

MyTravel Group plc

Annual report and financial statements
for the year ended 31 October 2007

Registered number

742748

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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 year ended 31 October 2007

Business review and principal activities

On 19 June 2007 the Company completed a merger transaction with Thomas Cook AG which resulted in both companies becoming wholly owned subsidiaries of Thomas Cook Group plc

The company is an investment holding company

The income for the year ended 31 October 2007 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 £118.3m (2006 £253.8m)

The net assets of the Company at 31 October 2007 were £670.1m (2006 £613.4m)

Dividend

An interim dividend of £70m was declared and paid on 31 October 2007 (2006 £nil)

No final dividend was paid or declared in either 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

Employees

Details of the number of employees and related costs can be found in note 5 to the financial statements on page 11

Directors

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

M E Beckett	resigned 13 June 2007
P T McHugh	resigned 31 December 2007
J S Alkins	resigned 28 September 2007
J M Bloodworth	resigned 31 December 2007
S I E Weihagen	resigned 13 June 2007
D P Allvey	resigned 13 June 2007
R D Burnell	resigned 13 June 2007
Sir Tom Farmer	resigned 13 June 2007
Dr A J Porter	resigned 13 June 2007
G J McMahon	appointed 4 October 2007, resigned 31 December 2007
Thomas Cook Group Management Services Limited	appointed 4 October 2007
C J Gadsby	appointed 11 February 2008
D M W Hallisey	appointed 11 February 2008

MyTravel Group plc

Directors' report

continued

Auditors

In the case of each of the persons who are directors of the Company at the date when this report was approved

- * so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the Company's auditors are unaware, and
- * each of the directors has taken all the steps that he/she ought to have taken to make himself/herself aware of any relevant audit information (as defined) and to establish that the Company's auditors are aware of that information

This statement is given and should be interpreted in accordance with s234ZA of the Companies Act 1985

By order of the Board,

S Bradley



Secretary

Date 14 February 2008

Registered office

Holiday House
Sandbrook Park
Sandbrook Way
Rochdale
Lancashire
OL11 1SA

MyTravel Group plc

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and 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 the financial year. In preparing these 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,
- prepare the accounts on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which 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.

Independent auditors' report to the members of MyTravel Group plc

We have audited the financial statements of MyTravel Group plc for the year ended 31 October 2007 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes 1 to 26. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and 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).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been 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 the other information contained in the Annual Report as described in the contents section and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

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 judgements 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 31 October 2007 and of its profit for the year 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

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Manchester, United Kingdom

Date *15 February 2008*

MyTravel Group plc

Profit and loss account

Year ended 31 October 2007

	Notes	Year ended 31 October 2007 £'m	Year ended 31 October 2006 £'m
Operating expenses	3	(17 4)	(34 5)
Other operating income		7 8	10 3
Income from shares in subsidiaries		121.5	203 5
Provisions against amounts due from subsidiaries		-	(65 9)
Reversal of provision for impairment of investment		-	140 0
Operating profit		111 9	253 4
Analysed between			
Operating profit before exceptional items		116 9	179 3
Exceptional items	4	(5 0)	74 1
Profit on ordinary activities before finance charges		111 9	253 4
Finance income	7	4 5	28 3
Finance expense	8	(0 2)	(27 9)
Profit on ordinary activities before tax	9	116.2	253 8
Tax on profit on ordinary activities	10	2 1	-
Profit for the financial year	20	118 3	253 8

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

31 October 2007

	Notes	31 October 2007 £'m	31 October 2006 £'m
Non-current assets			
Tangible fixed assets	12	-	0.2
Investments in subsidiaries	13	1,298.3	1,264.5
Other fixed asset investments	13	0.1	-
		<u>1,298.4</u>	<u>1,264.7</u>
Current assets			
Debtors amounts falling due within one year	14	365.0	724.9
Debtors, amounts falling due after one year	15	6.6	10.0
Cash and deposits	16	-	0.3
		<u>371.6</u>	<u>735.2</u>
Creditors amounts falling due within one year	17	(999.3)	(1,385.4)
Net current liabilities		<u>(627.7)</u>	<u>(650.2)</u>
Total assets less current liabilities		<u>670.7</u>	<u>614.5</u>
Creditors amounts falling due after one year	18	(0.6)	(1.1)
Net assets		<u>670.1</u>	<u>613.4</u>
Equity			
Called-up share capital	19	140.4	138.3
Share premium account	20	199.3	193.5
Capital redemption reserve	20	3.2	3.2
Other reserves	20	304.2	269.1
Profit and loss account	20	23.0	9.4
Investment in own shares	19	-	(0.1)
Equity shareholders' funds		<u>670.1</u>	<u>613.4</u>

The financial statements were approved by the Board of Directors and authorised for issue on 14 February 2008. They were signed on its behalf by

C J Gadsby



Director

Notes 1 to 26 form part of these financial statements

MyTravel Group plc

Notes to the financial statements

Year ended 31 October 2007

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 3. 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 International Financial Reporting Standards and filed with the Registrar of Companies. The Company is therefore exempt from the obligation to prepare consolidated financial statements.

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 Financial Reporting Standard No 1 (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.

MyTravel Group plc

Notes to the financial statements continued

Year ended 31 October 2007

2 Significant accounting policies continued

a) *Income from shares in Group undertakings*

These amounts represent dividends from investments. The dividends are recognised in the period in which consideration is received.

b) *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:

Short leasehold properties	period of lease
Computer equipment and software	4 years
Other fixed assets	3 to 15 years

c) *Investments in subsidiaries and other fixed asset investments*

Investments in subsidiaries and other fixed asset investments are shown at cost less provision for impairment.

d) *Leases*

Assets held under finance leases are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of lease payments represents a constant proportion of the capital balance outstanding and is charged to profit and loss over the period of the lease.

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

e) *Foreign currency*

Transactions denominated in foreign currencies are translated at the exchange rate at the date of the transaction. Foreign currency monetary assets and liabilities held at the period end are translated at period end exchange rates. Resulting exchange gains or losses are taken through the profit and loss account.

f) *Capital instruments*

Capital instruments are accounted for in accordance with the principles of FRS 25 - Financial Instruments Presentation, and are classified as equity share capital, minority interest or debt as appropriate.

g) *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.

h) *Share-based payments*

The Company has issued 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 the Black-Scholes option pricing model. These fair values are charged to the profit and loss account on a straight-line basis over the expected period of the options, with a corresponding increase in equity reserves. The Company has applied the requirements of FRS 20 - Share-based Payment.

MyTravel Group plc

Notes to the financial statements continued

Year ended 31 October 2007

3 Operating expenses	Year ended 31 October 2007 £'m	Year ended 31 October 2006 £'m
Administration costs	16.8	10.1
Other operating expenses	0.6	24.4
	<u>17.4</u>	<u>34.5</u>
4 Exceptional items	Year ended 31 October 2007 £'m	Year ended 31 October 2006 £'m
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)	-
Included within operating costs	<u>(5.0)</u>	<u>-</u>
Provisions against amounts due from subsidiaries	-	(65.9)
Reversal of provision for impairment of investment	-	140.0
	<u>(5.0)</u>	<u>74.1</u>
5 Staff costs	Year ended 31 October 2007 £'m	Year ended 31 October 2006 £'m
Staff costs during the year were as follows		
Wages and salaries	6.8	3.9
Social security costs	0.7	0.6
Pension costs - defined contribution plans	0.7	0.6
	<u>8.2</u>	<u>5.1</u>
	2007 Number	2006 Number
Average number of employees of the Company	<u>26</u>	<u>34</u>
All employees are employed in the United Kingdom and the Republic of Ireland		
6 Directors' remuneration	Year ended 31 October 2007 £'m	Year ended 31 October 2006 £'m
Remuneration		
Emoluments	6.5	2.8
Company contributions to money purchase pension schemes	0.6	0.6
Compensation for loss of office	1.9	-
	<u>9.0</u>	<u>3.4</u>
The number of directors who.	Number	Number
Are members of a money purchase pension scheme	5	4
Exercised options over shares in the Company	4	4
Remuneration of the highest paid director.	£'m	£'m
Emoluments	3.0	0.9
Company contributions to money purchase pension schemes	0.3	0.3
	<u>3.3</u>	<u>1.2</u>
The highest paid director exercised share options during the year and the preceding year		
Directors' remuneration includes £2.7m (2006: £1.3m) in respect of two directors whose remuneration was borne by subsidiaries companies		

MyTravel Group plc

Notes to the financial statements continued

Year ended 31 October 2007

	Year ended 31 October 2007 £'m	Year ended 31 October 2006 £'m
7 Finance income		
Interest receivable from other group undertakings	3.9	26.7
Aircraft financing deposit interest	0.5	0.5
Bank interest receivable	0.1	1.1
	<u>4.5</u>	<u>28.3</u>
8 Finance costs		
	Year ended 31 October 2007 £'m	Year ended 31 October 2006 £'m
Other interest payable	0.2	0.1
Interest payable to group undertakings	-	27.8
	<u>0.2</u>	<u>27.9</u>
9 Profit before tax		
	Year ended 31 October 2007 £'m	Year ended 31 October 2006 £'m
Profit before tax has been arrived at after charging/(crediting)	£'m	£'m
Depreciation of property, plant & equipment - held under finance lease (note 12)	0.2	1.3
Exceptional operating items (note 4)	5.0	-
Provisions against amounts due from subsidiaries (note 4)	-	65.9
Reversal of provision for impairment of investment (note 4)	-	(140.0)
Staff costs (see note 5)	8.2	5.1
Net foreign exchange losses	0.6	29.3
	<u>0.6</u>	<u>29.3</u>
The auditors' remuneration for audit services to the Company was £2,000 (2006 £0.1m)		
10 Tax		
	Year ended 31 October 2007 £'m	Year ended 31 October 2006 £'m
The tax charge for the period comprises		
Current tax	-	-
Prior year tax release	(2.1)	-
	<u>(2.1)</u>	<u>-</u>
The charge for the period can be reconciled to the profit per the income statement as follows		
Profit before tax	<u>116.2</u>	<u>253.8</u>
Expected tax charge at the UK corporation tax rate of 30% (2006 30%)	34.9	76.1
Income not liable for tax	(36.5)	(103.0)
Expenditure not deductible for tax	-	19.8
Adjustments in respect of prior periods	(2.1)	-
Unrecognised losses carried forward	1.6	7.1
Tax credit for the year	<u>(2.1)</u>	<u>-</u>

UK corporation tax is calculated at 30% (2006 30%) on the estimated assessable profit for the year

At the balance sheet date, the company had unused tax losses of £133m (2006 £128m) available for offset against future profits

MyTravel Group plc

Notes to the financial statements continued

Year ended 31 October 2007

11 Dividends	Year ended 31 October 2007 £'m	Year ended 31 October 2006 £'m
Amounts recognised as distributions to equity holders in the year		
Interim dividend for the year ended 31 October 2007 of 14 95p per share	<u>70.0</u>	<u>-</u>

An interim dividend of £70 0m was paid on 31 October 2007

12 Tangible fixed assets	Computer equipment and software £'m	Other fixed assets £'m	Total £'m
Cost			
At 1 November 2006	7.3	3.2	10.5
Disposals	-	(0.4)	(0.4)
At 31 October 2007	<u>7.3</u>	<u>2.8</u>	<u>10.1</u>
Depreciation			
At 1 November 2006	7.1	3.2	10.3
Charge for the year	0.2	-	0.2
Disposals	-	(0.4)	(0.4)
At 31 October 2007	<u>7.3</u>	<u>2.8</u>	<u>10.1</u>
Net book value at 31 October 2007	<u>-</u>	<u>-</u>	<u>-</u>
Net book value at 31 October 2006	<u>0.2</u>	<u>-</u>	<u>0.2</u>

The net book value of assets held under finance leases included in the above computer equipment and software was £nil (2006 £0.2m)

13 Investments	£'m
Subsidiaries	
Cost	
At 1 November 2006	1,287.2
Additions for period	33.8
At 31 October 2007	<u>1,321.0</u>
Provision for impairment	
At 1 November 2006 and 31 October 2007	<u>22.7</u>
Net Book Value	
At 31 October 2007	<u>1,298.3</u>
At 31 October 2006	<u>1,264.5</u>

During the 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 26 to the Company financial statements on page 20

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 19). These are stated at cost of £0.1m. The market value of the shares at 31 October 2007 was £0.1m.

MyTravel Group plc

Notes to the financial statements continued

Year ended 31 October 2007

14 Debtors amounts falling due within one year	2007	2006
	£'m	£'m
Trade debtors	0.1	0.6
Amounts owed by parent company	34.4	-
Amounts owed to subsidiary undertakings	328.2	723.4
Other debtors	0.1	0.4
Deposits and prepayments	2.2	0.5
	<u>365.0</u>	<u>724.9</u>
15 Debtors amounts falling due after one year	2007	2006
	£'m	£'m
Other debtors	0.7	0.6
Deposits and prepayments	5.9	9.4
	<u>6.6</u>	<u>10.0</u>
16 Cash and deposits	2007	2006
	£'m	£'m
Cash at bank and in hand	-	0.3
17 Creditors amounts falling due within one year	2007	2006
	£'m	£'m
Trade creditors	0.8	0.3
Amounts owed to subsidiary undertakings	993.1	1,379.9
Current tax	-	2.1
Social security and other taxation	0.1	-
Other creditors	0.4	0.4
Accruals and deferred income	4.9	2.7
	<u>999.3</u>	<u>1,385.4</u>
18 Creditors amounts due in more than one year	2007	2006
	£'m	£'m
Other creditors	0.6	1.1

MyTravel Group plc

Notes to the financial statements continued

Year ended 31 October 2007

19 Called-up share capital	31 October 2007 £'m	31 October 2006 £'m
Authorised 700,000,000 (2006 700,000,000) ordinary shares of 30p each	<u>210.0</u>	<u>210.0</u>
Allotted, called up and fully paid 468,086,306 (2006 461,067,136) ordinary shares of 30p each	<u>140.4</u>	<u>138.3</u>

During the year 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 £7,832,297 including share premium of £5,733,065

In addition, 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.

Contingent rights to the allotment of shares

No share options were granted during the year.

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 13).

MyTravel Group plc

Notes to the financial statements continued

Year ended 31 October 2007

20 Reserves

	Share premium account	Capital redemption reserve	Other reserves	Profit and loss account
	£'m	£'m	£'m	£'m
At 1 November 2006	193.5	3.2	269.1	9.4
Premium on allotments during the year (note 19)	5.8	-	-	-
Transfer of profit for the year	-	-	-	118.3
Dividends paid	-	-	-	(70.0)
Equity credit in respect of share-based payments (note 23)	-	-	-	0.4
Transfers to special reserve	-	-	35.1	(35.1)
At 31 October 2007	199.3	3.2	304.2	23.0

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 31 October 2007 was £304.2m (2006 £269.1m) and is included in other reserves in the above table.

At 31 October 2007, the Company had distributable reserves of £23.0m (2006 £9.4m).

21 Operating lease arrangements

There were no operating lease costs or commitments during the year (2006 £nil).

22 Contingent liabilities

At 31 October 2007, the Company had contingent liabilities in respect of counter-guarantees for bank funding and letters of credit amounting to £145.3m (2006 £526.2m).

The Company provides guarantees to certain of its subsidiary undertakings. No liabilities are expected to arise under these guarantees. The amount outstanding in respect of these guarantees at 31 October 2007 was £104.2m (2006 £77.1m).

In the UK, the Thomas Cook Group protects the rights of customers through bonding facilities provided by banks and insurance companies to the Civil Aviation Authority. The Company, along with a number of other UK subsidiaries of Thomas Cook Group, is a party to a guarantee agreement in respect of these bonding facilities.

MyTravel Group plc

Notes to the financial statements continued

Year ended 31 October 2007

23 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. Options are exercisable at a price equal to the average quoted market price of MyTravel Group plc on the date of grant. The vesting period is between one and four years. If the options remain unexercised after a period of ten years from the date of grant the options expire.

Options are forfeited if the employee leaves the Company before the options vest.

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

	2007	2007	2006	2006
	Number of shares	Weighted average exercise price (£)	Number of shares	Weighted average exercise price (£)
Outstanding at beginning of year	4,653,589	1.46	7,805,120	1.46
Forfeited during the year	(140,889)	1.44	(87,479)	1.96
Exercised during the year	(3,136,030)	1.47	(3,064,052)	1.46
Outstanding at the end of the year	1,376,670	1.44	4,653,589	1.46
Exercisable at the end of the year	1,376,670	1.44	2,555,884	1.46

The weighted average share price at the date of exercise for share options exercised during the year was £3.05 (2006 £2.32)

There were no non-vested options outstanding at 31 October 2007

No Options were granted during the year

The estimated fair value of the options granted during 2005 were as follows

	£'000
31 January 2005	2,804
29 July 2005	111
	2,915

The Group has used the Black-Scholes option pricing model to determine the expense to be recognised in respect of share options

The inputs into the Black-Scholes model are as follows

	2007	2006
Weighted average share price and exercise price	153p	153p
Expected volatility	35%	35%
Expected life	2.2 years	2.2 years
Risk free rate	4.67%	4.67%
Expected dividends	Nil	Nil

Expected volatility was determined by reference to market expectations for the leisure travel industry. The recent history of the MyTravel Group has been such that the historical volatility of the MyTravel Group plc share price was not considered to be a reliable basis for estimating future volatility. The expected life used in the model is a weighted average based on management's best estimate, taking into account the effects of non-transferability, exercise restrictions, and behavioural considerations.

The Company recognised total expenses of £349,000 (2006 £376,000) related to equity-settled share-based payment transactions during the year relating to the above scheme.

MyTravel Group plc

Notes to the financial statements continued

Year ended 31 October 2007

23 Share based payments continued

The Thomas Cook Group plc 2007 Performance Share Plan

Certain of the Company's employees have been 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 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 follows:

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 year in respect of equity-settled share based-payment transactions was £52,068 relating to this scheme.

24 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.

MyTravel Group plc

Notes to the financial statements continued

Year ended 31 October 2007

25 Ultimate controlling party

The Company is a wholly-owned subsidiary of Thomas Cook Group plc

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

On 19 June 2007, the Company completed a merger transaction with Thomas Cook AG, as a result of which the enlarged group is owned 52% by Arcandor AG and 48% by the shareholders of MyTravel Group plc (calculated on a fully diluted basis)

As part of this transaction, all parties entered into a relationship agreement which enshrined the principle agreed between the parties that, following completion of the transaction, the enlarged group will operate independently from Arcandor AG and in accordance with the highest standards of corporate governance best practice. It also sets out the agreement of the parties regarding the composition of the Board of the enlarged group, Thomas Cook Group plc

On the basis of the detailed provisions of the relationship agreement, following the merger transaction 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 52% holding in Thomas Cook Group plc. Arcandor AG is incorporated in Germany

MyTravel Group plc

Notes to the financial statements

continued

Year ended 31 October 2007

26 Principal subsidiary undertakings

At 31 October 2007 the Company's principal subsidiary undertakings were

		Country of incorporation and operation	Proportion held by Company (%)	Proportion held by Group (%)
Tour operators	Thomas Cook Tour Operations Limited	England		100
	Airtours Holidays Transport Limited	England		100
	BCT Travel Group Limited	England		100
	MyTravel Denmark A/S	Denmark		100
	Thomas Cook Canada Inc	Canada		100
	Oy Tjareborg AB	Finland		100
	MyTravel Northern Europe AB	Sweden		100
	MyTravel Sweden AB	Sweden		100
	MyTravel Norway A/S	Norway		100
Hotel operators	Hoteles Sunwing S A	Spain		100
	Sunwing Hoteles Hellas S A	Greece		100
	Resorts Mallorca Hotels International S L	Spain		100
	Parkway Property Management France SAS	France		100
Airlines	Thomas Cook Airlines Limited	England		100
	MyTravel Airways A/S	Denmark		100
Aircraft maintenance	MyTravel Aircraft Engineering Limited	England		100
Travel retailers	Thomas Cook Retail Limited	England		100
Insurance company	White Horse Insurance Ireland Limited	Ireland	100	
Investment and/or holding companies	Airtours Resorts Ownership Espana SL	Spain		100
	Airtours Channel Islands Limited	Channel Islands		100
	Airtours Finance Limited	Channel Islands	99.8	100
	Airtours The Holidaymakers Limited	England		100
	Blue Sea Investments Limited	England	100	
	Blue Sea Overseas Investments Limited	England	100	
	Parkway Holdings UK BV	Holland		100
	White Horse Holdings UK BV	Holland	100	
	MyTravel Northern Holdings Europe AB	Sweden		100
	MyTravel UK Limited	England		100
	MyTravel USA Holdings Inc	USA		100
	MyTravel 330 Leasing Limited	Cayman Islands		100
	NALG Ireland	Ireland		100
	Parkway Limited Partnership (No 1) L P	Channel Islands		100
	Thomas Cook Treasury Limited	England	100	