MyTravel Group plc
15 December 2005

15 December 2005

MyTravel Group plc

Audited results for the year ended 31 October 2005

- Group operating profit* increased by £42.3m to £55.2m in the year compared to a pro forma** profit of £12.9m in the comparable prior 12 month period (13 months to October 2004: operating loss of £17.5m).

- UK operating loss* reduced by 48% to £29.5m from a pro forma loss of £57.0m in the prior year (13 months to October 2004: loss of £85.3m).

- Northern Europe achieved another record performance, with operating profit* in the year of £63.6m compared with a pro forma profit of £45.9m in the prior year (13 months to October 2004: £48.5m).

- North America reported an operating profit* of £17.5m compared with a pro forma profit of £17.5m in the prior year (13 months to October 2004: £12.1m).

- Loss on ordinary activities before tax reduced to £18.3m compared with a pro forma loss of £153.4m in the prior year (13 months to October 2004: loss of £190.3m).

Current trading

- There has been little change in our trading position and the market since our trading statement of 1 November 2005. We continue to focus on margins rather than volumes and our increased flexibility means we are well placed to manage capacity appropriately throughout the season.

- Average selling prices for winter 2005/06 in the Northern Europe charter business are ahead year on year.

- North American charter bookings for winter 2005/06 are currently 5% behind last year, having been at a similar level to the prior year before Hurricane Wilma, which significantly impacted our Mexico programme.

- Average selling prices for winter 2005/06 in the UK charter business are ahead year on year.

- Summer 2006 bookings in the UK remain encouraging. Brochures have only recently been launched in Northern Europe and North America.

Outlook

- The Group continues to make progress towards its strategic goals and we continue to target an operating profit in all divisions for 2006 and a margin of 3.5% in the UK in 2007.

* Operating profit/loss is stated before exceptional items and goodwill amortisation and in the case of the Group figures, includes income from joint ventures and associates. The loss before tax for the 12 months to 31 October 2005 after goodwill amortisation of £11.1m, exceptional items of £59.7m and net finance charges of £2.7m was £18.3m.

** The Group changed its financial year to end October last year (from September), such that the prior year audited comparative information covers the 13 months to October 2004. As a result, prior year unaudited pro forma information for the 12 months to October 2004 is shown to enable more meaningful comparisons.

Peter McHugh, Chief Executive, MyTravel Group plc said:

'We have made strong progress this year, with a £42.3 million increase in operating profit to £55.2 million. This is a particularly good result in view of the increased cost of fuel, which we estimate has reduced operating profit by a minimum of £47.3 million. Without the impact of fuel, we would have been a year ahead of our turnaround targets. As it is, we achieved another record profit in Northern Europe. In North America, despite a number of problems encountered over the summer, our performance was good. In the UK, we made excellent progress year on year despite the high fuel prices.

'All in all it has been a good year for MyTravel, our turnaround is on course and the outlook for 2006 is positive. Across all divisions, our strong management team is making significant progress. Our emphasis continues to be on margin rather than volume and the flexibility we have achieved in recent years allows us to make appropriate adjustments where necessary. We continue to target an operating profit in all divisions for the current financial year and a margin of 3.5% in the UK in 2007.'

Enquiries:

MyTravel Group plc		Today	020 7404 5959
		Thereafter	01706 746464
Peter McHugh	Chief Executive		
John Allkins	Finance Director		
Steven Olivant	Communications Director		
Brunswick			020 7404 5959
Fiona Antcliffe			
William Cullum			
Conor McClafferty			

A presentation to analysts will take place today at 9.30 am at Savoy Place, London WC2R 0BL.

A copy of the slides will be available on our website at www.mytravelgroup.com
.
A recording of the presentation will be available on:

Telephone number: +44 (0) 1452 550000

Pin number: 3422843#

OPERATING REVIEW

Group Results

Geographic analysis of turnover	2005 12 months to 31 October £m	Pro forma** 2004 12 months to 31 October £m
UK	1,723.1	2,032.6
Northern Europe	789.1	800.2
North America	397.9	371.3
Group	2,910.1	3,204.1
Joint ventures	18.8	33.0
Group and share of joint ventures	2,928.9	3,237.1

Geographic analysis of operating results*	2005 12 months to 31 October £m	Pro forma** 2004 12 months to 31 October £m
UK	(29.5)	(57.0)
Northern Europe	63.6	45.9
North America	17.5	17.5
Group	51.6	6.4
Joint ventures and associates	3.6	6.5
Group and share of joint ventures and associates	55.2	12.9

* The operating result includes the income from joint ventures and associates and is stated before exceptional items and goodwill.

** The figures stated for the 12 month period to 31 October 2004 are management's pro forma figures which have not been audited.

The 2005 loss before tax for the 12 months to 31 October 2005 after goodwill amortisation of £11.1m, exceptional items of £59.7m and net finance charges of £2.7m was £18.3m.

The Group results for the year to October 2005 show a significant improvement over the comparable prior year period for the second year in succession, demonstrating that the recovery is on schedule and that we are making good progress. The improvement year on year was achieved despite the impact of a number of natural disasters and the bombings in Sharm El-Sheikh which in total adversely affected the Group results by £16.2m in net repatriation costs and lost margin. We also suffered from increases in the price of fuel and from changes in foreign currency rates year on year which management calculates adversely impacted the results by £47.3m and £1.9m respectively.

The UK business has shown excellent progress year on year. The operating loss before exceptional items and goodwill was reduced by 48% to £29.5m from a pro forma loss of £57.0m in the prior year (13 months to October 2004: loss of £85.3m). The improvement was driven by capacity reductions, product improvements and cost savings. These actions allowed us to better align supply with demand and sell a higher proportion of holidays at full brochure prices and improved margins. However, the margin improvement was affected by movements in fuel prices and foreign currency year on year which management calculates adversely impacted the results by £28.0m and £7.7m respectively. In addition, natural disasters and the bombings in Sharm El-Sheikh impacted the UK results by £6.8m. Our continued focus on cost control, however, resulted in savings in Selling and Marketing, General and Administration (S,G&A) costs of £46.3m.

Northern Europe once again performed at record levels and ahead of our expectations, with operating profit before exceptional items and goodwill in the year of £63.6m compared with a pro forma profit of £45.9m in the prior year (13 months to October 2004: £48.5m). The improvement was achieved despite increases in fuel prices and changes in foreign exchange rates year on year which management calculates adversely impacted the results by £9.4m. The Indian Ocean tsunami also affected the results by a net £8.8m. Despite these impacts, we recorded an improvement in operating profit in our Northern European businesses of £17.7m. Exiting our Dutch businesses contributed £3.7m to the year on year improvement.

In North America we were able to report a good performance, with operating profit before exceptional items and goodwill of £17.5m, the same as the pro forma profit in the prior year (13 months to October 2004: £12.1m). The disposal of businesses in the first quarter of 2004 contributed £3.6m of year on year improvement. Management calculates that increases in fuel prices and foreign exchange rate movements year on year adversely impacted the results by £4.1m. In addition, summer trading was impacted by the grounding, for technical reasons, of a B767 for most of the summer, and by competitor discounting on trans-Atlantic routes. Management estimates that the grounding of the B767 cost the North American operation £2.3m.

Overall, the business has performed well over the past year, in spite of a number of natural disasters and the bombings in Sharm El-Sheikh. Each of these incidents was handled professionally and responsibly, with the safety and welfare of our customers as the first priority. The most recent of these incidents, Hurricane Wilma, involved 3,133 customers from the UK and 729 from Canada who were in the Yucatan peninsula when the hurricane approached the area. Evacuation was made very difficult by the devastation to the infrastructure in Mexico, including the principal airport. However, by deploying additional teams of staff and aircraft, using alternative airports and evacuating most customers to the Dominican Republic in the first instance, we were able to make the process as fast and positive as possible.

Business segmentation

Business segment analysis of turnover	2005	Pro forma 2004

		12 months to 31 October £m	12 months to 31 October £m	to
Risk				
	Mass Market	1,820.1	2,083.3	
	Focused	698.3	693.1	
Total Risk		2,518.4	2,776.4	
Non-Risk		391.7	427.7	
Group		2,910.1	3,204.1	

Business segment analysis of operating results		2005 12 months to 31 October £m	Pro forma 2004 12 months to 31 October £m	to
Risk				
	Mass Market	38.8	10.4	
	Focused	5.6	(5.6)	
Total Risk		44.4	4.8	
Non-Risk		13.5	8.2	
Central costs		(6.3)	(6.6)	
Group		51.6	6.4	

Strategic Goal

Our goal continues to be to improve the performance of our package holiday business by focusing on profitability rather than market share. We aim to achieve an operating profit in all divisions for 2006 and a margin of 3.5% in the UK in 2007.

Since the interim results announcement in June, we have:

- Further reduced the aircraft fleet from 36 to 34 for winter 2005/06 following the return of two B757 aircraft to lessors.
- Reduced UK capacity for the 2004/05 year by 23% (including owned Cruise capacity).
- Transitioned more of our flying from short haul to medium and long haul. In the UK, for the year, medium haul flying increased by 2% and long haul by 20%.
- Reduced the proportion of accommodation guaranteed for the UK summer season from 39% to 34%.
- Continued to grow our online sales and closed 110 Going Places shops in November 2005, bringing forward the realignment of our distribution channels, making a total of 130 shops closed since 1 November 2004.
- Made significant improvements to the quality of our product in the UK, with higher satisfaction ratings from our customers.
- Built on the consolidation of Bridge, Cresta and Tradewinds into a single organisation, with the launch of new business-to-business and consumer websites in December 2005.

Restructuring

During the year, the Group completed the restructuring of its balance sheet. Trading in the new shares issued began on 31 December 2004 and the Company rejoined the FTSE 250 index at the close of business on 18 March 2005. Both the

Company's A ordinary shares and the convertible preference shares were consolidated on a 30:1 basis on 8 July 2005. All of the convertible preference shares were converted into ordinary shares by the end of the financial year. At 31 October 2005 there were 454.5 million ordinary shares in issue.

Under the terms of the Group's bonding and letters of credit facilities, if the combined market capitalisation of MyTravel's ordinary shares is £943m or more for 30 consecutive days, a 'normalisation event' will have occurred, and the Company will be required to start payment of fees for bonding and letters of credit facilities at rates of 2% for drawn and 1% for undrawn facilities. The total bonding and letters of credit facilities affected by this arrangement are approximately £550m and the fees that would become payable would increase the Group's costs by approximately £10m on an annual basis.

Current trading

There has been little change in our trading position and the market since our trading statement of 1 November 2005. Winter 2005/06 bookings are improving but remain behind last year as a result of market conditions in the sector, the trend to later booking in the UK and Northern Europe, and the aftermath of Hurricane Wilma in North America. We continue to focus on margins rather than volumes and our increased flexibility means we are well placed to manage capacity appropriately throughout the season.

Average selling prices for winter 2005/06 in the Northern Europe charter business are ahead year on year. Bookings are cumulatively behind last year by 5%. However, over the last four weeks, bookings have shown year on year growth of 26%.

North American charter bookings for winter 2005/06 are currently 5% behind last year. Thus far, prices are being maintained at acceptable levels, in spite of increased discounting experienced in the Canadian charter market in recent seasons. Bookings have slowed since the end of October because of the impact in Mexico of Hurricane Wilma. Hotel properties in Cancun and Cozumel accounted for 24% of winter volumes before the hurricane struck. We have already moved most of the capacity to other parts of Mexico and other destinations in the Caribbean. We continue to monitor the situation very carefully and will make further capacity adjustments throughout the season as necessary.

Summer 2006 brochures have only recently been launched in Northern Europe and North America and the early trends are encouraging.

Winter 2005/06 bookings in the UK are improving but remain behind last year as a result of market conditions in the sector and the trend to later booking. According to AC Nielsen TravelTrack 2005/06, November 2005, in the UK market as a whole, advanced package holiday bookings for winter 2005/06 are down 7% and for summer 2006 are down 6%.

Average selling prices for winter 2005/06 in our UK charter business are ahead year on year. Bookings are cumulatively down 5% year on year. However, over the last four weeks, bookings are 3% up year on year. Capacity is down 4% on the comparable period for November 2005 to March 2006. Bookings for summer 2006 are cumulatively broadly in line year on year and up 2% over the last four weeks.

In Airtours Holidays, our largest UK charter brand, bookings are down 3% for winter 2005/06 and up 11% for summer 2006. Going Places same store sales are up 7% since 1 November 2005.

Overall in the UK, we have achieved better prices compared with previous periods as we have improved the quality of our offering. However, margins are under pressure from the high cost of fuel.

Due to the restructuring process in 2004, we were not able to put in place hedges in timescales consistent with normal industry practice. We have taken action subsequent to the restructuring to put in place hedging for 2005/06 and have now moved to a more normal policy for the 2006/07 financial year.

Currently we are 78% hedged for the winter fuel at materially higher rates than the comparable period last year. However, based on forward rates at 13 December 2005, the price for our total winter fuel requirements would be 23% higher than last year's average winter season price.

For the summer, we are currently 57% hedged for fuel and based on forward rates at 13 December 2005, the price for our total summer fuel requirement would be 11% higher than last year's average summer season price. Fuel continues to be a risk to the achievement of our performance targets in 2006.

Foreign exchange rate volatility has a material impact on the Group's variable cost base. Currently we are 86% hedged for the winter season 2005/06 trading and 83% hedged for the summer season 2006 trading. We currently have no hedging in place against translation exposure.

In November 2005, the Group commenced a more normal hedging policy of regular buying of our fuel and foreign currency trading requirements over a 12-18 month period up to the start of the season beginning with the winter 2006/07 season.

Outlook

The Group continues to make progress towards its strategic goals and we continue to target an operating profit in all divisions for 2006 and a margin of 3.5% in the UK in 2007.

FINANCIAL REVIEW

% change FY04/05 vs FY03/04*	
Capacity+	(14%)
Brochure sales mix %++	15%
Average selling price+	7%

	FY04/05	FY03/04*
Load factor +	97.7%	97.0%
Operating margin %+++	1.8%	0.2%

Adjusted operating margin %++++	3.5%	0.5%

* FY03/04 relates to the 12 month period to 31 October 2004 and is unaudited.

+ Based on charter businesses only and excludes disposed/exited businesses. Capacity figure includes owned Cruise capacity in UK.

++ Calculated as brochure sales divided by total passengers.

+++ Based on Group reported figures excluding income from joint ventures and associates. Operating profit is stated before finance charges, exceptional items and goodwill.

++++ As above, but adjusted for disposed/exited businesses and management calculation of impact of fuel and foreign exchange.

Operating results before exceptional items and goodwill amortisation

Turnover, including our share from joint ventures, for the year to October 2005 was £2,928.9m (13 months to October 2004: £3,498.7m). Turnover for the 12 months to October 2004 was £3,237.1m. The reduction year on year of £308.2m is largely attributable to the UK Risk business where we made a 23% reduction in capacity on sale (including owned Cruise capacity).

The operating profit for the year to October 2005, including income from joint ventures and associates, but before charging exceptional items and goodwill, was £55.2m (13 months to October 2004: operating loss of £17.5m). For the 12 months to October 2004, the operating profit was £12.9m. The improvement year on year of £42.3m reflects improvements in the UK and Northern Europe and is discussed in more detail in the Segmental review below.

Hedging

The cost of fuel is an important component of the Group's variable cost base. Due to the restructuring process we were not able to hedge fuel costs for the year. This means that we were exposed to the significant price increase in both the winter 2004/05 and summer 2005 seasons, although we were able to cap our exposure for the summer 2005 season.

For the winter season, the average cost of fuel in 2003/04 was $310 per metric tonne which rose to $480 per metric tonne for 2004/05. Fuel prices increased further in the summer season, with average prices increasing from $400 in summer 2004 to $576 per metric tonne in summer 2005. Management calculates that the total cost of these increases was £47.3m in the year.

Exceptional items and goodwill amortisation

Total net exceptional costs in the year to October 2005 were £59.7m (13 months to October 2004: £94.4m). £21.7m of the £59.7m has been classified as exceptional operating items, £12.4m as exceptional finance charges and £25.6m as mezzanine exceptional items.

The exceptional operating items include £16.4m of net costs from the continued operational restructuring of the UK businesses and, in particular, the closure of 110 Going Places stores which was announced on 1 November 2005 (£13.9m).

Exceptional finance charges were £12.4m in the year and represent the costs incurred on the refinancing and restructuring since 31 October 2004 which were charged to the profit and loss account. Total costs incurred in the period for the restructuring were £20.5m, of which £8.1m was charged directly to the share premium account. This brings the total cost of the restructuring to £41m.

The remaining exceptional items total £25.6m. As previously announced, this includes a £5.1m loss as a result of exiting the loss-making Dutch businesses, which was completed on 17 January 2005, and a £22.3m loss on the disposal, in summer 2005, of our joint venture undertakings, Hotetur and Tenerife Sol.

A segmental analysis of all of the exceptional items is given in the Notes to the Financial Information.

Goodwill amortisation in the year to October 2005 amounted to £11.1m (13 months to October 2004: £13.5m).

Finance charges before exceptional items

Net finance charges before exceptional items in the year to October 2005 were £2.7m (13 months to October 2004: £64.9m). The substantial reduction year on year reflects the restructuring.

Loss on ordinary activities before tax

The loss on ordinary activities before tax for the year to October 2005 was £18.3m compared with a pro forma loss of £153.4m in the prior year (13 months to October 2004: loss of £190.3m). The reduction year on year reflects the improved operating performance and the reduction in finance charges, exceptional items and goodwill amortisation, all of which are discussed in detail above.

Taxation

The tax charge in the year on the loss on ordinary activities amounted to £23.1m (13 months to October 2004: charge of £13.0m). The charge reflects taxation in certain overseas businesses which cannot be relieved against UK tax losses. UK tax losses carried forward at 31 October 2005 amounted to £624m.

Earnings per share and dividends

The basic loss per share was 11.11p (13 months to October 2004: restated loss per share of 1,136.21p). Basic earnings per share before exceptional items and goodwill amortisation was 7.82p (13 months to October 2004: restated loss per share of 532.57p).

No final dividend will be paid. As a result, the total dividend for the year will be nil p (13 months to October 2004: nil p).

Segmental review of audited operating results

UK

% change FY04/05 vs FY03/04*	
Capacity+	(23%)
Brochure sales mix %++	24%
Average selling price+	12%

	FY04/05	FY03/04*
Load factor+	97.8%	96.6%
Mix of passengers - short haul+	37%	40%
Mix of passengers - medium haul+	51%	50%
Mix of passengers - long haul+	12%	10%
Internet distribution %	11%	6%
Controlled distribution %	57%	54%
Operating margin %+++	(1.7%)	(2.8%)
Adjusted operating margin %++++	0.4%	(2.8%)

* FY03/04 relates to the 12 month period to 31 October 2004 and is unaudited.

Turnover in the year to October 2005 in the UK was £1,723.1m (13 months to October 2004: £2,194.9m). For the 12 months to October 2004, turnover was £2,032.6m. The majority of the £309.5m reduction year on year is attributable to the Risk business, where a 23% reduction in capacity (including owned Cruise capacity) ensured that demand and supply were brought further into line, resulting in 24% more holidays being sold at brochure prices and a 12% increase in the average selling price.

The operating loss before exceptional items and goodwill for the year to October 2005 was £29.5m (13 months to October 2004: loss of £85.3m). For the 12 months to October 2004, the operating loss before exceptional items and goodwill was £57.0m. The improvement year on year of £27.5m is attributable to the Risk business. The capacity alignment noted above, together with improvements in product quality, resulted in an underlying gross margin improvement. However management estimates that this was offset by a £35.7m year on year impact from increased fuel costs and adverse foreign exchange rates. The result was also adversely impacted by £6.8m of net repatriation costs and lost margin as a result of natural disasters and the bombings in Sharm El-Sheikh.

The simplification of the UK business has continued throughout the year. Whilst this cost a further net £2.5m in operating exceptional items, it did ensure that we achieved a £46.3m reduction in S,G&A costs year on year.

Northern Europe

% change FY04/05 vs FY03/04*	
Capacity+	3%
Brochure sales mix++	(2%)
Average selling price+	(3%)

	FY04/05	FY03/04*
Load factor +	98.8%	99.0%
Internet distribution %	25%	20%
Controlled distribution %	74%	73%
Operating margin %+++	8.1%	5.7%
Adjusted operating margin %++++	9.5%	6.7%

* FY03/04 relates to the 12 month period to 31 October 2004 and is unaudited.

Turnover in our Northern European operations in the year to October 2005 was £789.1m (13 months to October 2004: £863.9m). In the 12 months to October 2004, turnover was £800.2m. The reduction of £11.1m reflects the exiting from our Dutch operations.

Operating profit before exceptional items and goodwill in the year to October 2005 was £63.6m (13 months to October 2004: £48.5m). In the 12 months to October 2004, the operating profit before exceptional items and goodwill was £45.9m.

The £17.7m improvement year on year represents an increase in the operating profit margin before exceptional items and goodwill from 5.7% to 8.1%. This includes a £3.7m benefit from reduced losses in our Dutch operations which reported an operating loss before exceptional items and goodwill of £1.1m in the year to October 2005, compared with a loss of £4.8m in the comparable prior year period (13 months to October 2004: loss of £5.4m).

The improvement attributable to our ongoing Northern European operations was therefore £14.0m. We achieved this through maintaining a good balance between supply and demand and focusing on offering quality products, together with careful control of costs and efficiency improvements, particularly in the airline. Management calculates that higher fuel costs and the impact of changes in foreign currency adversely impacted the Northern Europe segment year on year by £9.4m. The net impact from the Indian Ocean tsunami was £8.8m.

North America

% change FY04/05 vs FY03/04*	
Capacity+	4%
Brochure sales mix++	2%
Average selling price+	1%

	FY04/05	FY03/04*
Load factor +	94.0%	94.6%
Internet distribution %	4%	1%
Controlled distribution %	16%	15%
Operating margin %+++	4.4%	4.7%
Adjusted operating margin %++++	5.4%	5.7%

* FY03/04 relates to the 12 month period to 31 October 2004 and is unaudited.

Turnover in the year to October 2005 was £397.9m (13 months to October 2004: £404.0m). In the 12 months to October 2004, turnover was £371.3m. The increase of £26.6m reflects a 4% increase in capacity together with a 1% increase in the average selling price achieved.

Operating profit before exceptional items and goodwill in the year was £17.5m (13 months to October 2004: £12.1m). In the 12 months to October 2004, the operating profit before exceptional items and goodwill was also £17.5m. The disposal of a number of businesses in the first quarter of 2004 contributed £3.6m of improvement year on year.

Whilst the underlying gross margin of the business did improve year on year, performance in the summer was affected by the grounding, for technical reasons, of a B767 for most of the summer, and by competitor discounting on trans-Atlantic routes. Management estimates that the grounding of the B767 cost the North American operation £2.3m. In addition, management calculates that the adverse impact year on year of increased fuel prices and movements in foreign exchange was £4.1m.

Joint ventures & associates

Our share of interests from joint ventures and associates in the year to October 2005 was a profit before exceptional items and goodwill of £3.6m (13 months to October 2004: £7.2m). In the 12 months to October 2004, our share was a profit of £6.5m. The reduction year on year reflects the disposal of our interests in Hotetur and Tenerife Sol in early summer and the resultant lack of peak summer trading profits.

Following these disposals, our interests are limited to our 19.99% share in Aqua Sol, a listed Cypriot hotel group operating in the Eastern Mediterranean. Our share of the results of Aqua Sol in the year, before exceptional items and goodwill, was a profit of £1.3m (13 months to October 2004: £1.6m). In the 12 months to October 2004, our share was a profit of £1.4m.

Balance sheet

Net liabilities at 31 October 2005 were £160.2m compared with £879.0m at 31 October 2004. The movement year on year reflects the balance sheet restructuring which was completed on 31 December 2004.

Cash balance and cash flow

Cash and deposits at 31 October 2005 were £249.0m compared with £305.2m at 31 October 2004.

Careful cash management has been a focus throughout the year and will continue to be so in the future. This, together with the reduced operating loss, has contributed to a cash inflow from operating activities in the period of £34.4m (13 months to October 2004: inflow of £26.5m).

The net cash outflow in respect of interest and minority interests was £16.3m compared with £69.6m in the 13 months to October 2004. The reduction reflects the balance sheet restructuring.

Proceeds from the disposal of our joint venture undertakings amounted to £27.3m. These were partly offset by the cash outflow on exiting our Dutch operations of £7.6m. We also purchased tangible fixed assets in the year costing £33.8m.

The remaining net cash outflows in the year largely comprise tax paid and repayments of finance lease capital and loans.

Net funds at 31 October 2005 were £129.2m compared with net debt of £577.2m at 31 October 2004. The movement reflects the balance sheet restructuring.

International Financial Reporting Standards

As previously reported, we intend to adopt International Financial Reporting Standards (IFRS) in the financial year ending 31 October 2006. The implementation project is on target, with new accounting systems and procedures developed and implemented, where required, to account in an IFRS compliant manner from 1 November 2005 onwards. Work has continued to identify and quantify the financial impact of the adoption of IFRS.

The Interim Report 2005 included a summary of the significant changes in accounting policy identified at that date. These included the requirement to recognise an expense in respect of the grant of equity instruments, such as share options, based on their fair value at the date of grant, and the requirement to write off expenditure on advertising and promotion as incurred. In addition, we expect to see smaller impacts as a result of the adoption of IAS 16 'Property, Plant & Equipment', IAS 19 'Employee Benefits' and SIC Interpretation 12 'Consolidation - Special Purpose Entities' as set out below.

IAS 16 requires that the residual value of an asset is the estimated amount that would currently be obtained if the asset were of the age and condition expected at the end of its useful life. Depreciation charges for aircraft are likely to be more variable under IFRS than under UK GAAP, although the total charge over the life of the aircraft is expected to be unchanged.

IAS 19 requires recognition of the Group's liability under its defined benefit pension schemes. Adoption of IFRS is expected to result in a small change in the valuation of the Swedish scheme, the deficit of which is already recognised on the Group's balance sheet, and recognition of the deficit in a single, small defined benefit scheme the Group has in the UK.

Interpretation guidance included within SIC 12 indicates that certain special purpose entities (SPEs) may be interpreted under IFRS as being controlled by the Group, and therefore subject to consolidation, in circumstances that under UK GAAP would not have indicated control. As a consequence, the Group is likely to consolidate SPEs that own two aircraft currently operated by the Group under operating leases. The effect of this will be two additional aircraft carried on the Group's balance sheet as tangible fixed assets, along with the related debt liability, which is anticipated to be approximately £104m at 31 October 2005.

The total impact of these changes on the financial year ended 31 October 2005 is not expected to significantly affect operating profit before exceptional items and goodwill, whilst finance charges will increase by approximately £6m. We also expect to see a phasing movement of approximately £10m of costs moving from the second to the first half of the financial year. The impact on net assets at 31 October 2005 is expected to be a reduction in the region of £25m.

IFRS 3 'Business Combinations' prohibits the amortisation of goodwill but requires an annual test for impairment. Goodwill charged under UK GAAP for the year ended 31 October 2005 was £11.1m. This included amortisation in respect of goodwill that was subsequently impaired or disposed of and will therefore still be charged against profit for the year. The net impact of adopting IFRS 3 is estimated to be a decrease in loss before tax for the financial year ended 31 October 2005 of £7.1m, with a corresponding increase in net assets. The total impact on loss before tax is therefore not expected to be significant.

These estimated impacts exclude the effect of adopting IAS 32 and IAS 39. The Group intends to take advantage of an exemption from applying these standards in the year ended 31 October 2005.

Restated financial information for the year ended 31 October 2005 will be made available in late January 2006.

Group Profit and Loss Account

	Audited 12 months ended 31 October 2005		Au 13 mon 31 Oct
	Pre-g'will & except'l operating items	Total	Pre-g'wil & except' operatin item

	note	£m	£m	£
Turnover: Group & share of joint ventures	2(a)			
Continuing operations		2,928.9	2,928.9	3,498.
Less: share of joint ventures' turnover	2(a)			
Continuing operations		(18.8)	(18.8)	(35.9
Group turnover		2,910.1	2,910.1	3,462.
Cost of sales		(2,442.2)	(2,438.4)	(2,959.0
Gross profit		467.9	471.7	503.
Net operating expenses pre-goodwill amortisation		(416.3)	(440.4)	(528.5
Goodwill amortisation	2(e)		(10.6)	
Net operating expenses		(416.3)	(451.0)	(528.5
Operating profit/(loss)	2(b)			
Continuing operations		51.6	20.7	(24.7
Income from interests in joint ventures and associates	2(c)			
Joint ventures - continuing operations		2.3	2.3	5.
- exceptional operating items	2(d)		-	
- goodwill amortisation	2(e)		(0.5)	
Associates - continuing operations		1.3	1.3	1.
- exceptional operating items	2(d)		(1.4)	
Group and share of joint ventures' and associates' operating profit/(loss)		55.2	22.4	(17.5
Exceptional items				
(Loss)/profit on sale of subsidiary undertakings	2(f)			
- continuing operations			(5.4)	
Profit/(loss) on sale of tangible fixed assets	2(g)			
- continuing operations			0.6	
(Loss)/profit on sale of joint venture undertakings	2(h)		(22.3)	
Profit/(loss) on termination of operations	2(i)			
- continuing operations			1.5	
- discontinued operations			-	

Loss on ordinary activities before finance charges		(3.2)
Finance charges (net)	2(j),4	
Group		(0.9)
Exceptional finance charges		(12.4)
Joint ventures and associates		(1.8)
Total finance charges (net)		(15.1)
Loss on ordinary activities before tax	2(k)	(18.3)
Tax on loss on ordinary activities	5	(23.1)
Loss on ordinary activities after tax		(41.4)
Equity minority interests		(0.2)
Loss for the financial period		(41.6)
Dividends	7	-
Transfer from reserves		(41.6)

	note	Audited 12 months ended 31 October 2005	13 mont 31
(Loss)/earnings per share*	6		
Basic and diluted		(11.11p)	(1,
- pre-goodwill amortisation		(8.15p)	(1,
Basic			
- pre-goodwill amortisation and exceptional items		7.82p	(
Diluted			
- pre-goodwill amortisation and exceptional items		7.78p	(

* The 2004 loss per share numbers have been adjusted to reflect the 30:1 consolidation of shares in July 2005.

Group Balance Sheet

	note	Audited At 31 October 2005 £m	At 31
Fixed assets			
Intangible assets - goodwill		135.5	
Tangible assets		269.8	
Joint venture undertakings			
Share of gross assets		-	
Share of gross liabilities		-	
Goodwill		-	
		-	
Investments in associated undertakings		8.8	
Other investments		0.1	
		8.9	
Total fixed assets		414.2	
Current assets			
Stocks		7.7	
Debtors: amounts falling due within one year		236.9	
Debtors: amounts falling due after one year		86.6	
Cash and deposits		249.0	
		580.2	
Creditors: amounts falling due within one year		(903.2)	(
Net current liabilities		(323.0)	
Total assets less current liabilities		91.2	

Creditors: amounts falling due after one year			
Convertible debt		-	
Other creditors		(134.5)	
		(134.5)	
Provisions for liabilities and charges		(116.9)	
Net liabilities	2(m)	(160.2)	
Capital and reserves			
Called up share capital		136.4	
Share premium account		734.2	
Capital redemption reserve		3.2	
Own shares		(0.3)	
Profit and loss account		(1,035.0)	(
Equity shareholders' deficit		(161.5)	
Equity minority interests		1.3	
		(160.2)	

Group Cash Flow Statement

	note	Audited 12 months ended 31 October 2005 £m	13 mont 31
Net cash inflow from operating activities	8	34.4	
Dividends received from associated undertakings		0.1	
Returns on investments and servicing of finance			
Interest received		9.1	
Interest paid		(19.2)	
Interest element of finance leases		(6.1)	
Minority interests		(0.1)	

Net cash outflow from returns on investments and servicing of finance	(16.3)
Tax paid	(25.7)
Capital expenditure and financial investment	
Purchase of tangible fixed assets	(33.8)
Sale of tangible fixed assets	13.3
Net cash outflow from capital expenditure and financial investment	(20.5)
Acquisitions and disposals	
Purchase of subsidiary undertakings	-
Cash at bank and in hand acquired with subsidiaries	-
Proceeds less cash at bank and in hand relating to disposal of subsidiaries	(7.6)
Proceeds relating to disposal of joint venture undertakings	27.3
Net cash inflow from acquisitions and disposals	19.7
Cash (outflow)/inflow before management of liquid resources and financing	(8.3)
Management of liquid resources	
Movement on term deposits	(4.8)
Net cash (outflow)/inflow from management of liquid resources	(4.8)
Financing	
Issue of shares	1.2
Expenses of issue of share capital	(8.1)
Loan facilities (repaid)/ utilised	(18.2)
Capital element of finance lease rental payments	(24.7)
Net cash outflow from financing	(49.8)
(Decrease)/increase in cash in the period	(62.9)

Group Statement of Total Recognised Gains and Losses

	Audited 12 months ended 31 October 2005 £m	13 mont 31
Loss for the financial period	(41.6)	
Currency differences on foreign currency net investments	9.5	
Total recognised gains and losses relating to the period	(32.1)	

Notes to the Financial Information

Throughout the notes on pages 23 to 30, 2004 means the 13 months ended 31 October 2004 in the context of the profit and loss and cash flow notes, and 31 October 2004 in the case of the balance sheet notes. 2005 means the year ended 31 October 2005 or 31 October 2005 as appropriate.

1. Basis of preparation

The financial information has been prepared using accounting policies stated in the Company's report and accounts for the 12 months ended 31 October 2005. The results shown above do not constitute statutory accounts for the 12 months ended 31 October 2005 and the 13 months ended 31 October 2004 within the meaning of section 240 of the Companies Act 1985. The results in respect of the 12 months ended 31 October 2005 and the 13 months ended 31 October 2004 are an abridged version of the Company's consolidated statutory accounts which have been reported on without qualification, and without a statement under section 237(2) or (3) of the Companies Act 1985, by the auditors. The 2004 consolidated statutory accounts have been delivered to the Registrar of Companies.

2. Segmental information

In addition to the geographic analysis of turnover and operating profit/(loss), business segment information has been provided which further analyses previously published information to reflect the nature of the business.

(a) Turnover	Audited
	2005
Geographical analysis	£m
UK	1,723.1
Northern Europe	789.1
North America	397.9
Group	2,910.1
Joint ventures	18.8
Group and share of joint ventures	2,928.9

Business segment analysis		Audited 2005 £m
Risk	Mass Market	1,820.1
	Focused	698.3
Total Risk		2,518.4
Non-Risk		391.7
Group		2,910.1
Joint ventures		18.8
Group and share of joint ventures		2,928.9

(b) Operating profit/(loss)

	Pre-goodwill & exceptional operating items		Post goodw & exceptio operating it
	Audited	Audited	Audited
	2005	2004	2005
Geographical analysis	£m	£m	£m
UK	(29.5)	(85.3)	(55.0)
Northern Europe	63.6	48.5	63.1
North America	17.5	12.1	12.6
Group	51.6	(24.7)	20.7

	Pre-goodwill & exceptional operating items		Post goodw & exceptio operating it
	Audited	Audited	Audited
	2005	2004	2005

Business segment analysis		£m	£m	£m
Risk	Mass Market	38.8	(6.1)	17.2
	Focused	5.6	(19.5)	5.2
Total Risk		44.4	(25.6)	22.4
Non-Risk		13.5	8.3	6.0
Central costs		(6.3)	(7.4)	(7.7)
Group		51.6	(24.7)	20.7

(c) Income from interests in joint ventures and associates	Pre-goodwill & exceptional operating items		Post goo & except operating
	Audited 2005	Audited 2004	Audited 2005
	£m	£m	£m
Joint ventures	2.3	5.6	1.8
Associates	1.3	1.6	(0.1)
	3.6	7.2	1.7

(d) Exceptional operating items	Audited 2005	Au
	£m	
UK	(20.3)	
Northern Europe	-	
North America	-	
Group	(20.3)	
Joint ventures	-	
Associates	(1.4)	
Group and share of joint ventures and associates	(21.7)	

(e) Goodwill amortisation

	Audited 2005 £m
UK	(5.2)
Northern Europe	(0.5)
North America	(4.9)
Group	(10.6)
Joint ventures	(0.5)
Group and share of joint ventures	(11.1)

(f) (Loss)/profit on sale of subsidiary undertakings

	Audited 2005 £m
UK	-
Northern Europe	(5.1)
North America	(0.3)
Group	(5.4)

The tax effect of the (loss)/profit on sale of subsidiary undertakings was £nil (2004: £0.

(g) Profit/(loss) on sale of tangible fixed assets Audited

	2005
	£m
UK	0.4
Northern Europe	0.2
North America	-
Group	0.6

The tax effect of the profit/(loss) on sale of tangible fixed assets was £nil (2004: £0.2m

(h) (Loss)/profit on sale of joint venture undertakings

The Group disposed of its interests in Hotetur Club, S.L. on 28 June 2005 for total consideration of £19.5m, of which £12.8m was received in cash on completion, £2.7m is receivable on 31 December 2005 and £4.0m is recoverable against future purchases of hotel accommodation over a three year period. The loss on disposal was £22.1m.

The Group disposed of its interests in Tenerife Sol S.A. on 1 August 2005 for £14.5m cash on completion. The loss on disposal was £0.2m.

There was no material tax effect in respect of these disposals.

(i) Profit/(loss) on termination of operations		Audited 2005 £m
UK	continuing	1.5
Other Europe	discontinued	-
Group		1.5

On 16 April 2004, the Group announced agreed arrangements with Louis Limited, a cruise and hotel group listed on the Cyprus Stock Exchange, under which Louis took over operation of three cruise ships. The loss on termination of the Group's cruise business during 2004 amounted to £18.6m. During 2005, an amount of £1.5m has been released as the actual loss on the ultimate disposal of one of the ships was lower than had been anticipated.

There was no material tax effect in respect of this.

(j) Finance charges (net)	Audited 2005 £m
UK	(1.8)
Northern Europe	4.9
North America	(4.0)
Group	(0.9)

Exceptional finance charges	(12.4)
Joint ventures	(1.2)
Associates	(0.6)
Joint ventures and associates	(1.8)
Total finance charges (net)	(15.1)

The exceptional finance charges relate to costs incurred in the refinancing and restructur

(k) (Loss)/profit on ordinary activities before tax	Pre-goodwill & exceptional items		Post goodw & exceptio items	
	Audited 2005 £m	Audited 2004 £m	Audited 2005 £m	Au
UK	(31.3)	(147.3)	(67.3)	(2
Northern Europe	68.5	52.5	63.1	
North America	13.5	7.6	8.3	
Group continuing	50.7	(87.2)	4.1	(1
Discontinued - Other Europe	-	-	-	
Group	50.7	(87.2)	4.1	(1
Joint ventures	1.1	3.9	(21.7)	
Associates	0.7	0.9	(0.7)	
Group and share of joint ventures and associates	52.5	(82.4)	(18.3)	(1

(l) Total exceptional items

	Audited 2005 £m
UK	(30.8)
Northern Europe	(4.9)
North America	(0.3)
Group continuing	(36.0)
Discontinued - Other Europe	-
Group	(36.0)
Joint ventures	(22.3)
Associates	(1.4)
Group and share of joint ventures and associates	(59.7)

(m) Net (liabilities)/assets

	Audit 20
UK	(45.
Northern Europe	138
North America	(78.
	14
Investments in joint ventures and associates	8
	23
Net tax liabilities	(64.
Borrowings	(119.
Group	(160.

3. Exceptional operating items

			Audit 20
UK	Balance sheet restructuring	(i)	
	Operational restructuring	(ii)	(16.
	Other advisory fees	(iii)	
	Balance sheet review	(iv)	(2.
	Restructuring of aircraft leases	(v)	(1.
Northern Europe	Balance sheet review	(iv)	
Group			(20.
Joint ventures	Operational restructuring	(ii)	
Associates	Balance sheet review	(iv)	(1.
			(21.

(i) Balance sheet restructuring in 2004 represents the costs incurred in respect of prepa proposed refinancing and restructuring of the Group.

(ii) Operational restructuring represents property costs, redundancy and other costs incur Group's UK businesses.

(iii) Other advisory fees represent costs incurred during 2004 in respect of the 2003 refin

(iv) The balance sheet review charges which total £3.7m (2004:£2.6m) represent adjustments goodwill and certain other assets. In the year to 31 October 2005, additional provis including £2.3m in respect of capitalised goodwill, have been made. Where the impair from an evaluation of the value in use of certain assets, a discount rate of 9% has b

(v) This represents the net cost of the restructuring of certain aircraft leases.

4. Finance charges (net)

	Audited 2005 £m	Audi 2
Interest payable on:		
bank borrowings	(3.8)	(22
other borrowings	1.8	(27
undated preference shares	(2.3)	(17
Share of joint ventures' and associates' interest payable	(1.8)	(2
Finance charges in respect of finance leases	(5.7)	(9
	(11.8)	(78
Other finance costs - discounting charges	(0.2)	
	(12.0)	(78
Exceptional finance charges	(12.4)	(15
	(24.4)	(94
Bank interest receivable	9.3	1
	(15.1)	(80

Interest payable on other borrowings includes the release of an accrual of £2.9m for interest on the Convertible Bonds which was waived on the completion of the Consensual Restructuring.

5. Tax on loss on ordinary activities

	Audited 2005 £m	Audit 20

Analysis of charge/(credit) in the period

Current tax

The current tax charge/(credit) is based on the loss for the year and is made up as follows:

UK	corporation tax at 30% (2004: 30%)	-	0
	adjustments in respect of previous periods	10.0	(14.
		10.0	(14.
Overseas	corporation tax	23.9	20
	adjustments in respect of previous periods	2.9	3
		26.8	24
Tax on share of profits of joint ventures & associates		(0.7)	2
Total current tax		36.1	12
Deferred tax			
	origination and reversal of timing differences	(2.7)	(0.
	adjustments in respect of previous periods	(10.3)	0
Total deferred tax		(13.0)	0
Tax on loss on ordinary activities		23.1	13

6. (Loss)/earnings per share

Basic loss per share is calculated by dividing the loss attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period, excluding those held in the employee share ownership trusts. Due to losses made, there is no difference between basic and diluted loss per share.

Supplementary loss per share figures are presented. These exclude the effects of the amortisation of goodwill and also the effects of the exceptional items and are presented to allow comparison to the prior year on a like-for-like basis. In the case of the earnings per share pre-goodwill amortisation and exceptional items, there is a dilutive effect in respect of share options granted to employees where the exercise price is less than the average market price of the Company's shares during the period.

The loss per share numbers and the number of shares for the thirteen months ended 31 October 2004 have been adjusted to reflect the 30:1 consolidation of shares in July 2005.

	Audited 2005	Audited 2005	Audited 2004
Weighted average number of shares (millions) *			
Basic		374.3	
Effect of dilutive share options		1.8	
Diluted		376.1	
	Loss+ £m	Per share amount p	Loss+ £m
Basic and diluted loss per share	(41.6)	(11.11)	(203.6)
Effect of goodwill amortisation	11.1	2.96	13.5
Basic and diluted loss per share pre-goodwill amortisation	(30.5)	(8.15)	(190.1)
Exceptional items			
Exceptional operating items	21.7	5.81	67.4
Exceptional finance charges	12.4	3.32	15.6

Loss/(profit) on sale of subsidiary undertakings	5.4	1.45	(10.9)
(Profit)/loss on sale of tangible fixed assets	(0.6)	(0.16)	3.4
Loss/(profit) on sale of joint ventures	22.3	5.96	(0.1)
(Profit)/loss on termination of operations	(1.5)	(0.41)	19.0
Tax relating to the exceptional items	-	-	0.3
Basic earnings/(loss) per share pre-goodwill amortisation and exceptional items	29.2	7.82	(95.4)
Effect of dilutive share options	-	(0.04)	-
Diluted earnings/(loss) per share pre-goodwill amortisation and exceptional items	29.2	7.78	(95.4)

* The number of shares has been reduced by 0.09m being the weighted average number of shares held by the employee share ownership trusts (2004: 0.09m).

+ Loss attributable to ordinary shareholders.

7. Dividends

No final dividend will be paid. As a result, the total dividend for the period will be nil p (2004: nil p).

8. Reconciliation of operating profit/(loss) to operating cash flows

	Audite
	200
	£
Operating profit/(loss)	20.
Depreciation charges	55.
Goodwill amortisation	10.
Impairment of goodwill	2.
Impairment of fixed assets	4.
Other non-cash items	1.
(Increase)/decrease in stocks	(1.2
Decrease in debtors	49.
Decrease in creditors	(115.8
(Decrease)/increase in provisions	(2.1
Cash impact of the termination of operations	9.
Net cash inflow from operating activities	34.

9. Reconciliation of net cash flow to movement in net funds/(debt)

	Audite
	200
	£
(Decrease)/increase in cash in the period	(62.9
Cash outflow from decrease in debt & lease financing	42.
Cash outflow/(inflow) from increase/(decrease) in liquid resources	4.
Changes in net debt resulting from cash flows	(15.2
Loans acquired with subsidiary undertakings	
Finance leases disposed with subsidiary undertakings	
Debt capitalised as part of restructuring	727.
Conversion of Convertible Bonds due 2007	
Capitalisation of finance leases	(7.6
Exchange differences	1.

Movement in net funds/(debt) in the period	706.
Net debt brought forward	(577.2
Net funds/(debt) carried forward	129.

10. Analysis of net funds/(debt)

	Audited 2004 £m	Cash inflow / (outflow) £m	Effect of restructuring £m	Other non-cash changes £m	Exchang movement £
Cash at bank and in hand	237.6	(62.9)	-	-	1.
Term deposits	67.6	4.8	-	-	
Cash and deposits	305.2	(58.1)	-	-	1.
Debt due within one year	(6.7)	10.2	-	(5.9)	(0.1
Debt due after one year	(745.0)	8.0	727.5	6.4	3.
Finance leases	(130.7)	24.7	-	(8.1)	(3.2
Net funds/(debt)	(577.2)	(15.2)	727.5	(7.6)	1.

11. Annual General Meeting

The Annual General Meeting will be held in March 2006. Further details will be circulated with the notice of the Annual General Meeting.

APPENDIX - PRO FORMA INFORMATION - 12 MONTHS ENDED 31 OCTOBER 2004

Group Profit and Loss Account

		Audited 12 months ended 31 October 2005		Una 12 mon 31 Oct
		Pre-g'will & except'l operating items	Total	Pre-g'wil & except' operatin item
	note	£m	£m	£
Turnover: Group & share of joint ventures	2(a)			
Continuing operations		2,928.9	2,928.9	3,237.
Less: share of joint ventures' turnover	2(a)			
Continuing operations		(18.8)	(18.8)	(33.0
Group turnover		2,910.1	2,910.1	3,204.
Cost of sales		(2,442.2)	(2,438.4)	(2,719.3
Gross profit		467.9	471.7	484.
Net operating expenses pre-goodwill amortisation		(416.3)	(440.4)	(478.4
Goodwill amortisation	2(e)		(10.6)	
Net operating expenses		(416.3)	(451.0)	(478.4
Operating profit/(loss)	2(b)			
Continuing operations		51.6	20.7	6.
Income from interests in joint ventures and associates	2(c)			

Joint ventures	- continuing operations		2.3	2.3	5.
	- exceptional operating items	2(d),3		-	
	- goodwill amortisation	2(e)		(0.5)	
Associates	- continuing operations		1.3	1.3	1.
	- exceptional operating items	2(d),3		(1.4)	
Group and share of joint ventures' and associates' operating profit/(loss)			55.2	22.4	12.
Exceptional items					
(Loss)/profit on sale of subsidiary undertakings		2(f)			
	- continuing operations			(5.4)	
Profit/(loss) on sale of tangible fixed assets		2(g)			
	- continuing operations			0.6	
(Loss)/profit on sale of joint venture undertakings		2(h)		(22.3)	
Profit/(loss) on termination of operations		2(i)			
	- continuing operations			1.5	
	- discontinued operations			-	
Loss on ordinary activities before finance charges				(3.2)	
Finance charges (net)		2(j)			
Group				(0.9)	
Exceptional finance charges				(12.4)	
Joint ventures and associates				(1.8)	
Total finance charges (net)				(15.1)	
Loss on ordinary activities before tax		2(k)		(18.3)	
Tax on loss on ordinary activities		4		(23.1)	
Loss on ordinary activities after tax				(41.4)	
Equity minority interests				(0.2)	
Loss for the financial period				(41.6)	
Dividends				-	
Transfer from reserves				(41.6)	

Notes to the Pro Forma Financial Information

Throughout the notes to the pro forma financial information on pages 32 to 36, 2005 means the year ended 31 October 2005 and 2004 means the 12 months ended 31 October 2004.

1. Basis of preparation

The pro forma financial information has been prepared using accounting policies stated in the Company's report and accounts for the 12 months ended 31 October 2005.

The financial information in this statement relating to the 12 months ended 31 October 2004 is unaudited and does not constitute full statutory accounts within the meaning of section 240 of the Companies Act 1985. The results shown for the year ended 31 October 2005 have been derived from the full report and accounts which received an unqualified auditors' report and did not contain any statements under section 237(2) or (3) of the Companies Act 1985.

2. Segmental information

In addition to the geographic analysis of turnover and operating profit/(loss), business segment information has been provided which further analyses previously published information to reflect the nature of the business.

(a) Turnover	Audited 2005
Geographical analysis	£m
UK	1,723.1
Northern Europe	789.1
North America	397.9
Group	2,910.1
Joint ventures	18.8
Group and share of joint ventures	2,928.9

		Audited 2005
Business segment analysis		£m
Risk	Mass Market	1,820.1
	Focused	698.3
Total Risk		2,518.4
Non-Risk		391.7
Group		2,910.1
Joint ventures		18.8
Group and share of joint ventures		2,928.9

(b) Operating profit/(loss)

Geographical analysis	Pre-goodwill & exceptional operating items Audited 2005 £m	Unaudited 2004 £m	Post good & excepti operating i Audited 2005 £m	Un
UK	(29.5)	(57.0)	(55.0)	
Northern Europe	63.6	45.9	63.1	
North America	17.5	17.5	12.6	
Group	51.6	6.4	20.7	

Business segment analysis		Pre-goodwill & exceptional operating items Audited 2005 £m	Unaudited 2004 £m	Post goodw & exceptio operating it Audited 2005 £m	Un
Risk	Mass Market	38.8	10.4	17.2	
	Focused	5.6	(5.6)	5.2	
Total Risk		44.4	4.8	22.4	
Non-Risk		13.5	8.2	6.0	
Central costs		(6.3)	(6.6)	(7.7)	
Group		51.6	6.4	20.7	

(c) Income from interests in joint ventures and associates	Pre-goodwill & exceptional operating items		Post goo & except operating	
	Audited 2005 £m	Unaudited 2004 £m	Audited 2005 £m	Un
Joint ventures	2.3	5.1	1.8	
Associates	1.3	1.4	(0.1)	
	3.6	6.5	1.7	

(d) Exceptional operating items	Audit 20
UK	(20.
Northern Europe	
North America	
Group	(20.
Joint ventures	
Associates	(1.
Group and share of joint ventures and associates	(21.

(e) Goodwill amortisation	Audited 2005 £m	Un
UK	(5.2)	
Northern Europe	(0.5)	
North America	(4.9)	
Group	(10.6)	

Joint ventures	(0.5)
Group and share of joint ventures	(11.1)

(f) (Loss)/profit on sale of subsidiary undertakings	Audite 200 £
UK	
Northern Europe	(5.1
North America	(0.3
Group	(5.4

(g) Profit/(loss) on sale of tangible fixed assets	Audite 200 £
UK	0.
Northern Europe	0.
North America	
Group	0.

(h) (Loss)/profit on sale of joint venture undertakings

The Group disposed of its interests in Hotetur Club, S.L. on 28 June 2005 for total consideration of £19.5m, of which £12.8m was received in cash on completion, £2.7m is receivable on 31 December 2005 and £4.0m is recoverable against future purchases of hotel accommodation over a three year period. The loss on disposal was £22.1m.

The Group disposed of its interests in Tenerife Sol S.A. on 1 August 2005 for £14.5m cash on completion. The loss on disposal was £0.2m.

(i) Profit/(loss) on termination of operations

		Audited 2005 £m
UK	continuing	1.5
Other Europe	discontinued	-
Group		1.5

On 16 April 2004, the Group announced agreed arrangements with Louis Limited, a cruise and hotel group listed on the Cyprus Stock Exchange, under which Louis took over operation of three cruise ships. The loss on termination of the Group's cruise business in the 12 months to 31 October 2004 amounted to £18.6m. During 2005, an amount of £1.5m has been released as the actual loss on the ultimate disposal of one of the ships was lower than had been anticipated.

(j) Finance charges (net)

	Audited 2005

	£m
UK	(1.8)
Northern Europe	4.9
North America	(4.0)
Group	(0.9)
Exceptional finance charges	(12.4)
Joint ventures	(1.2)
Associates	(0.6)
Joint ventures and associates	(1.8)
Total finance charges (net)	(15.1)

The exceptional finance charges relate to costs incurred in the refinancing and restructur

(k) (Loss)/profit on ordinary activities before tax	Pre-goodwill & exceptional items		Post goo & except item	
	Audited 2005 £m	Unaudited 2004 £m	Audited 2005 £m	Un
UK	(31.3)	(114.8)	(67.3)	
Northern Europe	68.5	49.7	63.1	
North America	13.5	13.8	8.3	
Group continuing	50.7	(51.3)	4.1	
Discontinued - Other Europe	-	-	-	
Group	50.7	(51.3)	4.1	
Joint ventures	1.1	3.5	(21.7)	
Associates	0.7	0.7	(0.7)	
Group and share of joint ventures and associates	52.5	(47.1)	(18.3)	

(l) Total exceptional items

	Audited 2005 £m
UK	(30.8)
Northern Europe	(4.9)
North America	(0.3)
Group continuing	(36.0)
Discontinued - Other Europe	-
Group	(36.0)
Joint ventures	(22.3)
Associates	(1.4)
Group and share of joint ventures and associates	(59.7)

3. Exceptional operating items

			Audite 200 £
UK	Balance sheet restructuring	(i)	
	Operational restructuring	(ii)	(16.4
	Other advisory fees	(iii)	
	Balance sheet review	(iv)	(2.3
	Restructuring of aircraft leases	(v)	(1.6
Northern Europe	Balance sheet review	(iv)	
Group			(20.3
Joint ventures	Operational restructuring	(ii)	

Associates	Balance sheet review	(iv)	(1.4
			(21.7

(i) Balance sheet restructuring in 2004 represents the costs incurred in respect of prep proposed refinancing and restructuring of the Group.

(ii) Operational restructuring represents property costs, redundancy and other costs incu Group's UK businesses.

(iii) Other advisory fees represent costs incurred during 2004 in respect of the 2003 refi

(iv) The balance sheet review charges which total £3.7m (2004:£2.6m) represent adjustment goodwill and certain other assets. In the year to 31 October 2005, additional provi including £2.3m in respect of capitalised goodwill, have been made. Where the impai from an evaluation of the value in use of certain assets, a discount rate of 9% has

(v) This represents the net cost of the restructuring of certain aircraft leases.

4. Tax on loss on ordinary activities

The charge in the year of £23.1m (2004: £13.0m) relates to taxation in certain overseas businesses, which cannot be relieved against losses.