

TUI AG Financial Year 2009/10  
Corrected Interim Report  
1 October – 31 December 2009



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## Reservation concerning future-related statements

The present interim report contains various statements relating to TUI's future development. These statements are based on assumptions and estimates. Although we are convinced that these forward-looking statements are realistic they are not guarantees of future performance since our assumptions involve certain risks and uncertainties that may cause actual results to differ materially from expected results. This may be due to market fluctuations, the development of world market prices for commodities and exchange rates or fundamental changes in the economic environment. TUI does not intend to and does not undertake any obligation to update or revise any forward-looking statements in order to reflect events or developments after the date of this report.

# Q1 2009/10

## Corrected TUI Group in Figures

€ million	Q1 2009/10	Q1 2008/09	Var. %
<b>Continuing Operations</b>			
Turnover	2,948.1	3,468.2	- 15.0
EBITDAR	71.2	187.2	- 61.4
EBITDA	- 79.7	32.9	n/a
TUI Travel	- 92.1	29.6	n/a
TUI Hotels & Resorts	22.4	37.6	- 40.4
Cruises	- 4.2	- 1.9	- 121.1
Underlying EBITDA	- 44.0	37.6	n/a
TUI Travel	- 56.4	32.3	n/a
TUI Hotels & Resorts	22.4	41.4	- 45.9
Cruises	- 4.2	- 1.9	- 121.1
EBITA	- 173.8	- 105.5	- 64.7
TUI Travel	- 163.6	- 71.4	- 129.1
TUI Hotels & Resorts	5.0	23.3	- 78.5
Cruises	- 6.3	- 4.4	- 43.2
Underlying EBITA	- 137.7	- 100.8	- 36.6
TUI Travel	- 127.5	- 68.7	- 85.6
TUI Hotels & Resorts	5.0	27.1	- 81.5
Cruises	- 6.3	- 4.4	- 43.2
<b>Discontinued Operations</b>			
Earnings Discontinued Operations	- 10.6	- 7.8	- 35.9
EBITA	- 10.9	- 37.7	+ 71.1
Underlying EBITA	- 10.9	- 21.4	+ 49.1
<b>Group</b>			
EBITA	- 184.7	- 143.2	- 29.0
Underlying EBITA	- 148.6	- 122.2	- 21.6
Group loss	- 164.8	- 189.2	+ 12.9
Basic earnings per share	in € - 0.43	- 0.64	+ 32.8
Capital expenditure	94.1	142.3	- 33.9
Equity ratio (31 December)	in % 16.8	13.0	+ 3.8 <sup>*)</sup>
Employees (31 December)	60,033	70,254	- 14.5

<sup>\*)</sup> percentage points

- TUI Travel pursues active capacity management to reflect lower volumes due to economic conditions.
- TUI Hotels & Resorts holds its own well faced with declining demand.
- Cruises successfully establishes new TUI Cruises brand in the market with Mein Schiff.

# Economic Situation in Q1 2009/10

## General Economic Situation

While the global economy remained in recession in the first half of calendar year 2009, it began to pick up again in the subsequent quarter. This upward momentum continued in the fourth quarter of calendar year 2009. However, the recovery was uneven. Although the emerging markets recorded a strong expansion of their economies, in some cases driven by domestic demand, economic recovery in the industrialised countries only slowly gained momentum. Assets in the industrialised countries contracted in the wake of the financial crisis, curbing economic development. The United States, United Kingdom and Spain were impacted by the development of the real estate markets, export-driven economies such as Germany and Japan had to adjust to lower levels of foreign demand. Moreover, the financial sector continued to undergo a period of consolidation, which tends to result in restrictive lending.

## Correction of Interim Financial Statements

As described in the corrected consolidated financial statements for the short financial year 2009, TUI AG directly corrected the booking errors identified in TUI Travel PLC in turnover recognition and the reversal of adjustment items shown under trade accounts payable in the respective consolidated financial statements and in the interim reports that might be of relevance for TUI AG's ability to operate in the financial markets.

Against this backdrop, the present Management Report has also been corrected. Further details and the effects, in particular on the consolidated profit and loss statement, are presented in a note on this item on page 25 in the consolidated Notes.

## Special Events in the Quarter under Review

On 17 November 2009 (value date), TUI AG issued convertible bonds cum rights worth an aggregate nominal value of €217.8m, with initially 38.7m shares in TUI AG underlying the bonds. The coupon has been set at 5.5% per annum and is payable semiannually in arrears. The maturity of the convertible bonds is five years. TUI intends to extend its maturities profile through this transaction. The proceeds from the issuance of the convertible bond will be used for general corporate purposes.

On 17/18 December 2009, the shareholders of Hapag-Lloyd concluded an agreement on refinancing measures for Container Shipping, largely implemented in the

quarter under review. A detailed breakdown of the financial exposure of TUI in Container Shipping is provided on pages 11ff. of this report.

## Consolidated Turnover and Earnings

In 2009, the TUI Group introduced a nine-month short financial year. Accordingly, its reporting period now covers the period from 1 October of any one year until 30 September of the subsequent year. The current quarter Q1 2009/10 was thus presented alongside the reporting period from October to December 2008.

Following the completion of the sale of Container Shipping, the 43.33% stake in 'Albert Ballin' Joint Venture GmbH & Co. KG has been measured at equity in TUI's consolidated financial statements since April 2009. In line with its participating nature, the proportionate at equity earnings of the stake in Container Shipping to be included in consolidated earnings since the third quarter of 2008/09 have no longer been included in the TUI Group's performance indicator EBITA. Accordingly, the comments provided below will focus on the development of business operations in Tourism and Central Operations (Continuing Operations).

Information on the development of Container Shipping operations in the first quarter of 2009/10 is presented on pages 11ff. of this report.

As Container Shipping has no longer been included, a year-on-year comparison of aggregate divisional turnover and earnings is of limited value.

### Development of turnover

Divisional turnover			
€ million	Q1 2009/10	Q1 2008/09	Var. %
Tourism	2,932.5	3,447.2	- 14.9
TUI Travel	2,811.7	3,322.1	- 15.4
TUI Hotels & Resorts	79.8	80.6	- 1.0
Cruises	41.0	44.5	- 7.9
Central Operations	15.6	21.0	- 25.7
<b>Continuing Operations</b>	<b>2,948.1</b>	<b>3,468.2</b>	<b>- 15.0</b>
<b>Discontinuing Operations</b>	<b>7.6</b>	<b>1,598.3</b>	<b>- 99.5</b>
Consolidation	-	- 42.9	n/a
<b>Divisional turnover</b>	<b>2,955.7</b>	<b>5,023.6</b>	<b>- 41.2</b>

#### Continuing Operations

In the first quarter of 2009/10, turnover by the Continuing Operations was €2.9bn, down 15% against the comparative quarter in 2008. The decline in turnover was mainly driven by volume decreases in TUI Travel, which went hand in hand with capacity cuts. Another reason was the year-on-year weakening of the exchange rate of Sterling, as a result of which the British tour operators in Tourism recorded lower turnover on a Euro basis.

#### Discontinued Operations

Following the fundamental decision taken in November 2009 to divest the Magic Life Group, its turnover was carried under Discontinued Operations. In the comparative quarter in 2008, this item included the turnover by Container Shipping. A year-on-year comparison of the two quarters is thus of limited value.

## Development of earnings

### Underlying divisional EBITA

€ million	Q1 2009/10	Q1 2008/09	Var. %
Tourism	- 128.8	- 46.0	- 180.0
TUI Travel	- 127.5	- 68.7	- 85.6
TUI Hotels & Resorts	5.0	27.1	- 81.5
Cruises	- 6.3	- 4.4	- 43.2
Central operations	- 8.9	- 54.8	+ 83.8
All other segments	- 8.9	- 54.8	+ 83.8
Consolidation	-	-	n/a
<b>Continuing Operations</b>	<b>- 137.7</b>	<b>- 100.8</b>	<b>- 36.6</b>
<b>Discontinuing Operations</b>	<b>- 10.9</b>	<b>- 21.4</b>	<b>+ 49.1</b>
<b>Divisional earnings (EBITA)</b>	<b>- 148.6</b>	<b>- 122.2</b>	<b>- 21.6</b>

### Divisional EBITA

€ million	Q1 2009/10	Q1 2008/09	Var. %
Tourism	- 164.9	- 52.5	- 214.1
TUI Travel	- 163.6	- 71.4	- 129.1
TUI Hotels & Resorts	5.0	23.3	- 78.5
Cruises	- 6.3	- 4.4	- 43.2
Central Operations	- 8.9	- 53.0	+ 83.2
All other segments	- 8.9	- 53.0	+ 83.2
Consolidation	-	-	n/a
<b>Continuing Operations</b>	<b>- 173.8</b>	<b>- 105.5</b>	<b>- 64.7</b>
<b>Discontinued Operations</b>	<b>- 10.9</b>	<b>- 37.7</b>	<b>+ 71.1</b>
<b>Divisional earnings (EBITA)</b>	<b>- 184.7</b>	<b>- 143.2</b>	<b>- 29.0</b>

### Continuing Operations

Earnings adjusted for one-off effects of the Continuing Operation Tourism and Central Operations (underlying divisional EBITA) decreased by €37m to €-138m year-on-year in the first quarter of 2009/10. While Central Operations recorded an increase in earnings, the overall decline was mainly due to the capacity cuts effected in the light of the declines in volume in core business Tourism.

Due to the economic downturn and the associated decline in demand, underlying earnings by Tourism fell by €83m year-on-year in the first quarter of 2009/10. TUI Travel's profit contribution was considerably down on the comparative period in 2008. Since travel bookings are made considerably ahead of departure, the tourism business was not yet impacted by the general economic situation in the fourth quarter of calendar year 2008. In the first half of the Winter 2009/10 season, by contrast, volumes and turnover declined in all source markets due to the economic conditions, whereas bookings started to improve again for the second half of the Winter season.

Earnings by TUI Hotels & Resorts decreased by €22m over the prior year. The hotel sector, too, felt the impact of the year-on-year decline in customer volumes, partly reflecting lower bookings due to swine flu in Mexico. Earnings by the Cruises sector decreased versus the comparative period in 2008 due to lower load factors and average revenue per bed caused by the economic situation.

Underlying earnings by Central Operations grew by €46m to €-9m year-on-year in the first quarter of 2009/10. The earnings growth was primarily attributable to charges from the measurement of financial instruments included in 2008 figures.

#### Underlying divisional EBITA: Continuing Operations

€ million	Q1 2009/10	Q1 2008/09	Var. %
<b>Divisional EBITA</b>	<b>- 173.8</b>	<b>- 105.5</b>	<b>- 64.7</b>
<i>Gains on disposal</i>	-	+ 2.0	
<i>Restructuring</i>	+ 3.6	- 26.3	
<i>Purchase price allocation</i>	+ 15.6	+ 11.4	
<i>Other one-off items</i>	+ 16.9	+ 17.6	
<b>Underlying divisional EBITA</b>	<b>- 137.7</b>	<b>- 100.8</b>	<b>- 36.6</b>

In the first quarter of 2009/10, the Group's Continuing Operations had items worth €36m to be adjusted. Reported divisional EBITA accounted for €-174m in the first quarter, down €68m versus the comparative period in 2008.

#### Discontinued Operations

Discontinued Operations comprised the hotel companies of the Magic Life Group. In the first quarter of 2008/09, they also included the Container Shipping activities, which have meanwhile been sold. The 43.33% stake in Container Shipping taken in the framework of the divestment has been measured at equity and included in the consolidated financial statements since April 2009.

## TUI Travel

#### TUI Travel – Key figures

€ million	Q1 2009/10	Q1 2008/09	Var. %
Turnover	2,811.7	3,322.1	- 15.4
<b>Divisional EBITA</b>	<b>- 163.6</b>	<b>- 71.4</b>	<b>- 129.1</b>
<i>Gains on disposal</i>	-	-	
<i>Restructuring</i>	3.6	- 26.3	
<i>Purchase price allocation</i>	+ 15.6	+ 11.4	
<i>Other one-off items</i>	+ 16.9	+ 17.6	
<b>Underlying divisional EBITA</b>	<b>- 127.5</b>	<b>- 68.7</b>	<b>- 85.6</b>
Underlying divisional EBITDA	- 56.4	32.3	n/a
Capital expenditure	74.6	55.2	+ 35.1
Headcount (31 December)	45,183	48,508	- 6.9

#### Turnover and earnings

In the first quarter of 2009/10, turnover by TUI Travel decreased by 15% year-on-year. The decline was mainly attributable to lower volumes in the Mainstream business and the 8% decline in the exchange rate of Sterling against the Euro versus the prior year.

Underlying earnings by TUI Travel decreased by €59m year-on-year in the first quarter. This decline resulted from reduced capacity in anticipation of weaker demand in the Mainstream business and in the Specialist, Activity and A&D sectors. It was also impacted by the development of airline activities in France.

Since the tourism markets usually follow the overall economic development with a time lag, TUI Travel engaged in active capacity management early on in anticipation of weaker demand. While the financial crisis and the resulting economic downturn did not yet have a major impact on the tourism sector in the first quarter of 2008/09, demand in the quarter under review was impacted by the slowdown in economic activity, as expected.

In the first quarter of 2009/10, TUI Travel had to carry adjustments worth a total of €36m for the following one-off effects.



- restructuring costs of €4m, in particular for bringing together administrative functions in the UK
- effects of purchase price allocations worth €16m, and
- one-off effects of €17m, in particular integration costs for tour operator activities in the UK and incoming activities in Spain.

Reported earnings by TUI Travel fell by €92m to €-164m in the first quarter of 2009/10 versus the prior year.

### Mainstream

Mainstream, the largest sector within TUI Travel, comprises sales of flight, accommodation and other tourism services in the three source markets Central Europe, Northern Region and Western Europe.

#### TUI Travel – Mainstream volumes

'000	Q1 2009/10	Q1 2008/09	Var. %
Central Europe	1,540	2,025	- 24.0
Northern Region	1,170	1,431	- 18.2
Western Europe	915	981	- 6.7
<b>Total</b>	<b>3,625</b>	<b>4,437</b>	<b>- 18.3</b>

#### Central Europe

In the Central Europe sector (Germany, Austria, Switzerland, Poland and airline TUIfly), customer volumes declined by 24% year-on-year in the first quarter primarily due to reduced tour operator capacity and TUIfly's exit from the city-pairs business, which was taken over by Air Berlin in accordance with the agreement made.

Tour operator TUI Deutschland reported a decline in customer volumes. TUIfly improved its performance thanks to strict capacity management and the exit from the city-pairs business. The Swiss market was characterised by persistently strong competition so that TUI Suisse recorded lower booking volumes and margins. The development of TUI Austria and TUI Poland benefited from successful cost control programmes.

#### Northern Region

In the Northern Region sector (UK, Ireland, Canada, Nordics and airlines Thomson Airways and TUIfly Nordic), customer volumes fell by 18% year-on-year in the first quarter of 2009/10. The performance in the first quarter of 2008/09 had benefited from a strong lates business after the exit of a competitor and from sound bookings which had not yet been impacted by softer consumer demand. The current winter season was entered with considerably reduced capacity in anticipation of weaker demand in the first quarter.

Integration of activities in the UK market remained on track in the first quarter 2009/10 so that the expected synergies were delivered. Demand in the Nordics decreased due to reduced consumer confidence. Business in Canada remained difficult since the market was characterised by excess capacity and associated aggressive pricing. In order to improve the market position, a strategic venture with tour operator Sunwing was completed in January 2010, in which TUI Travel has a 49% interest.

#### Western Europe

The Western Europe sector (France, the Netherlands, Belgium and airlines Corsairfly, Arkefly and Jetairfly) reported a decline in volumes of 7% year-on-year in the first quarter of 2009/10, affecting all countries. Business in France was par-



ticularly strongly impacted by weaker demand for the key long-haul destinations La Réunion and the West Indies, affecting the tour operators and in particular the Corsairfly airline. The TUI tour operators in the Netherlands also reported declines in volumes and lower price levels. Activities in Belgium benefited from cost savings in aviation.

### Specialist & Emerging Markets

The Specialist & Emerging Markets Sector, which consists of specialist tour operators in Europe, North America and emerging markets such as Russia, recorded a 11% decrease in volumes year-on-year to 148 thousand customers in the first quarter of 2009/10. This decline affected in particular the specialist tour operators in Continental Europe. The premium segment in the UK also recorded lower business volumes in the long-haul segment. A further negative effect arose from the seasonally negative profit contributions by acquisitions made by the Emerging Markets division in the short financial year 2009, which were not yet included in the comparative period in 2008. Also, business in North America declined on reduced capacity compared with 2008.

### Activity

The Activity Sector, which comprises travel companies offering active holidays in the Marine, Adventure and Ski, Student & Sport divisions, recorded a 3% decrease in volumes year-on-year in the first quarter of 2009/10, which affected the Adventure division. Demand for skiing tours in the UK also declined as price levels rose due to the weakness of Sterling versus the Euro.

### Accommodation and Destinations (A&D)

The A&D Sector comprises the online services and incoming agencies. Online services experienced significant growth in volumes following an expansion of their portfolio and promotional activity. The incoming agencies business, however, was affected by lower volumes in both in-house and third party tour operators.

## TUI Hotels & Resorts

The Group's hotel companies are pooled in TUI Hotels & Resorts. The sector reported a total of 3.6 million bednights in the first quarter of 2009/10 (previous year: 3.9 million). Bed occupancy totalled 66% in the first quarter, down 7 percentage points year-on-year, on slightly increased capacity. The development of business varied for the individual hotel groups and regions.

### TUI Hotels & Resorts – Key figures

€ million	Q1 2009/10	Q1 2008/09	Var. %
Total turnover	156.8	175.2	- 10.5
Turnover	79.8	80.6	- 1.0
<b>Divisional EBITA</b>	<b>5.0</b>	<b>23.3</b>	<b>- 78.5</b>
<i>Gains on disposal</i>	–	+ 3.8	
<i>Restructuring</i>	–	–	
<i>Purchase price allocation</i>	–	–	
<i>Other one-off items</i>	–	–	
<b>Underlying divisional EBITA</b>	<b>5.0</b>	<b>27.1</b>	<b>- 81.5</b>
Underlying divisional EBITDA	22.4	41.4	- 45.9
Capital expenditure	12.0	19.9	- 39.7
Headcount (31 December)	11,375	10,989	+ 3.5

**Turnover and earnings**

TUI Hotels & Resorts posted total turnover of €157m, down €18m versus the prior year. The main driver was the considerable decline in customer volumes year-on-year. Since hotels are booked considerably ahead of departure, the fourth quarter in calendar year 2008 was not yet as strongly impacted by the financial crisis. Consolidated turnover was €80m in the first quarter of 2009/10, down 1%.

In the first quarter of 2009/10, underlying earnings totalled €5m, down €22m year-on-year. This reflected lower occupancies, only partly offset by cost savings.

**TUI Hotels & Resorts**

Hotel brand	Capacity ('000) <sup>1)</sup>			Occupancy rate (%) <sup>2)</sup>			Average revenue per bed (€) <sup>3)</sup>		
	Q1 2009/10	Q1 2008/09	Var. %	Q1 2009/10	Q1 2008/09	Var. %-Pkt.	Q1 2009/10	Q1 2008/09	Var. %
Riu	3,944	3,844	+ 2.6	69.1	75.8	- 6.7	44.15	47.95	- 7.9
Robinson	612	578	+ 5.8	56.8	67.3	- 10.5	79.78	77.89	+ 2.4
Iberotel	653	655	- 0.3	64.4	67.4	- 3.0	38.67	39.33	- 1.7
Grupotel	111	116	- 4.8	54.8	66.6	- 11.8	34.18	38.64	- 11.5
Greotel	59	79	- 25.1	48.8	52.8	- 4.0	41.17	37.93	+ 8.5
Dorfhotel <sup>4)</sup>	26	25	+ 6.0	29.8	43.9	- 14.1	40.20	35.92	+ 11.9
aQi	13	4	+ 199.8	33.4	43.4	- 10.0	51.56	59.72	- 13.7
<b>Total</b>	<b>5,419</b>	<b>5,302</b>	<b>+ 2.2</b>	<b>66.4</b>	<b>73.1</b>	<b>- 6.8</b>	<b>46.76</b>	<b>49.66</b>	<b>- 5.8</b>

<sup>1)</sup> Number of owned/leased beds multiplied by open days per quarter

<sup>2)</sup> Occupied beds divided by capacity

<sup>3)</sup> Arrangement turnover divided by occupied beds

<sup>4)</sup> Key figures refer to two owned hotels

**Riu**

Riu, one of Spain's leading hotel chains, operated 104 hotels in the period under review. In the first quarter of 2009/10, capacity grew 3% year-on-year to 3.9 million hotel beds available. Despite strict cost management, earnings were impacted by lower occupancies. Average occupancy of Riu hotels fell by 7 percentage points to 69% versus the prior year. Average revenues per bednight also fell by 8%.

Business developed as follows in the individual regions:

Average occupancy of Riu hotels in the Canaries decreased by 6 percentage points to 76%. Apart from the economic downturn, this decline was also attributable to lower tour operator capacity.

At 61%, occupancy of Riu Hotels in the Balearics was 9 percentage points down versus the comparative period in 2008. This development was largely driven by the cuts in tour operator capacity.

Average occupancy of Riu hotels in mainland Spain fell by 2 percentage points to 62% versus the prior year. This relatively positive development was mainly driven by stable tour operator capacity given a lower proportion of British guests compared with other Spanish destinations.

In the long-haul segment, Riu hotels recorded an average occupancy rate of 67%, down 7 percentage points year-on-year. Occupancy was impacted by weaker demand in the US due to the economic environment and lower bookings due to swine flu in Mexico. Average revenues per bednight fell by 13%, in particular due to the weakening of national currencies in the Caribbean.

### Robinson

In the first quarter of 2009/10, 17 of the club facilities operated by Robinson, market leader in the premium club holiday segment, were open. With three new clubs in Morocco, the Maldives and Turkey, capacity rose by 6% year-on-year. While the facilities in Morocco, Turkey, Greece and Spain recorded lower occupancies, the clubs in Switzerland and Portugal matched the occupancies achieved in 2008/09. Overall occupancy fell by 11 percentage points year-on-year. Average revenues per bednight were 2% up year-on-year.

### Iberotel

In the first quarter of 2009/10, 19 of the 23 facilities in Egypt, Turkey, the United Arab Emirates and Germany were open. At 64%, occupancy of Iberotels was 3 percentage points down versus the prior year. Average revenues per bednight declined by 2%. While occupancy in Egypt fell slightly short of expectations at 65%, demand for destinations in the United Arab Emirates grew substantially by 15%.

### Grupotel

At the end of the first quarter of 2009/10, four hotels of the Grupotel chain represented in Majorca, Menorca and Ibiza were open. As some hotels were closed early due to softer demand, Grupotel recorded a 5% decline in occupancy to 55%, down 12 percentage points against the comparative quarter 2008/09. Average revenues per bednight also declined by 12%.

### Grecotel

Due to the booking situation, the leading hotel company in Greece closed some of its holiday facilities considerably earlier than in previous years. At the end of the year, all facilities were closed for seasonal reasons. Overall, capacity was 25% down year-on-year in the period under review. In spite of capacity adjustments, occupancy decreased by 4 percentage points to 49%. Average revenues, however, rose by 9%.

### Dorfhotel

The indicators relate to the two Group-owned Dorfhotel complexes in Austria. In addition, Dorfhotel also operates the Dorfhoteles in Land Fleesensee, Sylt and Boltenhagen on the Baltic Sea as a management company. The Dorfhotel complexes increased their capacity by 6% in the first quarter of 2009/10. At the same time, occupancy declined by 14 percentage points, while average revenues grew by 12%.

### aQi

Since the hotel operations were launched in December 2008, a year-on-year comparison is of limited value. Overall, occupancy and average revenues for the first hotel fell slightly short of expectations.

## Cruises

The Cruises sector comprises Hapag-Lloyd Kreuzfahrten and the joint venture TUI Cruises. The companies operating in the German-speaking market for cruises were impacted by the tight economic situation in the first quarter, which affected the niche market for luxury and expedition cruises of Hapag-Lloyd Kreuzfahrten and the volume market for premium cruises served by TUI Cruises. As a result, the sector recorded general consumer reticence and a notably later booking pattern. Both factors impacted the yield-oriented marketing of capacity left to sell.

**Cruises – Key figures**

€ million	Q1 2009/10	Q1 2008/09	Var. %
Turnover	41.0	44.5	- 7.9
<b>Divisional EBITA</b>	<b>- 6.3</b>	<b>- 4.4</b>	<b>- 43.2</b>
<i>Gains on disposal</i>	–	–	
<i>Restructuring</i>	–	–	
<i>Purchase price allocation</i>	–	–	
<i>Other one-off items</i>	–	–	
<b>Underlying divisional EBITA</b>	<b>- 6.3</b>	<b>- 4.4</b>	<b>- 43.2</b>
Underlying divisional EBITDA	- 4.2	- 1.9	- 121.1
Capital expenditure	5.3	1.2	+ 341.7
Headcount (31 December)	226	209	+ 8.1
<b>Utilisation</b>			
Hapag-Lloyd Kreuzfahrten (in %)	76.9	78.7	- 1.8*
TUI Cruises (in %)	68.5	–	+ 68.5*

\*) percentage points

**Turnover and earnings**

In the first quarter of 2009/10, turnover amounted to €41m, down 8% against the comparative period in 2008 due to lower business volumes in Hapag-Lloyd Kreuzfahrten. The joint venture TUI Cruises was measured at equity in the consolidated financial statements. Its turnover is therefore not shown here.

Underlying earnings by the Cruises sector stood at €-6m in the first quarter of 2009/10, down €2m year-on-year. The development of the sector in the period under review reflected lower load factors of Hapag-Lloyd's cruise fleet and higher marketing costs in establishing Mein Schiff.

**Hapag-Lloyd Kreuzfahrten**

In the first quarter of 2009/10, Hapag-Lloyd Kreuzfahrten recorded a load factor of 77%, down by almost 2 percentage points on the comparative period in 2008. The average rate per passenger and day was €361, down around 11%. In the first quarter, a total of 77,033 passenger days were achieved. This figure was around 8% ahead of the prior year since MS Bremen and MS Columbus were scheduled for time in dock in the first quarter of 2008/09.

**TUI Cruises**

In the first quarter of 2009/10, Mein Schiff primarily cruised the Caribbean. For destination-related and seasonal reasons, the load factor declined versus the previous quarter in which Mein Schiff sailed the Mediterranean. Comparative values for 2008 are not available since business operations were only launched in May 2009 with the commissioning of Mein Schiff. In the quarter under review, new marketing measures were launched in an increasingly competitive market environment, resulting in a positive development of bookings. The load factor in the first quarter of 2009/10 was 69% for the ship, with 121,294 passenger days.

**Central Operations**

Central Operations comprise the corporate centre functions of TUI AG and the interim holdings as well as other operating areas, primarily comprising the Group's real estate companies.

#### Central Operations – Key figures

€ million	Q1 2009/10	Q1 2008/09	Var. %
Turnover	15.6	21.0	- 25.7
<b>Divisional EBITA</b>	<b>- 8.9</b>	<b>- 53.0</b>	<b>+ 83.2</b>
<i>Gains on disposal</i>	-	- 1.8	
<i>Restructuring</i>	-	-	
<i>Purchase price allocation</i>	-	-	
<i>Other one-off items</i>	-	-	
<b>Underlying divisional EBITA</b>	<b>- 8.9</b>	<b>- 54.8</b>	<b>+ 83.8</b>
Underlying divisional EBITDA	- 5.8	- 34.2	+ 83.0
Capital expenditure	1.4	1.8	- 22.2
Headcount (31 December)	670	665	+ 0.8

Underlying earnings by Central Operations increased by €46m to €-9m year-on-year in the first quarter of 2009/10. The earnings growth was mainly attributable to charges for the measurement of financial instruments included in figures for 2008/09.

### Information on Container Shipping

The 43.33% stake in 'Albert Ballin' Joint Venture GmbH & Co. KG taken after the sale of Container Shipping has been measured at equity in TUI's consolidated financial statements since April 2009. Since the stake in 'Albert Ballin' constitutes a financial investment from TUI AG's perspective, the proportionate at equity result is not included in the TUI Group's operative performance indicator EBITA. For information purposes, the table below presents Container Shipping from Hapag-Lloyd's perspective on a 100 per cent basis.

#### Key figures – Container Shipping

€ million	Q1 2009/10	Q1 2008/09	Var. %
Turnover	1,146.9	1,586.3	- 27.7
<b>EBITA</b>	<b>- 58.0</b>	<b>- 23.2</b>	<b>- 150.0</b>
<i>Gains on disposal</i>	+ 1.4	-	
<i>Restructuring</i>	+ 0.4	+ 0.1	
<i>Purchase price allocation</i>	+ 11.2	+ 14.4	
<i>Other one-off items</i>	+ 23.7	+ 0.3	
<b>Underlying EBITA</b>	<b>- 21.3</b>	<b>- 8.4</b>	<b>- 153.6</b>

#### Turnover and earnings

#### Development of business operations

In the first quarter of 2009/10, turnover by Container Shipping declined by 28% year-on-year to around €1.2bn. This decline was attributable to a 13% fall in transport volumes and a 16% decline in freight rate levels year-on-year. The development of turnover was also impacted by a weakening of the US Dollar against the Euro.

Underlying earnings declined to €-21m in the first quarter of 2009/10. Special one-off effects to be adjusted amounted to €37m. Earnings before adjustment for these effects were €-58m, down €35m versus the first quarter of 2008/09. Earnings were above all impacted by the year-on-year fall in transport volumes and lower freight rates. The earnings impact resulting from the volume and rate effects was partly offset by cost control measures successfully implemented. In addition, rates were again considerably increased and transport volumes rose in the quarter under review.

**Transport volumes and freight rates Hapag-Lloyd**

	Q1 2009/10	Q1 2008/09	Var. %
Transport volumes in '000 TEU	1,143	1,316	- 13.2
Freight rates in US-\$/TEU	1,368	1,619	- 15.5

Due to the current market situation, the main goal for Hapag-Lloyd was to increase freight rates and margins. To this end, selective cargo management was required. Thanks to these measures, freight rate levels were increased substantially in the first quarter of 2009/10 versus the previous quarter (July to September 2009). Compared with the first quarter of 2008/09, in which the economic downturn was not yet as strongly felt, freight rates declined by 16%. Transport volumes amounted to 1.1m TEU in the quarter under review.

**Financial exposure of TUI AG in Container Shipping****Financial exposure of TUI AG in Container Shipping**

€ million	30 Sep 09	31 Dec 09	31 March 10
Equity stake in March 2009	910	910	910
Cash capital increase	-	62	124
Debt equity swap	-	-	153
43.33% stake	910	972	1,187
TUI long-term loan	400	-	-
TUI short-term loan	380	380	227
TUI subordinated loan	300	-	-
TUI revolving credit facility	200	200	-
TUI vendor loan	180	180	180
TUI CTA loan	215	-	-
<b>Loans</b>	<b>1,675</b>	<b>760</b>	<b>407</b>
Hybrid capital I	-	350	350
Hybrid capital II	-	350	350
Hybrid capital III	-	215	215
Hybrid capital	-	915	915
<b>Financial exposure</b>	<b>2,585</b>	<b>2,647</b>	<b>2,509</b>

As at 30 September 2009, the financial exposure in Container Shipping totalled around €2.59bn. On 17/18 December 2009, the shareholders agreed refinancing measures for Container Shipping. The individual measures planned will be implemented by 31 March 2010, as contractually agreed. In the quarter under review, the following measures were implemented:

- Contribution of 50% of the agreed fresh equity, i.e. €62m.
- Conversion of TUI's credit line and TUI's subordinated loan to hybrid capital (debt equity swap I and II) with a total volume of €700m. TUI has the right to convert debt hybrid swap I into equity in 2011.
- Conversion of the CTA loan to hybrid capital III worth €215m.

TUI's financial exposure thus totalled around €2.65bn as at 31 December 2009.

The remaining 50% (€62m) of fresh equity were contributed in January 2010. The last measure for TUI is the non-cash capital increase ex TUI's bridging loan worth €153m planned for March 2010. In accordance with the agreement, TUI's interim financing will be acquired by 'Albert Ballin' at the end of March 2010 and then be contributed to equity as a non-cash capital increase.

Following the completion of the above-mentioned measures, TUI's financial exposure in Container Shipping will be around €2.51bn.

## Consolidated Earnings

### Consolidated Profit and Loss Statement

€ million	Q1 2009/10	Q1 2008/09	Var. %	
Turnover	2,948.1	3,468.2	- 15.0	
Cost of sales	2,802.2	3,223.5	- 13.1	
<b>Gross profit</b>	<b>145.9</b>	<b>244.7</b>	<b>- 40.4</b>	
Administrative expenses	312.5	362.4	- 13.8	
Other income/other expenses	+ 1.4	+ 17.7	- 92.1	
Impairment of goodwill	–	31.1	n/a	
Financial result	- 41.2	- 73.5	+ 43.9	
Financial income	65.4	89.8	- 27.2	
Financial expenses	106.6	163.3	- 34.7	
Share of results of joint ventures and associates	- 20.0	- 6.8	- 194.1	
<b>Earnings before income taxes</b>	<b>- 226.4</b>	<b>- 211.4</b>	<b>- 7.1</b>	
<b>Reconciliation to underlying earnings:</b>				
Earnings before income taxes	- 226.4	- 211.4	- 7.1	
Result from Container Shipping measured at equity	14.4	–	n/a	
Interest result from the measurement of loans to Container Shipping	- 18.1	–	n/a	
Interest result and earnings from the valuation of interest hedges	56.3	74.8	- 24.7	
Impairment of goodwill	–	31.1	n/a	
EBITA from Continuing Operations	- 173.8	- 105.5	- 64.7	
<b>Adjustments:</b>				
Gains on disposal	–	+ 2.0		
Restructuring	+ 3.6	- 26.3		
Purchase price allocation	+ 15.6	+ 11.4		
Other one-off items	+ 16.9	+ 17.6		
<b>Underlying EBITA from Continuing Operations</b>	<b>- 137.7</b>	<b>- 100.8</b>	<b>- 36.6</b>	
<b>Earnings before income taxes</b>	<b>- 226.4</b>	<b>- 211.4</b>	<b>- 7.1</b>	
Income taxes	- 72.2	- 30.0	- 140.7	
<b>Result from Continuing Operations</b>	<b>- 154.2</b>	<b>- 181.4</b>	<b>+ 15.0</b>	
Result from Discontinued Operations	- 10.6	- 7.8	- 35.9	
<b>Group loss</b>	<b>- 164.8</b>	<b>- 189.2</b>	<b>+ 12.9</b>	
Group loss attributable to shareholders of TUI AG	- 102.8	- 156.3	+ 34.2	
Group loss attributable to minority interests	- 62.0	- 32.9	- 88.4	
<b>Group loss</b>	<b>- 164.8</b>	<b>- 189.2</b>	<b>+ 12.9</b>	
<b>Basic and diluted earnings per share</b>	<b>in €</b>	<b>- 0.43</b>	<b>- 0.64</b>	<b>+ 32.8</b>
from Continuing Operations	in €	- 0.39	- 0.61	+ 36.1
from Discontinued Operations	in €	- 0.04	- 0.03	- 33.3

The year-on-year development of consolidated earnings was mainly characterised by the softening of the tourism business in the first half of the Winter 2009/10 season caused by the recession. The consolidated profit and loss statement of the Continuing Operations reflects the seasonality of the tourism business, with negative earnings generated in the period from October to December due to the seasonal nature of the business.

#### Turnover and cost of sales

Turnover comprised the turnover of the Continuing Operations, i.e. Tourism and Central Operations. Turnover declined by 15% year-on-year to €2.9bn in the first quarter of 2009/10, mainly due to lower business volumes in TUI Travel and the weaker exchange rate of Sterling against the Euro. Turnover was presented alongside the cost of sales, which also decreased due to the lower business volume and further cost reductions in the framework of integration measures. A detailed breakdown of turnover and the development of turnover is presented in the section 'Consolidated turnover and earnings'.



<b>Gross profit</b>	Gross profit as the balance of turnover and the cost of sales decreased by 40% year-on-year to €146m in the first quarter of 2009/10.
<b>Administrative expenses</b>	Administrative expenses comprised expenses not directly allocable to the turnover transactions, such as expenses for general management functions. At €313m, they were down 14% versus the prior year in the first quarter. This decline was primarily attributable to the weakening of Sterling against the Euro. Earnings benefited from the implementation of cost saving measures.
<b>Other income/ Other expenses</b>	Other income and Other expenses primarily comprised profits and losses from the sale of fixed asset items. The balance of income and expenses totalled €1m in the first quarter of 2009/10, a decline of €16m versus the first quarter of 2008/09, which was characterised by results from the settlement of derivative financial instruments in connection with the strategic realignment of airline activities in TUI Travel, effected in 2008.
<b>Impairment of goodwill</b>	No impairments of goodwill were effected in the first quarter of 2009/10. In the comparative period in 2008, goodwill impairments were required in the hotel sector.
<b>Financial result</b>	The financial result comprised the interest result and the net result from marketable securities. At €-41m, the financial result improved by 44% year-on-year in the first quarter of 2009/10 and comprised financial income of €65m (previous year: €90m), down 27% year-on-year, and financial expenses of €107m (previous year: €163m), which were down 35%. This item included interest effects of €18m from reversals of write-downs on loans granted to 'Albert Ballin' Holding GmbH & Co. KG and Hapag-Lloyd AG.
<b>Share of results of joint ventures and associates</b>	The share of results of joint ventures and associates comprised the share in net profit for the year of the associated companies and joint ventures as well as impairments of the goodwill of these companies. The significant decline in the share of results of joint ventures and associates in the first quarter was attributable to the measurement of the 43.33% stake retained by the TUI Group following the sale of a majority stake in Container Shipping in March 2009 as an associated company in the consolidated financial statements. The proportionate negative earnings of Container Shipping accounted for €14m in the first quarter of 2009/10.
<b>Underlying EBITA from Continuing Operations</b>	In the first quarter of 2009/10, underlying earnings by the Continuing Operations totalled €-138m, down 37% year-on-year. EBITA was adjusted for gains on disposal, restructuring expenses, purchase price allocations and one-off items. The adjustments are outlined in detail in the section Consolidated turnover and earnings and the comments concerning the individual divisions.
<b>Taxes on income</b>	Taxes on income comprised taxes on profits from the business activities of the Continuing Operations. The tax income of €-72m for the first quarter of 2009/10, following €-30m in the first quarter of 2008/09, was attributable to the pronounced seasonality of the earnings in the tourism business.
<b>Result from Discontinued Operations</b>	In the period under review, the result from Discontinued Operations comprised the income and expenses of the Magic Life Group. In the first quarter of 2008/09, Discontinued Operations also included the Container Shipping activities. A year-on-year comparison is therefore of limited value. A detailed breakdown is provided in the section 'Result from Discontinued Operations' in the notes.

**Group loss**

Due to the seasonality of the tourism business, the Group result in the first quarter of 2009/10 was negative at €-165m (previous year: €-189m). The year-on-year improvement in the Group result was mainly driven by a rise in the financial result and the year-on-year rise in tax income.

**Minority interests**

Minority interests in Group loss amounted to €-62m for the first quarter. They related to the minority shareholders of TUI Travel PLC and companies in the TUI Hotels & Resorts sector.

**Earnings per share**

After deduction of minority interests, TUI AG shareholders accounted for €-103m (previous year: €-156m) of the Group result in the first quarter of 2009/10. As a result, basic earnings per share amounted to €-0.43 (previous year: €-0.64) in the first quarter.

**Performance indicators**

**Key figures of the profit and loss statement of the Continuing Operations**

€ million	Q1 2009/10	Q1 2008/09	Var. %
<b>Earnings before interest, income taxes, depreciation, impairment and rent (EBITDAR)</b>	<b>71.2</b>	<b>182.2</b>	<b>- 60.9</b>
Operating rental expenses	150.9	149.3	+ 1.1
<b>Earnings before interest, income taxes, depreciation and impairment (EBITDA)</b>	<b>- 79.7</b>	<b>32.9</b>	<b>n/a</b>
Depreciation/amortisation less reversals of depreciation <sup>1)</sup>	94.1	138.4	- 32.0
<b>Earnings before interest, income taxes and impairment of goodwill (EBITA)</b>	<b>- 173.8</b>	<b>- 105.5</b>	<b>- 64.7</b>
Impairment of goodwill	-	31.1	n/a
<b>Earnings before interest and income taxes (EBIT)</b>	<b>- 173.8</b>	<b>- 136.6</b>	<b>- 27.2</b>
Interest result	- 38.2	- 74.8	+ 48.9
Equity result Container Shipping	- 14.4	-	n/a
<b>Earnings before income taxes (EBT)</b>	<b>- 226.4</b>	<b>- 211.4</b>	<b>- 7.1</b>

<sup>1)</sup> on property, plant and equipment, intangible assets, financial and other assets

**Operating rental expenses**

Operating rental expenses of the Continuing Operations amounted to €151m (previous year: €149m) in the first quarter of 2009/10. A slight rise in rental and leasing expenses was almost fully offset by currency effects.

**Interest rate result**

In the first quarter of 2009/10, the interest result of the Continuing Operations totalled €-38m (previous year: €-75m). It comprised interest effects of €18m from reversals of write-downs on loans granted to 'Albert Ballin' Holding GmbH & Co. KG and Hapag-Lloyd AG.

## Net Assets and Financial Position

The Group's balance sheet total declined by 2% to €13.2bn versus the end of the short financial year 2009. The changes in the consolidated statement of financial position against 30 September 2009 primarily reflected the seasonality of the tourism business.

### Assets and liabilities

€ million	31 Dec 2009	30 Sept 2009 revised	Var. %
Non-current assets	9,193.5	9,116.0	+ 0.9
Current assets	4,030.7	4,367.1	- 7.7
<b>Assets</b>	<b>13,224.2</b>	<b>13,483.1</b>	<b>- 1.9</b>
Equity	2,225.0	2,257.5	- 1.4
Provisions	2,116.5	2,220.3	- 4.7
Financial liabilities	4,708.9	3,714.8	+ 26.8
Other liabilities	4,173.8	5,290.5	- 21.1
<b>Liabilities</b>	<b>13,224.2</b>	<b>13,483.1</b>	<b>- 1.9</b>

### Non-current assets

As at 31 December 2009, non-current assets accounted for 70% of total assets, compared with 68% as at 30 September 2009. Non-current assets rose from €9.1bn to €9.2bn in the period under review.

### Current assets

As at 31 December 2009, current assets accounted for 30% of total assets, following 32% as at 30 September 2009. Current assets decreased from €4.4bn as at 30 September 2009 to €4.0bn as at 31 December 2009. The decline mainly resulted from the seasonality of the tourism business.

### Equity

Equity totalled €2.2bn as at 31 December 2009. The equity ratio stood at 17%, remaining flat on the balance sheet date 30 September 2009. Detailed information on the changes in equity is provided in the notes to this interim report.

### Provisions

Provisions mainly comprised provisions for pension obligations, effective and deferred tax provisions and provisions for typical operating risks. As at 31 December 2009, they totalled €2.1bn and were thus 5% down on their level as at 30 September 2009.

### Financial liabilities

As at 31 December 2009, financial liabilities consisted of non-current liabilities of €2.9bn and current financial liabilities of €1.8bn. As at 30 September 2009, non-current financial liabilities stood at €3.2bn, with current financial liabilities of €0.5bn. The changes resulted, inter alia, from the reclassification of the bonds maturing in December 2010 from non-current to current financial liabilities and recognition of the convertible bonds issued by TUI Travel and TUI AG in the quarter under review as non-current financial liabilities.

### Other liabilities

As at 31 December 2009, other liabilities amounted to €4.2bn, down 21% against 30 September 2009. The decline was primarily attributable to the seasonality of the tourism business.

## Other Segment Indicators

### Underlying divisional EBITDA

€ million	Q1 2009/10	Q1 2008/09	Var. %
Tourism	- 38.2	71.8	n/a
TUI Travel	- 56.4	32.3	n/a
TUI Hotels & Resorts	22.4	41.4	- 45.9
Cruises	- 4.2	- 1.9	- 121.1
Central Operations	- 5.8	- 34.2	+ 83.0
<b>Continuing Operations</b>	<b>- 44.0</b>	<b>37.6</b>	<b>n/a</b>
<b>Discontinued Operations</b>	<b>- 10.9</b>	<b>44.6</b>	<b>n/a</b>
<b>Underlying divisional EBITDA</b>	<b>- 54.9</b>	<b>82.2</b>	<b>n/a</b>

### Divisional EBITDA

€ million	Q1 2009/10	Q1 2008/09	Var. %
Tourism	- 73.9	65.3	n/a
TUI Travel	- 92.1	29.6	n/a
TUI Hotels & Resorts	22.4	37.6	- 40.4
Cruises	- 4.2	- 1.9	- 121.1
Central Operations	- 5.8	- 32.4	+ 82.1
<b>Continuing Operations</b>	<b>- 79.7</b>	<b>32.9</b>	<b>n/a</b>
<b>Discontinued Operations</b>	<b>- 10.9</b>	<b>29.8</b>	<b>n/a</b>
<b>Divisional earnings (EBITDA)</b>	<b>- 90.6</b>	<b>62.7</b>	<b>n/a</b>

### Capital expenditure

€ million	Q1 2009/10	Q1 2008/09	Var. %
Tourism	91.9	76.3	+ 20.4
TUI Travel	74.6	55.2	+ 35.1
TUI Hotels & Resorts	12.0	19.9	- 39.7
Cruises	5.3	1.2	+ 341.7
Central Operations	1.4	1.8	- 22.2
<b>Continuing Operations</b>	<b>93.3</b>	<b>78.1</b>	<b>+ 19.5</b>
<b>Discontinued Operations</b>	<b>0.8</b>	<b>64.2</b>	<b>- 98.8</b>
<b>Total</b>	<b>94.1</b>	<b>142.3</b>	<b>- 33.9</b>

### Amortisation of other intangible assets and depreciation of property, plant and equipment

€ million	Q1 2009/10	Q1 2008/09	Var. %
Tourism	88.4	116.4	- 24.1
TUI Travel	68.9	98.3	- 29.9
TUI Hotels & Resorts	17.4	15.7	+ 10.8
Cruises	2.1	2.4	- 12.5
Central Operations	1.7	1.8	- 5.6
<b>Continuing Operations</b>	<b>90.1</b>	<b>118.2</b>	<b>- 23.8</b>
<b>Discontinued Operations</b>	<b>-</b>	<b>1.3</b>	<b>n/a</b>
<b>Total</b>	<b>90.1</b>	<b>119.5</b>	<b>- 24.6</b>

### Employees

	31 Dec 2009	30 Sep 2009	Var. %
Tourism	56,784	64,336	- 11.7
TUI Travel	45,183	50,285	- 10.1
TUI Hotels & Resorts	11,375	13,832	- 17.8
Cruises	226	219	+ 3.2
Central Operations	670	675	- 0.7
<b>Continuing Operations</b>	<b>57,454</b>	<b>65,011</b>	<b>- 11.6</b>
<b>Discontinued Operations</b>	<b>2,579</b>	<b>4,525</b>	<b>- 43.0</b>
<b>Total</b>	<b>60,033</b>	<b>69,536</b>	<b>- 13.7</b>

## Prospects

In the second half of calendar year 2009, the global economy picked up substantially, although there were variations across different regions. While the emerging markets recorded a strong expansion of their economies, in some cases driven by domestic demand, the industrialised countries were impacted by the crisis-induced contraction in assets, which caused a considerable slowdown in economic momentum.

For calendar year 2010, the recovery of the world economy is generally expected to continue, driven primarily by the emerging markets. Risks remain associated with the development of the international financial markets, which still have to prove whether their recovery will be sustained. It also remains to be seen whether private consumption will be able to compensate for the state-backed economic stimulus programmes when they expire and to what extent the labour market will be impacted by a reduction in production capacity.

In spite of these risks, the International Monetary Fund has lifted its forecast for calendar year 2010 (IMF, World Economic Outlook Update, 26 January 2010) and now expects global growth of 3.9%, with growth of 2.7% in the United States, 1.7% in Japan and 1.0% in the Eurozone. The emerging Asian economies, by contrast, are expected to achieve growth rates almost matching the pre-crisis levels. For 2010, the IMF expects growth of 10.0% for China and 7.7% for India.

In line with the change in TUI AG's financial year, the information provided below relates to the expected development of turnover and operating earnings (underlying divisional EBITA) of the TUI Group for the period from 1 October 2009 to 30 September 2010.

### **TUI Travel**

Tourism markets usually follow the general economic development with a time lag. After international tourist arrivals declined in the first three calendar quarters of 2009, the fourth quarter saw a reversal of the trend. While Asia, the Pacific region and the Middle East already recorded growth at the beginning of the second half, tourist arrivals also picked up in other regions in the fourth calendar quarter so that overall growth amounted to 2%. The UNWTO (World Tourism Barometer, January 2010) has therefore lifted its forecast for 2010 and now expects international tourist arrivals to grow by 3 to 4%.

In the first quarter of 2009/10, capacity was reduced in anticipation of weaker demand. Bookings in the Mainstream business of TUI Travel declined versus prior year levels, as expected, since tourism was not yet affected by the financial crisis in the fourth quarter of calendar year 2008 as holiday bookings are made well ahead of departure. Accordingly, for the Winter 2009/10 season, booked turnover declined by 8% and volumes by 9% year-on-year. Booked turnover for the starting Summer 2010 season is 2% ahead of prior year in the Mainstream business, with booking volumes still 1% short of the level in the comparative period in 2008. Some markets have recorded a gratifying development of bookings year-on-year in recent weeks. In the light of this trend, TUI Travel is considering implementing a moderate and selective expansion of its capacity, which was considerably cut in 2008/09 to achieve the required load factors. In the framework of its active capacity management system, TUI Travel is able to flexibly respond to changes in demand.

TUI Travel aims to expand its leading position in the European travel market in financial year 2009/10. This goal is to be achieved by strengthening controlled distribution, cooperating with Air Berlin in Central Europe and delivering additional synergies in the UK. Further stimuli are expected from a strategic venture in the Canadian travel market.

Despite a weak first quarter, TUI Travel continues to expect underlying earnings to be stable in financial year 2009/10. Apart from the opportunities mentioned above, earnings will benefit from a consolidation of the positive booking trend currently emerging for Summer 2010. Risks are associated with the exchange rate of Sterling against the Euro and the further development of airline activities in France.

**TUI Hotels & Resorts**

Due the currently emerging positive booking trend for Summer 2010, TUI Hotels & Resorts expects earnings for the current financial year to match the level of the comparative period in 2008/09. The active cost management programme will be continued. Risks are associated with the development of tour operator volumes falling short of expectations against the backdrop of a possible renewed slowdown in economic activity in some source markets.

**Cruises**

For the current year 2010, the cruise market is expected to continue to grow. Additional big ships from international suppliers will enter the market. Hapag-Lloyd-Kreuzfahrten is well positioned in the niche markets of luxury, premium and expedition cruises. TUI Cruises is successfully establishing its position in the premium volume segment. Overall, earnings are currently expected to remain flat on the level generated in the comparative prior year period.

**Tourism**

Based on the current earnings estimates for TUI Travel, TUI Hotels & Resorts and Cruises, the TUI Group expects an overall stable development of operating earnings by core business Tourism in financial year 2009/10 versus the comparative period in 2008/09. The development of business in Tourism will be strongly influenced by the further development of unemployment rates and the resulting consumer sentiment in the major volume markets.

**Continuing Operations**

For the 2009/10 financial year, the TUI Group expects operating earnings by Tourism to be stable against the comparative period 2008/09, with Central Operations cost achieving reductions. Underlying earnings by the TUI Group's Continuing Operations will therefore rise slightly against the previous year.

## Corporate Governance

In the period under review and after the reporting date, the composition of the boards of TUI AG changed as follows:

At the beginning of the Supervisory Board meeting on 28 October 2009, Dr Jürgen Krumnow resigned from his position as chairman of the Supervisory Board and member of the Audit Committee of the Supervisory Board. At the same meeting, the Supervisory Board elected Dr Dietmar Kuhnt as its new chairman and Dr Peter Barrenstein as a new member of the Audit Committee. In accordance with the recommendation in the German Corporate Governance Code, Dr Kuhnt resigned from his office as chairman of the Audit Committee, and Dr Barrenstein was elected new chairman of the Audit Committee by the Supervisory Board.

When Dr Krumnow also resigned from his Supervisory Board mandate on 14 December 2009, the court had to appoint a new member in replacement. By resolution of 7 January 2010, the district court of Hanover granted the application by the Executive Board of 14 December 2009 and appointed Prof. Dr Klaus Mangold as a member of the Supervisory Board of TUI AG. At the same time, the court rejected the motion by Monteray Enterprises Ltd., attributable to John Fredriksen, of 4 December 2009 to appoint Tor Olav Trøim. The appointment of Prof. Dr Mangold is to be confirmed at the forthcoming Annual General Meeting on 17 February 2010.

On 14 December 2009, it was announced that TUI CFO Rainer Feuerhake will resign from his mandate as of the close of the next Annual General Meeting of TUI AG on 17 February 2010, having reached retirement age. At its meeting on 14 December 2009, the Supervisory Board extended the appointment of Horst Baier as member of the Executive Board of TUI AG, expiring in November 2010, by five years until November 2015. Upon the retirement of Rainer Feuerhake, Horst Baier, previously Board member Controlling, will also be in charge of Finance.

The current, complete composition of the Executive Board and Supervisory Board is listed on the Company's website ([www.tui-group.com](http://www.tui-group.com)) where it has been made permanently available to the public.

TUI AG  
The Executive Board  
February 2010



# Interim Financial Statements

## Corrected Profit and Loss Statement of the TUI Group for the period from 1 October to 31 December

€ million	Notes	Q1 2009/10	Q1 2008/09
Turnover		2,948.1	3,468.2
Cost of sales	(1)	2,802.2	3,223.5
<b>Gross profit</b>		<b>145.9</b>	<b>244.7</b>
Administrative expenses	(1)	312.5	362.4
Other income/other expenses	(2)	+ 1.4	+ 17.7
Impairment of goodwill		–	31.1
Financial income	(3)	65.4	89.8
Financial expenses	(3)	106.6	163.3
Result from companies measured at equity		- 20.0	- 6.8
<b>Earnings before income taxes</b>		<b>- 226.4</b>	<b>- 211.4</b>
<b>Reconciliation to underlying earnings:</b>			
Earnings before income taxes		- 226.4	- 211.4
Result from Container Shipping measured at equity		14.4	–
Interest result from the measurement of loans to Container Shipping		- 18.1	–
Interest result and earnings from the valuation of interest hedges		56.3	74.8
Impairment of goodwill		–	31.1
EBITA from Continuing Operations		- 173.8	- 105.5
<b>Adjustments:</b>	(4)		
<i>Gains on disposals</i>		–	+ 2.0
<i>Restructuring</i>		+ 3.6	- 26.3
<i>Purchase price allocation</i>		+ 15.6	+ 11.4
<i>Other one-off items</i>		+ 16.9	+ 17.6
<b>Underlying EBITA from Continuing Operations</b>		<b>- 137.7</b>	<b>- 100.8</b>
<b>Earnings before income taxes</b>		<b>- 226.4</b>	<b>- 211.4</b>
Income taxes	(5)	- 72.2	- 30.0
<b>Result from Continuing Operations</b>		<b>- 154.2</b>	<b>- 181.4</b>
Result from Discontinued Operations		- 10.6	- 7.8
<b>Group loss</b>		<b>- 164.8</b>	<b>- 189.2</b>
Group loss attributable to shareholders of TUI AG		- 102.8	- 156.3
Group loss attributable to minority interests	(6)	- 62.0	- 32.9
<b>Group loss</b>		<b>- 164.8</b>	<b>- 189.2</b>
<b>€</b>			
<b>Basic and diluted earnings per share</b>		<b>- 0.43</b>	<b>- 0.64</b>
from Continuing Operations		- 0.39	- 0.61
from Discontinued Operations		- 0.04	- 0.03

## Corrected Condensed Statement of Comprehensive Income of the TUI Group for the Period from 1 October to 31 December

€ million	Q1 2009/10	Q1 2008/09
<b>Group loss</b>	<b>- 164.8</b>	<b>- 189.2</b>
Currency translation	55.2	- 92.3
Financial instruments available for sale	- 0.1	- 0.9
Cash flow hedges	111.1	- 199.6
Actuarial gains and losses from pension provisions and related fund assets	17.0	- 137.4
Changes in the measurement of companies measured at equity outside profit and loss	- 0.3	- 18.8
Income tax on other comprehensive income	- 70.5	5.9
<b>Other comprehensive income</b>	<b>112.4</b>	<b>- 443.1</b>
<b>Total comprehensive income</b>	<b>- 52.4</b>	<b>- 632.3</b>
attributable to shareholders of TUI AG	- 51.3	- 616.1
attributable to minority interest	- 1.1	- 16.2
<b>Total comprehensive income</b>	<b>- 52.4</b>	<b>- 632.3</b>

## Corrected Financial Position of the TUI Group

€ million	31 Dec 2009	30 Sep 2009	1 Oct 2008 revised
<b>Assets</b>			
Goodwill	2,773.9	2,715.8	2,856.0
Other intangible assets	885.5	887.9	883.7
Investment property	75.6	76.7	87.1
Property, plant and equipment	2,390.5	2,373.6	2,648.9
Companies measured at equity	1,782.5	1,200.7	446.3
Financial assets available-for-sale	104.3	103.0	117.1
Trade accounts receivables and other receivables	681.4	1,369.0	423.4
Derivative financial instruments	211.5	111.4	78.3
Deferred income tax claims	288.3	277.9	182.1
<b>Non-current assets</b>	<b>9,193.5</b>	<b>9,116.0</b>	<b>7,722.9</b>
Inventories	85.4	81.5	81.1
Financial assets available-for-sale	–	2.0	11.4
Trade accounts receivables and other receivables	2,230.6	2,066.6	2,018.0
Derivative financial instruments	205.4	338.1	219.3
Current income tax receivables	27.6	21.2	42.3
Cash and cash equivalents	1,027.4	1,452.0	2,793.4
Assets held for sale	454.3	405.7	4,805.8
<b>Current assets</b>	<b>4,030.7</b>	<b>4,367.1</b>	<b>9,971.3</b>
	<b>13,224.2</b>	<b>13,483.1</b>	<b>17,694.2</b>

€ million	31 Dec 2009	30 Sep 2009	1 Oct 2008 revised
<b>Equity and liabilities</b>			
Subscribed capital	643.0	642.8	642.3
Capital reserves	913.4	871.3	2,471.9
Revenue reserves	54.9	124.2	- 900.6
Hybrid capital	294.8	294.8	294.8
<b>Equity before minority interests</b>	<b>1,906.1</b>	<b>1,933.1</b>	<b>2,508.4</b>
Minority interests	318.9	324.4	321.8
<b>Equity</b>	<b>2,225.0</b>	<b>2,257.5</b>	<b>2,829.9</b>
Pension provisions and similar obligations	821.8	838.6	573.6
Current income tax provisions	169.6	169.5	157.7
Deferred income tax provisions	187.8	181.3	273.0
Other provisions	482.4	500.0	524.5
<b>Non-current provisions</b>	<b>1,661.6</b>	<b>1,689.4</b>	<b>1,528.8</b>
Financial liabilities	2,940.1	3,175.1	4,258.2
Derivative financial instruments	39.3	78.7	95.5
Other liabilities	73.9	92.1	95.0
<b>Non-current liabilities</b>	<b>3,053.3</b>	<b>3,345.9</b>	<b>4,448.7</b>
<b>Non-current provisions and liabilities</b>	<b>4,714.9</b>	<b>5,035.3</b>	<b>5,977.5</b>
Pension provisions and similar obligations	21.8	29.8	34.5
Current income tax provisions	95.0	85.9	154.1
Other provisions	338.1	415.2	384.6
<b>Current provisions</b>	<b>454.9</b>	<b>530.9</b>	<b>573.2</b>
Financial liabilities	1,768.8	539.7	810.5
Trade accounts payable	1,701.9	2,640.8	2,800.9
Derivative financial instruments	284.2	363.4	284.2
Other liabilities	1,848.6	1,935.3	2,428.7
<b>Current liabilities</b>	<b>5,603.5</b>	<b>5,479.2</b>	<b>6,324.3</b>
<b>Liabilities related to assets held for sale</b>	<b>225.9</b>	<b>180.2</b>	<b>1,989.3</b>
<b>Current provisions and liabilities</b>	<b>6,284.3</b>	<b>6,190.3</b>	<b>8,886.8</b>
	<b>13,224.2</b>	<b>13,483.1</b>	<b>17,694.2</b>

**Corrected Condensed Cash Flow Statement**

€ million	Q1 2009/10	Q1 2008/09
Cash flow from operating activities	- 1,213.8	- 1,113.1
Cash flow from investing activities	- 232.3	27.1
Cash flow from financing activities	1,024.8	396.8
<b>Change in funds with cash effect</b>	<b>- 421.3</b>	<b>- 689.2</b>
Change in cash and cash equivalents due to exchange rate fluctuation	3.5	- 85.6
<b>Cash and cash equivalents at beginning of period</b>	<b>1,458.3</b>	<b>2,944.2</b>
<b>Cash and cash equivalents at end of period</b>	<b>1,040.5</b>	<b>2,169.4</b>
<i>of which included in the balance sheet as assets held for sale</i>	<i>13.1</i>	<i>123.9</i>
<b>Cash and cash equivalents at end of period for Continuing Operations</b>	<b>1,027.4</b>	<b>2,045.5</b>

**Corrected Condensed Statements of Changes in Group Equity for the Period from 1 October to 31 December 2009**

€ million	Subscribed capital	Capital reserves	Revenue reserves	Hybrid capital	Equity before minority interests	Minority interests	Equity
<b>Balance as at 01 Oct 2009</b>	<b>642.8</b>	<b>871.3</b>	<b>124.2</b>	<b>294.8</b>	<b>1,933.1</b>	<b>324.4</b>	<b>2,257.5</b>
Dividend payments	-	-	- 18.9	-	- 18.9	- 4.4	- 23.3
Hybrid capital dividend	-	-	- 6.5	-	- 6.5	-	- 6.5
Issue of convertible bonds	-	61.0	55.6	-	116.6	-	116.6
Issue of employee shares	0.2	0.4	-	-	0.6	-	0.6
Effect of the acquisition of minority interests	-	-	- 71.4	-	- 71.4	-	- 71.4
Share-based payment schemes	-	-	3.9	-	3.9	-	3.9
Group total comprehensive income	-	- 19.3	- 32.0	-	- 51.3	- 1.1	- 52.4
<b>Balance as at 31 Dec 2009</b>	<b>643.0</b>	<b>913.4</b>	<b>54.9</b>	<b>294.8</b>	<b>1,906.1</b>	<b>318.9</b>	<b>2,225.0</b>

**Corrected Condensed Statements of Changes in Group Equity for the Period from 1 October to 31 December 2008**

€ million	Subscribed capital	Capital reserves	Revenue reserves	Hybrid capital	Equity before minority interests	Minority interests	Equity
<b>Balance as at 01 Oct 2008 (revised)</b>	<b>642.3</b>	<b>2,471.9</b>	<b>- 900.6</b>	<b>294.8</b>	<b>2,508.4</b>	<b>321.5</b>	<b>2,829.9</b>
Dividend payments	-	-	- 12.0	-	- 12.0	- 0.2	- 12.2
Hybrid capital dividend	-	-	- 6.5	-	- 6.5	-	- 6.5
Share-based payment schemes	-	-	6.3	-	6.3	-	6.3
Issue of employee shares	0.5	1.2	-	-	1.7	-	1.7
First-time consolidation	-	-	1.9	-	1.9	-	1.9
Effect of step acquisitions	-	-	- 6.6	-	- 6.6	0.1	- 6.5
Effect of the acquisition of minority interests	-	-	- 8.1	-	- 8.1	0.3	- 7.8
Effect of option writer position from an option on minority interests	-	-	- 2.7	-	- 2.7	-	- 2.7
Transfer from reserves	-	- 1,503.8	1,503.8	-	-	-	-
Group total comprehensive income	-	-	- 616.1	-	- 616.1	- 16.2	- 632.3
<b>Balance as at 31 Dec 2008 (revised)</b>	<b>642.8</b>	<b>969.3</b>	<b>40.6</b>	<b>294.8</b>	<b>1,868.3</b>	<b>305.5</b>	<b>2,171.8</b>

# Notes

## Correction of Interim Financial Statements

As described in the corrected consolidated financial statements for the short financial year 2009, TUI AG directly corrected the booking errors identified in TUI Travel PLC in turnover recognition and the reversal of adjustment items shown under trade accounts payable in the respective consolidated financial statements and in the interim reports that might be of relevance for TUI AG's ability to operate in the financial markets.

The following corrections were effected in the profit and loss statement:

### Corrected items of the TUI Group's profit and loss statement for the period from 1 October 2009 to 31 December 2010

€ million	Q1 2008/09		
	before revision	revision	revised
Turnover	3,470.6	- 2.4	3,468.2
Gross profit	247.1	- 2.4	244.7
Earnings before income taxes	- 209.0	- 2.4	- 211.4
<b>EBITA from continuing operations</b>	<b>- 103.1</b>	<b>- 2.4</b>	<b>- 105.5</b>
<b>Underlying EBITA from continuing operations</b>	<b>- 98.4</b>	<b>- 2.4</b>	<b>- 100.8</b>
Result from continuing operations	- 179.0	- 2.4	- 181.4
Group loss for the year	- 186.8	- 2.4	- 189.2
Attributable to TUI AG shareholders	- 155.1	- 1.2	- 156.3
Attributable to minority interests	- 31.7	- 1.2	- 32.9
Earnings per share	€ - 0.64	0.00	- 0.64

The corrections result in a reduction in trade accounts receivable of €60.5m as at 31 December 2009 (previous year € 59.1m) and an increase in trade accounts payable of €64.9m (previous year €63.4m). Equity (other revenue reserves) is reduced by €125.4m (previous year €122.5m), with an amount of €75.0m relating to prior financial years.

## Accounting Principles

In accordance with IAS 34 'Interim Financial Reporting', the Group's interim financial statements as at 31 December 2009 are published in a condensed form compared with the consolidated annual financial statements. As before, they were based on the historical cost principle, the only exception being the accounting method applied in measuring financial instruments.

Following the change in TUI AG's financial year-end to 30 September, the comparative period was the period from 1 October to 31 December 2008.

As a matter of principle, the accounting and measurement methods applied in the preceding consolidated financial statements as per 30 September 2009 were retained in preparing the interim financial statements as per 31 December 2009.

In addition, the following standards and interpretations revised or newly published by the IASB were mandatory as of the beginning of financial year 2009/10:

- IFRS 3: 'Business Combinations'
- IAS 27: 'Consolidated and Separate Financial Statements according to IFRS'
- IAS 39: 'Financial Instruments: Recognition and Measurement – admissible underlying transactions for hedges'
- IFRIC 12: 'Service Concession Arrangements'
- IFRIC 16: 'Hedges of a Net Investment in a Foreign Operation'
- IFRIC 17: 'Distribution of Non-Cash Assets to Owners'
- IFRIC 18: 'Transfers of Assets from Customers'

TUI AG has been an early adopter of the amendments to IFRS 3 and IAS 27 and has applied the amendments since 1 January 2009. The mandatory application of all other amendments to standards and interpretations listed above did not give rise to any effects on the TUI Group's financial position, performance and changes in financial position.

## Group of Consolidated Companies

The consolidated financial statements included all major subsidiaries in which TUI AG was able to directly or indirectly govern the financial or operating policies such that the Group obtained benefits from the activities of these companies.

The interim financial statements as at 31 December 2009 included a total of 45 domestic and 694 foreign subsidiaries, besides TUI AG.

Since 1 October 2009, two companies have been newly included in consolidation due to an expansion of their business operations and a further seven companies due to acquisitions by TUI Travel. Seven companies have been deconsolidated due to mergers or liquidation. Two additional companies were sold and therefore removed from consolidation. One company was newly included in the group of companies measured at equity due to an acquisition.

### Acquisitions – divestments

#### Summary presentation of acquisitions

Name and headquarters of the acquired company	Business activity	Acquirer	Date of acquisition	Acquired share	Acquisition costs € million
Select-World Pty Ltd., Australia	Cruise Handling	First Choice Holdings Australia Pty Ltd.	26 Nov 09	100.0%	5.8
Sport Executive Travel Limited, UK (5 companies)	Tour operator for student tours	TUI Travel Holdings Ltd.	22 Dec 09	100.0%	0.5
<b>Total</b>					<b>6.3</b>

Acquisition costs exclusively consisted of paid purchase prices. Incidental acquisitions costs and payments for future services by the employees of the acquired companies were carried through profit and loss in accordance with the amendments to IFRS 3.

**Summary presentation of statements of financial position as at the date of first-time consolidation**

€ million, translated	Carrying amounts at date of acquisition	Revaluation of assets and liabilities	Revalued carrying amounts at date of first-time consolidation
Other intangible assets	–	3.6	3.6
Receivables and other assets including prepaid expenses	0.4	–	0.4
Cash and cash equivalents	1.7	–	1.7
Deferred income tax provisions	–	1.1	1.1
Liabilities and deferred income	1.8	–	1.8
<b>Equity</b>	<b>0.3</b>	<b>2.5</b>	<b>2.8</b>

The difference arising between the acquisition costs and the revalued acquired net assets, constituting synergy potential, was temporarily carried as goodwill. Goodwill therefore rose by a total of €3.5m.

The twelve-month period permitted under IFRS 3 for finalising the purchase price allocations was used so that the purchase prices were temporarily allocated to individual assets and liabilities until the end of that period.

In the present interim financial statements, the purchase price allocations of the following companies and groups acquired in the fourth quarter of 2008 were finalised in accordance with the provisions of IFRS 3 within the required 12-month period.

- Travel Adventures Inc., US
- Sport Abroad Ltd., UK
- Teamlink Travel Group, UK
- Sunshine Cruises Ltd., UK
- Edwin Doran Travel Ltd., UK
- Master Yachting GmbH, Germany
- On the piste.com Group, UK

Comparative information for reporting periods prior to the completion of the first-time accounting for an acquisition transaction has to be presented retrospectively already as if the purchase price allocation had been finalised as at the acquisition date. The table below provides an overview of the combined final purchase price allocations.

**Summary presentation of the final statements of financial position as at the date of first-time consolidation**

€ million, translated	Carrying amounts at date of acquisition	Revaluation of assets and liabilities	Carrying amounts at date of first-time consolidation
Other intangible assets	–	2,9	2,9
Property, plant and equipment	49,7	–	49,7
<b>Fixed assets</b>	<b>49,7</b>	<b>2,9</b>	<b>52,6</b>
Receivables and other assets including prepaid expenses	25,8	–	25,8
Cash and cash equivalents	23,1	–	23,1
Deferred income tax provisions	–	0,5	0,5
Other provisions	6,1	–	6,1
Financial liabilities	0,3	–	0,3
Liabilities and deferred income	31,0	–	31,0
<b>Equity</b>	<b>61,2</b>	<b>2,4</b>	<b>63,6</b>



The goodwill arising in the consolidated statement of financial position on eliminating the acquisition cost against the acquirer's interest in the revalued equity did not change as against 30 September 2009. The capitalised goodwill essentially represents a part of the expected synergy potential.

The effects of the divestments on the TUI Group's net assets, financial position and financial performance were negligible.

## Discontinued Operations

### Result from Discontinued Operations

In accordance with IFRS 5, the result from Discontinued Operations comprised the Magic Life hotel company with four owned hotel facilities in Turkey available for sale in the quarter under review. In the comparative quarter covering the period from 1 October to 31 December 2008, Discontinued Operations also included the Container Shipping activities and the stakes in the container terminals in Altenwerder and Montreal/Canada, alongside Magic Life.

#### Result from Discontinued Operations

€ million	Q1 2009/10	Q1 2008/09
Turnover	20.6	1,603.3
Cost of sales	21.1	1,528.6
Administrative expenses	4.9	41.7
Other income/other expenses	+ 0.1	- 4.6
Financial income	0.1	1.1
Financial expenses	4.1	11.1
<b>Earnings before income taxes</b>	<b>- 9.3</b>	<b>18.4</b>
Income taxes	1.3	26.2
<i>of which deferred tax expenses/income</i>	<i>1.3</i>	<i>- 40.3</i>
<b>Earnings after income taxes</b> <b>(Result from Discontinued Operations)</b>	<b>- 10.6</b>	<b>- 7.8</b>
<b>Reconciliation to underlying earnings:</b>		
Earnings after income taxes	- 10.6	- 7.8
Income taxes	1.3	26.2
Interest result	3.9	9.4
EBITA from Discontinued Operations <sup>1)</sup>	- 5.4	27.8
<b>Adjustments:</b>		
<i>Restructuring</i>	-	- 0.2
<i>Purchase price allocation</i>	-	+ 14.8
<i>One-off items</i>	-	+ 1.7
<i>IFRS 5 effects<sup>1)</sup></i>	- 5.5	- 65.5
<b>Underlying EBITA from Discontinued Operations</b>	<b>- 10.9</b>	<b>- 21.4</b>

<sup>1)</sup> Earnings for the first quarter 2009 are presented in accordance with IFRS 5, taking account of the suspension of depreciation/amortisation and at equity measurement. In order to enhance comparability of underlying EBITA, this earnings effect was additionally included in the adjustments for the Discontinued Operations.

Due to the deconsolidation of Container Shipping as at the end of March 2009, the assets and liabilities of the Discontinued Operation as per 31 December 2009 and 30 September 2009 exclusively related to the Magic Life hotel company.

**Assets and liabilities of the Discontinued Operation**

€ million	31 Dec 2009	30 Sep 2009
Non-current assets	108.4	100.7
Current assets	35.5	50.8
<b>Assets held for sale</b>	<b>143.9</b>	<b>151.5</b>
Non-current provisions and liabilities	90.2	92.0
Current provisions and liabilities	23.3	30.5
<b>Liabilities related to assets held for sale</b>	<b>113.5</b>	<b>122.5</b>

Accumulated other comprehensive income of the Discontinued Operation Magic Life totalled €-8.0m as per 31 December 2009.

**Cash flows from operating, investing and financing activities**

€ million	Q1 2009/10	Q1 2008/09
Cash flow from operating activities	- 1.1	+ 35.4
Cash flow from investing activities	- 0.6	- 53.8
Cash flow from financing activities	+ 8.6	+ 309.8
Change in cash and cash equivalents due to exchange rate fluctuations	0.0	+ 22.6
<b>Change of cash and cash equivalents</b>	<b>+ 6.9</b>	<b>+ 314.0</b>

**Notes on the Consolidated Profit and Loss Statement**

The consolidated profit and loss statement for the Continuing Operations reflected the seasonality of the tourism business, as a result of which earnings generated in the period from October to December are negative.

The decline in turnover and the cost of sales was attributable to lower business volumes, in particular in the TUI Travel Group, caused by the effects of the economic crisis.

**(1) Cost of sales and administrative expenses**

The cost of sales and administrative expenses comprised the following items:

**Lease, rental and leasing expenses**

€ million	Q1 2009/10	Q1 2008/09
Lease, rental and lease expenses	178.7	177.1

Lease, rental and lease expenses showed a slight increase, almost fully offset by currency effects.

**Personnel costs**

€ million	Q1 2009/10	Q1 2008/09
Personnel costs	500.9	528.3

**Depreciation/amortisation/impairments**

€ million	Q1 2009/10	Q1 2008/09
Depreciation and amortisation	90.1	98.5
Impairments of property, plant and equipment	-	19.7
<b>Total</b>	<b>90.1</b>	<b>118.2</b>

Impairments of fixed assets in the comparative quarter in 2008 largely affected aircraft held for sale and other plants, operating and office equipment of TUI UK.

**(2) Other income/  
Other expenses**

<b>Other income/other expenses</b>		
<b>€ million</b>	<b>Q1 2009/10</b>	<b>Q1 2008/09</b>
Other income	3.4	29.6
Other expenses	2.0	11.9
<b>Total</b>	<b>1.4</b>	<b>17.7</b>

Other income carried in the comparative period in 2008 mainly related to results from the settlement of derivative financial instruments in connection with the strategic realignment of the airline activities of the TUI Travel Group effected in 2008. These results were included in adjustments.

**(3) Financial income/  
Financial expenses**

The financial result for the first quarter of 2009/10 included in particular interest effects of €18.1m from reversals of write-downs on loans granted to 'Albert Ballin' Holding GmbH & Co. KG and Hapag-Lloyd AG.

**(4) Adjustments**

In addition to the disclosures required under IFRS, the consolidated profit and loss statement comprises a reconciliation to underlying earnings. The adjustments show deconsolidation income as gains on disposal, events according to IAS 37 as restructuring measures and as purchase price allocations any resulting effects on EBITA. This reconciliation also includes one-off expenses. The adjustments exclusively related to the TUI Travel Group.

**(5) Income taxes**

The tax income arising for the first quarter was attributable to the seasonality of the tourism business. In addition, the convertible bond newly issued by TUI AG resulted in a further capitalisation of deferred taxes on loss carryforwards.

**(6) Group loss attributable  
to minority interests**

<b>€ million</b>	<b>Q1 2009/10</b>	<b>Q1 2008/09</b>
TUI Travel	- 65.6	- 37.1
TUI Hotels & Resorts	3.6	4.2
<b>Total</b>	<b>- 62.0</b>	<b>- 32.9</b>

## Notes on the Consolidated Statement of Financial Position

The changes in the consolidated statement of financial position as against 30 September 2009 mainly reflected the seasonality of the tourism business.

The rise in goodwill primarily resulted from the translation of goodwill not carried in the TUI Group's functional currency into Euros.

Moreover, the refinancing agreement concluded in December 2009 between the shareholders of the Container Shipping caused shifts in non-current assets. Under the agreement on the refinancing of Container Shipping, TUI AG converted part of its non-current receivables against Container Shipping into hybrid capital. This resulted in an increase in the item Companies measured at equity in the statement of financial position as at 31 December 2009 and a corresponding reduction in non-current Trade accounts receivable and other receivables.

**Assets held for sale**

€ million	31 Dec 2009	30 Sep 2009
Discontinued Operation 'Magic Life'	143.9	151.5
'Canada Mainstream' and 'Jet4You'	141.3	96.8
Administrative buildings Ballindamm and Rosenstraße in Hamburg	101.9	101.9
Other assets	67.2	55.5
<b>Total</b>	<b>454.3</b>	<b>405.7</b>

**Liabilities related to assets held for sale**

€ million	31 Dec 2009	30 Sep 2009
Discontinued Operation 'Magic Life'	113.5	122.5
'Canada Mainstream' and 'Jet4You'	112.4	57.7
<b>Total</b>	<b>225.9</b>	<b>180.2</b>

Canada's main tourism season is in winter. As a result, both downpayments received from customers and prepayments made to suppliers of tourism input services rose as at 31 December 2009. This led to increases in assets held for sale and the related liabilities. Other assets mainly comprised aircraft assets held for sale as well as real estate and yachts available for sale.

Non-current financial liabilities declined by a total of €235.0m to €2,940.1m. The floating rate notes repayable in December 2010 had to be reclassified to current liabilities at the amount of the liabilities still outstanding (nominal value €500.0m) upon repurchase in the first quarter of 2009/10 (nominal value €50.0m). In addition, three bonds worth a total of €150.0, planned to be redeemed in December 2010, now had to be carried here as current financial liabilities. In October and November 2009, TUI Travel PLC and TUI AG each issued a convertible bond. Following deduction of the charge for the conversion right, these bonds had to be recognised as non-current financial liabilities at €479.7m as at 31 December 2009.

Current liabilities rose by €1,229.1m to €1,768.8m. This increase was due to the reclassification from non-current liabilities and the use of credit lines by TUI Travel to cover the seasonal payments to be made in the first quarter of 2009/10.

## Changes in Equity

In the period under review, equity declined due to the payment of dividends to non-Group shareholders, above all the interim dividend paid by TUI Travel PLC. In addition, the interest paid on the hybrid capital issued by TUI AG had to be carried as a dividend in accordance with IFRS rules.

Convertible bonds were issued by TUI Travel PLC in October 2009 and by TUI AG in November 2009. In accordance with the IFRS rules, the bond components relating to the conversion rights had to be classified as equity instruments and carried as equity after deduction of costs directly attributable to the issue. Without consideration of the tax expenses included in other comprehensive income, the convertible bonds resulted in an increase in equity of €116.6m.

TUI AG acquired additional shares in TUI Travel PLC. Since these and other acquisition costs had to be eliminated against revenue reserves, equity declined by €71.4m.

In the framework of long-term incentive programmes, TUI Travel compensates its employees in the form of stock option plans serviced with shares. These stock option plans resulted in an increase in pre-tax equity of €3.9m outside profit or loss in the period under review.

The Group result was negative due to the seasonality of the tourism business.

As against 30 September 2009, equity benefited from the rise in Sterling and US Dollar in the period under review.

(After-tax) results from hedges resulting from the effective hedging of future cash flows, which had to be directly eliminated against equity, totalled €80.2m in the period under review.

## Contingent Liabilities

As at 31 December 2009, contingent liabilities totalled around €256.8m (as at 30 September 2009: around €254.7m). Contingent liabilities were carried at the level of estimated settlement as at the date of the statement of financial position. They mainly related to the assumption of liability for the benefit of Hapag-Lloyd AG.

## Other Financial Commitments

### Financial commitments from operating lease, rental and charter contracts

€ million	31 Dec 2009	30 Sep 2009
Nominal value	2,940.5	2,900.9
Fair value	2,473.3	2,446.0

### Remaining other financial commitments

€ million	31 Dec 2009	30 Sep 2009
Order commitments in respect of capital expenditure	1,798.8	2,518.6
Other financial commitments	460.8	555.8
<b>Total (nominal value)</b>	<b>2,259.6</b>	<b>3,074.4</b>
<b>Fair value</b>	<b>1,984.5</b>	<b>2,619.3</b>

Order commitments in respect of capital expenditure, almost exclusively relating to Tourism, decreased above all due to the cancellation of orders for ten B787 aircraft.

The remaining other financial commitments decreased by €95.0m to €460.8m as at 31 December 2009, above all due to the payment of the first tranche of the cash capital increase for Container Shipping in December 2009. The second half of the cash capital increase was paid by the shareholders to Container Shipping at the end of January 2010.

## Notes on the Consolidated Cash Flow Statement

Based on the result, the cash flow from operating activities was established using the indirect method. In the period under review, cash and cash equivalents of the Continuing Operations declined by €424.6m to €1,027.4m.

The outflow of cash from operating activities was €1,213.8m (previous year: €1,113.1m) in the period under review. As every year, the strong outflow of cash was due to the fact that liabilities to suppliers were paid after the end of the tourism season. Due to the booking situation, downpayment received from customers declined against the comparative period in 2008. Moreover, the figure for the comparative period in 2008 had included an inflow of cash worth €39.0m from operating activities in Container Shipping, sold at the end of March 2009.

The outflow of cash from investing activities totalled €232.3m in the period under review. This amount included the acquisition of additional shares in TUI Travel PLC by TUI AG (€94.6m) and the contribution to the capital increase in Container Shipping (€61.7m). The cash flow from investing activities included an outflow of cash for investments in fixed assets in the TUI Travel Group of €74.1m and the hotel companies of €12.5m. Besides there was an inflow of cash of €21.1m from the sale of property.

The inflow of cash from financing activities totalled €1,024.8m. Apart from TUI Travel taking up short-term bank loans, this inflow was largely attributable to the convertible bond worth €211.1m issued by TUI AG and the convertible bond of €380.5m issued by TUI Travel PLC (each after deduction of borrowing costs). Interest payments accounted for €66.6m, while dividends paid to minority shareholders in TUI Travel PLC accounted for €23.8m.

Cash and cash equivalents also rose by €3.5m due to changes in exchange rates.

## Segment Indicators

### Turnover by divisions and sectors for the period from 1 October to 31 December 2009

€ million	Q1 2009/10		
	External	Group	Total
Tourism	2,932.5	3.9	2,936.4
TUI Travel	2,811.7	6.4	2,818.1
TUI Hotels & Resorts	79.8	77.0	156.8
Cruises	41.0	–	41.0
Consolidation	–	- 79.5	- 79.5
All other segments	15.6	31.2	46.8
Consolidation	–	- 35.1	- 35.1
<b>Continuing Operations</b>	<b>2,948.1</b>	<b>–</b>	<b>2,948.1</b>
<b>Discontinued Operations</b>	<b>7.6</b>	<b>13.0</b>	<b>20.6</b>

## Turnover by divisions and sectors for the period from 1 October to 31 December 2008

€ million	External	Group	Q1 2008/09
			Total
Tourism	3,447.2	16.1	3,463.3
TUI Travel	3,322.1	17.9	3,340.0
TUI Hotels & Resorts	80.6	94.6	175.2
Cruises	44.5	1.9	46.4
Consolidation	–	- 98.3	- 98.3
All other segments	21.0	48.1	69.1
Consolidation	–	- 64.2	- 64.2
<b>Continuing Operations</b>	<b>3,468.2</b>	<b>–</b>	<b>3,468.2</b>
<b>Discontinued Operations</b>	<b>1,598.3</b>	<b>5.0</b>	<b>1,603.3</b>

## Earnings before interest, taxes and impairments of goodwill by divisions and sectors (EBITA)

€ million	Q1 2009/10	Q1 2008/09
Tourism	- 164.9	- 52.5
TUI Travel	- 163.6	- 71.4
TUI Hotels & Resorts	5.0	23.3
Cruises	- 6.3	- 4.4
All other segments	- 8.9	- 53.0
<b>Continuing Operations</b>	<b>- 173.8</b>	<b>- 105.5</b>
<b>Discontinued Operations</b>	<b>- 5.4<sup>1)</sup></b>	<b>27.8<sup>1)</sup></b>
<b>Total</b>	<b>- 179.2</b>	<b>- 77.7</b>

<sup>1)</sup> including follow-up effects of IFRS 5: suspension of depreciation (€5.5 million, previous year: €74.2 million) and earnings from the measurement of participations at equity (previous year: €8.7 million)

Earnings before interest, tax and amortisation of goodwill (EBITA) comprised €-5.6m (previous year: €-6.8m) of results from companies measured at equity in the three months of the financial year 2009/10, fully generated in Tourism.

## Underlying earnings before interest, taxes and impairments of goodwill by divisions and sectors (EBITA)

€ million	Q1 2009/10	Q1 2008/09
Tourism	- 128.8	- 46.0
TUI Travel	- 127.5	- 68.7
TUI Hotels & Resorts	5.0	27.1
Cruises	- 6.3	- 4.4
All other segments	- 8.9	- 54.8
<b>Continuing Operations</b>	<b>- 137.7</b>	<b>- 100.8</b>
<b>Discontinued Operations</b>	<b>- 10.9</b>	<b>- 21.4</b>
<b>Total</b>	<b>- 148.6</b>	<b>- 122.2</b>

## Reconciliation to earnings before taxes of the TUI Group

€ million	Q1 2009/10	Q1 2008/09
<b>EBITA – total</b>	<b>- 179.2</b>	<b>- 77.7</b>
Result from Container Shipping measured at equity	- 14.4	–
Interest result from the measurement of loans to Container Shipping	18.1	–
Interest result and earnings from the valuation of interest hedges from Continuing Operations	- 56.3	- 74.8
Interest result from Discontinued Operations	- 3.9	- 9.4
Impairment of goodwill	–	- 31.1
<b>Earnings before taxes on income of TUI Group</b>	<b>- 235.7</b>	<b>- 193.0</b>



## Related Parties

Apart from the subsidiaries included in the consolidated financial statements, TUI AG, in carrying out its ordinary business activities, maintained indirect or direct relationships with related parties. All transactions with related parties were carried out at arm's length on the basis of international comparable uncontrolled price methods in accordance with IAS 24, as before. The equity stake held by Riu Hotels S.A., listed in the notes on the consolidated financial statements as at 30 September 2009, was retained unamended at the closing date for the interim financial statements. More detailed information on related parties is provided under Other notes in the notes on the consolidated financial statements for 2009.

## Major Transactions after the Balance Sheet Date

When the required approvals by the competent authorities were granted on 14 January 2010, the TUI Travel Group contributed its Canadian tour operator business to a strategic venture with the Sunwing Travel Group on 14 January 2010. The TUI Travel Group now holds a stake of 49% in the venture.



# Financial Calendar 2009/2010

Annual General Meeting 2010	17 February 2010
Half Year Report 2009/10	12 May 2010
Third Quarter Report 2009/10	11 August 2010

## Imprint

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