Thomas Cook Airlines

Thomas Cook Airlines Scandinavia A/S
CVR no. 13 89 69 09

Annual report 2013/14

Financial year 1 October 2013 to 30 September 2014

25th financial year

Thomas Cook Airlines Scandinavia A/S
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Company information

Company

Thomas Cook Airlines Scandinavia A/S
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Board of Directors

Christoph Debus, chairman
Lars Magnus Wikner
Torben Østergaard Andersen
Gitte Pia Michelsen, staff-elected
Inger Ann-Margret Mattsson, staff-elected

Executive Board

Torben Østergaard Andersen, CEO
Bent Erlandsen
Jens Elm Nielsen

Auditors

PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab

Approved by the annual general meeting of the Company on

Chairman of the meeting

Torben Østergaard Andersen

Management's statement

The Board of Directors and the Executive Board have today discussed and approved the annual report of Thomas Cook Airlines Scandinavia A/S for the financial year 1 October 2013 to 30 September 2014.

The annual report has been prepared in accordance with the Danish Financial Statements Act. We consider the accounting policies selected appropriate and the accounting estimates sound.

In our opinion, the financial statements give a fair presentation of the Company's assets, liabilities and financial position as at 30 September 2014 and of the results of the Company's activities and cash flows for the period 1 October 2013 to 30 September 2014.

In our opinion, the Management's review provides a fair presentation of the developments in the Company's activities and finances, the net profit or loss for the year and the Company's financial position.

We recommend the annual report for approval by the annual general meeting.

Tårnby, January 29, 2015

Executive Board

Torben Østergaard Andersen *CEO*	Bent Erlandsen	Jens Elm Nielsen

Board of Directors

Christoph Debus *Chairman*	Lars Magnus Wikner	Torben Østergaard Andersen
Gitte Pia Michelsen	Inger Ann-Margret Mattsson	

Independent Auditor's Report

To the Shareholders of Thomas Cook Airlines Scandinavia A/S

Report on the Financial Statements

We have audited the Financial Statements of Thomas Cook Airlines Scandinavia A/S for the financial year 1 October 2013– 30 September 2014, which comprise summary of significant accounting policies, income statement, balance sheet, statement of changes in equity, cash flow statement, and notes. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Financial Statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The audit has not resulted in any qualification.

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 30 September 2014 and of the results of the Company operations and cash flows for the financial year 1 October 2013 - 30 September 2014 in accordance with the Danish Financial Statements Act.

Statement on Management's Review

We have read Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Financial Statements. On this basis, in our opinion, the information provided in Management's Review is consistent with the Financial Statements.

Copenhagen, 29 January 2015
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab

Bo Schou-Jacobsen
State Authorised Public Accountant

Ulrik Ræbild
State Authorised Public Accountant

Management's review

Financial highlights

Seen over a period of five years, the Company's development can be described by these financial highlights:

All amounts in DKK '000.000	2013/14	2012/13	2011/12	2010/11	2009/10
Key Figures					
Results					
Revenue	4.386	4.460	4.288	3.728	3.373
Gross Profit	1.070	1.060	981	841	926
Operating Profit	242	99	229	171	273
Results from net financials	-2	0	5	8	-7
Net profit before tax	240	99	234	179	266
Net profit for the year	180	70	176	143	197
Balance sheet					
Equity	299	200	155	281	285
Balance sheet total	1.502	1.637	1.711	1.501	1.453
Cash Flows					
Investments in tangible and intangible fixed assets, net	102	-141	271	101	7
Other financial ratios					
Staff (Full-time)	1.043	1.063	1.062	936	921
Aircraft	12	12	12	11	11
Passengers (1.000), one-way	2.377	2.405	2.437	2.243	2.176
Cabin factor (%)	92	93	93	93	93
Flight hours (Block hours)	51.730	52.656	53.753	50.110	49.094
Financial ratios %					
Gross margin	24	24	23	23	27
Profit margin	6	2	5	5	8
Solvency ratio	20	12	9	19	20
Return on equity	82	45	105	63	161

For definitions, see the paragraph 'Accounting policies'.

Management's review

Principal activity

The Company's principal activity consists in transporting charter passengers and the related sale of duty-free and non-duty-free goods on board. The major part of the Company's revenue consists of sales to group enterprises.

The Company is a wholly-owned company in the Thomas Cook Northern Europe Group. Thomas Cook Northern Europe is ultimately owned by the listed British company Thomas Cook Group plc.

Developments in activities and finances

In the financial year, the Company transported 2,376,832 one-way passengers to and from Sweden, Norway, Denmark and Finland, which is a year-on-year decline of 1.2 per cent.

The production capacity remained unchanged in 2013/14, which meant that, in the winter season, the Company operated up to fourteen aircraft, three of which were leased from the British affiliated company, and, in the summer season, eleven aircraft.

At the financial year-end, the Company's fleet included three Airbus A330, six Airbus A321 and two Airbus A320, which has not changed from the previous financial year. The average fleet for the year was twelve aircraft (2012/13: 12), all of which were subject to operating lease agreements. As at 30 September 2014, the fleet age averaged twelve years.

In January 2010 the Thomas Cook Group concluded a purchase agreement with the aircraft manufacturer Airbus , whereby Thomas Cook Airlines Scandinavia A/S is the Group's contracting party. The agreement with Airbus included an order for twelve Airbus A321 aircraft as well as call options on additional aircraft of the types A320 and A321. The Company has been provided with a guarantee by its ultimate parent, Thomas Cook Group plc, for potential losses related to aircraft that will not be operated by the Company itself. In spring 2013 the purchase obligation for six of the twelve above-mentioned aircraft was transferred to a third party and in 2014 the obligation of further two aircraft were taken over by an external lease provider whereby only four aircraft planned for delivery in 2016 are not yet financed or subject for sale and lease back agreements at the balance sheet date.
The prepayments of DKK 155 million in total were financed by a loan raised with Thomas Cook Group Treasury Limited. The financing of the remaining six of the twelve aircraft ordered has yet to fall into place. The expectation is that also the remaining new aircraft under the Airbus agreement will be included in sale-and-lease-back agreements with external parties.

As described in the paragraph 'Financial risks', the Company uses financial hedging instruments to eliminate the risks arising from fluctuations in the major currencies and in fuel prices. The value of

the financial contracts concluded on 30 September 2014 measured against the market prices of the same date is positive by DKK 53,8 million net (minus DKK 5 million at year-end 2012/13).
The income statement shows a pre-tax profit of DKK 240,1 million. The Board of Directors considers the results satisfactory. The post-tax results show a profit of DKK 179,5 million. The expected development announced in the annual report 2013/14 has thus come true.

Uncertainty connected with recognition and measurement

Provisions for future aircraft maintenance as at 30 September 2014 have been calculated at DKK 456,1 million. This amount covers contractual maintenance liabilities related to leased aircraft and engines, accrued on the basis of flight hours etc.

A significant part of the aircraft maintenance is payable in USD. The Management therefore finds that the liability calculated at the current USD exchange rate most fairly presents the Company's liabilities on the balance sheet date, and for this reason, the USD exchange rate on the balance sheet date serves as the basis for the calculation of the provision. In the financial year, the Company has had financial contracts on an ongoing basis in order to eliminate the currency risk of the provision, and therefore the net profit or loss for the year is not affected materially by the change for the year in the USD exchange rate.

Special risks

Operating risks

The Management does not consider Thomas Cook Airlines Scandinavia A/S to be exposed to special operating risks.

Financial risks

Thomas Cook Airlines Scandinavia A/S has a large cash flow in foreign currencies. The Company hedges this net exposure by making forward contracts. Similarly, the risk of fuel price fluctuations is hedged by financial commodity contracts (fuel swaps). Contracts to hedge future cash flows and fuel purchases are recognised directly in equity until the underlying transactions are realised.
Changes in fuel prices and the USD exchange rate are adjusted in the seat prices and have no significant effect on the net profit or loss for the year if USD and fuel are hedged at a price level corresponding to the conditions agreed in the seat prices.

Environmental issues

The environmental management system of Thomas Cook Airlines Scandinavia A/S is audited, approved and certified according to the ISO 14001 guidelines.

The system is based on the Company's many years of environmental work and continues to support a focus on improvements in fuel consumption, waste management, materials and product selection, energy consumption in administration, as well as information and training of staff in an enterprise-related environment. The environmental management system also helps the Company to supply the environmentally adjusted products demanded by the customers.

From 1 January 2012, the aviation sector became subject to the EU emissions trading system, also known as EU ETS. The Company's registration and reporting methods have been approved by the authorities, and the system is verified annually by an independent auditor. Basic data are reported for each of the current years including 2013. The data reports serve as the basis for the free greenhouse gas emissions allowances allocated to the Company on an ongoing basis.

Corporate social responsibility

The status of the Company's aggregate corporate social responsibility (CSR) is reported jointly with the Group's ultimate parent, Thomas Cook Group plc, and is found on the Company's website, http://www.thomascookgroup.com/sustainability/sustainability-report-2014/
and recognises the UN Guiding Principles on Business and Human Rights and are aligned with the UN Global Compact.

The company has as target to increase the number of women (the underrepresented gender) in the Board of Directors from currently none to one before the end of 2017, and has implemented a policies in order to increase the share of the underrepresented gender among the employed managers. The policy has 4 strategies which has impact on talent development, recruitment, succession planning and communication and has shown good results by increasing the share of women amongst managers with 5%p over the past 18 months.

Events occurring after the financial year-end

From the balance sheet date until today, a sale and lease back contract for two of the last four unfinanced aircraft has been finalised but otherwise there have been no events of material significance for the assessment of the annual report.

Expected development

The holiday travel market in the Nordic countries continues to be characterised by intense competition and declining selling prices as a consequence of a more transparent travel market and the increased supply of seats from low-cost airlines. However, the Group's travel agencies still want to retain at least their market shares, and the Company therefore intends to maintain its capacity in 2014/15. On the other hand, the increased competition means that we anticipate that it will be difficult to maintain the Company's current selling prices, for which reason we expect somewhat lower results for 2014/15than those realised in 2013/14.

Management's review

Foreign branches

The Company has the following foreign branches:

Name	Registered office
Thomas Cook Airlines Scandinavia A/S filial Sverige	Box 5, S-190 45 Stockholm-Arlanda, Sweden
Thomas Cook Airlines Scandinavia A/S filial Norge	Flyterminalen, 2060 Gardermoen, Norway
Thomas Cook Airlines Scandinavia A/S Sucursal en España	Aeropuerto de Palma de Mallorca, Palma de Mallorca, Spain
Thomas Cook Airlines Scandinavia A/S Sucursal em Portugal	Praca Marques de Pombal 1, 1250-160 Lisbon, Portugal

Accounting policies

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act on Reporting Class C (large) and according to the same accounting policies as the previous year.

The annual report is presented in Danish kroner (DKK) 1,000.

General information on recognition and measurement

Assets are recognised in the balance sheet if it is probable that future economic benefits will flow to the Company and the value of the relevant asset can be measured reliably.

Liabilities are recognised in the balance sheet if the Company has a legal or constructive obligation arising from a past event and it is probable that future economic benefits will flow from the Company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement after initial recognition is performed as described for each separate item below.

On recognition and measurement, allowance is made for foreseeable risks and losses arising before presentation of the annual report which confirm or rebut conditions existing on the balance sheet date.

In the income statement, income is recognised as earned, while costs are recognised as the expenses concerning the financial year.

Leasing

The Company has concluded agreements on operational leasing of aircraft and, to a lesser extent, other operating equipment. Lease payments related to operational leasing are recognised in the income statement on a straight-line basis over the lease term.

Foreign currency translation

Transactions in foreign currencies are translated on initial recognition at the exchange rate prevailing at the transaction date. Receivables, liabilities other than provisions, provisions and other monetary items in foreign currencies which have not been settled at the balance sheet date are translated at the exchange rate prevailing at the balance sheet date. Currency translation differences arising between the exchange rate prevailing at the transaction date and the exchange rate prevailing at the payment date or the exchange rate prevailing at the balance sheet date are recognised in the income statement as external expenses. The effect of forward contracts is recognised in profit or loss from ordinary activities. Fixed assets purchased in foreign currencies are translated at historical exchange rates.

Accounting policies

Derivative financial instruments

On initial recognition, derivative financial instruments are measured in the balance sheet at cost and subsequently at fair value. Derivative financial instruments are recognised in other receivables or other payables.

Changes in the fair value of derivative financial instruments that are classified as and meet the requirements for fair value hedging of a recognised asset or a recognised liability are recognised in the income statement together with changes in the value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments that are classified as and meet the requirements for hedging of future transactions are recognised directly in equity. When the hedged transactions are realised, the changes are recognised in the relevant items.

Income statement

Revenue

Income from the sale of seats is recognised in the income statement on the departure date. Income from the sale of duty-free and non-duty-free goods is recognised in the income statement on the delivery date. Revenue is recognised exclusive of VAT, taxes and sales discounts and is measured at fair value of the fixed consideration.

External expenses

External expenses include direct and indirect costs incurred in achieving the revenue.

Staff costs

Staff costs include salaries, pensions and other social security costs of all employees of the Company and its branches.

Financials

Interest income and interest expenses are recognised in financial income and expense, net.

Taxation

Tax for the year, which includes the current group tax contribution for the year, taxes in the Portuguese branch and changes in deferred tax, is recognised in the income statement by the portion attributable to the net profit or loss for the year and directly to equity by the portion attributable to entries directly to equity.

Accounting policies

Taxation (cont.)

Current tax liabilities or current tax receivables are recognised in the balance sheet as tax calculated on the taxable income for the year adjusted for tax paid on account. Group tax contributions payable are recognised in joint taxation contribution payable.

Deferred tax is recognised and measured according to the balance-sheet liability method of all temporary differences between the carrying amount of an asset or a liability and its tax base. The tax base of the assets is calculated based on the planned utilisation of the individual asset.

Deferred tax assets including the tax base of tax losses allowed for carry-forward are recognised in the balance sheet at the value at which the relevant asset is expected to be realised either by a set-off against deferred tax liabilities or as net tax assets.

The Company is taxed jointly with other Danish companies in the Group, and the income tax is allocated to the jointly taxed companies according to the full allocation method.

Balance sheet

Intangible fixed assets

Software is recognised at acquisition cost less accumulated depreciation.

Depreciation is provided on a straight-line basis over four years maximum.

Tangible fixed assets

Tangible fixed assets are recognised at acquisition cost less accumulated depreciation and write-downs. Ongoing investments are not depreciated. The acquisition cost consists of the cost without interest added.

Buildings on leased sites are depreciated on a straight-line basis over the expected economic life, but not exceeding expiry of the guaranteed lease term for the site. Installations are depreciated over fifteen years, always provided that the installations will be completely depreciated at the same time as the building.

Operating equipment and fixtures are depreciated on a straight-line basis over the expected useful life, i.e. normally 4-5 years. Aircraft and spare parts including aircraft-related assets and improvements owned by the Company are depreciated on a straight-line basis over the expected useful life, i.e. normally up to fifteen years.

Accounting policies

Tangible fixed assets (cont.)

Improvements and small acquisitions below the write-off limit for tax purposes (DKK 12,300) and assets with a useful life of less than three years are charged to the income statement in the acquisition year.

Tangible fixed assets are written down to recoverable value if this is lower than the carrying amount. Profit or loss on disposal of tangible fixed assets is carried in depreciation and write-downs.

Fixed-asset investments

Financial expenses arising from introduction of new aircraft are recognised at acquisition cost, which is allocated on a straight-line basis over the 6-10 year lease terms of the respective aircraft. The acquisition cost represents the cost of and interest on prepayments before entry into service.

Deposits are recognised at acquisition cost calculated at cost.

Stocks

Stocks are measured at cost based on an approximated FIFO method or at net realisable value, whichever is the lower. The net realisable value of stocks is calculated at the amount that they are expected to fetch when sold in normal operation, less selling and completion costs. The net realisable value is calculated with due consideration of negotiability, obsolescence and the development of the expected selling price.
The cost of goods for resale includes the purchase price plus delivery costs.

Receivables

Receivables are measured at amortised cost, which corresponds to nominal value, less write-downs to meet expected losses.

Short-term net deposits with group enterprises are recognised in receivables.

Prepayments and accrued income

Prepayments under assets include expenses incurred, but concerning the subsequent financial year. Prepayments are measured at amortised cost, which corresponds to nominal value.

Equity

Dividend is recognised as a liability other than provision at the time of approval by the annual general meeting. The dividend proposed for the financial year is shown as a separate item under equity.

Accounting policies

Deferred tax

Provision for deferred tax is accounted for using the balance-sheet liability method and is calculated based on all temporary differences between the carrying amount of an asset or a liability and its tax base.

Provision for aircraft maintenance

Provisions have been made to cover the costs incurred by contractual liabilities for operationally leased aircraft. The provisions are calculated based on flight hours at the USD exchange rate on the balance sheet date.

Maintenance costs incurred are deducted in provisions.

Other financial liabilities

Other financial liabilities are recognised at amortised cost, which usually corresponds to nominal value.

Accruals and deferred income

Deferred income under liabilities includes payments received, but recognised in the income statement in the subsequent financial year. Deferred income is measured at amortised cost, which usually corresponds to nominal value.

Cash flow statement

The Company's cash flow statement is presented according to the indirect method and shows cash flows generated by operations, investments and financing as well as the Company's cash and cash equivalents at the beginning and end of the year.

Cash flows generated by operating activities are calculated as operating profit adjusted for non-cash operating items, changes in working capital and paid corporation tax.

Cash flows generated by investment activities include payments related to acquisition and disposal of intangible, tangible and fixed-asset investments.

Cash flows generated by financing activities include changes in the size and composition of the Company's equity and the related costs, changes in arm's-length net deposits with group enterprises as well as borrowings, repayments of interest-bearing debt and distribution of dividends.

Accounting policies

Cash flow statement (cont.)

Cash and cash equivalents include cash at bank and in hand and short-term securities with an insignificant currency risk, less short-term bank loans.

Segment information

With reference to section 96 of the Danish Financial Statements Act, segment information has been omitted since segment information is included in the consolidated financial statements for Thomas Cook Group plc.

Financial highlights

The financial ratios have been prepared in accordance with the definitions below.

Other financial ratios

Aircraft	=	Average number of aircraft in the fleet for the year
Cabin factor	=	$\frac{\text{Guests x 100}}{\text{Seats flown}}$
Flight hours (Block hours)	=	In-flight production hours

Financial ratios (%)

Gross margin	=	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Profit margin	=	$\frac{\text{Operating profit x 100}}{\text{Revenue}}$
Solvency ratio	=	$\frac{\text{Equity at year-end x 100}}{\text{Total assets}}$
Return on equity	=	$\frac{\text{Net profit or loss for the year x 100}}{\text{Average equity}}$

Income statement 2013/14

	Note	2013/14	2012/13
		DKK '000	DKK 1.000
Revenue		4.386.055	4.460.007
External expenses		-3.315.942	-3.400.325
Gross profit		**1.070.113**	**1.059.682**
Staff costs	1	-772.717	-756.762
Depreciation, amortisation and impairment	2	-55.237	-50.020
Other external costs		0	-153.705
Operating profit		**242.158**	**99.195**
Financial income	3	467	1.151
Financial expenses	4	-2.488	-1.174
Profit before tax		**240.137**	**99.172**
Tax on profit for the year	5	-60.629	-29.500
Net profit for the period		**179.507**	**69.672**

Proposed distribution of profit

Transferred to retained earnings		79.507	-55.328
Dividends to the shareholder		100.000	125.000
		179.507	**69.672**

Balance Sheet

Assets	Note	30-09-2014 DKK '000	30-09-2013 DKK 1.000
Software		5.260	6.943
Intangible assets	6	**5.260**	**6.943**
Aircraft and spare parts		113.577	125.539
Prepayments purchase agreement aircraft		155.106	101.102
Buildings on leased land		17.932	20.306
Fixtures and fittings, tools and equipment		2.437	2.540
Property, plant and equipment	7	**289.051**	**249.486**
Deposits		3.737	3.066
Financiel fixed asset	8	**3.737**	**3.066**
Fixed assets		**298.048**	**259.495**
Inventories	9	**31.970**	**25.354**
Trade receivables		10.664	6.389
Other receivables	10	187.825	90.903
Deferred tax asset	5	77.656	130.791
Receivables from affiliated companies		12.256	11.244
Cash, affiliated companies		94.710	79.885
Loans to affiliated companies	11	743.442	984.618
Prepayments	12	19.810	19.087
Receivables		**1.146.362**	**1.322.918**
Cash		**25.122**	**29.436**
Current assets		**1.203.454**	**1.377.708**
Assets		**1.501.502**	**1.637.203**

Balance Sheet

Equity and Liabilities	Note	30-09-2014	30-09-2013
		DKK '000	DKK 1.000
Share capital		60.000	60.000
Retained earnings		138.859	14.993
Proposed dividends for the financial year		100.000	125.000
Equity	13	**298.859**	**199.993**
Provision for aircraft maintenance		456.103	640.844
Provisions		**456.103**	**640.844**
Joint tax contribution payable	5	21.884	69.340
Mortgage credit		6.717	7.634
Employee bonds credit		0	3.331
Long-term debt	14	**28.601**	**80.305**
Mortgage credit	14	924	917
Employee bonds credit		3.331	1.549
Trade payables		355.968	364.236
Payables to affiliated companies		68.394	42.874
Other payables	15	245.521	231.996
Joint tax contribution payable	5	30.913	57.151
Deferred income	16	12.889	17.338
Short-term liabilities other than provisions		**717.940**	**716.062**
Liabilities other than provisions		**746.541**	**796.366**
Equity and liabilities		**1.501.502**	**1.637.203**
Contingent liabilities, etc.	17		
Auditors' fees	18		
Related parties	19		
Ownership	20		

Statement of changes in equity

All amounts in DKK '000	Share capital	Retained earnings	Proposed dividends	Total
Equity at 1 October 2013	60.000	14.993	125.000	199.993
Dividends paid	-	-	-125.000	-125.000
Pre-tax adjustment of derivative financial instruments	-	58.753	-	58.753
Tax on adjustment of derivative financial instruments	-	-14.394	-	-14.394
Profit and loss	-	79.507	100.000	179.507
Equity at 30 September 2014	**60.000**	**138.859**	**100.000**	**298.859**

Cash Flow Statement

Cash Flows from Operating Activities	2013/14 DKK '000	2012/13 DKK 1.000
Profit before tax	240.137	99.172
Depreciation and amortisation	55.237	50.020
Income tax	-60.629	-29.500
Adjustment fair value of interest swaps	18	-375
Change in tax asset (operating effect)	38.741	-1.422
Change in inventories and receivables	-42.834	-58.532
Change in provisions	-184.741	43.379
Change in trade payables and other payables	-70.151	-49.456
Total cash flows from operating activities	**-24.223**	**53.286**
Cash Flows from Investing Activities		
Investments in intangible assets, net	-2.057	0
Investments in property, plant and equipment, net	-91.062	140.521
Financial asset investments, net	-671	-2.579
Total cash flows from investing activities	**-93.790**	**137.942**
Cash Flows from Financing Activities		
Repayment Employee bonds	-1.549	0
Repayment Mortgage Loans	-927	-916
Change in loans to group enterprises	256.000	-86.665
Dividends paid	-125.000	-90.000
Total cash flows from financing activities	**128.524**	**-177.581**
Total net cash flows from operating, investing and financing activities for the financial year	**10.511**	**13.647**
Cash and cash equivalents at 1 October	109.321	95.674
Net increase/decrease in cash and cash equivalents	10.511	13.647
Cash and cash equivalents at the balance sheet date	**119.832**	**109.321**

<u>Specification of cash and cash equivalents at the balance sheet date:</u>

Cash and cash equivalents	25.122	29.436
Cash-pool deposits	94.710	79.885
Cash and cash equivalents	**119.832**	**109.321**

Notes

	2013/14	2012/13
Note 1 - Staff Costs	DKK '000	DKK 1.000

The total staff costs can be specified as follows :

Wages, salaries	667.546	649.306
Pension contributions	54.369	52.890
Other social security costs	50.803	54.565
	772.717	756.762
Remuneration to Executive Board	5.931	5.724
Average number of employees (full-time)	1.043	1.063

No renumeration to the Supervisory Board.

Incentive programs

The Executive Board is included in
the Thomas Cook Northern Europe Group profit sharing scheme.

Note 2 - Depreciation and amortisation

Intangible assets, see note 6	3.740	3.204
Property, plant and equipment, see note 7	51.497	46.816
	55.237	50.020

Note 3 - Financial income

Interest income, affiliated companies	142	413
Other interest income	324	738
	467	1.151

Note 4 - Financial expenses

Interest expenses, affiliated companies	941	724
Income tax surcharge	218	119
Other interest expenses	1.329	331
	2.488	1.174

Notes

Note 5 - Tax on profit for the year

	2013/14	2012/13
	DKK '000	DKK 1.000
Tax on profit for the year is explained as follows:		
24,5 % tax calculated on profit before tax	-58.833	-24.793
Tax effect of permanent differences	-67	-72
of corporate income tax rate from 24,5% to 22%	-1.724	-4.616
Adjustment regarding previous years	0	-12
Income tax in foreign branches	-5	-8
Net tax on profit for the year	-60.629	-29.500
Deferred tax asset at the beginning of the year	130.791	151.290
Changes in corporate taxation Rate	-1.724	-4.616
Change concerning profit/loss items	-37.017	6.038
Change concerning hedging instruments	-14.394	-21.920
Deferred tax asset at the end of the year	77.656	130.791
Joint tax contribution payable	52.797	126.492

During the year, the Company has net paid 95.578 tdkk in income tax through joint taxation
The deferred tax asset mainly arises from fixed assets, forward contracts, fuel hedging contracts and provisions.

The Company is jointly taxed with other Danish companies.
Joint tax contribution for 2013/14 (21.884 tdkk) payable after September 2015.

Note 6 - Intangible assets

	Software
	DKK '000
Aquisition price at 1 October 2013	12.818
Additions during the financial year	2.057
Disposals during the financial year	-3.503
Aquisition price at 30 September 2014	11.372
Amortisation at 1 October 2013	5.875
Amortisation for the financial year	3.740
Reversed amortisation on assets disposed during the financial year	-3.503
Amortisation at 30 September 2014	6.112
Carrying amount at 30 September 2014	5.260
Carrying amount at 30 September 2013	6.943

Notes

Note 7 - Property, plant and equipment

	Aircraft and Spare Parts	Buildings	Fixtures, etc
	DKK '000	DKK '000	DKK '000
Aquisition price at 1 September 2013	215.849	77.811	12.599
Additions during the financial year	34.441	1.327	1.291
Disposals during the financial year	0	0	-1.443
Aquisition price at 30 September 2014	250.290	79.138	12.447
Depreciation at 1 September 2013	90.310	57.506	10.059
Depreciation and impairment for the financial year	46.403	3.700	1.394
Reversed depreciations during the financial year	0	0	-1.443
Depreciation at 30 September 2014	136.713	61.206	10.010
Carrying amount at 31 September 2014	113.577	17.932	2.437
Carrying amount at 30 September 2013	125.539	20.306	2.540

The buildings are not subject to public land assesment.
Building on leased land is used as guarantee for Mortgage Loan

Aircraft and spare parts comprise aircraft-related assets owned by the Company.

Prepayments of total 155 mdkk regarding not delivered aircrafts and purchase options includes the total payments to Airbus We refer to mentions in the Management reviews

Notes

Note 8 - Financial assets

	Deposits
Aquisition price at 1 September 2013	3.066
Additions during the financial year	3.101
Disposals during the financial year	-2.431
Aquisition price at 30 September 2014	3.737
Carrying amount at 30 September 2014	3.737
Carrying amount at 30 September 2013	3.066

	30-09-2014 DKK '000	30-09-2013 DKK 1.000
Note 9 - Inventories		
Finished goods	31.970	25.354

Note 10 - Other receivables

Unrealised gains on fuel contracts	155.230	73.693
Other receivables	32.595	17.209
	187.825	90.903

Note 11 - Loans to affiliated companies

Loans to affiliated companies	743.442	984.618
	743.442	984.618

Loans to and from affiliated companies are entitled to be set off according to Note 17

Note 12 - Prepayments

Prepaid aircraft lease	12.795	13.348
Other prepayments	6.110	5.740
	19.810	19.087

Notes

Note 13 - Equity

There were no changes in share capital in the period 2008/09-2013/14.

The share capital is divided into shares of DKK 1,000 or multiple hereof.

No special rights are attached to any of the shares

	30-09-2014	30-09-2013
	DKK '000	DKK 1.000

Note 14 - Long Term debt

The mortgage debt is falling due as follows:		
Within 1 year	924	917
Between 1 and 5 years	4.694	4.687
After 5 years	2.023	2.946
	7.641	8.550

Income tax through Joint Taxation is due between 1 and 5 years.

Note 15 - Other Obligations

Holiday pay obligation	83.248	80.838
Withholding tax payable and other staff-related costs	49.603	56.841
Passenger fees payable	3.394	3.832
VAT and duties payable	6.525	10.565
Unrealised loss on fuel and currency contracts	101.399	78.615
Other payables	1.351	1.305
	245.521	231.998

Note 16 - Deferred Income

Prepayments from customers	702	4.203
Marketing contribution received	12.188	13.135
	12.889	17.338

Notes

Note 17 - Contingent liabilities, etc	30-09-2014 DKK '000	30-09-2013 DKK 1.000
Total lease commitments (operating lease) due for payment after the balance sheet date	495.862	477.472
Of this, due within 5 years	495.862	477.472
Of this, due within 1 year	282.734	271.890
The total lease commitments can be specified as follows:		
Lease of aircraft and spare parts from/through affiliated companies	233.791	232.358
Lease of aircraft and spare parts from other companies	257.373	240.416
Lease of buildings, hangar area, etc.	2.264	2.264
Other significant leases	2.434	2.434
	495.862	477.472
Bank guarantees	36.905	29.657

The lease commitments regarding aircraft and spare parts have been translated from USD using the exchange rate at balance sheet date.

The Company is included in a cash pool agreement with other Nordic group companies through the Group's primary banker in Denmark, Norway and Sweden. The deposit in this cash pool agreement representing tdkk 94.710 (2012/13: 79.885) is actually an intragroup receivable from Thomas Cook Northern Europe AB (TCNE), and it is emphasised that the Company is liable to the top account holder, TCNE, for this amount.
The Company has received a guarantee from TCNE covering all amounts in cash pools and internal deposits with TCNE

The Company is included in a common VAT registration with other Danish group companies. Furthermore, the Company is included in a joint taxation with other Danish group companies. Thereby, the Company is jointly and severally liable for VAT and income tax with the other Danish Group Companies.

The Company concluded in the financial year 2013/14 a purchase agreement with AIRBUS for 12 new Airbus A321, each with a list price for USD 96 mio. before escalation and discounts.
The agreement was renegotiated in May 2013 and together with a 3rd party a sale and Delivery of the 6 aircraft are scheduled in the period 2014-2016.
We refer to further mentions in the Management review.

Notes

Note 18 - Audit fees

Referring to the Danish Statements Act § 96, sub section 3, information on fees to Auditors elected on a general meeting, has been omitted.
We refer to the financial statement of Thomas Cook Group plc.

Note 19 - Related parties

Principal shareholder

Thomas Cook Holdings Denmark A/S
Kay Fiskers Plads 9
2300 København S
Danmark

Transactions with related parties have been performed within the arm's lenth principle

Note 20 - Ownership

The entire share capital is held by

Thomas Cook Holdings Denmark A/S, CVR nr. 18 80 90 36
Kay Fiskers Plads 9
2300 København S
Danmark

Thomas Cook Airlines Scandinavia A/S is included in the consolidated financial statements of Thomas Cook Goup plc, England. The company is not included in other consolidated financial statements. See also www.thomascookgroup.com to download statements