrowings		**(175)**	(382)	(219)
Obligations under finance leases		**(39)**	(34)	(35)
Tax liabilities		**(35)**	(14)	(22)
Revenue received in advance		**(1,688)**	(1,673)	(1,117)
Short-term provisions	8	**(112)**	(207)	(147)
Derivative financial instruments	9	**(230)**	(269)	(176)
		(3,560)	(3,873)	(3,702)
Non-current liabilities				
Retirement benefit obligations		**(378)**	(514)	(322)
Trade and other payables		**(79)**	(98)	(79)
Long-term borrowings		**(1,081)**	(1,000)	(1,038)
Obligations under finance leases		**(145)**	(154)	(148)
Non-current tax liabilities		**(13)**	(19)	(22)
Deferred tax liabilities		**(51)**	(78)	(46)
Long-term provisions	8	**(237)**	(148)	(210)
Derivative financial instruments	9	**(30)**	(12)	(23)
		(2,014)	(2,023)	(1,888)
Total liabilities		**(5,574)**	(5,896)	(5,590)
Net assets		**59**	(131)	368
Equity				
Called-up share capital		**69**	69	69
Share premium account		**524**	524	524
Merger reserve		**1,547**	1,547	1,547
Hedging and translation reserves		**(3)**	38	(12)
Capital redemption reserve		**8**	8	8
Accumulated losses		**(2,078)**	(2,299)	(1,778)
Investment in own shares		**(18)**	(38)	(18)
Equity attributable to owners of the parent		**49**	(151)	340
Non-controlling interests		**10**	20	28
Total equity		**59**	(131)	368

The notes on pages 23 to 31 form an integral part of the condensed consolidated interim financial information. At 31 March 2016 Thomas Group plc, the Company, had net assets of £2,897m (30 September 2015: £2,696m) and distributable reserves of £290m (30 September 2015: £302m).

Group Statement of Changes in Equity

The unaudited movements in equity for the six months ended 31 March 2016 were as follows:

	Share capital & share premium £m	**Other reserves £m**	**Translation & hedging reserve £m**	**Accumulated losses £m**	**Attributable to equity holders of the parent £m**	**Non-controlling interests £m**	**Total £m**
Opening balance at 1 October 2015	**593**	**1,537**	**(12)**	**(1,778)**	**340**	**28**	**368**
Loss for the period	**-**	**-**	**-**	**(269)**	**(269)**	**(18)**	**(287)**
Other comprehensive income/ (expense):							
Foreign exchange translation losses	**-**	**-**	**50**	**-**	**50**	**-**	**50**
Actuarial loss on defined benefit pension schemes (net of tax)	**-**	**-**	**-**	**(34)**	**(34)**	**-**	**(34)**
Fair value gains and losses:							
Losses deferred for the period (net of tax)	**-**	**-**	**(91)**	**-**	**(91)**	**-**	**(91)**
Losses transferred to the income statement (net of tax)	**-**	**-**	**50**	**-**	**50**	**-**	**50**
Total comprehensive income/ (expense) for the period	**-**	**-**	**9**	**(303)**	**(294)**	**(18)**	**(312)**
Equity credit in respect of share-based payments	**-**	**-**	**-**	**3**	**3**	**-**	**3**
At 31 March 2016	**593**	**1,537**	**(3)**	**(2,078)**	**49**	**10**	**59**

The unaudited movements in equity for the six months ended 31 March 2015 were as follows:

	Share capital & share premium £m	Other reserves £m	Translation & hedging reserve £m	Accumulated losses £m	Attributable to equity holders of the parent £m	Non-controlling interests £m	Total £m
Opening balance at 1 October 2014	504	1,517	133	(1,907)	247	38	285
Loss for the period	-	-	-	(302)	(302)	(12)	(314)
Other comprehensive income/ (expense):							
Foreign exchange translation losses	-	-	(42)	-	(42)	-	(42)
Actuarial loss on defined benefit pension schemes (net of tax)	-	-	-	(94)	(94)	-	(94)
Fair value gains and losses:							
Losses deferred for the period (net of tax)	-	-	(62)	-	(62)	-	(62)
Losses transferred to the income statement (net of tax)	-	-	9	-	9	-	9
Total comprehensive income/ (expense) for the period	-	-	(95)	(396)	(491)	(12)	(503)
Equity credit in respect of share-based payments	-	-	-	4	4		4
Dividends paid to non-controlling interest	-	-	-	-	-	(6)	(6)
Issue of shares-exercise of warrants	89	-	-	-	89		89
At 31 March 2015	593	1,517	38	(2,299)	(151)	20	(131)

1 Basis of Preparation

Thomas Cook Group plc (‘the company’) and its subsidiaries (together, ‘the Group’) is one of the world’s leading leisure travel groups. The company is a public limited company, which is listed on the London Stock Exchange and incorporated and domiciled in England and Wales under the Companies Act 2006. The address of its registered office is 3rd Floor, South Building, 200 Aldersgate, London EC1A 4HD.

The condensed consolidated interim financial statements have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority, the Listing Rules and with IAS 34, ‘Interim financial reporting’ as adopted by the European Union. This condensed consolidated interim financial information does not comprise statutory accounts of the Group within the meaning of Section 434(3) and 435(3) of the Companies Act 2006. They should be read in conjunction with the Annual Report for the year ended 30 September 2015 (the ‘Annual Report’), which has been prepared in accordance with IFRSs as adopted by the European Union, approved by the Board of Directors on 25 November 2015 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.

The accounting policies used and presentation of these consolidated interim financial statements are consistent with those in the Annual Report except to comply with amendments in IFRS, as detailed below, none of which had a material impact on the consolidated results, financial position or cash flows of the Group.

The consolidated half-yearly financial information has been prepared on a going concern basis. The directors of the Group have a reasonable expectation that, on the basis of current financial projections and borrowing facilities available, the Group is well positioned to meet its commitments and obligations for the next 12 months from the date of this report. Having reassessed the principal risks, the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the interim financial information.

The half year report for the six months ended 31 March 2016 was approved by the Directors on 18 May 2016. The half year report has been reviewed, not audited.

2 Significant Accounting policies

2a New and amended standards adopted by the Group

A number of amended standards became applicable for the current reporting period. However, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

2b New or amended standard and interpretations in issue but not yet effective or EU endorsed

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRSs that have been issued but are not yet effective or EU endorsed:

IFRS 9 “Financial Instruments” is effective for annual reporting periods commencing on or after 1 January 2018. The standard will eventually replace IAS 39 but currently only details the requirements for recognition and measurement of financial assets. The group is assessing the impact of IFRS 9.

Amendments to IFRS 11 “Joint arrangements on acquisition of an interest in a joint operation” are effective for annual reporting periods commencing on or after 1 January 2016. The amendments provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. The amendment is not expected to have a material effect on the financial statements.

IFRS 15 “Revenue from contracts with customers” is effective for annual periods beginning on or after 1 January 2018. The Group is assessing the impact of IFRS 15. It may have an impact on revenue recognition and related disclosures.

IFRS 16 “Leases” is effective for annual periods beginning on or after 1 January 2019. The leasing standard is expected to have a material impact on net debt, gross assets, profit from operations and interest.

2 Significant Accounting policies (continued)

Amendments to IAS 1 "Presentation of financial statements" are effective for annual periods beginning on or after 1 January 2016. The amendments clarify the application of materiality to all balances within the financial statements, provide guidance on the aggregation and disaggregation of line items in the Statement of financial position and Statement of profit or loss and other comprehensive income and clarify the treatment of an entity's share of OCI of equity-accounted associates and joint ventures. The amendment is not expected to have a material effect on the financial statements.

Amendments to IAS 7 "Statement of Cash Flows" are effective for annual periods beginning on or after 1 January 2017. The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is not expected to have a material effect on the financial statements.

Amendments to IAS 12 "Income Taxes" are effective for annual periods beginning on or after 1 January 2017. The amendments on the recognition of deferred tax assets for unrealised losses clarify how to account for deferred tax assets related to debt instruments measured at fair value. The amendment is not expected to have a material effect on the financial statements.

Annual improvements to IFRSs 2012–2014 cycle are effective for annual periods beginning on or after 1 January 2016. The amendments have impacted various standards of which the amendments to IFRS 7 Financial Instruments: Disclosures, IAS 19 Employee Benefits and IAS 34 Interim Financial Reporting may be relevant to the Group. The amendment is not expected to have a material effect on the financial statements.

There are no further IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

3. Segmental information

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

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

Segmental information for these divisions is presented below.

Unaudited six months ended 31 March 2016

	UK £m	Continental Europe £m	Northern Europe £m	Airlines Germany £m	Corporate £m	Total £m
Revenue						
Segment sales	700	1,036	536	546	-	2,818
Inter-segment sales	(28)	(9)	(7)	(102)	-	(146)
Total revenue	672	1,027	529	444	-	2,672
Result						
Underlying (loss)/profit from operations	(124)	(48)	40	(18)	(13)	(163)
Exceptional operating items	(26)	(13)	3	3	(9)	(42)
Amortisation of business combination intangibles	(2)	(1)	-	-	-	(3)
Segment result	(152)	(62)	43	(15)	(22)	(208)
Finance income						3
Finance costs						(83)
Loss before tax						(288)
Tax						1
Loss for the period from continuing operations						(287)

3 Segmental information (continued)

	UK	Continental Europe	Northern Europe	Airlines Germany	Corporate	Total
Balance sheet	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Assets	**3,278**	**3,403**	**1,557**	**1,310**	**8,195**	**17,743**
Inter-segment eliminations						**(12,366)**
						5,377
Investments in associates						**8**
Tax and deferred tax assets						**248**
Total assets						**5,633**
Liabilities	**(3,615)**	**(2,067)**	**(903)**	**(1,090)**	**(8,143)**	**(15,818)**
Inter-segment eliminations						**11,783**
						(4,035)
Tax and deferred tax liabilities						**(99)**
Borrowings and obligations under finance leases						**(1,440)**
Total liabilities						**(5,574)**

Unaudited six months ended 31 March 2015 (*restated)

	UK £m	Continental Europe £m	Northern Europe £m	Airlines Germany £m	Corporate £m	Total £m
Revenue						
Segment sales	708	1,113	511	563	-	2,895
Inter-segment sales	(36)	(5)	(4)	(108)	-	(153)
Total revenue	672	1,108	507	455		2,742
Result						
Underlying (loss)/profit from operations	(131)	(51)	25	1	(17)	(173)
Exceptional operating items	(21)	(9)	(1)	(1)	(13)	(45)
Amortisation of business combination intangibles	(2)	(1)	-	-	-	(3)
Segment result	(154)	(61)	24	-	(30)	(221)
Share of results of associates						1
Gain on disposal of associate						7
Finance income						2
Finance costs						(92)
Loss before tax						(303)
Tax						(11)
Loss for the period from continuing operations						(314)

*£1m of forward points on foreign exchange cash flow hedging contracts has been re-presented from finance costs to cost of providing tourism services within separately disclosed items

Balance sheet						
Assets	3,105	3,198	1,392	1,130	7,542	16,367
Inter-segment eliminations						(10,845)
						5,522
Investments in associates						4
Tax and deferred tax assets						239
Total assets						5,765
Liabilities	(3,549)	(1,929)	(874)	(912)	(7,227)	(14,491)
Inter-segment eliminations						10,276
						(4,215)
Tax and deferred tax liabilities						(111)
Borrowings and obligations under finance leases						(1,570)
Total liabilities						(5,896)

4. Separately disclosed items

	Unaudited Six months to 31 March 2016 £m	*Restated Six months to 31 March 2015 £m
Affecting profit from operations		
Reorganisation and restructuring costs	**(24)**	(22)
Onerous contracts and leases	**(13)**	(18)
Amortisation of business combination intangibles	**(3)**	(3)
Other	**(5)**	(5)
	(45)	(48)
Affecting income from associates		
Gain on disposal of associate	**-**	7
	-	7
Affecting finance income and costs		
Net interest cost on defined benefit obligation	**(3)**	(6)
Unwind of discount on provisions	**(4)**	(5)
	(7)	(11)
Total separately disclosed items	**(52)**	(52)

*£1m of forward points on foreign exchange cash flow hedging contracts has been re-presented from finance costs to cost of providing tourism services within separately disclosed items

Restructuring costs

Restructuring costs of £24m predominantly relates to implementation costs associated with delivering the New Operating Model.

Onerous contracts and legal disputes

Onerous contracts and leases of £13m relates to a provision associated with loss-making UK stores. The provision follows the results of a strategic review of the UK store network as part of the New Operating Model.

Amortisation of business combination intangibles

The amortisation of business combination intangibles represents amortisation of intangible assets recognised from prior period acquisitions.

Other

Other primarily relates to asset write offs of £11m, which is offset by the time-value component of option contracts accounted for under IAS39, as well as the movement in forward points related to foreign exchange forward contracts.

Finance related charges

The Group discloses separately the net interest cost on the defined benefit pension obligation. The Group has provisions for future liabilities arising from separately disclosed circumstances, primarily deferred acquisition consideration. A notional interest charge of £4m on the discounted value of such liabilities is recognised within separately disclosed finance-related charges.

5. Finance income and costs

	Unaudited six months ended 31 March 2016 £m	*Restated six months ended 31 March 2015 £m
Underlying finance income		
Other interest and similar income	**3**	2
	3	2
Underlying finance costs		
Bank facility and bond interest	**(43)**	(47)
Fee amortisation	**(3)**	(5)
Letters of credit	**(8)**	(10)
Other interest payable	**(14)**	(10)
	(68)	(72)
Underlying aircraft related finance costs		
Interest payable	**(1)**	(2)
Finance costs in respect of finance leases	**(7)**	(7)
	(8)	(9)
Net underlying interest	**(73)**	(79)
Separately disclosed finance costs		
Net finance costs – retirement benefits	**(3)**	(6)
Other exceptional finance charges	**(4)**	(5)
	(7)	(11)
Total net finance costs	**(80)**	(90)

*£1m of forward points on foreign exchange cash flow hedging contracts has been re-presented from finance costs to cost of providing tourism services within separately disclosed items.

6. Income taxes

Income tax is recognised based on our best estimate of the average annual effective income tax rate for each material tax jurisdiction and applied individually to the interim period pre-tax income of that jurisdiction. The effect of adjustments to tax provisions made in respect of exceptional items, impairment of goodwill and amortisation of business combination intangibles is excluded from the estimate.

The tax rate on pre-exceptional continuing operations for the six months to 31 March 2016 is -1.81% (tax rate for the six months to 31 March 2015 was 3.2%).

7. Loss per share

The calculations for loss per share, based on the weighted average number of shares, are shown in the table below.

Basic and diluted loss per share	**Unaudited six months ended 31 March 2016**	Unaudited six months ended 31 March 2015
	£m	£m
Net loss attributable to owners of the parent	**(269)**	(302)
	Millions	millions
Weighted average number of shares for basic loss per share	**1,529**	1,451
Effect of dilutive potential Ordinary Shares	**12**	-
Weighted average number of shares for diluted loss per share	**1,541**	1,451
	Pence	pence
Basic loss per share	**(17.6)**	(20.8)
Diluted loss per share	**(17.5)**	(20.8)

Underlying basic and diluted loss per share	**Unaudited six months ended 31 March 2016**	Unaudited six months ended 31 March 2015
	£m	£m
Underlying net loss attributable to owners of the parent *	**(221)**	(247)
	Pence	pence
Underlying basic loss per share	**(14.5)**	(17.0)
Underlying diluted loss per share	**(14.3)**	(17.0)

* Underlying net loss attributable to owners of the parent is derived from the pre-exceptional loss before tax for the six month period ended 31 March 2016 of £236m (2015: £251m) and then adding a notional tax charge of £3m (2015: £8m), and deducting losses attributable to non-controlling interest of £18m (2015: £12m).

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.

8. Provisions

	Unaudited as at 31 March 2016
	£m
Included in current liabilities	112
Included in non-current	237
	349

	Aircraft maintenance provisions	Off-market leases	Insurance and litigation	Reorganisation and restructuring plans	Other	**Total**
	£m	£m	£m	£m	£m	**£m**
At 1 October 2015	**241**	**11**	**75**	**6**	**24**	**357**
Additional provisions	23	12	21	6	8	70
Unused amounts released	(13)	-	(2)	-	(1)	(16)
Unwinding of discount	4	-	-	-	-	4
Utilisation of provisions	(19)	(7)	(39)	(5)	(10)	(80)
Exchange differences	12	1	1	-	-	14
At 31 March 2016	**248**	**17**	**56**	**7**	**21**	**349**

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. The aircraft maintenance provisions are re-assessed at least

8. Provisions (continued)

annually in the normal course of business with a corresponding adjustment made to either non-current assets (aircraft and aircraft spares) or aircraft costs.

Off-market leases relate to certain office and store locations with onerous lease contracts, where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Insurance and litigation represents costs related to legal disputes, customer compensation claims (including EU261) and estimated costs arising through insurance contracts in the Groups subsidiary, White Horse Insurance Ireland Limited. Reorganisation and restructuring plans predominantly represent committed restructuring costs in the UK and Continental segments.

'Other' represents liabilities where there is uncertainty of the timing or amount of the future expenditure required in settlement. This grouping contains no single category larger than £6m.

Provisions included in non-current liabilities are principally in respect of off-market lease contracts and aircraft maintenance 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.

9. Financial risk management and financial instruments

i) Financial risk factors

The Group is subject to risks related to changes in interest rate, exchange rates, fuel prices, counterparty credit and liquidity within the framework of its business operations.

A full description of the Group's exposure to the above risks and the Group's policies and processes that are in place to manage the risks arising, is included in financial instruments note 22 in the 2015 Annual Report & Accounts financial statements. There has been no significant changes in the nature of the financial risks to which the Group is exposed, or the Group's policies and processes to manage these risks, since 1 October 2015.

ii) Fair value estimation

Fair value hierarchy

The fair value of the Group's financial instruments are disclosed in hierarchy levels depending on the valuation method applied.

The different methods are defined as follows:

Level 1: valued using unadjusted quoted prices in active markets for identical financial instruments

Level 2: valued using techniques based on information that can be obtained from observable market data

Level 3: valued using techniques incorporating information other than observable market data as at least one input to the valuation cannot be based on observable market data

9. Financial risk management and financial instruments (continued)

The fair value of the Group's financial assets and liabilities at 31 March 2016 are set out below:

	Unaudited as at 31 March 2016	Audited as at 30 September 2015
	£m	£m
Derivative financial instruments - assets		
Level 2 valuations		
Currency contracts	**84**	106
Fuel contracts	**6**	12
Interest rate swaps	**7**	11
	97	129
Derivative financial instruments - liabilities		
Level 2 valuations		
Currency contracts	**(47)**	(22)
Fuel contracts	**(213)**	(176)
	(260)	(198)
Level 3 valuations		
Contingent consideration	**(71)**	(73)
	(234)	(142)

The Group uses derivative financial instruments to hedge significant future transactions and cash flows denominated in foreign currencies. The Group enters into foreign currency forward contracts, swaps and options in the management of its exchange rate exposures.

The Group also uses derivative financial instruments to mitigate the risk of adverse changes in the price of fuel. The Group enters into fixed price contracts (swaps) and net purchased options in the management of its fuel price exposures. All fuel hedges are designated as cashflow hedges.

In addition, the Group uses derivative financial instruments to manage its interest rate exposures. The Group enters into interest rate swaps to hedge against interest rate movements in connection with the financing of aircraft and other assets and to hedge against interest rate exposures on fixed rate debt. The Group also enters into cross currency interest rate swaps to hedge the interest rate and the currency exposure on foreign currency external borrowings.

There were no transfers between Levels 1, 2 and 3 during the period.

10. 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 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 and participations*		
	Unaudited 31 March 2016	Unaudited 31 March 2015	Audited 30 September 2015
Sale of goods and services	**2**	2	6
Purchases of goods and services	**(1)**	(4)	(7)
Interest receivable	**-**	1	1
Amounts owed by related parties	**1**	-	1
Amounts owed to related parties	**(1)**	(1)	(1)

*Participations are equity investments where the Group has significant equity participation but which are not considered to be associates. All transactions are considered to have been made at market prices. Outstanding amounts will normally be settled by cash payment.

Key management remuneration will be disclosed in the 2016 annual financial statements.

During the year the Group has invested £3m in the China JV.

11. Seasonality and Foreign Exchange

Revenue is subject to significant seasonal fluctuations between Winter and Summer seasons, with peak demand in the Summer season. The Group partially 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	**31 March 2016**	31 March 2015
Euro	**1.34**	1.31
SEK	**12.49**	12.20
USD	**1.47**	1.55

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

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 ends.

Balance Sheet	**31 March 2016**	30 September 2015	31 March 2015
Euro	**1.26**	1.35	1.38
SEK	**11.67**	12.66	12.80
USD	**1.44**	1.51	1.48

12. Contingent liabilities

Contingent liabilities primarily comprise guarantees, letters of credit and other contingent liabilities, including contingent liabilities related to structures aircraft leases, all of which arise in the ordinary course of business.

In the ordinary course of business, the Group is subject to commercial disputes and litigation including customer claims, employee disputes, taxes and other kind of lawsuits. These matters are inherently difficult to quantify. In appropriate cases, a provision is recognised based on the best estimates and management judgement but there can be no guarantee that these provisions will result in an accurate prediction of the actual costs and liabilities that may be incurred. There are also contingent liabilities in respect of litigation for which no provisions are made.

Statement of Directors' Responsibilities

The directors confirm that these condensed interim financial statements have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' 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.

A list of current directors is maintained on the Thomas Cook Group plc website: www.thomascookgroup.com.

By order of the Board

Michael Healy
Group Chief Financial Officer

18 May 2016

Independent review report to Thomas Cook Group plc

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed Thomas Cook Group plc's condensed consolidated interim financial statements (the "interim financial statements") in the half year report of Thomas Cook Group plc for the 6 month period ended 31 March 2016. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Rules and Transparency Rules of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the Group Balance Sheet as at 31 March 2016;
- the Group Income Statement and Group Statement of Other Comprehensive Income for the period then ended;
- the Group Cash Flow Statement for the period then ended;
- the Group Statement of Changes in Equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the half year report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Rules and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

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

Our responsibility is to express a conclusion on the interim financial statements in the half year report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Rules and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, 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.

What a review of interim financial statements involves

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.

We have read the other information contained in the half year report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
London
18 May 2016

a) The maintenance and integrity of the Thomas Cook Group plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim financial statements since they were initially presented on the website.

b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.