TUI AG Financial Year 2008
Half-Year Financial Report
1 January – 30 June 2008

TUI
Aktiengesellschaft

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Q2 2008

TUI Group in figures

€ million		Q2 2008	Q2 2007	Var. %	H1 2008	H1 2007	Var. %
Continuing operations							
Turnover		4,740	3,724	+ 27.3	8,377	6,395	+ 31.0
EBITDAR		183	239	- 23.4	198	255	- 22.5
EBITDA		- 8	86	n/a	- 168	- 47	- 259.7
EBITA		- 131	- 10	n/a	- 429	- 232	- 84.9
of which tourism		- 146	11	n/a	- 451	- 224	- 101.3
of which central operations		15	- 21	n/a	22	- 8	n/a
Underlying EBITA		101	30	+ 236.7	- 113	- 182	+ 37.9
of which tourism		86	45	+ 91.1	- 135	- 180	+ 25.0
of which central operations		15	- 15	n/a	22	- 2	n/a
Discontinued operation							
Result from discontinued operation		152	- 4	n/a	140	98	+ 42.9
EBITA		89	13	+ 584.6	90	150	- 40.0
Underlying EBITA		115	5	n/a	133	- 31	n/a
Group							
EBITA		- 42	3	n/a	- 339	- 82	- 313.4
Underlying EBITA		216	35	+ 517.1	20	- 213	n/a
Group profit/loss		- 125	70	n/a	- 403	- 35	n/a
Basic earnings per share	in €	- 0.24	+ 0.19	n/a	- 0.93	- 0.28	- 232.1
Capital expenditure		229	285	- 19.9	474	482	- 1.7
Equity ratio (30 June)	in %	–	–	–	14.8	19.1	- 4.3*)
Employees (30 June)		–	–	–	77,352	61,452	+ 25.9

*) percentage points

→ **Increase in operating earnings in tourism and container shipping.**

→ **Start of divestment process for container shipping.**

Economic Situation in Q2 2008

General economic situation

In the first few months of the current year, the world economy overall was characterised by robust expansion. However, it considerably lost steam in the second quarter of 2008. The sub-prime crisis and the resulting problems in the international financial markets drove economic growth in the US substantially down. The Eurozone, too, saw an slowdown in economic activity overall, dampened by the decline in purchasing power. The emerging economies continued to record economic growth, although in particular in Asia the basic economic trend was considerably impacted by the adverse effects of the rise in foodstuffs and oil prices. Overall, the worldwide economic climate cooled down substantially.

Special events in the quarter under review

Against the background of the planned separation of the container shipping operations from the Group, TUI AG prepared an information memorandum in the second quarter of 2008. It was sent out to prospective buyers in June. In parallel, all other separation options continue to be further examined as a matter of principle.

In the context of the implementation of the strategic realignment of its airline activities, TUI Travel concluded a sale-and-lease-back agreement on the sale and subsequent lease-back of 19 aircraft owned by TUI Travel with AerCap Holdings NV, a leasing company, and Deucalion Aviation Funds, an investment company, in June 2008. The transaction created a cash inflow of USD 526 million, which will be used by TUI Travel to further reduce the shareholder loan granted by TUI AG. Due to the current weakness of the US dollar exchange rate against the euro the transaction resulted in a book loss of € 102 million. Likewise, in connection with the strategic realignment of airline activities in TUI Travel additional expenses incurred in the second quarter of 2008 related to the revaluation of individual aircraft still owned by TUI Travel and the reversal of existing hedging instruments totalling € 56 million. The charges resulting from these measures were correspondingly eliminated in the statement of underlying earnings.

On the basis of a memorandum of understanding signed at the end of January 2008, TUI Travel, Deutsche Lufthansa AG and Albrecht Knauf Industriebeteiligung GmbH have examined a potential merger of their subsidiaries Hapag-Lloyd Fluggesellschaft mbH, Hapag-Lloyd Express GmbH, Germanwings GmbH and Eurowings Luftverkehrs AG under a joint and independent holding company. An agreement involving the conclusion of a legally binding agreement will depend on the successful conclusion of the final negotiations. According to the status of these negotiations, the assets and liabilities relating to Hapag-Lloyd Fluggesellschaft mbH and

Hapag-Lloyd Express GmbH had to be classified as a separate disposal group in accordance with IFRS 5 in the balance sheet as at 30 June 2008 and had to be carried under 'Assets held for sale' and 'Liabilities in connection with assets held for sale'. Due to a comparison of the fair value of this disposal group and its carrying amount the goodwill for this group had to be impaired by € 73 million.

Consolidated turnover and earnings

Development of turnover by divisions

Turnover by divisions

€ million	Q2 2008	Q2 2007	Var. %	H1 2008	H1 2007	Var. %
Tourism	4,721.6	3,680.3	+ 28.3	8,344.9	6,319.7	+ 32.0
TUI Travel	4,575.2	3,553.6	+ 28.7	8,046.6	6,058.9	+ 32.8
TUI Hotels & Resorts	99.9	90.7	+ 10.1	193.8	174.9	+ 10.8
Cruises	46.5	36.0	+ 29.2	104.5	85.9	+ 21.7
Central operations	18.6	44.0	- 57.7	31.8	75.0	- 57.6
Continuing operations	**4,740.2**	**3,724.3**	**+ 27.3**	**8,376.7**	**6,394.7**	**+ 31.0**
Container shipping	1,510.1	1,472.5	+ 2.6	2,961.3	2,896.2	+ 2.2
Discontinued operation	**1,510.1**	**1,472.5**	**+ 2.6**	**2,961.3**	**2,896.2**	**+ 2.2**
Turnover by divisions	**6,250.3**	**5,196.8**	**+ 20.3**	**11,338.0**	**9,290.9**	**+ 22.0**

Continuing operations

In the second quarter of 2008, turnover by the TUI Group's continuing operations was 27.3% up year-on-year. Accumulated turnover for the first half of 2008 also rose by 31.0% year-on-year.

At € 4.7 billion, turnover by tourism grew by 28.3% year-on-year in the second quarter of 2008. This growth was driven by all tourism segments, with TUI Travel in particular recording a significant rise in turnover due to changes in consolidation. Adjusted for the first-time consolidation of the First Choice activities, turnover by TUI Travel declined by 4.5% year-on-year. In the first half of 2008, turnover climbed 32.0% year-on-year; adjusted for the turnover portion of First Choice, it decreased by 1.3%.

Discontinued operation

The discontinued operation, which comprised the reclassified container shipping activities including the interests in container terminals, recorded a 2.6% rise in turnover to € 1.5 billion in the second quarter of 2008. In the first half of 2008, the reclassified container shipping operations posted year-on-year an 2.2% increase in turnover to € 3.0 billion. This growth was primarily driven by the rise in freight rate levels year-on-year and slight volume growth opposed to the US dollar exchange rate which declined by 13.2% against the euro.

Group

Overall, turnover by the TUI Group's divisions grew by 20.3% to € 6.3 billion year-on-year in the second quarter of 2008. At € 11.3 billion, turnover for the first half of the year was 22.0% up year-on-year.

Development of earnings by divisions

Underlying EBITA by divisions

€ million	Q2 2008	Q2 2007	Var. %	H1 2008	H1 2007	Var. %
Tourism	86	45	+ 91.1	- 135	- 180	+ 25.0
TUI Travel	71	31	+ 129.0	- 169	- 213	+ 20.7
TUI Hotels & Resorts	15	15	–	28	31	- 9.7
Cruises	0	- 1	+ 100.0	6	2	+ 200.0
Central operations	15	- 15	n/a	22	- 2	n/a
Continuing operations	**101**	**30**	**+ 236.7**	**- 113**	**- 182**	**+ 37.9**
Container shipping	115	5	n/a	133	- 31	n/a
Discontinued operation	**115**	**5**	**n/a**	**133**	**- 31**	**n/a**
Earnings by divisions (EBITA)	**216**	**35**	**+ 517.1**	**20**	**- 213**	**n/a**

EBITA by divisions

€ million	Q2 2008	Q2 2007	Var. %	H1 2008	H1 2007	Var. %
Tourism	- 146	11	n/a	- 451	- 224	- 101.3
TUI Travel	- 159	- 3	n/a	- 483	- 257	- 87.9
TUI Hotels & Resorts	13	15	- 13.3	26	31	- 16.1
Cruises	0	- 1	+ 100.0	6	2	+ 200.0
Central operations	15	- 21	n/a	22	- 8	n/a
Continuing operations	**- 131**	**- 10**	**n/a**	**- 429**	**- 232**	**- 84.9**
Container shipping	89	13	+ 584.6	90	150	- 40.0
Discontinued operation	**89**	**13**	**+ 584.6**	**90**	**150**	**- 40.0**
Earnings by divisions (EBITA)	**- 42**	**3**	**n/a**	**- 339**	**- 82**	**- 313.4**

Continuing operations

Earnings before adjustment for one-off effects of the continuing operations tourism and central operations (EBITA) declined by € 121 million to € -131 million in the second quarter of 2008. This included in particular charges of € 158 million in total from the strategic realignment of TUI Travel's airline activities outlined above. Due to the charges mentioned above as well as due to the first-time consolidation of First Choice, accumulated earnings for the first half of the year declined by € 197 million. Adjusted for these one-off effects, operating earnings (underlying EBITA by divisions) rose correspondingly by 236.7% to € 101 million in the second quarter and by 37.9% to € - 113 million in the first half of 2008.

Underlying EBITA by division: Tourism

€ million	Q2 2008	Q2 2007	Var. %	H1 2008	H1 2007	Var. %
EBITA by division	**- 146**	**11**	**n/a**	**- 451**	**- 224**	**- 101.3**
Gains on disposals	*–*	*–*		*–*	*–*	
Restructuring	*+ 190*	*+ 3*		*+ 217*	*+ 5*	
Purchase price allocation	*+ 12*	*–*		*+ 54*	*–*	
Other one-off items	*+ 30*	*+ 31*		*+ 45*	*+ 39*	
Underlying EBITA by division	**86**	**45**	**+ 91.1**	**- 135**	**- 180**	**+ 25.0**

At € - 146 million, earnings by tourism dropped by € 157 million year-on-year, mainly due to the first-time consolidation of First Choice and the charges incurred in connection with the strategic realignment of TUI Travel's airline activities. Earnings for the second quarter of 2008 included one-off effects of current restructuring programmes of € 2 million, one-off income of € 2 million and charges incurred in the wake of the merger between First Choice and TUI's tourism entities totalling € 228 million. These charges related to restructuring expenses of € 188 million, purchase price allocations of € 12 million and one-off integration costs of € 28 million. Earnings in the second quarter of 2007 had comprised one-off effects of € 34 million, including € 2 million incurred in connection with the merger between First Choice and TUI's tourism division, which had to be eliminated. Adjusted for the one-off effects, earnings grew by 91.1% in the second quarter and 25.0% in the first half of the year.

Underlying EBITA by division: Central operations

€ million	Q2 2008	Q2 2007	Var. %	H1 2008	H1 2007	Var. %
EBITA by division	**15**	**- 21**	**n/a**	**22**	**- 8**	**n/a**
Gains on disposals	*–*	*–*		*–*	*–*	
Restructuring	*–*	*+ 6*		*–*	*+ 6*	
Purchase price allocation	*–*	*–*		*–*	*–*	
Other one-off items	*–*	*–*		*–*	*–*	
Underlying EBITA by division	**15**	**- 15**	**n/a**	**22**	**- 2**	**n/a**

Underlying earnings by central operations rose by € 30 million to € 15 million year-on-year in the second quarters due to provisions no longer required. Accumulated earnings for the first half of the year grew by € 24 million for the same reason.

Underlying EBITA by division: Discontinued operation

€ million	Q2 2008	Q2 2007	Var. %	H1 2008	H1 2007	Var. %
EBITA by division	**89**	**13**	**+ 584.6**	**90**	**150**	**- 40.0**
Gains on disposals	*–*	*+ 3*		*–*	*- 193*	
Restructuring	*+ 7*	*–*		*+ 7*	*–*	
Purchase price allocation	*+ 19*	*+ 20*		*+ 38*	*+ 41*	
Other one-off items	*–*	*- 31*		*- 2*	*- 29*	
Underlying EBITA by division	**115**	**5**	**n/a**	**133**	**- 31**	**n/a**

Discontinued operation

Earnings by the container shipping operations, reclassified to discontinued operations, grew by € 76 million year-on-year in the second quarter of 2008. They comprised as in previous quarters expenses for the purchase price allocation which amounted to € 19 million and had to be adjusted in the second quarter of 2008, as well as expenses for restructuring of € 7 million. 2007 had included a one-off income of € 8 million on balance. Adjusted for these one-off effects, underlying earnings by container shipping totalled € 115 million in the second quarter of 2008, a significant year-on-year increase of € 110 million. In the first half of 2008, earnings were considerably down on the earnings of € 150 million posted in the 2007 reference period, characterised by one-off effects of the divestment of the majority interest in Montreal Gateway Terminals of € 178 million and the divestment of the minority interest held by Hapag-Lloyd AG in Germanischer Lloyd AG of € 15 million.

In the first half of 2008, underlying earnings grew by € 164 million year-on-year due to significantly improved operating earnings.

Underlying EBITA by division: Group

€ million	Q2 2008	Q2 2007	Var. %	H1 2008	H1 2007	Var. %
EBITA by division	**- 42**	**3**	**n/a**	**- 339**	**- 82**	**- 313.4**
Gains on disposals	*–*	*+ 3*		*–*	*- 193*	
Restructuring	*+ 197*	*+ 9*		*+ 224*	*+ 11*	
Purchase price allocation	*+ 31*	*+ 20*		*+ 92*	*+ 41*	
Other one-off items	*+ 30*	*–*		*+ 43*	*+ 10*	
Underlying EBITA by division	**216**	**35**	**+ 517.1**	**20**	**- 213**	**n/a**

Group

Total earnings by the TUI Group's divisions declined by € 45 million in the second quarter of 2008, totalling € - 42 million. Accumulated earnings for the first half of the year amounted to € - 339 million, down by € 257 million against the 2007 reference period which was characterised by gains on disposal. Adjusted for one-off effects, underlying earnings accounted for € 216 million (previous year: € 35 million) in the second quarter of 2008 and € 20 million (previous year: € - 213 million) in the first half of 2008.

Development of the tourism division

Tourism – Key figures

€ million	Q2 2008	Q2 2007	Var. %	H1 2008	H1 2007	Var. %
Turnover	4,721.6	3,680.3	+ 28.3	8,344.9	6,319.7	+ 32.0
EBITA by division	**- 146**	**11**	**n/a**	**- 451**	**- 224**	**- 101.3**
Gains on disposals	*–*	*–*		*–*	*–*	
Restructuring	*+ 190*	*+ 3*		*+ 217*	*+ 5*	
Purchase price allocation	*+ 12*	*–*		*+ 54*	*–*	
Other one-off items	*+ 30*	*+ 31*		*+ 45*	*+ 39*	
Underlying EBITA by division	**86**	**45**	**+ 91.1**	**- 135**	**- 180**	**+ 25.0**
Investments	132.3	101.4	+ 30.5	247.7	191.0	+ 29.7
Headcount (30 June)	–	–	–	68,857	52,276	+ 31.7

Following the formation of TUI Travel through the merger between the TUI Group's former tourism division and First Choice Holidays PLC in September 2007, the tourism division now comprises TUI Travel with its tour operators, airlines, distribution services and incoming agencies as well as the hotel operations managed under TUI Hotels & Resorts. In addition, the tourism division includes cruises operating under the Hapag-Lloyd Kreuzfahrten and TUI Cruises brands since the first quarter of 2008.

At € 4.7 billion, turnover by tourism was 28.3% up year-on-year in the second quarter of 2008. For the first half of 2008, turnover grew by 32.0%. The growth in turnover was driven by all tourism segments, with TUI Travel in particular recording substantial increases in turnover due to consolidation effects. Adjusted for the First Choice operations, included in consolidation for the first time, turnover declined by 3.8% in the second quarter of 2008 and 1.3% in the first half of 2008. The drop in turnover was attributable to the reduction in flight capacity, above all in Central and Northern Europe, and the weakened exchange rate of British pound sterling against the euro. Mainly due to the charges incurred in the framework of the strategic realignment of TUI Travel's airline activities, earnings by tourism totalled € - 146, a decline of € 157 million year-on-year in the second quarter. Adjusted for the one-off effects, underlying earnings rose by 91.1% in the second quarter of 2008. According to the charges related to the strategic realignment of the airline activities accumulated earnings for the first half of the year declined by € 227 million against previous year. Adjusted for one-off effects earnings grew by 25.0% in the first half of the year.

TUI Travel

TUI Travel – Key figures

€ million	Q2 2008	Q2 2007	Var. %	H1 2008	H1 2007	Var. %
Turnover	4,575.2	3,553.6	+ 28.7	8,046.6	6,058.9	+ 32.8
EBITA by division	**- 159**	**- 3**	**n/a**	**- 483**	**- 257**	**- 87.9**
Gains on disposals	–	–		–	–	
Restructuring	*+ 190*	*+ 3*		*+ 217*	*+ 5*	
Purchase price allocation	*+ 12*	–		*+ 54*	–	
Other one-off items	*+ 28*	*+ 31*		*+ 43*	*+ 39*	
Underlying EBITA by division	**71**	**31**	**+ 129.0**	**- 169**	**- 213**	**+ 20.7**
Investments	85.9	38.0	+ 126.1	150.4	69.4	+ 116.7
Headcount (30 June)	–	–	–	51,230	36,251	+ 41.3

Turnover and earnings

In the second quarter, turnover by TUI Travel climbed 28.7% year-on-year due to the first-time consolidation of the First Choice activities. Adjusted for this effect, the former TUI entities reported a decline in turnover of 4.5%. Accumulated turn-over by TUI Travel for the first half of the year were 32.8% up year-on-year, with underlying turnover down 1.9% year-on-year. Due to the consolidation of First Choice and the charges resulting from the strategic realignment of TUI Travel's airline activities, earnings declined by € 156 million in the second quarter year-on-year.

However, in the second quarter of 2008, underlying EBITA by TUI Travel grew by € 40 million to € 71 million. Accumulated for the first half of the year earnings declined by 87.9% year-on-year. Adjusted for one-off effects earnings rose by 20.7% year-on-year.

Mainstream

Mainstream Holidays, the largest sector within TUI Travel, covers retail, tour operations, airline, accommodation as well as other tourism services in the three source markets Central Europe, Northern Europe and Western Europe.

In the first quarter of 2008, the Canadian tour operator activities and the French tour operator Marmara were reclassified to the Mainstream sector. Activities in Canada have since been managed as part of the Northern Europe sector, while Marmara has been allocated to Western Europe.

Mainstream volumes

'000	Q2 2008	Q2 2007	Var. %	H1 2008	H1 2007	Var. %
Central Europe	2,918	3,203	- 8.9	4,862	5,110	- 4.9
Northern Europe	2,475	1,916	+ 29.2	4,151	3,198	+ 29.8
of which First Choice Holidays	*(833)*	*0*	–	*(1,304)*	*0*	–
Western Europe	1,542	1,227	+ 25.7	2,534	2,040	+ 24.2
of which First Choice Holidays	*(304)*	*0*	–	*(426)*	*0*	–
Total	**6,935**	**6,346**	**+ 9.3**	**11,547**	**10,348**	**+ 11.6**

Central Europe

In source market Central Europe (Germany, Austria, Switzerland and the airline TUIfly.com), customer volumes dropped by 8.9% in the second quarter of 2008 and by 4.9% in the first half of 2008. This decline was largely attributable to the down-sizing of the seat-only business following the reduction in the size of TUIfly's fleet by eight aircraft effected in the second quarter of 2008. German tour operators continued to record persistently sound demand for high-value brochure products, driving an improvement in average margins and an increase in the load factor on reduced capacities. TUIfly's seat-only business recorded a higher load factor due to reduced capacities in the second quarter but faced an increase in aircraft fuel costs which could not be fully passed on to customers in the current competitive environment. TUI Suisse benefited from the highly attractive pricing of its travel portfolio in a persistently positive market environment. In Austria, TUI Austria offset lower customer volume by higher margins in a stable overall market.

Northern Europe

In source market Northern Europe (UK, Ireland, Nordic countries and the airlines First Choice Airways, Thomsonfly and TUIfly Nordic), volumes grew by 29.2% year-on-year in the second quarter of 2008 and 29.8% in the first half of the year due to changes in consolidation. Adjusted for the first-time consolidation of First Choice, customer volumes dropped by 14.2% in the second quarter and 10.9% in the first half of 2008. This decline was primarily due to the substantial reduction in the city pairs portfolio in Thomsonfly's seat-only business. Since 1 May 2008, the British airlines Thomsonfly and First Choice Airways have operated under a common airline operating certificate. As a result, overlaps within the flight schedules have been avoided and a stable schedule has been offered despite a reduction in capacity. With the deletion of unprofitable city pairs the flight portfolio is now more strongly oriented towards actual requirements in the travel market. The quality of margins improved substantially year-on-year since products offered at reduced prices accounted for a lower proportion of turnover and the load factor rose as a result.

TUI Nordic benefited in particular from its successful exclusive hotel programme in a persistently positive market environment. Operations in Canada continued to be adversely affected by the highly competitive market scenario. On the one hand, in the winter months activities in Canada play an important strategic role, characterised by strong activity in the travel market in that region, partly due to the counter cyclical deployment of aircraft from other source markets. On the other hand, the summer business traditionally only plays a minor role in the Canadian travel market.

The integration of activities in the UK was continued according to plan. The expected synergy potential was correspondingly achieved.

Western Europe

The source market Western Europe (France, the Netherlands, Belgium and the airlines Corsairfly, Arkefly and Jetairfly) recorded due to consolidation an increase in volumes of 25.7% in the second quarter and 24.2% in the first half of the year. Adjusted for the first-time inclusion of the customer volume of the French tour operator Marmara, a slight increase of 0.9% was recorded for the second quarter of 2008 and of 3.3% for the first half of the year. The French travel market showed a stable development in the second quarter. TUI tour operators in France showed a positive development in the second quarter due to the streamlining of their product portfolio. In addition, declines in volumes for individual destinations such as Morocco and Kenya were offset by an increase in demand in Corsair's seat-only business as well as cost reductions. Tour operators in Belgium and the Netherlands reported sound demand in the travel market in the second quarter.

Specialist Holidays

The Specialist Holidays sector, comprising various specialty tour operators for the Specialist, Premium and Lifestages segments, posted a slight year-on-year increase in volumes to 370 thousand customers in the second quarter of 2008 and 544 thousand customers in the first half of the year. Specialist segment in Continental Europe reported a positive development of business. The Premium segment in the UK continued to show a positive development in the second quarter, with long-haul tours, in particular, posting growth. In the Lifestages segment, the weakening of the economic situation in the US adversely affected demand for package tours for students.

Activity

In the Activity sector, which comprises travel companies for active holidays in the Marine, Adventure and Experiential segments, business continued to show a positive development in the second quarter. Apart from the favourable operative development, the sound performance was also driven by positive profit contributions from the acquisitions made in 2007 in the Adventure and Experiential segments.

Online Destination Services

The Online Destination Services sector pools Online Services and classical incoming agency services. Online Services continued the sound performance recorded in the 2007 reference quarter. Earnings by incoming agencies decreased slightly year-on-year due to the decline in volumes for the Morocco destination and in the excursion business in Spain.

TUI Hotels & Resorts

The Group's hotel companies are pooled in TUI Hotels & Resorts. The sector reported a total of 5.4 million bed nights in the second quarter of 2008 and 9.4 million bed nights in the first half of the year. Occupancy stood at 80.4% in the second quarter and 77.8% in the first half slightly exceeding previous year. Although due to the season a number of hotel facilities of all companies were only opened in the course of the second quarter. The development of business showed regional variations and varied for the individual hotel groups.

TUI Hotels & Resorts – Key figures

€ million	Q2 2008	Q2 2007	Var. %	H1 2008	H1 2007	Var. %
Turnover	99.9	90.7	+ 10.1	193.8	174.9	+ 10.8
EBITA by division	**13**	**15**	**- 13.3**	**26**	**31**	**- 16.1**
Gains on disposals	–	–		–	–	
Restructuring	–	–		–	–	
Purchase price allocation	–	–		–	–	
Other one-off items	*+ 2*	–		*+ 2*	–	
Underlying EBITA by division	**15**	**15**	**–**	**28**	**31**	**- 9.7**
Investments	45.8	58.3	- 21.4	96.5	115.7	- 16.6
Headcount (30 June)	–	–	–	17,417	15,830	+ 10.0

Turnover and earnings

TUI Hotels & Resorts posted consolidated turnover growth of 10.1% in the second quarter of 2008. Accumulated turnover growth for the first half of the year totalled 10.8%. Both bed nights sold in the second quarter and average revenues per bed grew slightly year-on-year. While the Riu Group recorded a slight drop in average revenues per bed in its destinations Mexico, Jamaica, the Dominican Republic, Bahamas and the US due to the persistent weakness of the US dollar, the Magic Life Group and Iberotel reported a marked increase in average rates.

In the second quarter of 2008, earnings totalled € 13 million, down 13.3% year-on-year. In the second quarter a provision for maintenance expenses by the Magic Life Group for a leased facility incurred in the context of the extension and renegotiation of the lease agreement had to be adjusted for. Underlying earnings matched 2007 levels. Accumulated earnings for the first half of the year totalled € 26 million, down 16.1% against earnings in the first half of 2007, which had included a higher earnings contribution from asset management. Adjusted for the special one-off effect which only arose in the second quarter of 2008, accumulated underlying EBITA by the division was 9.7% below previous year.

TUI Hotels & Resorts

	Capacity ('000)[1]			Occupancy rate (%)[2]			Average revenue per bed (€)[3]		
Hotel brand	**Q2 2008**	**Q2 2007**	**Var. %**	**Q2 2008**	**Q2 2007**	**Var. % points**	**Q2 2008**	**Q2 2007**	**Var. %**
Riu	3,848	3,842	+ 0.1	87.5	86.4	+ 1.1	40.73	42.12	- 3.3
Magic Life	863	875	- 1.4	76.3	77.0	- 0.7	37.85	32.63	+ 16.0
Grupotel	290	289	+ 0.3	77.0	78.7	- 1.7	38.33	36.70	+ 4.4
Iberotel	731	728	+ 0.3	66.9	61.9	+ 5.0	31.38	28.20	+ 11.3
Robinson	641	534	+ 20.1	67.9	74.3	- 6.3	67.23	67.74	- 0.8
Grecotel	265	285	- 7.2	67.7	69.4	- 1.7	57.49	53.61	+ 7.2
Dorfhotel[4]	42	51	- 17.3	53.9	47.2	+ 6.7	43.13	31.19	+ 38.3
Total	**6,679**	**6,605**	**+ 1.1**	**80.4**	**80.1**	**+ 0.4**	**42.14**	**41.79**	**+ 0.8**

	Capacity ('000)[1]			Occupancy rate (%)[2]			Average revenue per bed (€)[3]		
Hotel brand	**H1 2008**	**H1 2007**	**Var. %**	**H1 2008**	**H1 2007**	**Var. % points**	**H1 2008**	**H1 2007**	**Var. %**
Riu	7,505	7,373	+ 1.8	85.6	83.3	+ 2.3	45.60	46.91	- 2.8
Magic Life	1,381	1,194	+ 15.6	63.6	70.9	- 7.3	36.95	32.39	+ 14.1
Grupotel	396	382	+ 3.6	69.0	72.9	- 3.9	37.61	36.06	+ 4.3
Iberotel	1,314	1,310	+ 0.3	62.0	57.0	+ 5.0	32.30	28.85	+ 12.0
Robinson	1,113	1,004	+ 10.8	68.4	70.1	- 1.7	80.07	77.55	+ 3.3
Grecotel	266	289	- 7.8	67.4	69.3	- 1.9	57.66	53.36	+ 8.1
Dorfhotel[4]	99	110	- 10.3	60.4	57.1	+ 3.3	27.28	22.04	+ 23.8
Total	**12,073**	**11,663**	**+ 3.5**	**77.8**	**77.0**	**+ 0.8**	**46.31**	**46.07**	**+ 0.5**

1) Number of owned/leased beds multiplied by open days per quarter
2) Occupied beds divided by capacity
3) Arrangement turnover divided by occupied beds
4) The indicators shown above exclusively relate to the two Group-owned facilities in Austria, i.e. they do not relate to the Dorfhotel facilties managed under management agreements.

Riu
Riu, one of Spain's leading hotel chains, operated 101 facilities in the period under review. Capacity stood at 3.8 million hotel beds available, roughly matching 2007 volumes. Occupancy of this capacity rose by 1.1 percentage points year-on-year to 87.5%, a development driven in particular by sound bookings for the Canaries. In contrast, average revenues per bed declined by 3.3%, primarily due to negative exchange rate effects for destinations in the US dollar currency region. As before, Riu contributed essentially to the positive earnings situation of the sector with its performance.

Magic Life
Magic Life, the all-inclusive club brand, operated all of its 15 facilities in the second quarter. Capacity on offer declined slightly year-on-year since two clubs in Greece were closed while one new club was opened in Egypt. Occupancy declined by 0.7 percentage points due to the start-up phase of that new operation. Average revenues per bed benefited from a year-on-year reduction in the portion of offerings reduced in price, growing considerably by 16.0%.

Grupotel
In the second quarter of 2008, all 34 hotels of the Grupotel chain in Majorca, Menorca and Ibiza were open. A slight decline in occupancy was offset by an increased level of prices.

Iberotel
In the second quarter of 2008, all 23 Iberotels, most of which are located in Egypt and Turkey, were open. Capacity rose due to the opening of the new Iberotel Boltenhagen, with occupancy rising strongly to 66.9% in the second quarter of 2008. Average revenues per bed also showed a positive development.

Robinson
Robinson, market leader in the premium club holiday segment, operated 21 of its 22 club facilities in the second quarter of 2008. The new Robinson Club in Morocco was opened at the end of April and has already performed very well. Capacity was substantially expanded year-on-year, with occupancy down by 6.3 percentage points due to the opening phase of the new operation. In addition, occupancy in a facility in Egypt declined according to plan in the run-up to a major refurbishment project. Average revenues per bed were 0.8% down year-on-year.

Grecotel
In the second quarter, all 20 holiday facilities of the leading hotel company in Greece were open. Occupancy declined by 1.7 percentage points on slightly lower capacity, offset by an increase in average revenues.

Dorfhotel
Dorfhotels continued on 2007 figures in the second quarter of 2008. The Boltenhagen hotel facility opened in the second quarter of 2008 already recorded strong demand.

Cruises
The cruises sector comprises Hapag-Lloyd Kreuzfahrten and TUI Cruises, the newly formed operation.

Hapag-Lloyd Kreuzfahrten – Key figures

€ million	Q2 2008	Q2 2007	Var. %	H1 2008	H1 2007	Var. %
Turnover	46.5	36.0	+ 29.2	104.5	85.9	+ 21.7
EBITA by division	**0**	**- 1**	**+ 100.0**	**6**	**2**	**+ 200.0**
Gains on disposals	–	–		–	–	
Restructuring	–	–		–	–	
Purchase price allocation	–	–		–	–	
Other one-off items	–	–		–	–	
Underlying EBITA by division	**0**	**- 1**	**+ 100.0**	**6**	**2**	**+ 200.0**
Investments	0.6	5.1	- 88.2	0.8	5.9	- 86.4
Headcount (30 June)	–	–	–	210	195	+ 7.7
Utilisation (in %)	**78.5**	**78.6**	**- 0.1*)**	**77.5**	**76.4**	**+ 1.1*)**

*) percentage points

Turnover and earnings

Total turnover rose to € 47 million in the second quarter of 2008, up 29.2% year-on-year. Accumulated turnover for the first half of the year grew by 21.7%. Average revenues per day grew again year-on-year.

Earnings grew year-on-year, climbing to € 0 million (previous year: € - 1 million) in the second quarter and € 6 million (previous year: € 2 million) for the first half of 2008. This growth was achieved despite adverse effects resulting from the rise in oil price-induced operating costs.

Business development

In the second quarter of 2008, Hapag-Lloyd Kreuzfahrten again reported a positive business development. Demand for cruises in the premium and luxury segment increased substantially year-on-year. Hapag-Lloyd Kreuzfahrten benefited of this development and continued to record a positive development of bookings. The occupancy rate remained on high level. The 'Europa' and 'Columbus', in particular, reported gratifying growth both in booking volumes and rates.

Discontinued operation

Following the decision to separate container shipping from the Group, announced on 17 March 2008, this sector has been carried as a discontinued operation in accordance with IFRS 5. Apart from container shipping operations, it comprises the strategic interests in the container terminals in Hamburg (Container Terminal Altenwerder) and Montreal, Canada (Montreal Gateway Terminals).

Discontinued operation – Key figures

€ million	**Q2 2008**	**Q2 2007**	**Var. %**	**H1 2008**	**H1 2007**	**Var. %**
Turnover	1,510.1	1,472.5	+ 2.6	2,961.3	2,896.2	+ 2.2
Result from discontinued operation	152	- 4	n/a	140	98	+ 42.9
Adjustment according to IFRS 5*)	- 59	–	–	- 59	–	–
EAT	93	- 4	n/a	81	98	- 17.3
Net interest result/taxes	- 4	17	n/a	9	52	- 82.7
EBITA by division	**89**	**13**	**+ 584.6**	**90**	**150**	**- 40.0**
Gains on disposals	*–*	*+ 3*		*–*	*- 193*	
Restructuring	*+ 7*	*–*		*+ 7*	*–*	
Purchase price allocation	*+ 19*	*+ 20*		*+ 38*	*+ 41*	
Other one-off items	*–*	*- 31*		*- 2*	*- 29*	
Underlying EBITA by division	**115**	**5**	**n/a**	**133**	**- 31**	**n/a**
Investments	93.8	180.5	- 48.0	222.4	285.7	- 22.2
Headcount (30 June)	–	–	–	7,723	8,256	- 6.5

*) Suspension of depreciation (€ 66 million) and equity measurement of participations of container shipping (€ 7 million) since 31 March 2008.

Turnover and earnings

Turnover by the reclassified container shipping operations rose by 2.6% to around € 1.5 billion in the second quarter of 2008. It also grew by 2.2% to € 3.0 billion for the first half of the year. This performance resulted from a significant increase in freight rate levels and slight volume growth. On the other hand, it was impacted by the substantial weakening of the US dollar against the euro.

Earnings in the second quarter of 2008 grew substantially by € 76 million to € 89 million. In the second quarter of 2008, restructuring expenses of € 7 million incurred in connection with the restructuring of the American Hapag-Lloyd organisation, and additional expenses of € 19 million incurred for the purchase price allocation had to be adjusted for. On balance, the second quarter of 2007 included an one-off income of € 8 million which had to be adjusted for. After adjustment of one-off effects, earnings totalled € 115 million in the second quarter of 2008, an increase of € 110 million year-on-year. Accumulated earnings for the first half of the year declined by 40.0% to € 90 million, since the performance in the first half of 2007 was characterised in particular by gains on disposal from the divestment of the Montreal Gateway Terminals and the divestment of the minority interest in Germanischer Lloyd AG totalling € 193 million. Adjusted for the one-off effects underlying earnings for the first half of 2008 totalled € 133 million, up € 164 million year-on-year.

Transport volumes Hapag-Lloyd

'000 TEU	Q2 2008	Q2 2007	Var. %	H1 2008	H1 2007	Var. %
Far East	346	352	- 1.9	675	687	- 1.7
Trans-Pacific	280	262	+ 7.0	545	505	+ 7.9
Atlantic	366	381	- 3.9	705	751	- 6.0
Latin America	248	227	+ 8.9	454	442	+ 2.8
Australasia	194	160	+ 21.3	372	312	+ 19.0
Total	**1,434**	**1,382**	**+ 3.7**	**2,752**	**2,697**	**+ 2.0**

Freight rates Hapag-Lloyd

US-$/TEU	Q2 2008	Q2 2007	Var. %	H1 2008	H1 2007	Var. %
Far East	1,622	1,266	+ 28.0	1,633	1,251	+ 30.6
Trans-Pacific	1,666	1,422	+ 17.2	1,591	1,402	+ 13.4
Atlantic	1,700	1,451	+ 17.1	1,677	1,459	+ 15.0
Latin America	1,501	1,345	+ 11.5	1,503	1,368	+ 9.9
Australasia	1,172	1,179	- 0.6	1,187	1,179	+ 0.6
Ø for all trade lanes	**1,568**	**1,350**	**+ 16.2**	**1,554**	**1,348**	**+ 15.3**

Development of the trade lanes

In the second quarter of 2008, Hapag-Lloyd generated volume growth of 3.7% year-on-year. Accumulated growth in transport volumes for the first half of the year totalled 2.0% year-on-year. The increase in transport volumes was driven by the Latin America, Trans-Pacific and Australasia trade lanes, while volumes in the Far East and Atlantic trade lanes fell short of 2007 levels. Average freight rates rose, growing significantly by 16.2% year-on-year in the second quarter and 15.3% for the first half of the year. All trade lanes with the exception of Australasia achieved increases in freight rates in the second quarter.

Far East

In the Far East trade lane, transport volumes declined by 1.9% year-on-year. The slowdown in economic growth in China and the contraction of demand for consumer goods in Europe caused a decline in transport volumes both on the routes from Asia to Europe and in the opposite direction. This trade lane achieved the strongest year-on-year growth in freight rates at 28.0%. Higher freight rates were achieved both on the routes from Asia to Europe and in the opposite direction. The freight rate growth was primarily driven by the increasing implementation of freight rate surcharges to account for rises in bunker costs.

Trans-Pacific

Transport volumes rose by 7.0% year-on-year in the Trans-Pacific trade lane in the second quarter. This growth was attributable to the rise in transport volumes on the routes from Asia to North America and in the opposite direction. The routes from North America to Asia benefited above all from the weakening of the US dollar, causing a pickup in demand for American products in the Asian region. Freight rate levels also grew strongly, rising by 17.2% year-on-year in the second quarter. The strongest freight rate increases were achieved on the routes from North America to Asia.

Atlantic

Transport volumes in the Atlantic trade lane were 3.9% down year-on-year in the second quarter. The development of volumes was affected in particular by the persistent weakness of the US dollar exchange rate. Due to the resulting drop in demand for European products, transport volumes from Europe to North America fell below 2007 levels. Transport volumes on routes in the opposite direction also fell short of 2007 levels due to a weakening in demand for consumer goods in Europe. In contrast, freight rate levels, rose significantly in the second quarter of 2008, growing by 17.1% year-on-year. An increase in freight rates was achieved in particular on the routes from North America to Europe.

Latin America

In the Latin America trade lane, transport volumes in the second quarter climbed 8.9% year-on-year. This was due, among others, to an increase in exports to Europe and Asia. Freight rate levels also rose year-on-year in the second quarter, growing by 11.5%. This development primarily affected the routes from Latin America to Europe and North America.

Australasia

At 21.3%, the Australasia trade lane recorded the strongest volume growth of all trade lanes in the second quarter. This performance was driven substantially by the volume growth on inner-Asian routes. Since inner-Asian transport, featuring relatively low freight rates due to shorter shipping distances, accounted for a higher proportion of volumes, average freight rates declined slightly by 0.6% year-on-year.

Consolidated earnings

Consolidated profit and loss statement

€ million		Q2 2008	Q2 2007	Var. %	H1 2008	H1 2007	Var. %
Turnover		4,740.2	3,724.3	+ 27.3	8,376.7	6,394.7	+ 31.0
Cost of sales		4,447.5	3,517.3	+ 26.4	8,019.8	6,264.8	+ 28.0
Gross profit/loss		**292.7**	**207.0**	**+ 41.4**	**356.9**	**129.9**	**+ 174.7**
Administrative expenses		322.6	236.9	+ 36.2	699.8	398.0	+ 75.8
Other income/other expenses		- 99.7	+ 8.4	n/a	- 82.1	19.9	n/a
Impairment of goodwill		76.1	–	–	76.1	–	–
Financial result		- 100.5	- 53.6	- 87.5	- 193.6	- 105.5	- 83.5
- Financial income		63.9	64.0	- 0.2	72.4	80.0	- 9.5
- Financial expenses		164.4	117.6	+ 39.8	266.0	185.5	+ 43.4
Share of results of joint ventures and associates		+ 5.3	+ 10.2	- 48.0	+ 12.9	+ 15.4	- 16.2
Earnings before taxes on income		**- 300.9**	**- 64.9**	**- 363.6**	**- 681.8**	**- 338.3**	**- 101.5**
Reconciliation to underlying earnings:							
Earnings before taxes on income		- 300.9	- 64.9	- 363.6	- 681.8	- 338.3	- 101.5
Interest result and earnings from the valuation of interest hedges		93.7	54.8	+ 71.0	176.6	106.5	+ 65.8
Impairment of goodwill		+ 76.1	–	–	+ 76.1	–	–
EBITA from continuing operations*)		- 131.1	- 10.1	n/a	- 429.1	- 231.8	- 85.1
Adjustments							
Gains on disposals		–	–		–	–	
Restructuring		*190.6*	*8.7*		*217.7*	*10.3*	
Purchase price allocation		*11.7*	–		*53.2*	–	
Other one-off items		*29.9*	*31.0*		*45.6*	*39.3*	
Underlying EBITA from continuing operations		**101.1**	**29.6**	**+ 241.6**	**- 112.6**	**- 182.2**	**+ 38.2**
Earnings before taxes on income		**- 300.9**	**- 64.9**	**- 363.6**	**- 681.8**	**- 338.3**	**- 101.5**
Taxes on income		- 23.9	- 139.9	+ 82.9	- 138.2	- 205.9	+ 32.9
Result from continuing operations		**- 277.0**	**75.0**	**n/a**	**- 543.6**	**- 132.4**	**- 310.6**
Result from discontinued operation		151.7	- 4.5	n/a	140.2	97.9	+ 43.2
Group profit/loss for the year		**- 125.3**	**70.5**	**n/a**	**- 403.4**	**- 34.5**	**n/a**
- attributable to shareholders of TUI AG of Group profit		- 55.6	58.9	n/a	- 222.4	- 57.6	- 286.1
- attributable to minority interests of Group profit		- 69.7	11.6	n/a	- 181.0	23.1	n/a
Group profit/loss		**- 125.3**	**70.5**	**n/a**	**- 403.4**	**- 34.5**	**n/a**
Basic earnings per share	in €	- 0.24	+ 0.19	n/a	- 0.93	- 0.28	- 232.1
Diluted earnings per share	in €	- 0.24	+ 0.20	n/a	- 0.93	- 0.28	- 232.1

*) EBITA is equivalent to earnings before interest, taxes on income and impairment of goodwill.

As container shipping has been classified a discontinued operation according to IFRS 5 since March 2008, earnings by this sector are now shown under the item 'Result from discontinued operation'; they are no longer carried under continuing operations. The previous year's figures were restated accordingly in compliance with IFRS 5.

The year-on-year development of the consolidated profit and loss statement for the continuing operations was primarily characterised by the inclusion of the First Choice Holidays Group, acquired in September 2007.

Overall, current earnings by continuing operations reflect the seasonality of the tourism business, with positive earnings primarily generated in the third quarter of any one year.

Turnover and cost of sales

Turnover comprised the turnover of the continuing operations, i.e. tourism and central operations. Turnover grew by 27.3% year-on-year to € 4.7 billion in the second quarter of 2008 and by 31.0% to € 8.4 billion for the first half of 2008. This increase was mainly caused by the first-time consolidation of the First Choice Holidays Group. Turnover was shown on a cost of sales basis, which also rose due to the changes in consolidation. A detailed breakdown of turnover and the development of turnover is presented in the section 'Consolidated turnover and earnings'.

Gross profit

Gross profit as the balance from turnover and cost of sales rose to € 293 million (previous year: € 207 million) in the second quarter. It grew by 174.7% to € 357 million in the first half of the year. This growth mainly reflected the inclusion of the First Choice Holidays Group in the group of consolidated companies.

Administrative expenses

Administrative expenses comprised expenses not directly allocable to the turnover transactions, such as expenses for general management. At € 323 million, there were up 36.2% year-on-year in the second quarter and 75.8% for the first half of the year. The considerable year-on-year increase in administrative costs resulted from the consolidation of the First Choice Holidays Group and the restructuring and integration costs included in the quarter.

Other income/Other expenses

Other income and other expenses primarily comprised profits or losses from the sale of fixed asset items. The year-on-year increase in other expenses of € 108 million in the second quarter and € 102 million in the first half of the year resulted from expenses related to the strategic realignment of TUI Travel's flight operations.

Impairment of goodwill

In the second quarter of 2008, goodwill was impaired by € 76 million in connection with the classification of 'TUIfly' and Tarajal Properties S.L. as held for sale according to IFRS 5. No impairment of goodwill had been required in the first quarter and the corresponding reference periods in 2007.

Financial result

The financial result comprised the interest result and the net result from marketable securities. At € -101 million, the financial result declined year-on-year in the second quarter of 2008 and comprised financial income of € 64 million, matching the 2007 reference figure, and financial expenses of € 164 million (previous year: € 118 million), which rose year-on-year primarily due to changes in consolidation. The accumulated financial result for the first half of the year also declined year-on-year to € - 194 million (previous year: € - 106 million).

Share of results of joint ventures and associates

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 and as well as impairments of the goodwill of these companies. At € 5 million, it dropped by 48.0% in the second quarter of 2008, decreasing by 16.2% for the first half of the year. The decline followed from less year-on-year earnings by the joint ventures and associates in TUI Travel and TUI Hotels & Resorts.

Underlying EBITA of continuing operations

Underlying earnings of the continuing operations totalled € 101 million in the second quarter of 2008, a considerable increase 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 sections on 'Consolidated turnover and earnings' and 'Development of the divisions'.

Taxes on income

Taxes on income comprised taxes on profits from business activities of the continuing operations. The tax income to be carried in the second quarter due to the seasonality of the tourism business totalled € 24 million (previous year: € 140 million). The decline in tax income resulted from the effects of the corporate re-structuring of the German companies transferred to TUI Travel and the issue of a convertible bond comprised in 2007 figures.

Result from discontinued operation

The result from the discontinued operation comprised the reclassified container shipping operations and totalled € 152 million in the second quarter of 2008 and € 140 million in the first half of the year. Year-on-year the item totalled € - 4 million and € 98 million, respectively. In accordance with IFRS 5, since 31 March 2008 scheduled depreciation of fixed assets was discontinued. Thus, the result of the current quarter increased € 66 million. Likewise, equity measurement of participations of container shipping had to be suspended leading to a € 7 million decline in the second quarter result. Thereby limiting a year-on-year comparison. A detailed breakdown is provided in the notes in section 'Result from discontinued operation'.

Group profit

In the second quarter, Group profit totalled € - 125 million (previous year: € 71 million), a decrease of € 196 million. For the first half of the year, Group profit stood at € - 403 million, down by € 369 million year-on-year. This development was mainly driven by expenses related to the strategic realignment of TUI Travel's flight operations.

Minority interests

Minority interests in Group profit totalled € - 70 million for the second quarter of 2008 and € - 181 million for the first half of 2008. They related to the outside shareholders of TUI Travel PLC and companies in the sector TUI Hotels & Resorts.

Earnings per share

After deduction of minority interests, TUI AG shareholders accounted for € - 56 million (previous year: € 59 million) of Group profit in the second quarter of 2008. As a result, basic earnings per share amounted to € - 0.24 (previous year: € 0.19) in the second quarter. In the first half of the year, TUI AG shareholders accounted for € - 222 million of Group profit after deduction of minority interests. Basic earnings per share thus totalled € - 0.93 (previous year: € - 0.28) in the first half of the year.

Performance indicators

Key figures of the profit and loss statement of the continuing operations

€ million	Q2 2008	Q2 2007	Var. %	H1 2008	H1 2007	Var. %
Earnings before interest, taxes on income, depreciation, impairment and rent (EBITDAR)	**182.8**	**238.5**	**- 23.4**	**198.0**	**255.4**	**- 22.5**
Operating rental expenses	190.7	152.8	+ 24.8	365.6	302.0	+ 21.1
Earnings before interest, taxes on income, depreciation and impairment (EBITDA)	**- 7.9**	**85.7**	**n/a**	**- 167.6**	**- 46.6**	**- 259.7**
Depreciation/amortisation less reversals of depreciation[1)]	123.2	95.8	+ 28.6	261.5	185.2	+ 41.2
Earnings before interest, taxes on income and impairment of goodwill (EBITA)	**- 131.1**	**- 10.1**	**n/a**	**- 429.1**	**- 231.8**	**- 85.1**
Impairment of goodwill	76.1	0.0	n/a	76.1	0.0	n/a
Earnings before interest and taxes on income (EBIT)	**- 207.2**	**- 10.1**	**n/a**	**- 505.2**	**- 231.8**	**- 117.9**
Interest result	- 93.7	- 54.8	- 71.0	- 176.6	- 106.5	- 65.8
Earnings before taxes on income (EBT)	**- 300.9**	**- 64.9**	**- 363.6**	**- 681.8**	**- 338.3**	**- 101.5**

[1)] on property, plant and equipment, intangible assets, financial and other assets

Operating rental expenses

Operating rental expenses of the continuing operations amounted to € 191 million (previous year: € 153 million) in the second quarter and € 366 million (previous year: € 302 million) in the first half of the year. The increase in rental expenses was attributable to the consolidation of the First Choice Holidays Group.

Interest result

The interest result of the continuing operations totalled € - 94 million (previous year: € - 55 million) in the second quarter of 2008, with an accumulated interest result of € - 177 million (previous year: € - 107 million) for the first half of the year.

Net assets and financial position

The Group's balance sheet total grew by 10.6% to € 18.0 billion as against the end of 2007. The changes in the consolidated balance sheet essentially resulted from the business cycle in tourism. Furthermore, the classification of container shipping and 'TUIfly' entities as held for sale according to IFRS 5 affected the related liabilities.

Assets and liabilities

€ million	30 Jun 2008	31 Dec 2007	Var. %
Non-current assets	7,716.0	11,507.4	- 32.9
Current assets	10,308.8	4,792.9	+ 115.1
Assets	**18,024.8**	**16,300.3**	**+ 10.6**
Equity	2,667.1	3,120.7	- 14.5
Provisions	1,762.7	2,443.0	- 27.8
Financial liabilities	5,045.9	5,539.3	- 8.9
Other liabilities	8,549.1	5,197.3	+ 64.5
Liabilities	**18,024.8**	**16,300.3**	**+ 10.6**

Non-current assets

As at 30 June 2008, non-current assets accounted for 42.8% of total assets, compared with a share of 70.6% as at 31 December 2007. Non-current assets declined from € 11.5 billion to € 7.7 billion in the period under review. This decrease was mainly attributable to the reclassification of the container shipping assets held for sale to current assets.

Current assets

As at 30 June 2008, current assets accounted for 57.2% of total assets, up from 29.4% as at 31 December 2007. Current assets rose from € 4.8 billion as at 31 December 2007 to € 10.3 billion as at 30 June 2008. This decrease was primarily attributable to the rise of trade accounts receivable and other receivables from tourism business and the increase in cash and cash equivalents from advance payments received in the tourism business.

Equity

Equity totalled € 2.7 billion as at 30 June 2008. The equity ratio stood at 14.8%, compared with 19.1% as at the end of the 2007 financial year. Detailed information on the changes is provided under 'Changes in equity' in the notes to this half-year financial report.

Provisions

Provisions mainly comprised provisions for pension obligations, effective and deferred tax provisions and provisions for typical operating risks. As at 30 June 2008, they totalled € 1.8 billion and were thus € 0.7 billion or 27.8% down against their level as at 31 December 2007. This was mainly due to a significant decrease in pension provisions due to the increase in the long-term interest rate level in the UK and the reclassification of the pension obligations of Hapag-Lloyd AG and Hapag-Lloyd Fluggesellschaft mbH to 'Liabilities related to assets held for sale'.

Financial liabilities

As at 30 June 2008, financial liabilities consisted of non-current financial liabilities of € 3.9 billion and current financial liabilities of € 1.1 billion. As at 31 December 2007, non-current assets stood at € 4.7 billion, with current financial liabilities of € 0.8 billion. At the end of the first half of the 2008 financial year, net debt totalled € 3.1 billion, down from € 3.9 billion as at the end of the 2007 financial year. Net debt as at 30 June 2008 included € 0.6 billion from 'Assets held for sale' and 'Liabilities related to assets held for sale'.

Other liabilities

As at 30 June 2008, other liabilities amounted to € 8.5 billion, up € 3.4 billion or 64.5% as against 31 December 2007. This was primarily due to the increase in advance payments received in the tourism business.

Other segment indicators

Capital expenditure

€ million	Q2 2008	Q2 2007	Var. %	H1 2008	H1 2007	Var. %
Tourism	132.3	101.4	+ 30.5	247.7	191.0	+ 29.7
TUI Travel	85.9	38.0	+ 126.1	150.4	69.4	+ 116.7
TUI Hotels & Resorts	45.8	58.3	- 21.4	96.5	115.7	- 16.6
Cruises	0.6	5.1	- 88.2	0.8	5.9	- 86.4
Central operations	2.4	3.4	- 29.4	3.9	5.4	- 27.8
Continuing operations	**134.7**	**104.8**	**+ 28.5**	**251.6**	**196.4**	**+ 28.1**
Container shipping	93.8	180.5	- 48.0	222.4	285.7	- 22.2
Discontinued operation	**93.8**	**180.5**	**- 48.0**	**222.4**	**285.7**	**- 22.2**
Total	**228.5**	**285.3**	**- 19.9**	**474.0**	**482.1**	**- 1.7**

Depreciation of property, plant and equipment

€ million	Q2 2008	Q2 2007	Var. %	H1 2008	H1 2007	Var. %
Tourism	118.8	90.8	+ 30.8	254.0	177.6	+ 43.0
TUI Travel	+ 97.7	+ 69.3	+ 41.0	212.4	136.5	+ 55.6
TUI Hotels & Resorts	+ 19.3	+ 19.7	- 2.0	38.0	37.7	+ 0.8
Cruises	+ 1.8	+ 1.8	+ 0.0	3.6	3.4	+ 5.9
Central operations	2.4	4.0	- 40.0	4.8	8.6	- 44.2
Continuing operations	**121.2**	**94.8**	**+ 27.8**	**258.8**	**186.2**	**+ 39.0**
Container shipping	+ 0.0	+ 65.4	n/a	65.1	130.7	- 50.2
Discontinued operation	**0.0**	**65.4**	**n/a**	**65.1**	**130.7**	**- 50.2**
Total	**121.2**	**160.2**	**- 24.3**	**323.9**	**316.9**	**+ 2.2**

Employees

	30 Jun 2008	31 Dec 2007	Var. %
Tourism	68,857	60,044	+ 14.7
TUI Travel	51,230	47,705	+ 7.4
TUI Hotels & Resorts	17,417	12,127	+ 43.6
Cruises	210	212	- 0.9
Central operations	772	821	- 6.0
Continuing operations	**69,629**	**60,865**	**+ 14.4**
Container shipping	7,723	7,656	+ 0.9
Discontinued operation	**7,723**	**7,656**	**+ 0.9**
Total	**77,352**	**68,521**	**+ 12.9**

Prospects

In the course of the second quarter of 2008, the world economy considerably lost steam. For the second half of the year, experts expect a further slowdown in the growth momentum. Due to the subprime and credit crisis, the US will largely cease to be an economic engine. Alongside the persistent uncertainty in the financial markets, economic activity will be curbed by the negative property effects of falling house and stock prices, high consumer price inflation and the recent continuation of the strong rise in crude oil prices. Economic growth in the industrialised countries is thus expected to continue, but the pace of growth is expected to fall short of the long-term trend. Due to these trends, gross domestic product in the Eurozone is also expected to decline over the next few months. The emerging economies will record a substantial slowdown in the pace of production growth, in particular in the Asian region, a trend also attributable to the inflationary development, above all of foodstuffs and commodities.

According to UNWTO estimates (World Tourism Barometer, June 2008), international tourism arrivals grew by 5% in the first four months of the current year, up by one percentage point against the long-term average. Demand in the travel sector thus proved to be stable despite a deterioration in the economic environment in all regions. For the overall year 2008, the UNWTO forecasts a slowdown in growth in the overall travel market against the growth rate at the beginning of the year, with regional variations.

Tourism

TUI Travel has completed the winter season in line with its expectations. For the current 2008 summer season, booked turnover in TUI Travel's Mainstream business is 3% up year-on-year, with costumer numbers down by 5% and capacities reduced by 7% year-on-year. In the first half of 2008, the capacity reduction in the Mainstream sector and persistently sound demand for travel products resulted in an improvement in risk utilisation and a lower proportion of offerings reduced in price. The resulting rise in earnings and the improvement of the cost situation benefited the development of earnings. The effects caused by the substantial rise in energy costs in the course of the year were limited by means of hedges and price surcharges. The synergy potential was leveraged according to plan. TUI Hotels & Resorts as well as Cruises also saw their expectations for the overall year 2008 confirmed by the positive performance in the first half of the year.

The development of earnings (underlying earnings before interest, taxes and impairment of goodwill [underlying EBITA by the division]) showed the following trend for the 2008 financial year following the completion of the first half of the year:

The tourism entities TUI Travel, TUI Hotels & Resorts and Cruises expect earnings in 2008 to improve substantially year-on-year. The main earnings drivers in TUI Travel are the expected synergies from the merger between TUI and First Choice, margin improvements resulting from the capacity and product initiatives launched in the Mainstream sector as well as further growth in the Specialist Holidays, Activity Holidays and Online Destination Services sectors. TUI Hotels & Resorts is planning further increases in bed nights, driven by the expected positive trend in long-haul destinations and the Eastern Mediterranean. Cruises expects gratifying demand for cruises and a stable political framework in the destinations.

Central operations

From today's perspective, central operations will achieve savings and roughly match the previous year's performance, despite the positive effects of the measurement of foreign currency transactions included in 2007 figures.

Discontinued operation

The earnings situation in shipping in the first half of 2008 was characterised by a significant increase in freight rate levels year-on-year. Transport volumes, in contrast, fell short of expectations in the first half of the year. In this context, risks for the overall year continue to relate to the effect of the crisis in the financial markets on the development of world trade. A final assessment of this risk is not yet possible at this point. Earnings will also be affected by the development of shipping bunker prices. Bunker prices continued to rise in the second quarter of 2008. An additional factor impacting the development of earnings by container shipping will be the further development of the US dollar exchange rate. Despite the strains in the economic environment, we expect earnings levels to rise significantly year-on-year in the 2008 financial year.

Continuing operations/Group

Overall, the Executive Board expects a significant increase in turnover for the TUI Group's continuing operations (tourism and central operations) in the 2008 financial year, primarily driven by the first-time consolidation of the activities of First Choice for a full financial year. Based on the earnings target for TUI's former tourism entities, the future expected earnings contributions by the former First Choice entities and initial synergy effects, the Group expects tourism to continue to achieve substantial growth in earnings.

From today's perspective, a final assessment of the development of Group earnings in 2008 is not possible at this point in time due to the planned separation of container shipping operations from the Group.

Corporate Governance

In the course of the second quarter of 2008, the composition of TUI AG's Supervisory Board changed as follows:

On 28 April 2008 Vladimir Yakushev was appointed a member of TUI AG's Supervisory Board by order of the local court of Hanover with immediate effect. Dr. Franz Vranitzky had previously resigned from the Supervisory Board.

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

Interim Financial Statements

Profit and loss statement of the TUI Group for the period from 1 January to 30 June

€ million	Notes	Q2 2008	Q2 2007[2] restated	H1 2008	H1 2007[2] restated
Turnover		4,740.2	3,724.3	8,376.7	6,394.7
Cost of sales	(1)	4,447.5	3,517.3	8,019.8	6,264.8
Gross profit/loss		**292.7**	**207.0**	**356.9**	**129.9**
Administrative expenses	(1)	322.6	236.9	699.8	398.0
Other income/other expenses	(2)	- 99.7	+ 8.4	- 82.1	+ 19.9
Impairments of goodwill	(3)	76.1	–	76.1	–
Financial income		63.9	64.0	72.4	80.0
Financial expenses		164.4	117.6	266.0	185.5
Share of results of joint ventures and associates		+ 5.3	+ 10.2	+ 12.9	+ 15.4
Earnings before taxes on income		**- 300.9**	**- 64.9**	**- 681.8**	**- 338.3**
Reconciliation to underlying earnings:					
Earnings before taxes on income		- 300.9	- 64.9	- 681.8	- 338.3
Interest result and earnings from the valuation of interest hedges		93.7	54.8	176.6	106.5
Impairments of goodwill		76.1	–	76.1	–
EBITA from continuing operations[1]		- 131.1	- 10.1	- 429.1	- 231.8
Adjustments:					
Gains on disposals		–	–	–	–
Restructuring		*190.6*	*8.7*	*217.7*	*10.3*
Purchase price allocation		*11.7*	–	*53.2*	–
Other one-off items	(4)	29.9	*31.0*	*45.6*	*39.3*
Underlying EBITA from continuing operations		**101.1**	**29.6**	**- 112.6**	**- 182.2**
Earnings before taxes on income		**- 300.9**	**- 64.9**	**- 681.8**	**- 338.3**
Taxes on income		- 23.9	- 139.9	- 138.2	- 205.9
Result from continuing operations		**- 277.0**	**75.0**	**- 543.6**	**- 132.4**
Result from discontinued operation		151.7	- 4.5	140.2	97.9
Group profit/loss		**- 125.3**	**70.5**	**- 403.4**	**- 34.5**
- Group profit attributable to shareholders of TUI AG		- 55.6	58.9	- 222.4	- 57.6
- Group profit attributable to minority interests		- 69.7	11.6	- 181.0	23.1
Group profit		**- 125.3**	**70.5**	**- 403.4**	**- 34.5**

€	Q2 2008	Q2 2007[2] restated	H1 2008	H1 2007[2] restated
Basic earnings per share[3]	**- 0.24**	**+ 0.19**	**- 0.93**	**- 0.28**
from continuing operations	- 0.85	+ 0.21	- 1.49	- 0.67
from discontinued operation	+ 0.61	- 0.02	+ 0.56	+ 0.39
Diluted earnings per share[3]	**- 0.24**	**+ 0.20**	**- 0.93**	**- 0.28**
from continuing operations	- 0.85	+ 0.21	- 1.49	- 0.67
from discontinued operation	+ 0.61	- 0.01	+ 0.56	+ 0.39

[1] EBITA is equivalent to earnings before interest, taxes on income and impairments of goodwill.

[2] Since the alternative treatment allowed under IAS 23 to capitalise borrowing costs was exercised in the 2007 financial year, interest expenses declined by € 4.3 million in the previous year's reference period. At the same time, the cost of sales as well as tax expenses rose by € 0.2 million and by € 0.1 million respectively, while other income decreased by € 4.0 million. Earnings by discontinued operation rose overall by € 3.5 million.

[3] In calculating earnings per share in accordance with the rules of IAS 33.12, the after-tax amount of the dividend on the hybrid capital was deducted from Group profit attributable to shareholders of TUI AG since the hybrid capital represents equity but does not represent equity attributable to shareholders of TUI AG.

Balance sheet of the TUI Group

€ million	30 Jun 2008	31 Dec 2007[1) restated
Assets		
Goodwill	2,799.7	3,060.6
Other intangible assets	887.0	1,373.8
Investment property	87.4	90.5
Property, plant and equipment	2,754.0	5,704.4
Investment in joint ventures and associates	438.0	540.7
Financial assets available for sale	103.7	108.2
Trade and other receivables	405.8	408.8
Derivative financial instruments	104.6	28.8
Deferred tax assets	135.8	191.6
Non-current assets	**7,716.0**	**11,507.4**
Inventories	112.3	208.7
Financial assets available for sale	11.2	13.7
Trade and other receivables	2,529.0	2,492.6
Derivative financial instruments	645.8	413.1
Income tax receivables	85.2	42.0
Cash and cash equivalents	2,588.3	1,614.0
Assets held for sale	4,337.0	8.8
Current assets	**10,308.8**	**4,792.9**
	18,024.8	**16,300.3**

€ million	30 Jun 2008	31 Dec 2007[1) restated
Equity and liabilities		
Subscribed capital	642.3	642.3
Capital reserves	2,471.9	2,471.9
Revenue reserves	- 1,055.0	- 585.7
Hybrid capital	294.8	294.8
Equity before minority interests	**2,354.0**	**2,823.3**
Minority interests	313.1	297.4
Equity	**2,667.1**	**3,120.7**
Pension provisions and similar obligations	701.0	825.2
Income tax provisions	102.8	256.3
Deferred tax provisions	129.7	245.5
Other provisions	371.3	489.9
Non-current provisions	**1,304.8**	**1,816.9**
Financial liabilities	3,929.5	4,732.8
Derivative financial instruments	202.6	126.4
Other liabilities	135.3	130.4
Non-current liabilities	**4,267.4**	**4,989.6**
Non-current provisions and liabilities	**5,572.2**	**6,806.5**
Pension provisions and similar obligations	26.2	31.7
Income tax provisions	88.5	62.8
Other provisions	343.2	531.6
Current provisions	**457.9**	**626.1**
Financial liabilities	1,116.4	806.5
Trade accounts payable	2,292.1	2,679.0
Derivative financial instruments	194.7	174.4
Other liabilities	3,301.3	2,087.1
Current liabilities	**6,904.5**	**5,747.0**
Liabilities related to assets held for sale	**2,423.1**	**0.0**
Current provisions and liabilities	**9,785.5**	**6,373.1**
	18,024.8	**16,300.3**

1) In order to enhance comparability, the originally published figures for 2007 were restated to account for the effects of purchase price adjustments carried out within the period of twelve months from the aquisition date of a participation allowed under IFRS 3.

Condensed statement of recognised income and expenses

€ million	H1 2008	H1 2007 restated
Currency translation	- 170.7	- 7.2
Change in value of joint ventures and associates with no effect on profit or loss	- 19.3	21.9
Reserves for change in value of financial instruments	400.5	84.5
Actuarial gains and losses from pension obligations and related fund assets	- 43.3	284.7
Tax item directly offset against equity	- 70.3	- 149.4
Income and expenses directly recognised in equity	**96.9**	**234.5**
Group profit/loss	- 403.4	- 34.5
Total income and expenses recognised in the financial year	**- 306.5**	**200.0**
- attributable to shareholders of TUI AG	- 243.2	178.9
- attributable to minority interests	- 63.3	21.1

Condensed cash flow statement

€ million	H1 2008	H1 2007
Cash flow from operating activities	+ 1,364.1	+ 817.4
Cash flow from investing activities	- 191.3	- 220.1
Cash flow from financing activities	- 40.1	658.7
Change in funds with cash effect	**1,132.7**	**1,256.0**
Change in cash and cash equivalents due to changes in consolidation and exchange rate fluctuation	**- 54.0**	**3.4**
Cash and cash equivalents at the beginning of the period	**1,614.0**	**688.7**
Cash and cash equivalents at the end of the period	**2,692.7**	**1,948.1**
of which included in the balance sheet as assets classified held for sale	104.4	43.9
Cash and cash equivalents at the end of the period for continuing operations	**2,588.3**	**1,904.2**

Notes

Accounting principles

In accordance with IAS 34 'Interim Financial Reporting', the Group's interim financial statements as at 30 June 2008 were prepared in a condensed form compared with the consolidated annual financial statements. The only deviation from the historical cost principle was the accounting method applied in measuring financial instruments.

As of the beginning of the 2008 financial year, interpretation IFRIC 11 – 'IFRS 2 - Group and Treasury Share Transactions' –, published by the IASB, was applicable. The application of this interpretation did not have any effects on the interim financial statements as at 30 June 2008.

As a matter of principle the interim financial statements as at 30 June 2008 were prepared in accordance with the same accounting and measurement principles as those applied in the preceding consolidated financial statements as at 31 December 2007.

Since the beginning of the 2007 financial year, TUI AG has exercised the option offered under IAS 1 to structure the consolidated profit and loss statement in accordance with the cost of sales format.

In order to enhance international comparability, expenses and income from changes in the value of financial instruments resulting from bunker oil hedges, aircraft fuel hedges and hedges for future cash flows in foreign currencies were allocated to the expense or income items also showing the hedged items. As a result, the previous year's financial result declined by € 28.4 million in the reference quarter.

Basis of consolidation

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 30 June 2008 included a total of 45 domestic and 712 foreign subsidiaries, besides TUI AG.

Since 1 January 2008, one company has been included in consolidation due to an expansion of its business operations as well as one newly founded company. An additional 30 companies have been newly included due to acquisitions. All additions to consolidation related to the tourism division.

Four companies were removed from consolidation as against the end of 2007. One of these companies related to shipping. It was deconsolidated due to a reduction in its business operations. An additional three companies were removed from consolidation in the tourism division due to liquidation, merger or accrual.

Acquisitions – divestments

In the first half of 2008, 30 tourism companies (of which in Q2 2008: 23) were acquired at acquisition costs (including incidental costs) amounting to the equivalent of € 96.6 million (of which in Q2 2008: € 69.2 million).

Summary presentation of the acquisitions

Name and headquarters of the acquired company	Business activity	Acquirer	Date of acquisition	Acquired share	Acquisition costs[1)] € million
Active Safary Pty. Ltd., West Leederville, Australia, and its interest in one company	Special tour operator for Australia	Trek America Travel Ltd.	21 Jan 08	each 100%	1.3
Destination Florida-New England, Inc., Florida, USA and its interest in one company	Provider of services for cruise companies	First Choice Holdings, Inc.	17 Jan 08	each 100%	4.7
Gullivers Group Ltd., Tewkesbury, UK and its interest in one company	Special tour operator	TUI Travel PLC	29 Feb 08	each 100%	21.1
Your Sporting Challenge Ltd., Southampton, UK	Special tour operator	TUI Travel PLC	19 Mar 08	100%	0.3
Real Travel Ltd., Tunbridge Wells, UK and its interest in three companies	Special tour operator	TUI Travel PLC	03 Apr 08	each 100%	20.4
World Challenge Holdings Ltd., London, UK and its interest in seven companies	Special tour operator	TUI Travel PLC	29 Apr 08	each 100%	25.1
Sportsworld Holdings Ltd., Reading, UK and its interest in nine companies	Special tour operator	TUI Travel PLC	13 May 08	each 100%	18.2
Travelmood Ltd., London, UK	Special tour operator	TUI Travel PLC	02 Jun 08	100%	5.5
Total					**96.6**

1) The acquisition costs in foreign currencies were translated into € and also comprised the incidental costs.

In some cases, acquisition costs also comprised the best possible estimates of additional purchase price elements depending on future events, in addition to the purchase prices already paid.

Summary presentation of the first-time consolidation balance sheets

€ million (translated)	Carrying amounts as at acquisition date	Revaluation of assets and liabilities	Revalued carrying amounts at date of first-time consolidation
Other intangible assets	0.0	35.1	35.1
Property, plant and equipment	4.2	–	4.2
Investment property	0.9	–	0.9
Fixed assets	**5.1**	**35.1**	**40.2**
Inventories	2.5	–	2.5
Receivables and other assets including prepaid expenses	28.7	–	28.7
Cash and cash equivalents	24.1	–	24.1
Deferred tax provisions	–	9.6	9.6
Other provisions	24.1	–	24.1
Financial liabilities	10.0	–	10.0
Liabilities and deferred income	46.9	–	46.9
Equity	**- 20.6**	**25.5**	**4.9**

The total difference of € 91.7 million (converted as at the acquisition date) between the acquisition costs and the acquired revalued net assets was temporarily carried as goodwill in each case.

Due to the short period of time between the acquisition of the companies and the preparation of the present interim financial statement of the TUI Group, the purchase price allocation to the individual assets and liabilities was only prepared on a temporary basis and it was not possible to make any further disclosures on IFRS 3.

The determination of the fair values of acquired assets and contingent liabilities, only prepared on a preliminary basis in the 2007 financial year due to the short period of time between the acquisition of the Holidays Services Group (Morocco) and the preparation of the consolidated financial statements, was finalised in the last quarter of the completed financial year within the period of twelve months from the acquisition date allowed under IFRS 3.62. Reference information for reporting periods prior to the completion of the first-time accounting of the acquisition transaction must be presented retrospectively as if the purchase price allocation had already been completed as at the acquisition date. The table below provides an overview of the final purchase price allocation:

Holidays Services, S.A. (Morocco)

	Revalued carrying amounts at date of first-time consolidation[1]		Revaluation of assets and liabilities		Revalued carrying amounts at date of first-time consolidation restated	
	MAD million	€ million	MAD million	€ million	MAD million	€ million
Other intangible assets	5.0	0.4		0.0	5.0	0.4
Property, plant and equipment	69.5	6.2	- 20.1	- 1.8	49.4	4.4
Investment property	13.4	1.2			13.4	1.2
Fixed assets	**87.9**	**7.8**	**- 20.1**	**- 1.8**	**67.8**	**6.0**
Inventories	2.2	0.2			2.2	0.2
Receivables and other assets including prepaid expenses	83.8	7.6	- 7.8	- 0.7	76.0	6.9
Cash and cash equivalents	39.2	3.5			39.2	3.5
Deferred tax provisions			6.1	0.5	6.1	0.5
Other provisions	0.6	0.1			0.6	0.1
Financial liabilities	44.5	4.0	- 10.4	- 0.9	34.1	3.1
Liabilities and deferred income	95.3	8.5			95.3	8.5
Equity	**72.7**	**6.5**	**- 23.6**	**- 2.1**	**49.1**	**4.4**

[1] Carrying amounts including a 100% subsidiary of Holidays Services, S.A.

The goodwill arising in the consolidated balance sheet from the elimination of the purchase price for the acquisition of around 40.2% of the shares against the pro-rated revalued equity rose by € 0.3 million due to changes in the purchase price allocation and after elimination of minority interests.

Discontinued operation

On 17 March 2008, TUI AG announced the decision by the Executive Board and the Supervisory Board to separate container shipping from the Group. In line with that decision and the provisions of IFRS 5, the container shipping sector was already carried as a discontinued operation in the previous interim report as at 31 March 2008.

The discontinued operation comprises the container shipping activities and the interests in the container terminals in Altenwerder and Montreal, Canada. The cruise sector, previously managed in the shipping division, will be retained by the TUI Group and was located to tourism at the beginning of the financial year. The two administrative buildings owned by the Group and leased by container shipping (Ballindamm and Rosenstraße, Hamburg) were not included as part of the discontinued operation in accordance with IFRS 5.

Following the separation of container shipping, the TUI Group will exclusively operate in tourism, its core business sector.

Result from the discontinued container shipping operation

Items of the profit and loss statement of the discontinued operation

€ million	Q2 2008	Q2 2007 restated	Container shipping H1 2008	H1 2007 restated
Turnover	1,510.1	1,472.5	2,961.3	2,896.2
Cost of sales	1,331.2	1,452.7	2,762.1	2,888.2
Administrative expenses	34.0	40.8	64.2	88.8
Other income/other expenses	2.6	+ 30.5	+ 8.0	+ 225.5
Financial income	3.9	2.7	7.7	6.1
Financial expenses	6.9	2.5	13.6	8.6
Share of results of joint ventures and associates	–	+ 3.2	5.6	+ 5.1
Earnings before taxes on income	**144.5**	**12.9**	**142.7**	**147.3**
Taxes on income	- 7.2	17.4	2.5	49.4
of which deferred taxes	- 8.2	15.5	0.6	45.0
Earnings after taxes on income (Earnings from discontinued operation)	**151.7**	**- 4.5**	**140.2**	**97.9**

Due to the weakening of the US dollar exchange rate against the euro, turnover by the discontinued container shipping operation only rose slightly year-on-year in the first half of 2008 despite a slight increase in transport volumes and a considerable rise in freight rates in US dollars.

In accordance with IFRS 5, fixed assets (carried as cost of sales) have no longer been depreciated since 31 March 2008. As a result, earnings in the current quarter rose by € 65.8 million. At the same time, the participations held by container shipping were no longer measured at equity. If the participations had been measured at equity in the second quarter, earnings would have been € 7.3 million higher.

The other income shown for the current financial year mainly resulted from the divestment of older shipping containers. Earnings for the first half of 2007 had comprised one-off gains from the divestment of the minority interest in Germanischer Lloyd AG and the assets and liabilities of the Canadian Montreal Gateway Terminals totalling € 192.8 million in 'Other income'. Due to purchase price adjustments, this resulted in a total gain of € 200.5 million in the 2007 financial year.

After adjustment of earnings, in particular adjustment for this one-off income from divestments made in the previous year but also the follow-up effects of IFRS 5 as from the second quarter 2008, operating earnings for 2007 were substantially exceeded due to turnover growth and cost reductions.

Assets and liabilities of the discontinued operation

€ million	Container shipping 30 June 2008	31 Mar 2008
Non-current assets	2,927.8	2,833.9
Current assets	958.2	919.5
Assets held for sale	**3,886.0**	**3,753.4**
Non-current provisions and liabilities	844.5	665.2
Current provisions and liabilities	953.1	894.7
Liabilities related to assets held for sale	**1,797.6**	**1,559.9**

Current assets held for sale included the cash and cash equivalents of container shipping of € 101.3 million as at 30 June 2008. The financial liabilities allocable to container shipping totalled € 558.9 million (including current financial liabilities of € 11.3 million) as at 30 June 2008.

Cash flows from operating, investing and financing activities of the discontinued operation

€ million	Q2 2008	Q2 2007	Container shipping H1 2008	H1 2007
Cash flow from operating activities	+ 179.1	+ 75.4	+ 261.7	+ 102.8
Cash flow from investing activities	- 64.4	- 107.0	- 189.0	+ 1.2
Cash flow from financing activities	- 115.8	+ 52.1	- 91.0	- 103.7
Change in cash and cash equivalents due to exchange rate fluctuations	- 0.2	- 0.3	- 8.2	- 2.0
Change of cash and cash equivalents	**- 1.3**	**+ 20.2**	**- 26.5**	**- 1.7**

Notes on the consolidated profit and loss statement

Since container shipping has been classified as a discontinued operation according to IFRS 5 since March 2008, earnings by this sector are now shown under the item 'Result from discontinued operation' instead of 'Continuing operations'. In accordance with IFRS 5, the previous year's figures were restated accordingly.

The year-on-year development of the consolidated profit and loss statement of the continuing operations was essentially characterised by the consolidation of the First Choice Holidays Group acquired in September 2007.

At turnover of € 2,104.5 million, the First Choice Holidays Group posted seasonally negative underlying EBITA of € - 37.0 million in the first half of 2008.

Overall, the earnings situation of the continuing operations was characterised by one-off expenses for restructuring measures within the TUI Travel Group and the seasonality of the tourism business, as a result of which positive operating earnings are primarily generated in the second and third quarters of any one year and a cumulative operating profit is generated as of the third quarter.

In the first half of the 2008 financial year, turnover by the TUI Travel sector rose substantially overall due to the turnover of € 2,104.5 million posted by the First Choice Holidays Group, acquired in the late summer of 2007. The growth in turnover was driven by the change in the basis of consolidation as well as better prices. This increase was more than offset by a drop in turnover in source market Central Europe due to reductions in flight capacity and the weakness of the pound sterling exchange rate for source market Northern Europe. TUI Hotels & Resorts and Cruises recorded turnover growth of € 18.9 million and € 18.6 million, respectively.

(1) Cost of sales and administrative expenses

Adjusted for the contribution by the First Choice Holidays Group in the current financial year, the cost of sales declined year-on-year. Besides increases in aircraft fuel prices and the opposite effects of cost reduction measures, this development was in particular also due to the weak British pound sterling exchange rate affecting the companies in the UK.

Administrative expenses rose by € 301.8 million overall. This increase was mainly attributable to the inclusion of the First Choice Holidays Group in consolidation and the restructuring and integration costs for the TUI Travel Group, to a large extent carried under this item.

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

Rental and lease expenses

€ million	Q2 2008	Q2 2007 restated	H1 2008	H1 2007 restated
Rental and lease expenses	190.7	152.8	365.6	302.0

The increase in rental and lease expenses in the first half of the financial year was attributable to the consolidation of the First Choice Holidays Group. It was mitigated by adjustment measures in TUI UK (in particular aircraft).

Personnel costs

€ million	Q2 2008	Q2 2007 restated	H1 2008	H1 2007 restated
Personnel costs	598.1	425.4	1,147.8	867.8

The increase in personnel costs caused by the inclusion of the First Choice Holidays Group in consolidation was limited by the effects of the restructuring measures implemented in previous years, above all in TUI UK and TUI AG.

Depreciation/amortisation/impairments

€ million	Q2 2008	Q2 2007 restated	H1 2008	H1 2007 restated
Depreciation and amortisation	121.2	94.9	258.0	186.3
Impairments of property, plant and equipment	–	0.1	0.8	0.1
Total	**121.2**	**95.0**	**258.8**	**186.4**

The increase in depreciation due to the integration of the First Choice Holidays Group was partly offset by a decline in depreciation due to restructuring measures in source market Northern Europe.

(2) Other income/ Other expenses

Other income/Other expenses

€ million	Q2 2008	Q2 2007 restated	H1 2008	H1 2007 restated
Other income	2.5	8.4	23.6	23.2
Other expenses	102.2	0.0	105.7	3.3
Total	**- 99.7**	**8.4**	**- 82.1**	**19.9**

Other income in the first half of the current financial year primarily resulted from book profits in connection with sale-and-lease-back agreements in the flight operations sector (€ 10.4 million) and gains on disposal in the real estate sector (€ 4.1 million). The income shown in the previous year's reference period mainly resulted from the divestment of a hotel complex and various plots of land.

Other expenses in the period under review mainly comprised book losses from the conclusion of sale-and-lease-back agreements of € 101.7 million fully incurred in the second quarter of 2008. These sale-and-lease-back agreements were concluded with leasing company AerCap Holdings NV and investment company Deucalion Aviation Funds for 19 aircraft previously owned by TUI Travel in the framework of the strategic realignment of the airline activities of the TUI Travel Group.

(3) Impairments of goodwill

Impairments of goodwill

€ million	Q2 2008	Q2 2007	H1 2008	H1 2007
'TUIfly'	72.7	–	72.7	–
Tarajal Properties, S.L.	3.4	–	3.4	–
Total	**76.1**	**–**	**76.1**	**–**

The impairments of goodwill shown were required in connection with the classification of 'TUIfly' and Tarajal Properties, S.L. as disposal groups according to IFRS 5.

The change in the financial result resulted from an increase in interest expenses due to the inclusion of the financial liabilities of the First Choice Holidays Group in consolidation and a bank loan (€ 450.0 million) taken up on the basis of a exchangeable bond by TUI AG and the year-on-year rise in interest rate levels.

A year-on-year comparison of the tax income resulting from the seasonality of the tourism business for the first half of 2008 is of limited use only since the amount shown for the first half of 2007 included the effects of the corporate reorganisation of the German companies in the context with the formation of TUI Travel PLC and the effects of the issue of a convertible bond.

(4) Other one-off items according to sectors

In addition to the disclosures required according to IFRS, a reconciliation to underlying earnings is provided in the consolidated profit and loss statement. The adjustments show deconsolidation income as gains on disposal, events according to IAS 37 as restructuring measures and all effects resulting from purchase price allocations on EBITA under purchase price allocation. This reconciliation also includes the following individual one-off effects.

Other one-off items according to sectors

€ million	Q2 2008	Q2 2007 restated	H1 2008	H1 2007 restated
Tourism	29.9	31.0	45.6	39.3
TUI Travel	27.6	31.0	43.3	39.3
of which First Choice Holidays	*25.2*	–	*32.7*	–
TUI Hotels & Resorts	2.3	–	2.3	–
Cruises	–	–	–	–
Central operations	–	–	–	–
Total	**29.9**	**31.0**	**45.6**	**39.3**

Special one-off expenses of € 18.7 million incurred in the tourism division in the second quarter of 2008 mainly resulted from one-off hedging effects and foreign exchange losses in flight operations. For the first half of the year, additional major one-off expenses of € 13.9 million (of which in Q2 2008: € 5.0 million) arose from the merger of the British activities of TUI Travel PLC.

In the TUI Hotels & Resorts sector, a provision for maintenance expenses formed for the Magic Life Group for a leased facility was reversed in the framework of the extension and renegotiation of the lease agreement in the second quarter of 2008.

In the 2007 reference period, special one-off expenses mainly related to the rebranding of the new TUIfly.com brand, one-off costs of changes in the air passenger duty in the UK which could not be passed on to passengers and one-off expenses for the revaluation of maintenance provisions for leased aircraft in the wake of the merger of the First Choice Holidays Group and TUI's tourism division already prepared at that point in time.

Notes on the consolidated balance sheet

The changes in the consolidated balance sheet as against 31 December 2007 were mainly characterised by the classification of container shipping and 'TUIfly' as a discontinued operation and a disposal group according to IFRS 5, respectively, and the corresponding recognition of the assets and liabilities of these sectors as separate balance sheet items.

The notes provided below will therefore only concern the changes in balance sheet items unrelated to the above effect. The changes in the balance sheet items were primarily attributable to the seasonality of the tourism business, manifesting itself more strongly since the acquisition of the First Choice Holidays Group. Both trade accounts receivable and other receivables from advance payments in tourism as well as trade accounts payable rose as a result. The seasonal increase in advance payments in tourism caused an increase in particular in other liabilities as against 31 December 2007.

Goodwill declined due to the impairments of the goodwill of the reclassified disposal groups 'TUIfly' and Tarajal Properties, S.L. and the weakening of the British pound sterling against the euro.

Assets held for sale as at 30 June 2008 and the associated liabilities comprised the discontinued container shipping operation, disposal groups 'TUIfly' and Tarajal Properties, S.L. and other non-current assets.

Assets held for sale

€ million	30 Jun 2008	31 Dec 2007
Container shipping	3,886.0	–
'TUIfly'	293.3	–
Tarajal Properties, S.L.	38.6	–
Other non-current assets	119.1	8.8
Total	**4,337.0**	**8.8**

Liabilities related to assets held for sale

€ million	30 Jun 2008	31 Dec 2007
Container shipping	1,797.6	–
'TUIfly'	617.5	–
Tarajal Properties, S.L.	8.0	–
Total	**2,423.1**	**–**

On the basis of a memorandum of understanding signed at the end of January 2008, TUI Travel, Deutsche Lufthansa AG and Albrecht Knauf Industriebeteiligung GmbH have examined a potential merger of their subsidiaries Hapag-Lloyd Fluggesellschaft mbH, Hapag-Lloyd Express GmbH, Germanwings GmbH and Eurowings Luftverkehrs AG under a joint, independent holding company. An agreement entailing the conclusion of a legally binding agreement will ultimately depend on the successful completion of the final negotiations. Due to the status of these negotiations, the assets and liabilities allocable to these two 'TUIfly' companies had to be classified as a separate disposal group in the balance sheet as at 30 June 2008 in accordance with IFRS 5 and had to be carried under 'Assets held for sale' and 'Liabilities related to assets held for sale'.

Since the sales negotiations for the interests in the hotel property company Tarajal Properties, S.L. became increasingly specific, the criteria of IFRS 5 were now met so that the assets held for sale and the associated liabilities were carried in the corresponding balance sheet items.

Other non-current assets included the aircraft held for sale (€ 110.7 million), property and buildings but also apartments of a hotel complex (as at 31 December 2007: € 8.8 million) as at 30 June 2008.

In connection with the increase in the interest rate level in the first half of 2008, the measurement of pension provisions according to IAS 19 resulted in a corresponding decline in this balance sheet item. This decrease was more than offset by a deterioration in the market value of plan assets (in particular in the UK). The reclassification of the pension obligations of the discontinued container shipping operation and the 'TUIfly' disposal group to the balance sheet item 'Liabilities related to assets held for sale', resulted in a further decline in the pension provisions carried.

The considerable increase in the net financial position as against 31 December 2007 (€ +1.5 billion) resulted in particular from the seasonality of current business operations and the redemption of current financial liabilities by TUI Travel PLC. The reclassifications required under IFRS 5 to separate balance sheet items caused a further increase of € 0.6 billion.

Changes in equity

Equity declined by € 403.4 million as a result of the negative consolidated earnings.

Equity also dropped due to the weakness of the US dollar and British pound sterling in the period under review.

The TUI Group exercised the option offered by IAS 19 of offsetting actuarial gains and losses from pension commitments against equity with no effect on profit or loss when they occur.

The gains from hedging instruments resulting from the effective hedging of future cash flows directly to be eliminated against equity rose by € 318.9 million in the period under review. Overall, this rise was attributable to very good market values for hedging instruments for aircraft fuel and bunker oil transactions.

The negative equity attributable to the minority interests in TUI Travel PLC, primarily caused by the first-time consolidation of the First Choice Holidays Group, was offset against revenue reserves in accordance with IAS 27.35.

The cumulative expenses of the discontinued container shipping operation and the 'TUIfly' and Tarajal Properties, S.L. disposal groups directly taken to equity totalled € 83.0 million and € 62.9 million, respectively.

Contingent liabilities

As at 30 June 2008, the TUI Group's contingent liabilities totalled around € 76.2 million (as at 31 December 2007: around € 70.7 million). Contingent liabilities were carried at the level of potential availment as at the balance sheet date. They mainly related to the assumption of liabilities for interests held in hotel companies in framework of the reorganisation of credits to fund projects.

Other financial commitments

Financial commitments from operating lease, rental and charter contracts declined to € 5.0 billion at the end of the first half of the 2008 financial year, down from € 5.3 billion as at 31 December 2007. The fair value decreased from € 4.3 billion to € 4.1 billion. Of this total, container shipping accounted for € 2.1 billion (nominal value) or € 1.7 billion (fair value).

The remaining other financial commitments overall rose slightly to € 4.2 billion as at the end of the first half of 2008, up from € 4.1 billion as at the end of the previous financial year. While order commitments in respect of capital expenditure increased by € 0.2 billion to € 3.6 billion due to the ordering of six new container ship builds with a capacity of 8,750 TEU each, less the ships delivered in the 2008 financial year, other financial commitments only declined slightly. The fair value of the remaining other financial liabilities declined from € 3.6 billion to € 3.5 billion for maturity-related reasons. As at 30 June 2008, order commitments in respect of capital expenditure in container shipping had a nominal value of € 0.8 billion (fair value: € 0.7 billion).

Order commitments for tourism services were no longer shown as of the 2007 financial year, in line with customary industry practice. The previous year's figures were restated accordingly.

Notes on the cash flow statement

Based on after-tax Group profit, the cash flow from operating activities was prepared using the indirect method. Cash and cash equivalents of the continuing operations declined by € 104.4 million (of which cash and cash equivalents of container shipping as at 30 June 2008: € 101.3 million) due to the classification of discontinued operations. The total cash flow from operating activities rose by € 974.3 million to € 2,588.3 million in the period under review.

The inflow of cash from operating activities rose substantially by € 546.7 million to € 1,364.1 million year-on-year. This increase was mainly attributable to the first-time consolidation of the First Choice operations and the sound performance in shipping and tourism.

The outflow of cash from investing activities totalled € 191.3 million in the current financial year. The outflow of cash in the current financial year was mainly attributable to payments made for investments in property, plant and equipment (essentially container ships and hotel complexes) and investments (above all the acquisition of companies by the TUI Travel Group). On the other hand, an inflow of cash was generated, mainly due to the sale of aircraft to AerCap Holdings NV and the redemption of loans in connection with the disposal of the AMC Group in previous years. In 2007, a total inflow of cash of € 351.4 million had been generated from the divestment of fixed assets and intangible assets, above all the sale of Montreal Gateway Terminals.

The outflow of cash from financing activities, including interest payments (€ 215.4 million), totalled € 40.1 million. While several long-term bank loans were taken up, including a credit based on an exchangeable bond by TUI AG, short-term bank loans were repaid by TUI Travel PLC.

Cash and cash equivalents decreased by a further € 54.0 million, primarily due to changes in exchange rates, i.e. the weakening of the British pound sterling.

Condensed statements of changes in equity

For the period from 1 January to 30 June 2008

€ million	Subscribed capital	Capital reserves	Revenue reserves	Hybrid capital	Equity before minority interests	Minority interests	Equity
Balance as at 1 January 2008 restated	**642.3**	**2,471.9**	**- 585.7**	**294.8**	**2,823.3**	**297.4**	**3,120.7**
Dividend payments	–	–	- 108.8	–	- 108.8	–	- 108.8
Dividend hybrid capital	–	–	- 12.9	–	- 12.9	–	- 12.9
First-time consolidation	–	–	1.7	–	1.7	–	1.7
Effect of acquisition of minority interest	–	–	- 32.2	–	- 32.2	–	- 32.2
Share-based payments of TUI Travel	–	–	5.1	–	5.1	–	5.1
Income and expenses directly carried in equity	–	–	165.4	–	165.4	1.8	167.2
Tax items directly offset against equity	–	–	- 69.8	–	- 69.8	- 0.5	- 70.3
Group profit/loss	–	–	- 417.8	–	- 417.8	14.4	- 403.4
Balance as at 30 June 2008	**642.3**	**2,471.9**	**- 1,055.0**	**294.8**	**2,354.0**	**313.1**	**2,667.1**

For the period from 1 January to 30 June 2007

€ million	Subscribed capital	Capital reserves	Revenue reserves	Hybrid capital	Equity before minority interests	Minority interests	Equity
Balance as at 1 January 2007	**641.7**	**2,396.2**	**- 604.4**	**294.8**	**2,728.3**	**279.1**	**3,007.4**
Dividend payments	–	–	–	–	–	- 14.6	- 14.6
Dividend hybrid capital	–	–	- 12.8	–	- 12.8	–	- 12.8
Issue of convertible bond	–	119.7	–	–	119.7	–	119.7
First-time consolidation	–	–	- 0.9	–	- 0.9	1.9	1.0
Effect of acquisition of minority interest	–	–	- 22.5	–	- 22.5	- 0.9	- 23.4
Income and expenses directly carried in equity	–	–	385.8	–	385.8	- 1.9	383.9
Tax items directly offset against equity	–	- 47.9	- 101.4	–	- 149.3	- 0.1	- 149.4
Group profit/loss	**–**	**–**	**- 57.6**	**–**	**- 57.6**	**23.1**	**- 34.5**
Balance as at 30 June 2007 restated	**641.7**	**2,468.0**	**- 413.8**	**294.8**	**2,990.7**	**286.6**	**3,277.3**

Segment indicators

External turnover with non-Group third parties according to divisions and sectors

€ million	Q2 2008	Q2 2007 restated	H1 2008	H1 2007 restated
Tourism	4,721.6	3,680.3	8,344.9	6,319.7
TUI Travel	4,575.2	3,553.6	8,046.6	6,058.9
of which First Choice Holidays	*1,182.5*	–	*2,104.5*	–
TUI Hotels & Resorts	99.9	90.7	193.8	174.9
Cruises	46.5	36.0	104.5	85.9
Central operations	18.6	44.0	31.8	75.0
Continuing operations	**4,740.2**	**3,724.3**	**8,376.7**	**6,394.7**
Discontinued operation - Container shipping	**1,510.1**	**1,472.5**	**2,961.3**	**2,896.2**

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

€ million	Q2 2008	Q2 2007 restated	H1 2008	H1 2007 restated
Tourism	- 146	13	- 451	- 224
TUI Travel	- 159	- 1	- 483	- 257
of which First Choice Holidays	*- 19*	–	*- 171*	–
TUI Hotels & Resorts	13	15	26	31
Cruises	0	- 1	6	2
Central operations	15	- 23	22	- 8
Continuing operations	**- 131**	**- 10**	**- 429**	**- 232**
Discontinued operation - Container shipping	**148[1)]**	**13**	**149[1)]**	**150**

[1)] including follow-up effects of IFRS 5: suspension of depreciation (€ 65.8 million) and measurement of participations at equity (€ 7.3 million).

In the first half of the 2008 financial year, earnings before interest, taxes and impairments of goodwill (EBITA) comprised the following results from joint ventures and associates: tourism € 12.9 million (previous year: € 15.5 million) and shipping (for the first quarter of 2008) € 5.6 million (previous year € 5.0 million).

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. More detailed information on related parties is provided under 'Other notes' in the notes on the consolidated financial statements for 2007.

Responsibility Statement by Management

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the interim management report of the group includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group for the remaining months of the financial year.

The Executive Board
Hanover, 11 August 2008

Frenzel

Baier Behrendt Engelen

Feuerhake Long

Review Report

To the TUI AG, Berlin and Hanover

We have reviewed the condensed consolidated interim financial statements – comprising the balance sheet, income statement, condensed cash flow statement, condensed statement of changes in equity and selected explanatory notes – and the interim group management report of the TUI AG, Berlin and Hanover, for the period from 1 January 2008 to 30 June 2008 which are part of the half-year financial report pursuant to § (Article) 37w WpHG ('Wertpapierhandelsgesetz': German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW) and additionally observed the International Standard on Review Engagements 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' (ISRE 2410). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU nor that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

Hanover, 11 August 2008

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Prof. Dr. Norbert Winkeljohann
Wirtschaftsprüfer
(German Public Auditor)

Sven Rosorius
Wirtschaftsprüfer
(German Public Auditor)

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.

Financial Calendar 2008/2009

Interim Report January to September 2008	14 November 2008*)
Annual Press Conference 2009	25 March 2009
Annual General Meeting 2009	13 May 2009

*) scheduled

Imprint

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The German version of this half-year-financial report is legally binding. The Company cannot be held responsible for any misunderstandings or misinterpretation arising from this translation. Both versions are available on the web: www.tui-group.com

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