

## **MyTravel Group plc**

Annual report and financial statements  
for the eleven months ended 30 September 2008

Registered number:

00742748



# **MyTravel Group plc**

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# MyTravel Group plc

## Directors' report

The directors present their annual report on the affairs of the Company, together with the financial statements and auditors' report, for the period ended 30 September 2008. During the period, the Company changed its year end to 30 September and accordingly presents results for the eleven months ended 30 September 2008.

### Business review and principal activities

The Company is a wholly owned subsidiary of Thomas Cook Group plc and under the ultimate control of Arcandor AG (see note 20).

The company is an investment holding company.

The income for the period ended 30 September 2008 was principally dividends from subsidiaries and interest received on amounts due from other group undertakings.

During the year the Company made a profit after tax of £5.8m (2007: £118.3m).

The net assets of the Company at 30 September 2008 were £678.1m (2007: £670.1m)

### Dividend

The Directors do not recommend the payment of a dividend in respect of the period. In the prior year an interim dividend of £70m was declared and paid on 31 October 2007. No final dividend was paid or declared in the prior year.

### Principal risks and uncertainties

The principal area of risk or uncertainty relates to the carrying amount of the Company's investments in subsidiary undertakings which are dependent on the financial performance of those undertakings. The directors carry out an annual assessment of the carrying value of the investments by reference to the underlying net assets and the forecast future financial performance, including cash flows, of the subsidiary undertakings.

### Environment

Thomas Cook Group plc recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the Group's activities. The Company operates in accordance with the Group policies, which are described in the Group's Annual Report which does not form part of this Report.

### Supplier payment policy

It is the Company's policy to comply with the terms of payment agreed with suppliers. Where payment terms are not negotiated, the Company endeavours to adhere to suppliers' standard terms.

### Registered office

The address of the registered office is The Thomas Cook Business Park, Coningsby Road, Peterborough, Cambridgeshire, PE3 8SB.

### Employees

Details of the number of employees and related costs can be found in note 3 to the financial statements on page 11.

### Directors

The directors, who served throughout the year and thereafter, except as noted, were as follows:

P T McHugh	resigned 31 December 2007
J M Bloodworth	resigned 31 December 2007
G.J. McMahon	resigned 31 December 2007
Thomas Cook Group Management Services Limited	
C.J. Gadsby	appointed 11 February 2008
D.M.W. Hallisey	appointed 11 February 2008

### Company Secretary

S Bradley	appointed 11 February 2008
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## **MyTravel Group plc**

### **Statement of Directors' Responsibilities**

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## MyTravel Group plc

### Statement of Directors' Responsibilities continued

#### Auditors

During the period the directors appointed Pricewaterhouse Coopers LLP as auditors. Pricewaterhouse Coopers LLP have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

Each person who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 234ZA of the Companies Act 1985.

By order of the Board,



S. Bradley

Secretary

Date: 5th May 2009

## **Independent Auditors' report to the members of MyTravel Group plc**

We have audited the financial statements of MyTravel Group plc for the 11 months ended 30 September 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Independent Auditors' report to the members of MyTravel Group plc**  
continued

**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 September 2008 and of its profit for the 11 months then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

*PricewaterhouseCoopers LLP*

*PricewaterhouseCoopers LLP*  
*Chartered Accountants and Registered Auditors*  
*London*

*7 May 2009*

# MyTravel Group plc

## Profit and loss account

For the eleven months ended 30 September 2008

	Notes	11 months ended 30 September 2008 £'m	Year ended 31 October 2007 £'m
Operating expenses		(0.5)	(17.4)
Other operating income		1.4	7.8
Income from shares in subsidiaries		4.5	121.5
<b>Profit from operations</b>		<b>5.4</b>	<b>111.9</b>
Finance income	5	0.4	4.5
Finance expense	6	-	(0.2)
<b>Profit before tax</b>	7	<b>5.8</b>	<b>116.2</b>
Tax	8	-	2.1
<b>Profit for the financial period</b>		<b>5.8</b>	<b>118.3</b>
Attributable to: Equity shareholders		<b>5.8</b>	<b>118.3</b>

All revenues and results arose from continuing operations.

There are no further items of income or expense attributable to equity shareholders other than those disclosed above, and therefore no separate statement of total recognised gains and losses has been presented.



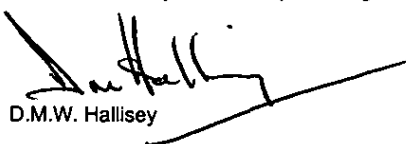
# MyTravel Group plc

## Balance sheet

At 30 September 2008

	Notes	30 September 2008 £'m	31 October 2007 £'m
<b>Non-current assets</b>			
Tangible fixed assets	10	-	-
Investments in subsidiaries	11	1,298.3	1,298.3
Other fixed asset investments	11	0.1	0.1
		<u>1,298.4</u>	<u>1,298.4</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	12	347.5	365.0
Debtors: amounts falling due after one year	12	3.0	6.6
Cash and deposits	13	2.8	-
		<u>353.3</u>	<u>371.6</u>
Creditors: amounts falling due within one year	14	(973.4)	(999.3)
<b>Net current liabilities</b>		<u>(620.1)</u>	<u>(627.7)</u>
<b>Total assets less current liabilities</b>		<u>678.3</u>	<u>670.7</u>
Creditors: amounts falling due after one year	14	(0.2)	(0.6)
<b>Net assets</b>		<u>678.1</u>	<u>670.1</u>
<b>Equity</b>			
Called-up share capital	15	140.9	140.4
Share premium account	16	201.0	199.3
Capital redemption reserve	16	3.2	3.2
Other reserves	16	302.0	304.2
Profit and loss account	16	31.0	23.0
<b>Equity shareholders' funds</b>		<u>678.1</u>	<u>670.1</u>

The financial statements were approved by the Board of Directors and authorised for issue on 5th May 2009. They were signed on its behalf by:

  
D.M.W. Hallisey

Director

Notes 1 to 21 form part of these financial statements.

# **MyTravel Group plc**

## **Notes to the financial statements**

### **For the eleven months ended 30 September 2008**

#### **1 General Information**

MyTravel Group plc is a company incorporated in the United Kingdom under the Companies Act 1985. The address of the registered office is given on page 2. The nature of the Company's operations and its principal activities are set out in the Directors' report. These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The Company is a wholly-owned subsidiary company and is included within the audited consolidated financial statements of Thomas Cook Group plc, a company incorporated in Great Britain, which have been prepared in accordance with IFRS (International Financial Reporting Standards) and filed with the Registrar of Companies. The Company is therefore exempt from the obligation to prepare consolidated financial statements.

These financial statements have not been prepared under the same reporting framework, namely IFRS, as Thomas Cook Group plc and other UK companies within the Group as the directors believe that costs would outweigh the benefits.

At the date of authorisation of these financial statements, there were no Standards and Interpretations which were in issue but not yet effective which would have any material impact on the financial statements of the Company.

#### **2 Significant accounting policies**

The principal accounting policies applied in the preparation of the financial information presented in this document are set out below. These policies have been applied on a consistent basis in the current and preceding period.

##### **Basis of accounting**

These financial statements have been prepared under UK GAAP (United Kingdom Generally Accepted Accounting Practice) and in accordance with applicable United Kingdom law and accounting standards.

The financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial instruments where required. The principal accounting policies adopted are set out below.

##### **Cash flow statement**

As permitted by FRS 1- Cash flow statement (revised 1996), the Company has not presented a cash flow statement as it is a wholly owned subsidiary of Thomas Cook Group plc which has presented a group cash flow statement in its financial statements.

##### **Related party transactions**

The Company has taken advantage of the exemption afforded by FRS 8 - Related party transactions, and not disclosed transactions with other companies in the Thomas Cook Group plc group.

##### **Financial instrument presentation and disclosure**

The Company has taken advantage of the exemption afforded by FRS 29 - Financial instruments: Disclosure, and not disclosed the additional information required to be disclosed for financial instruments.

# MyTravel Group plc

## Notes to the financial statements

continued

### For the eleven months ended 30 September 2008

#### 2 Significant accounting policies

continued

##### *Investments*

Investments in subsidiaries undertakings are shown at cost less provision for impairment.

##### *Income from shares in Subsidiary undertakings*

Dividends receivable from subsidiary undertakings are recognised in the profit and loss account when the consideration is received.

##### *Tangible fixed assets*

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation on tangible fixed assets is calculated on a straight-line basis and aims to write down their cost to their estimated residual values over the expected useful lives as follows:

Computer equipment and	4 years
Other fixed assets	3 to 15 years

##### *Leases*

Operating lease rentals are charged to the profit and loss account on a straight line basis over the initial period of the lease term.

##### *Taxation*

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Provision is made for deferred tax so as to recognise all temporary differences which have originated but not reversed at the balance sheet date that result in an obligation to pay more tax, or a right to pay less tax in the future. This is calculated on a non-discounted basis by reference to the average tax rates that are expected to apply in the relevant jurisdiction and for the periods in which the temporary differences are expected to reverse. Deferred tax assets are assessed at each balance sheet date and are only recognised to the extent that their recovery against future taxable profits is probable.

##### *Foreign currency*

Transactions in currencies other than the functional currency of the Company are translated at the exchange rate on the date of the transaction. Foreign currency monetary assets and liabilities held at the period end are translated at period end exchange rates. The resulting exchange gain or loss is taken through the profit and loss account.

##### *Debtors*

Trade debtors are recognised at their fair value and subsequently recorded at amortised cost using the effective interest method as reduced by allowances for estimated irrecoverable amounts. An allowance for irrecoverable amounts is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows.

##### *Creditors*

Trade creditors are recognised at their fair value and subsequently recorded at amortised cost using the effective interest method.

##### *Own shares held under trust*

Shares held within Employee Share Ownership Plans are dealt with in the balance sheet as a deduction from equity shareholders' funds.

##### *Share-based payments*

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

# MyTravel Group plc

## Notes to the financial statements

continued

### For the eleven months ended 30 September 2008

#### 3 Personnel expenses

	11 months ended 30 September 2008 £'m	Year ended 31 October 2007 £'m
<b>Personnel expenses</b>		
Wages and salaries	0.6	6.8
Social security costs	-	0.7
Share based payments - equity settled	-	0.7
	<u>0.6</u>	<u>8.2</u>

	2008 Number	2007 Number
The average number of employees of the Company during the period was:	<u>1</u>	<u>26</u>

#### 4 Directors' remuneration

	11 months ended 30 September 2008 £'m	Year ended 31 October 2007 £'m
<b>Remuneration</b>		
Emoluments	-	6.5
Company contributions to money purchase pension schemes	-	0.6
Compensation for loss of office	-	1.9
	<u>-</u>	<u>9.0</u>

	Number	Number
<b>The number of directors who:</b>		
Are members of a money purchase pension scheme	-	5
Exercised options over shares in the Company	-	4

	£'m	£'m
<b>Remuneration of the highest paid director:</b>		
Emoluments	-	3.0
Company contributions to money purchase pension schemes	-	0.3
	<u>-</u>	<u>3.3</u>

The highest paid director exercised share options during the preceding year.

Emoluments of the Company's directors were born by a fellow group undertaking in the current period as the directors now spend the majority of their time on other group companies.

# MyTravel Group plc

## Notes to the financial statements

continued

### For the eleven months ended 30 September 2008

	11 months ended 30 September 2008 £'m	Year ended 31 October 2007 £'m
<b>5 Finance income</b>		
Interest receivable from other group undertakings	-	3.9
Aircraft financing deposit interest	0.4	0.5
Bank interest receivable	-	0.1
	<u>0.4</u>	<u>4.5</u>
<b>6 Finance costs</b>		
Other interest payable	-	0.2
Interest payable to group undertakings	-	-
	<u>-</u>	<u>0.2</u>
<b>7 Profit before tax</b>		
Profit before tax has been arrived at after charging/(crediting):	£'m	£'m
Depreciation of property, plant & equipment - held under finance lease	-	0.2
Redundancy and other costs incurred in connection with the merger of MyTravel and Thomas Cook	-	1.9
Abortive transaction costs	-	3.0
Cost of irrecoverable aircraft passenger duty	-	0.1
Personnel expenses (note 3)	0.6	8.2
Net foreign exchange (gains)/losses	<u>(0.1)</u>	<u>0.6</u>
The auditors' remuneration for audit services to the Company was £2,000 (2007: £2,000) and was born by Thomas Cook Group plc (see note 20) during both accounting periods, with no recharge made to the Company.		
<b>8 Tax</b>		
The tax charge for the period comprises:		
Current tax	-	-
Prior year tax release	-	(2.1)
	<u>-</u>	<u>(2.1)</u>
The charge for the period can be reconciled to the profit per the income statement as follows:		
Profit before tax	<u>5.8</u>	<u>116.2</u>
Expected tax charge at the UK corporation tax rate of 28.9% (2007: 30%)	1.7	34.9
Income not liable for tax	(0.4)	(36.5)
Adjustments in respect of prior periods	-	(2.1)
Unrecognised losses (utilised)/carried forward	<u>(1.3)</u>	<u>1.6</u>
Tax credit for the year	<u>-</u>	<u>(2.1)</u>

UK corporation tax is calculated at 28.9% (2007: 30%) on the estimated assessable profit for the year.

At the balance sheet date, the company had unused tax losses of £33m (2007: £133m) available for offset against future profits.

# MyTravel Group plc

## Notes to the financial statements

continued

### For the eleven months ended 30 September 2008

9 Dividends	11 months ended 30 September 2008 £'m	Year ended 31 October 2007 £'m
Amounts recognised as distributions to equity holders in the year:		
No dividend paid for the period ended 30 September 2008 (2007: 14.95p per share)	-	70.0

The interim dividend of £70.0m was paid on 31 October 2007.

10 Tangible fixed assets	Computer equipment and software £'m	Other fixed assets £'m	Total £'m
<b>Cost</b>			
At 1 November 2007	7.3	2.8	10.1
Additions and disposals	-	-	-
At 30 September 2008	7.3	2.8	10.1
<b>Depreciation</b>			
At 1 November 2007	7.3	2.8	10.1
Additions and disposals	-	-	-
At 30 September 2008	7.3	2.8	10.1
<b>Net book value at 30 September 2008</b>	-	-	-
Net book value at 31 October 2007	-	-	-

11 Investments	£'m
<b>Subsidiaries</b>	
<b>Cost</b>	
At 1 November 2007	1,321.0
Additions for period	-
At 30 September 2008	1,321.0
<b>Provision for Impairment</b>	
At 1 November 2007 and 30 September 2008	22.7
<b>Net Book Value</b>	
At 30 September 2008	1,298.3
At 31 October 2007	1,298.3

During the prior year, the company acquired the entire issued capital of White Horse Insurance Ireland Limited, a company incorporated in the Republic of Ireland, from Parkway SA, a fellow subsidiary company, for consideration of £33.8m.

A list of the Company's principal subsidiary undertakings is shown in note 21 to the Company financial statements on page 19.

#### Other fixed asset investments

Other fixed asset investments comprise 53,750 ordinary shares in Thomas Cook Group plc received in exchange for the own shares held of completion of the merger with Thomas Cook Group AG (see note 15). These are stated at cost of £0.1m. The market value of the shares at 30 September 2008 was £0.1m (2007: £0.1m).

# MyTravel Group plc

## Notes to the financial statements

continued

### For the eleven months ended 30 September 2008

12 Debtors	2008 £'m	2007 £'m
<b>Current</b>		
Trade debtors	-	0.1
Amounts owed by parent company	-	34.4
Amounts owed by subsidiary undertakings	343.1	328.2
Other debtors	0.2	0.1
Deposits and prepayments	4.2	2.2
	<u>347.5</u>	<u>365.0</u>
<b>Non-current</b>		
Other debtors	0.5	0.7
Deposits and prepayments	2.5	5.9
	<u>3.0</u>	<u>6.6</u>

Amounts owed by subsidiary undertakings are repayable on demand. Interest on overdue amounts is charged at the appropriate interbank interest rate plus a margin. The directors consider that the carrying amount of trade and other debtors approximate their fair value.

Trade and other debtors are not subject to restrictions on title and no collateral is held as security.

#### Credit risk

The company's principal financial assets are amounts due from Group undertakings. The credit risk in respect of these amounts is indirectly managed by the monthly monitoring of the financial performance of the related businesses by Group Finance and by the application of the Group authorisation policy for material capital expenditure, acquisitions and other investments.

The company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

13 Cash and cash equivalents	2008 £'m	2007 £'m
Cash at bank and in hand	<u>2.8</u>	<u>-</u>

Bank balances and cash comprise cash held by the company.

14 Creditors	2008 £'m	2007 £'m
<b>Current</b>		
Trade creditors	0.6	0.8
Amounts owed to subsidiary undertakings	970.7	993.1
Amounts owed to parent company	0.9	-
Social security and other taxation	0.6	0.1
Other creditors	0.4	0.4
Accruals and deferred income	0.2	4.9
	<u>973.4</u>	<u>999.3</u>
<b>Non-current</b>		
Other creditors	<u>0.2</u>	<u>0.6</u>

Amounts owed to subsidiary undertakings are repayable on demand. Interest on overdue amounts is charged at the appropriate interbank interest rate plus a margin. The directors consider that the carrying amount of trade and other creditors approximate to their fair value.

# MyTravel Group plc

## Notes to the financial statements

continued

### For the eleven months ended 30 September 2008

#### 15 Called-up share capital

	2008 £'m	2007 £'m
Authorised 700,000,000 (2007: 700,000,000) ordinary shares of 30p each	<u>210.0</u>	<u>210.0</u>
Allotted, called up and fully paid 469,597,217 (2007: 468,086,306) ordinary shares of 30p each	<u>140.9</u>	<u>140.4</u>

#### Contingent rights to the allotment of shares

No share options were granted during the period or prior year.

At 30 September 2008 there were no outstanding options to subscribe for the ordinary shares of the Company.

At 31 October 2007, the following options to subscribe for ordinary shares of 30p each were outstanding:

Date of grant	Subscription price per share	Management Incentive Plan 2005	
		Series 1	Series 2
31 January 2005	£1.44	1,338,023	160,731
29 July 2007	£1.96	24,797	-

All outstanding options became exercisable on completion of the merger with Thomas Cook AG on 19 June 2007.

#### Own shares held in trust

At 31 October 2006, 53,750 shares of the Company were held under trust by Maurant & Co Trustees Limited for the benefit of employees and former employees of MyTravel Group companies to be used as part of future incentive arrangements; these shares were classified as Treasury Shares and included in other reserves in the balance sheet. Pursuant to the merger with Thomas Cook AG on 19 June 2007, these shares were acquired by Thomas Cook Group plc in exchange for an equal number of shares in that company. The shares in Thomas Cook Group plc have been reclassified to other fixed asset investments (note 11).



# MyTravel Group plc

## Notes to the financial statements

continued

### For the eleven months ended 30 September 2008

#### 16 Statement of changes in equity

	Called-up share capital	Share premium account	Capital redemption reserve	Other reserves	Retained earnings	Total
	£'m	£'m	£'m	£'m	£'m	£'m
At 1 November 2006	138.3	193.5	3.2	269.1	9.4	613.5
Allotments during the year	2.1	5.8	-	-	-	7.9
Transfer of profit for the year	-	-	-	-	118.3	118.3
Dividends paid	-	-	-	-	(70.0)	(70.0)
Equity credit in respect of share-based payments	-	-	-	-	0.4	0.4
Transfers to special reserve	-	-	-	35.1	(35.1)	-
At 31 October 2007	140.4	199.3	3.2	304.2	23.0	670.1
Allotments during the year	0.5	1.7	-	-	-	2.2
Transfer of profit for the year	-	-	-	-	5.8	5.8
Transfers to special reserve	-	-	-	(2.2)	2.2	-
At 30 September 2008	140.9	201.0	3.2	302.0	31.0	678.1

During the period 1,510,991 (2007: 6,997,440) ordinary shares of 30p each were allotted on the exercise of options under the MyTravel Group Management Incentive Plan for an aggregate cash consideration of £2,182,034 (2007: £7,832,297) including share premium of £1,728,760 (2007: £5,733,065).

In addition, in the prior year 21,730 ordinary shares of 30p each were allotted on the exercise of warrants issued to bondholders in October 2003 in consideration for their approval to modify the terms of the 7% subordinated bonds due 2007. These shares were issued for an aggregate cash consideration of £65,191 including share premium of £58,672. All unexercised warrants have now lapsed.

The capital redemption reserve was created in 1998 when the company redeemed its remaining convertible cumulative preference shares of 20p each and represents the nominal value of the shares cancelled.

By a special resolution of the members of the company passed on 26 May 2006, the share premium account was reduced by £548,316,000 in order to eliminate the deficit on the Company's accumulated retained earnings. The reduction in the share premium account was confirmed by the high court on 28 June 2006. The excess of the cancellation of share premium account over the deficit on the Company's retained earnings was required by the terms of the court order to be credited, along with certain other gains or losses that may be recognised by the Company, to a special non-distributable reserve for as long as there remains outstanding any debt or claim against the Company which existed at the date of the reduction in share premium account.

The reserve can be used to write off accrued losses on the profit and loss account after taking into account all realised profits, or it can be reduced by the amount of any increase after the effective date in paid up share capital and share premium resulting from a new issue of shares. The balance on the special non-distributable reserve at 30 September 2008 was £302.0m (2007: £304.2m) and is included in other reserves in the above table.

At 30 September 2008, the Company had distributable reserves of £31.0m (2007: £23.0m).

#### 17 Operating lease arrangements

There were no operating lease costs or commitments during the year (2007: £nil).

#### 18 Contingent liabilities

The Company complies with all the standards relevant to consumer protection and formal requirements in respect of package tour contracts and has all the necessary licences. In the UK the customer's right to reimbursement of the return travel costs and amounts paid in case of insolvency or bankruptcy on the part of the tour operator or travel agency is guaranteed in line with legislation in the UK via a fund mechanism, whereby travel companies are required to collect and remit a small charge for each protected customer upon booking.

As at 30 September 2008, the Company had contingent liabilities in respect of counter - guarantees for bank funding, letters of credit and guarantees of amounts owed by subsidiaries amounting to £147.1m (2007: £249.5m).

## MyTravel Group plc

### Notes to the financial statements

continued

### For the eleven months ended 30 September 2008

#### 19 Share based payments

##### Equity-settled share option scheme MyTravel Group plc

Certain of the Company's employees have been granted options to subscribe for ordinary shares of the Company. In the current period these employees have either left the Group or been transferred to Thomas Cook Group plc. Options are exercisable at a price equal to the average quoted market price of MyTravel Group plc on the date of grant. Options are forfeited if the employee leaves the Company before the options vest. Initially the vesting period was between one and four years. Following the merger of Thomas Cook AG and MyTravel Group plc on 19 June 2007, the options have vested early.

Details of the share options outstanding during the year are as follows:

	2008	2008	2007	2007
	Number of shares	Weighted average exercise price (£)	Number of shares	Weighted average exercise price (£)
Outstanding at beginning of year	1,376,670	1.44	4,653,589	1.46
Forfeited during the year	-	-	(140,889)	1.44
Exercised during the year	(1,376,670)	1.44	(3,136,030)	1.47
Outstanding at the end of the year	-	-	1,376,670	1.44
Exercisable at the end of the year	-	-	1,376,670	1.44

The weighted average share price at the date of exercise for share options exercised during the year was £2.82 (2007: £3.05).

There were no non-vested options outstanding at 30 September 2008 or 31 October 2007 and no options were granted during the period or prior year.

The Company recognised £nil (2007: £349,000) expense related to equity-settled share-based payment transactions during the period relating to the above scheme.

##### The Thomas Cook Group plc 2007 Performance Share Plan

During the prior year certain of the Company's employees were granted options over the ordinary shares of the company's parent company Thomas Cook Group plc. The options granted under the plan will vest if performance targets for earnings per share (EPS) and total shareholder return (TSR) are met during the three years following the date of grant. Subject to vesting conditions, the options are exercisable up to ten years after the date of grant.

No options were outstanding at the beginning of the prior year. Options over 243,364 shares were granted on 12 July 2007 at an exercise price of £nil and remained outstanding at 31 October 2007. At that date, none were exercisable and the remaining contractual life of the options was nine years and eight months.

The weighted average fair value of the options granted was 214p at the date of grant. The fair value of the options subject to EPS performance targets was determined by the use of a Black-Scholes model and the fair value of the options subject to TSR performance targets was determined by the use of a Monte Carlo simulation. The key inputs to the models were as follow:

Share price at date of grant	297p
Exercise price	nil
Expected volatility	32%
Expected volatility of comparator group	13%-43%
Expected correlation with comparator group	14%
Option life	3 years
Expected dividend yield	3%
Risk free interest rate	5.7%

Expected volatility has been based on the historic volatility of the shares of MyTravel Group plc and the shares of other companies in the same or related sectors.

The total expense recognised during the prior year in respect of equity-settled share based-payment transactions was £52,068 relating to this scheme.

## **MyTravel Group plc**

### **Notes to the financial statements**

continued

#### **For the eleven months ended 30 September 2008**

##### **20 Ultimate controlling party**

The Company is a wholly-owned subsidiary of Thomas Cook Investments (2) Limited.

The smallest group in which the results of the Company are consolidated is that headed by Thomas Cook Group plc. Copies of the Thomas Cook Group plc financial statements can be obtained from its registered office at Thomas Cook Business Park, Coningsby Road, Peterborough, Cambridgeshire, PE3 8SB.

Thomas Cook Group plc is owned 52.8% by Arcandor AG. As enshrined in the relationship agreement Thomas Cook Group plc operates independently from Arcandor AG and in accordance with the highest standards of corporate governance best practice. The relationship agreement also sets out the arrangement with respect to the composition of the Board of Thomas Cook Group plc. On the basis of the detailed provisions of the relationship agreement, the directors consider Arcandor AG to be the Company's ultimate controlling party, albeit that this agreement places restrictions on the ability of Arcandor AG to exercise the voting rights associated with its holding in Thomas Cook Group plc. Arcandor AG is incorporated in Germany.

# MyTravel Group plc

## Notes to the financial statements

continued

### For the eleven months ended 30 September 2008

#### 21 Principal subsidiary undertakings

At 30 September 2008 the Company's principal subsidiary undertakings were:

		Country of incorporation and operation	Proportion held by Company (%)	Proportion held by Group (%)
<b>UK and Ireland</b>	Airtours Holidays Transport Limited	England		100
	Capitol Holdings Limited	Ireland		100
	Elegant Resorts Limited	England		100
	Falcon Istioloiki Hellas S.A.	Greece		100
	Jeropatur-Viagens e Turismo Ltda	Portugal		100
	Thomas Cook Aircraft Engineering Limited	England		100
	Hotels4U.com Limited	England		100
	MyTravel UK Limited	England		100
	MyTravel 330 Leasing Limited	Cayman Island	100	
	Neilson Active Holidays Limited	England		100
	Neilson Hellas A.E.	Greece		100
	Neilsen Turizm Danismanlik VE Ticaret Ltd STI	Turkey		100
	O.A. Yacht Charter S.A.	Greece		95
	Praznik D.O.O. ZA Turizam	Croatia		100
	Resorts Mallorca Hotels International S.L.	Spain		100
	Thomas Cook Airlines Limited	England		100
	thomascook.com Limited	England		100
	Thomas Cook (India) Limited	India		74.9
	Thomas Cook Overseas Limited	England		100
	Thomas Cook Retail Limited	England		100
	Thomas Cook Scheduled Tour Operations Ltd	England		100
	Thomas Cook Tour Operations Limited	England		100
	Thomas Cook USA Travel Services Limited	England		100
	Thomas Cook TV Limited	England		100
	White Horse Insurance Ireland Limited	Ireland	100	
<b>Northern Europe</b>	Hoteles Sunwing S.A.	Spain		100
	Thomas Cook Airlines Scandinavia A/S	Denmark		100
	MyTravel Denmark A/S	Denmark		100
	Thomas Cook Northern Europe AB	Sweden		100
	Ving Norge A/S	Norway		100
	Ving Sverige AB	Sweden		100
	Oy Tjareborg AB	Finland		100
	Sunwing Ekerum AB	Sweden		100
<b>North America</b>	Thomas Cook Canada Inc.	Canada		100
	Thomas Cook USA Holdings Inc.	USA		100
	TriWest Travel Holdings Limited	Canada		100
	NALG Ireland	Ireland		100
<b>Corporate</b>	Airtours Channel Islands Limited	Channel Islands		100
	Airtours Finance Limited	Channel Island	99.8	
	Thomas Cook Group UK Limited	England	100	
	Blue Sea Overseas Investments Limited	England	100	
	Sandbrook UK Investments Limited	England		100
	Sandbrook Overseas Investments Limited	England		100
	Parkway Limited Partnership (No. 1) L.P.	Channel Islands		100
	Thomas Cook Group Treasury Limited	England		100
	Thomas Cook Investments (1) Limited	England		100
	Thomas Cook Treasury Limited	England	100	
	White Horse Holdings UK BV	Holland	100	
	MyTravel Luxembourg S.a.r.l.	Luxembourg	100	