INTERIM REPORT 2014 / 15

1 October 2014 – 31 December 2014

Q1

TUI GROUP

CONTENTS

NEW TUI GROUP DELIVERS A GOOD START TO THE YEAR

Highlights

- 15 % improvement in the underlying operating result[1], excluding profit on sale of Riu Waikiki
- Travel (formerly TUI Travel) result in line with our expectations
- Hotels & Resorts (formerly TUI Hotels & Resorts) and Cruises delivered a significant increase in profitability, including the profit on sale of hotel
- Pleased with overall trading to date for Winter 2014 / 15 and Summer 2015
- Post-merger integration underway – delivery of synergies will commence during this financial year
- Mainstream strategy is progressing, from growing profitability to profitable top-line growth
- Evaluating options to manage Non-Mainstream for growth and value
- Confident of delivering full year underlying operating profit growth of 10 % to 15 % at constant currency[1]

KEY FINANCIALS

€ million	Q1 2014 / 15	Q1 2013 / 14 restated[2]	Underlying Change %	Q1 2014 / 15	Reported Q1 2013 / 14 restated
Revenue	3,543.6	3,361.1	+ 5.4	3,543.6	3,361.1
EBITA	– 107.9	– 141.1	+ 23.5	– 145.0	– 160.2
EBITA – excluding profit on sale of hotel, at constant currency[1]	– 120.0	– 141.1	+ 15.0	n. a.	n. a.

[1] Constant currency basis assumes that constant foreign exchange translation rates are applied to the underlying operating result in the current and prior year.
[2] Details at page 37 et seq.

Chief Executives of TUI Group, Friedrich Joussen and Peter Long, commented:

»We are delighted to announce our first set of results as TUI Group, having delivered 15 % improvement in the underlying operating result. This reflects a significant increase in profitability in Hotels & Resorts and Cruises. The Travel result is in line with our expectations. We have continued to grow unique holidays and online bookings across all key source markets and expect to deliver growth in the underlying operating result in the remainder of the year. Following completion of the merger between TUI AG and TUI Travel PLC in December 2014, the integration of our businesses is well underway, with a new Executive Committee in place. Based on this result and our current trading, we remain confident of delivering full year underlying operating profit growth of 10 % to 15 %[1].«

Q1 RESULTS

- Underlying operating loss reduced by € 33 m to € 108 m (Q1 2013 / 14: loss of € 141 m). This equated to a 15 % improvement in the underlying operating result, excluding € 16 m profit on sale of Riu Waikiki within Hotels & Resorts, and € 4 m adverse foreign exchange translation.
- Travel underlying operating loss of € 149 m, or € 144 m at constant currency (Q1 2013 / 14: € 137 m), was in line with our expectations. Mainstream operating loss of € 114 m, or € 110 m at constant currency (Q1 2013 / 14: loss of € 110 m).
- Hotels & Resorts underlying operating profit increased significantly to € 51 m (Q1 2013 / 14: € 26 m). Improved yield performance, with overall occupancy up 3.6 percentage points to 77.6 % and revenue per bed up 2.2 %.
- Cruises delivered underlying operating profit of € 2 m (Q1 2013 / 14: loss of € 16 m), with losses halved in Hapag-Lloyd Kreuzfahrten and growth in TUI Cruises following the successful launch of Mein Schiff 3.

PLEASED WITH OVERALL TRADING TO DATE FOR WINTER 2014 / 15 AND SUMMER 2015

- Winter 2014 / 15 is closing out in line with our expectations – 84 % of the Mainstream programme sold, with higher average selling prices in most source markets.
- Pleased with overall Summer 2015 trading to date, with 2 % higher average selling prices and broadly flat volumes overall.
- Excellent online performance with Mainstream Summer 2015 online bookings up by 8 %.
- Continued growth in sales of unique holidays, which currently account for 78 % of Mainstream Summer 2015 bookings.
- Strong trading performance continues by Accommodation Wholesaler with TTV up 23 % for Winter 2014 / 15 and 24 % for Summer 2015.

IMPLEMENTING OUR STRATEGY POST-MERGER

- Integration under way, will start to deliver synergies this year.
- Mainstream strategy is progressing, from growing profitability to profitable top-line growth
- Evaluating options to manage Online Accommodation and Specialist & Activity for growth and value under the leadership of their new CEO, Will Waggott.
- Remain committed to exiting remaining shareholding in Hapag-Lloyd AG, through either IPO or trade sale.
- Based on our Q1 result and current trading, we remain confident of delivering full year underlying operating profit growth of 10 % to 15 %[1].
- We will hold a Capital Markets Day on 13th May 2015, to coincide with our H1 interim results, providing an update on our strategy and setting out our plans for growth.

Current Trading

WINTER 2014 / 15

In Mainstream, the Winter 2014 / 15 season is closing out as expected, with 84 % of the programme sold and strong pricing across most of our source markets. Mainstream bookings are up 1 % versus prior year, reflecting planned capacity reductions in the Nordics and France, with average selling prices up 1 %. We are pleased with overall trading to date, although in Germany, we are experiencing some margin pressure in the Canaries, which forms a significant part of our Winter programme.

We continue to deliver sustainable growth through our unique holiday experiences, increasingly distributed online. Unique holidays account for 72 % of all Mainstream bookings, up three percentage points compared with this time last year, whilst online sales continue to grow across all key source markets.

Trading by Hotels & Resorts largely mirrors customer numbers in Mainstream, as a high proportion of Group-owned hotel beds are taken up by the Mainstream tour operators. In Cruises, bookings performance continues to be driven by the expansion of the TUI Cruises fleet, with the addition of Mein Schiff 3, and improved fleet performance by Hapag-Lloyd Kreuzfahrten.

In Accommodation Wholesaler, TTV is up 23 %, driven primarily by Latin America, USA and Asia.

CURRENT TRADING[1]

	Winter 2014 / 15			
YoY variation %	Total ASP[2]	Total Sales[2]	Total Customers[2]	Programme sold (%)
Mainstream				
UK	+3	+6	+3	77
Nordics	+5	–3	–7	91
Germany	Flat	+2	+1	82
France tour operators	+4	–12	–16	87
Other[3]	–1	+2	+4	89
Total Mainstream	**+1**	**+2**	**+1**	**84**
Accommodation Wholesaler[4]	**+3**	**+23**	**+19**	**n. a.**

[1] These statistics are up to 1 February 2015 and are shown on a constant currency basis.
[2] These statistics relate to all customers whether risk or non-risk.
[3] Other includes Austria, Belgium, Netherlands, Poland and Switzerland.
[4] Sales refer to total transaction value (TTV) and customers refers to roomnights.

SUMMER 2015

For Summer 2015, we remain pleased with trading to date. In Mainstream, we are still at an early stage of the booking cycle, with approximately 32 % of the programme sold, in line with prior year. We are pleased with average selling prices, up 1 %. In the UK, which has the highest percentage of holidays sold so far at 38 %, bookings are up 4 % and average selling prices are up 1 %. Overall, Mainstream bookings are down 1 %.

We continue to see strong demand for our unique holidays, which account for 78 % of Mainstream bookings, up one percentage point. We are particularly pleased with the growth in unique in Germany, now accounting for over 60 % of Summer bookings. Mainstream online bookings are up 8 %.

As for Winter, trading by Hotels & Resorts largely mirrors customer numbers in Mainstream. In Cruises, bookings performance is driven by the launch of Mein Schiff 4 by TUI Cruises in the Summer.

Our Accommodation Wholesaler business has had a strong start to the year, with TTV for Summer 2015 up 24 % driven by growth in Asia, Latin America and the USA.

Fuel / Foreign Exchange

Our strategy of hedging the majority of our jet fuel and currency requirements for future seasons, as detailed below, remains unchanged. This gives us certainty of costs when planning capacity and pricing. The following table shows the percentage of our forecast requirement that is currently hedged for Euros, US Dollars and jet fuel for Travel, our largest segment.

TRAVEL

	Winter 2014 / 15	Summer 2015
Euro	96 %	85 %
US Dollars	93 %	85 %
Jet Fuel	93 %	87 %

As at 6 February 2015

Net Debt and Liquidity

The net debt position (cash and cash equivalents less loans, overdrafts and finance leases) at 31 December 2014 was € 1,632 m (30 September 2014: net cash € 293 m). The increase since year-end was driven by typical seasonal cash outflows within the tour operator.

The net debt position consisted of € 1,094 m of cash and cash equivalents, € 177 m of current financial liabilities and € 2,549 m of non-current financial liabilities.

We remain satisfied with our long-term debt funding and liquidity position. This includes external bank revolving credit facilities totalling € 1.75 bn which mature in June 2018, used to manage the seasonality of the Group's cash flows and liquidity, and the following listed bonds:

- High yield bond € 300 m (issued by TUI AG, matures October 2019)
- Convertible bond € 339 m (issued by TUI AG, matures March 2016)
- Convertible bond £ 200 m* (issued by TUI Travel PLC, matures April 2017)
- Hybrid bond € 300 m (issued by TUI AG, no maturity date)

* In the context of the completion of the merger between TUI AG and TUI Travel PLC, TUI AG terminated a financing agreement with Deutsche Bank early. As a result, legal ownership of TUI Travel PLC Convertible Bonds 2017 with a nominal value of £ 200 m was transferred to TUI AG during January 2015.

Outlook

The new TUI Group has delivered a good start to the year, with strong growth in profitability in Cruises and Hotels & Resorts. Mainstream performance during the quarter was in line with our expectations, and our strategy, with its focus on unique holidays, direct distribution and leveraging our scale, leaves us well placed to deliver growth in underlying operating profit in the remainder of the year. Our Accommodation Wholesaler business continues to outperform the market, with strong TTV growth in current bookings.

Our post-merger integration is underway and we expect to start delivering synergies in the current financial year. In Mainstream, our strategy is progressing, from growing profitability to profitable top-line growth. In Non-Mainstream, we are evaluating our options to manage these businesses for growth and value and we remain committed to exiting our remaining shareholding in Hapag-Lloyd AG, through either IPO or trade sale. Based on this result and our current trading, we remain confident of delivering full year underlying operating profit growth of 10 % to 15 %[1] .

Q1 2014/15

TUI Group – Financial Highlights

€ million	**Q1 2014/15**	Q1 2013/14 restated	Var. %
Turnover			
Travel	3,369.9	3,207.9	+ 5.1
Hotels & Resorts	108.2	94.7	+ 14.3
Cruises	53.5	55.1	– 2.9
Group	**3,543.6**	**3,361.1**	**+ 5.4**
EBITDA			
Travel	– 104.7	– 92.2	– 13.6
Hotels & Resorts	64.9	42.1	+ 54.2
Cruises	4.6	– 5.1	n. a.
Group	**– 46.5**	**– 68.2**	**+ 31.8**
Underlying EBITDA			
Travel	– 83.1	– 80.3	– 3.5
Hotels & Resorts	64.9	42.6	+ 52.3
Cruises	4.6	– 12.5	n. a.
Group	**– 24.9**	**– 63.2**	**+ 60.6**
EBITA			
Travel	– 186.1	– 163.3	– 14.0
Hotels & Resorts	51.0	25.5	+ 100.0
Cruises	2.0	– 8.5	n. a.
Group	**– 145.0**	**– 160.2**	**+ 9.5**
Underlying EBITA			
Travel	– 149.1	– 137.3	– 8.6
Hotels & Resorts	51.0	26.0	+ 96.2
Cruises	2.0	– 15.9	n. a.
Group	**– 107.9**	**– 141.1**	**+ 23.5**
Group earnings			
Net loss for the year	– 136.2	– 154.7	+ 12.0
Earnings per share €	– 0.32	– 0.46	+ 30.4
Equity ratio (31 Dec) %	14.0	18.1	– 4.1*
Investments in other intangible assets and property, plant and equipment	266.7	222.4	+ 19.9
Net financial position (31 Dec)	1,632.0	1,776.7	– 8.1
Employees (31 Dec)	65,278	63,802	+ 2.3

Differences may occur due to rounding
* Percentage points

INTERIM MANAGEMENT REPORT

TUI Group fundamentals: Structure and Strategy

The merger between TUI AG and TUI Travel PLC to form the world's number one integrated tourism group

The merger of TUI AG and TUI Travel PLC in December 2014 has created the world's number one integrated leisure tourism business. TUI Group is an international company with strong roots in Europe. The Group is domiciled in Germany.

Since 17 December 2014 the new TUI Group shares are listed in the London Stock Exchange's Main Market. They are also included in the FTSE UK indices, and the premium FTSE 100 index. In Germany, TUI will be listed on the MDAX for a transition period . After that the shares will move to the OTC segment so that private German shareholders can continue trading TUI shares in Germany.

The Group Executive Committee, which consists of the six Executive Board members as well as seven top managers of the Group, will be responsible in future for the strategic and operational management of the TUI Group. Following the completion of the merger the Supervisory Board has been extended from 16 to 20 members. There are ten shareholder representatives and ten employee representatives. Prof. Dr. Klaus Mangold is chairman of the Supervisory Board. Frank Jakobi and Sir Michael Hodgkinson are both Deputy Chairman.

REPORTING STRUCTURE

In the Interim Statement for Q1 2014/15 the current Group structure, which comprises the Sectors: Travel, Hotels & Resorts and Cruises as well as Central Operations will be applied for the last time. Central Operations comprises all other segments, including in particular TUI AG's Corporate Centre functions and the interim holdings along with the Group's real estate companies. Central Operations also includes inter-segment consolidation effects.

Group structure see Annual Report 2013/14 page 61.
Changes in the group of consolidated companies see page 41 in this Interim Report

A reporting structure adjusted to the management of the new TUI Group is being updated and will be launched in the Half-Year Financial Report 2014/15.

In the period under review, there were no changes in the legal framework with a material impact on the TUI Group's business performance.

GROUP TARGETS AND STRATEGY OF THE NEW TUI GROUP

The TUI Group will utilise the scale of its fully integrated Mainstream tourism business, whilst managing its non-Mainstream for growth and value, thereby future-proofing its long-term sustainable competitive position. TUI Group's strategy is explained in detail in the Annual Report 2013/14.

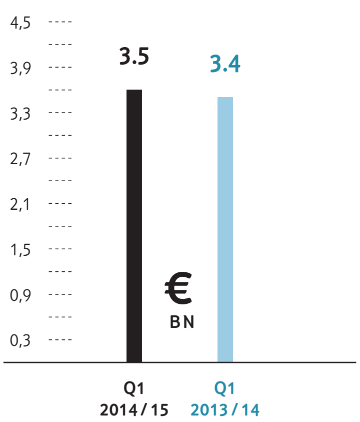
See Annual Report 2013/14 page 62 et seq.

RESEARCH AND DEVELOPMENT

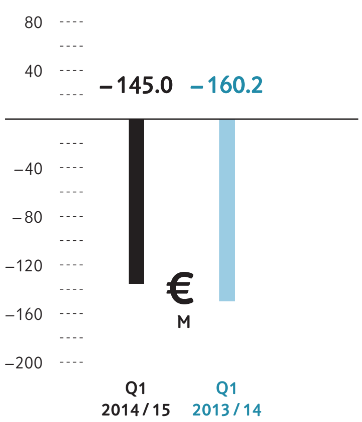
As a tourism service provider, TUI does not engage in research and development activities comparable with manufacturing companies. This sub-report is therefore not prepared.

Earnings by the Sectors

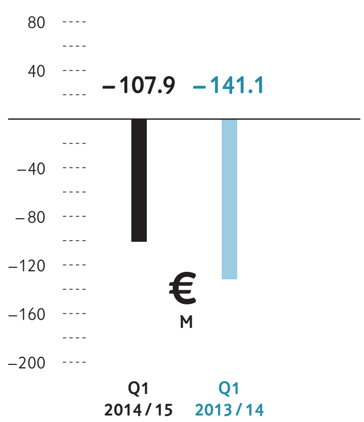
TURNOVER



EBITA



UNDERLYING EBITA



Development of turnover

TURNOVER

€ million	Q1 2014 / 15	Q1 2013 / 14 restated	Var. %
Tourism	**3,531.6**	**3,357.7**	**+ 5.2**
Travel	3,369.9	3,207.9	+ 5.1
– Mainstream	2,804.6	2,686.6	+ 4.4
– Accommodation & Destinations	223.5	204.7	+ 9.2
– Specialist & Activity	333.4	316.6	+ 5.3
– Others	8.4	–	n. a.
Hotels & Resorts	108.2	94.7	+ 14.3
Cruises	53.5	55.1	– 2.9
Central Operations	**12.0**	**3.4**	**+252.9**
Group	**3,543.6**	**3,361.1**	**+ 5.4**

While Travel recorded a year-on-year increase in Mainstream customers of 2.3 %, the TUI Group's turnover totalled € 3.5 bn in Q1 2014 / 15, up 5.4 % on the prior year. Turnover increased by around 3.2 % on a constant currency basis.

Development of earnings

UNDERLYING EBITA

€ million	Q1 2014/15	Q1 2013/14 restated	Underlying EBITA Var. %	Q1 2014/15	Q1 2013/14 restated	EBITA Var. %
Tourism	**–96.1**	**–127.2**	**+24.4**	**–133.1**	**–146.3**	**+9.0**
Travel	–149.1	–137.3	–8.6	–186.1	–163.3	–14.0
– Mainstream	–114.3	–110.0	–3.9	–139.1	–123.9	–12.3
– Accommodation & Destinations	0.5	6.2	–91.9	–3.9	3.3	n. a.
– Specialist & Activity	–19.1	–19.4	1.5	–22.7	–27.3	+16.8
– Others	–16.2	–14.1	–14.9	–20.4	–15.4	–32.5
Hotels & Resorts	51.0	26.0	+96.2	51.0	25.5	+100.0
Cruises	2.0	–15.9	n. a.	2.0	–8.5	n. a.
Central Operations	**–11.8**	**–13.9**	**+15.1**	**–11.9**	**–13.9**	**+14.4**
Group	**–107.9**	**–141.1**	**+23.5**	**–145.0**	**–160.2**	**+9.5**

In order to explain and evaluate the operating performance by the Sectors, earnings adjusted for special one-off effects (underlying EBITA) are presented below. Underlying earnings have been adjusted for gains on disposal of investments, expenses in the framework of restructuring measures, essentially scheduled amortisation of intangible assets from purchase price allocations, and other expenses for and income from one-off items.

UNDERLYING EBITA: GROUP

€ million	Q1 2014/15	Q1 2013/14 restated	Var. %
EBITA	**–145.0**	**–160.2**	**+9.5**
Gains on disposal	+0.1	+0.5	
Restructuring	+1.5	+5.8	
Purchase price allocation	+18.5	+16.8	
Other one-off items	+17.0	–4.0	
Underlying EBITA	**–107.9**	**–141.1**	**+23.5**

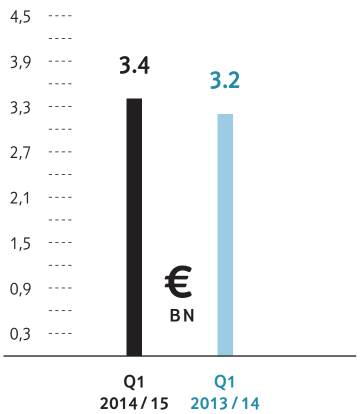
In Q1 2014/15, the Group's seasonal loss (underlying EBITA) declined by € 33.2 m year-on-year including € 3.9 m adverse impact of foreign exchange translation.

In Q1 2014/15, one-off items of € 37.1 m had to be carried as adjustments. They included, in particular, transfers to provisions for a legal dispute, as yet unresolved, in connection with the acquisition of a Turkish hotel in the Travel Sector.

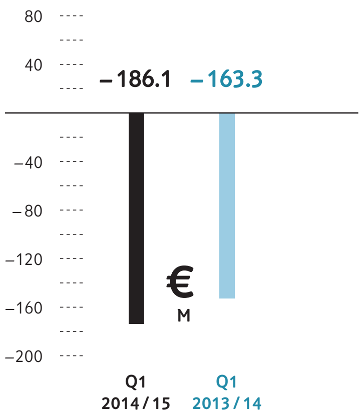
In Q1 2014/15, the Group's reported EBITA totalled €–145.0 m, up € 15.2 m on the prior year.

Travel

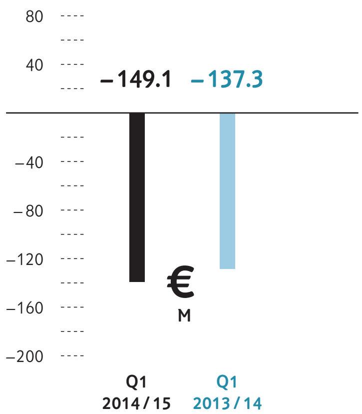
TURNOVER



EBITA



UNDERLYING EBITA



TRAVEL – KEY FIGURES

€ million	**Q1 2014 / 15**	Q1 2013 / 14 restated	Var. %
Turnover	3,369.9	3,207.9	+ 5.1
EBITA	**– 186.1**	**– 163.3**	**– 14.0**
Gains on disposal	+ 0.1	–	
Restructuring	+ 1.5	+ 5.8	
Purchase price allocation	+ 18.4	+ 16.8	
Other one-off items	+ 17.0	+ 3.4	
Underlying EBITA	**– 149.1**	**– 137.3**	**– 8.6**
Underlying EBITDA	– 83.1	– 80.3	– 3.5
Investments in other intangible assets and property, plant and equipment	205.3	198.1	+ 3.6
Headcount (31 Dec)	53,052	51,281	+ 3.5

In Q1 2014 / 15 Travel turnover increased by 5.1 % year-on-year. Adjusted for foreign exchange effects, it was up by 2.8 %. This growth was driven by higher Mainstream customer numbers, up 2.3 %, and higher average selling prices.

The seasonal operating loss by Travel rose by € 11.8 m year-on-year in line with expectations including an adverse effect of € 5 m from foreign exchange translation.

In Q1 2014 / 15 Travel had to adjust for one-off effects amounting to altogether € 37.0 m. Apart from effects from purchase price allocations totalling € 18.4 m, a major factor was the provision created for an as yet unresolved legal dispute.

Reported earnings from Travel fell in Q1 2014 / 15 by € 22.8 m year-on-year to €–186.1 m.

MAINSTREAM

Mainstream remains the biggest segment within Travel, embracing the sale of air travel, accommodation and other tourism services.

		UNIQUE MIX[1]	DIRECT DISTRIBUTION MIX[3]	ONLINE MIX[4]	CUSTOMERS
TRAVEL MAINSTREAM		in %	in %	in %	in '000
	Q1 2014/15	71	69	40	3,527
	Q1 2013/14	68	67	37	3,446
GERMANY		in %[2]	in %	in %	in '000[5]
	Q1 2014/15	53	43	12	1,184
	Q1 2013/14	48	39	9	1,161
UK		in %	in %	in %	in '000
	Q1 2014/15	86	91	53	892
	Q1 2013/14	85	90	50	859
NORDICS		in %	in %	in %	in '000
	Q1 2014/15	93	89	69	294
	Q1 2013/14	91	89	67	313

[1] Share of differentiated or exclusive hotels

[3] Share of sales via own channels (retail and online)

[4] Share of online sales

[5] Germany customers restated to include seat only sales distributed by TUIfly.com

[2] Germany unique adjusted to include Airtours brand and long-haul destinations not previously included within packages

In Q1 2014 / 15, Mainstream's seasonal operating loss (underlying EBITA) increased by € 4.3 m to € 114.3 m (Q1 2013 / 14: € 110.0 m). This included € 4 m adverse foreign exchange translation.

GERMANY

In the quarter under review, TUI Deutschland achieved a year-on-year increase in customer numbers of 2.0 %. Demand for unique holidays rose to 53 % of departures, up 5 percentage points on the prior year. Direct distribution also grew in Q1 2014 / 15 up to 43 %. This growth was driven by our Group's own retail estate, which will be expanded further, and, in particular, an increase in online bookings, accounting for 12 %. In addition, platforms for mobile were further optimised. The result in Germany was impacted by margin pressure in the Canaries, which forms a significant part of the Winter programme.

UK

The performance of TUI tour operators in the UK was in line with the prior year. Customers departing during the quarter increased by 3.9 %, driven by the stronger demand for the expanded long-haul programme and growth in unique offering. Unique holidays accounted for 86 % of departures, up 1 percentage point on Q1 2013 / 14. There was also good growth in online bookings, which accounted for 53 % of all bookings, up 3 percentage points year-on-year.

NORDICS

In the period under review, TUI tour operators in the Nordics reported a result slightly below prior year as a result of airline maintenance cost phasing. The 6.1 % decline in customers departing in Q1 2014 / 15 was driven by capacity reductions on more competitive routes, and this, coupled with further efficiency enhancements delivered through the One Nordic programme, have delivered an improvement in margins. Unique holidays accounted for 93 % of departures in Q1 2014 / 15. Online distribution also increased, standing at 69 % of holidays, up 2 percentage points on prior year.

FRANCE

Our French tour operator reported a decrease in customer numbers of 16.0 % in Q1 2014 / 15, in line with capacity cuts. Due to the reduction in occupancy risks and the ongoing restructuring measures, our french tour operator improved its result on the prior year.

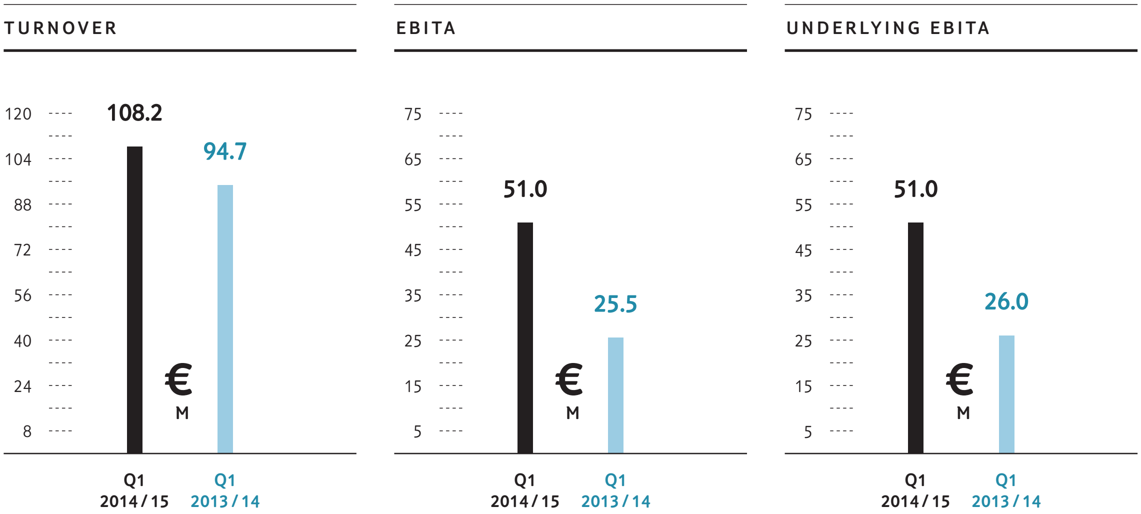
ACCOMMODATION & DESTINATIONS

Accommodation & Destinations, which comprises the online services and incoming agencies of Travel, reported a lower operating result of € 0.5 m in Q1 2014 / 15, which was driven primarily by operating costs to support business expansion in Accommodation Wholesaler.

SPECIALIST & ACTIVITY

Specialist & Activity pools more than 100 specialist and adventure tour operators in Europe, North America and Australia and comprises, for instance, sports and language travel operators and charter yacht providers. In Q1 2014 / 15, the sector reported a seasonal operating loss of € 19.1 m, in line with the prior year.

Hotels & Resorts



HOTELS & RESORTS – KEY FIGURES

€ million	**Q1 2014 / 15**	Q1 2013 / 14 restated	Var. %
Total turnover	197.9	189.8	+ 4.3
Turnover	108.2	94.7	+ 14.3
EBITA	**51.0**	**25.5**	**+ 100.0**
Gains on disposal	–	+ 0.5	
Restructuring	–	–	
Purchase price allocation	–	–	
Other one-off items	–	–	
Underlying EBITA	**51.0**	**26.0**	**+ 96.2**
Underlying EBITDA	64.9	42.6	+ 52.3
Investments in other intangible assets and property, plant and equipment	60.4	18.0	+ 235.6
Headcount (31 Dec)	11,687	11,874	– 1.6

The Hotels & Resorts Sector comprises TUI AG's hotel content. In Q1 2014 / 15, the number of bednights totalled 4.4 m (previous year 4.1 m). Occupancy stood at 77.6 %, up 3.6 percentage points year-on-year. Trends varied between the individual hotel groups and regions.

At € 197.9 m, total turnover by Hotels & Resorts was 4.3 % up on the prior year.

In Q1 2014 / 15, the underlying result accounted for 51.0 m, up € 25.0 m year-on-year. The sector benefited in particular from the positive performance of the strong brands Riu and Robinson. Apart from improvements in the operating businesses, this growth was also driven by a book profit of € 16 m from the sale of a Riu hotel.

In the period under review, Hotels & Resorts did not incur any adjustments. Accordingly, reported earnings for the sector also totalled € 51.0 m in Q1 2014 / 15, up € 25.5 m year-on-year.

	CAPACITY[1] (in '000)	OCCUPANCY RATE[2] (in %)	AVERAGE REVENUE PER BED[3] (in €)
	Q1 2014/15 / Q1 2013/14	Q1 2014/15 / Q1 2013/14	Q1 2014/15 / Q1 2013/14
HOTELS & RESORTS TOTAL	**5,657** / 5,544	**77.6** / 74.0	**54.78** / 53.62
RIU	**4,180** / 4,122	**81.6** / 79.7	**52.81** / 50.43
ROBINSON	**591** / 613	**69.5** / 70.2	**87.82** / 86.54
IBEROTEL	**605** / 584	**63.3** / 43.1	**43.90** / 43.90
GRUPOTEL	**157** / 98	**75.0** / 75.1	**38.88** / 37.12
GRECOTEL	**89** / 95	**53.2** / 49.6	**37.24** / 53.13

[1] Group owned or leased hotel beds multiplied by opening days per quarter

[2] Occupied beds divided by capacity

[3] Arrangement revenue divided by occupied beds

RIU

Riu, one of Spain's leading hotel chains, operated 91 hotels in the period under review. Capacity increased by 1.4 % year-on-year to 4.2 m hotel beds, in particular due to the first-time full-year inclusion of the hotel facility in St Martin. At 81.6 %, average occupancy of Riu hotels rose by 1.9 percentage points year-on-year in Q1 2014 / 15. Average revenues per bed grew by 4.7 % to € 52.81 on the prior year.

Business developed as follows in the individual regions:

Riu hotels in Spain maintained the very high level achieved in the strong prior-year quarter. Average occupancy of Riu hotels in the Canaries declined slightly by 0.4 percentage points year-on-year to 92.2 %. This high occupancy level in the Canaries reflects a lasting shift in demand from North African countries. Riu hotels in the Balearics also recorded a slight increase in occupancy to 72.0 %. Average occupancy of Riu hotels in mainland Spain rose slightly year-on-year by 1.9 percentage points to 72.7 %.

In the long-haul segment, Riu hotels recorded a slight increase in demand from the US and Canada for hotels in Mexico and the Caribbean in the period under review. On expanded capacity – in particular due to the hotel complex in St Martin, the first time it was included in reporting for a full year – and the renovation-driven decrease in capacity in the prior year, occupancy of Riu hotels rose from 74.8 % last year to 76.4 %. Average revenues per bed grew by 1.7 %.

ROBINSON

At the end of Q1 2014 / 15, Robinson, market leader in the premium club holiday segment, was operating a total of 16 club facilities. The reduction in capacity resulted from the sale of three club resorts, which will remain in the Robinson portfolio as management operations. Occupancy of Robinson Clubs in Morocco, Spain, Italy, Egypt and Germany increased year-on-year. The resorts in Austria, Turkey, Switzerland and the Maldives reported lower occupancy levels. For the overall Robinson Group, this resulted in a year-on-year decrease in occupancy of 0.7 percentage points. By contrast, average revenues per bed grew by 1.5 % to € 87.82.

IBEROTEL

In Q1 2014 / 15, 25 facilities were operating in Egypt, Turkey, the United Arab Emirates, Italy and Germany. Occupancy of Iberotels grew significantly year-on-year by 20.2 percentage points to 63.3 %, absorbing the increase in capacity over that period. The rise was driven by a recovery in demand due to the diminishing effects of political unrest in Egypt. Average revenues per bed remained stable at € 43.90.

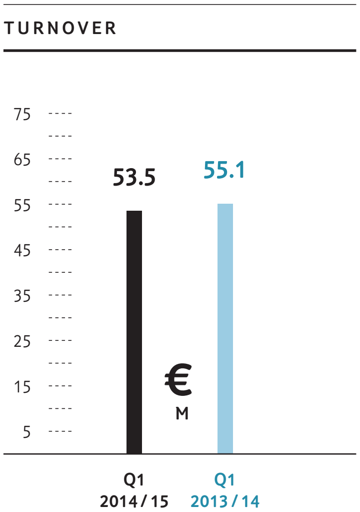
GRUPOTEL

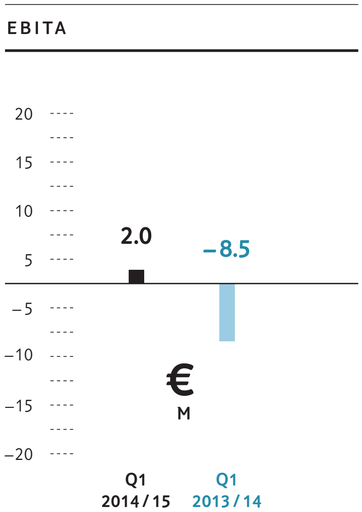
At the end of Q1 2014 / 15, for seasonal reasons, only three resorts operated by Grupotel were open. At the end of the summer season, several hotels closed earlier than last year. Capacity rose considerably by 60.9 %; occupancy stood at 75.0 %, flat on the prior year. Capacity expansion was driven by three additional hotel complexes. Average revenues per bed grew by 4.7 % to € 38.88 versus the prior year.

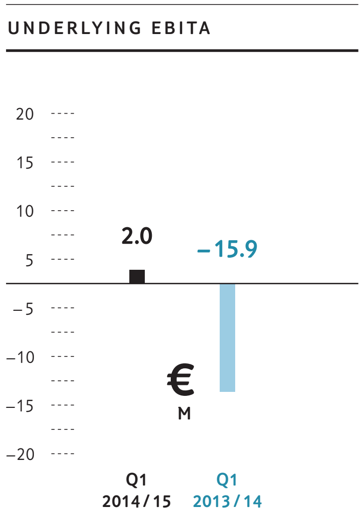
GRECOTEL

At the end of 2014, all resorts operated by the Greek hotel company Grecotel were seasonally closed. The capacity carried for the quarter under review declined due to the changes in opening times at the end of the summer season; it was 6.4 % down on the prior year. Occupancy improved by 3.6 percentage points to 53.2 % in the period under review. At € 37.24, average revenues were 29.9 % down on the prior year, which was characterised by special events.

Cruises







The Cruises Sector comprises Hapag-Lloyd Kreuzfahrten and the joint venture TUI Cruises.

CRUISES – KEY FIGURES

€ million	**Q1 2014 / 15**	Q1 2013 / 14 restated	Var. %
Turnover	53.5	55.1	– 2.9
EBITA	**2.0**	**– 8.5**	**n. a.**
Gains on disposal	–	–	
Restructuring	–	–	
Purchase price allocation	–	–	
Other one-off items	–	– 7.4	
Underlying EBITA	**2.0**	**– 15.9**	**n. a.**
Underlying EBITDA	4.6	– 12.5	n. a.
Investments in other intangible assets and property, plant and equipment	0.7	6.0	– 88.3
Headcount (31 Dec)	234	261	– 10.3

In Q1 2014 / 15, turnover by Hapag-Lloyd Kreuzfahrten totalled € 53.5 m, down 2.9 % on the prior year due to the decommissioning of Columbus 2 from the fleet in April 2014. No turnover is carried for TUI Cruises as the joint venture is measured at equity in the consolidated financial statements.

In Q1 2014 / 15, underlying earnings by the Cruises Sector rose significantly by € 17.9 m year-on-year to € 2.0 m. The positive performance of Hapag-Lloyd Kreuzfahrten was driven, in particular, by growing demand for Europa 2. Moreover the prior year reference result had been impacted by Europa spending time in dock. TUI Cruises continued to record a positive performance in the period under review, benefiting from persistently strong demand, also supported by the further enlargement of the fleet to include Mein Schiff 3 in June 2014.

In the period under review, the Cruises Sector did not carry any adjustments. Reported earnings for this period rose on the prior year by € 10.5 m to € 2.0 m.

	Occupancy	Passenger cruise days	Average daily rates*
Hapag-Lloyd Kreuzfahrten	in %		in €
Q1 2014/15	70.1	77,320	462
Q1 2013/14	60.8	92,188	368
TUI Cruises	in %		in €
Q1 2014/15	100.8	588,294	151
Q1 2013/14	102.2	344,883	145

* Per day and passenger

HAPAG-LLOYD KREUZFAHRTEN

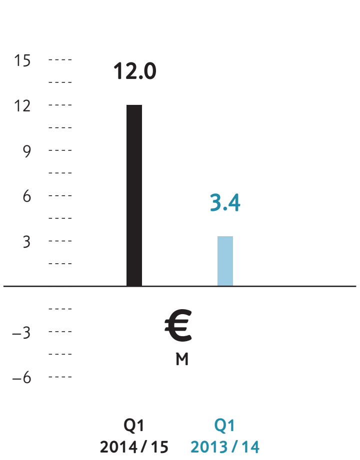
The substantial decline in passenger days reported by Hapag-Lloyd Kreuzfahrten in Q1 2014/15 of 16.1 % reflects the decommissioning of Columbus 2 from the fleet in April 2014. In the period under review, Hapag-Lloyd Kreuzfahrten recorded a positive performance. At 70.1 %, occupancy of the fleet was 9.3 percentage points up on the prior year, which was impacted by the time Europa spent in dry dock. The average rate per passenger per day grew by 25.5 % to € 462, benefiting from the Hapag-Lloyd fleet focussing on luxury and expedition cruises.

TUI CRUISES

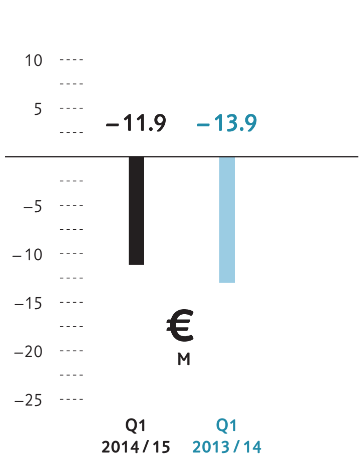
In Q1 2014/15, TUI Cruises recorded strong demand for its winter routes, i.e. the Caribbean, Canaries and Orient. At 100.8 %, occupancy of the ships (based on double occupancy) remained at a very high level. Capacity rose by 70.6 % to 588,294 passenger days. This considerable growth reflects the arrival of Mein Schiff 3 in the fleet in June 2014; no data for this vessel was included in the prior year. The average rate per passenger per day totalled € 151, up 4.1 % year-on-year.

Central Operations

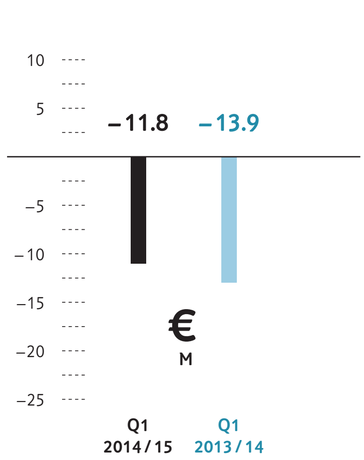
TURNOVER



EBITA



UNDERLYING EBITA



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

CENTRAL OPERATIONS – KEY FIGURES

€ million	**Q1 2014 / 15**	Q1 2013 / 14 restated	Var. %
Turnover	12.0	3.4	+252.9
EBITA	**– 11.9**	**– 13.9**	**+ 14.4**
Gains on disposal	–	–	
Restructuring	–	–	
Purchase price allocation	+ 0.1	–	
Other one-off items	–	–	
Underlying EBITA	**– 11.8**	**– 13.9**	**+ 15.1**
Underlying EBITDA	– 11.3	– 13.0	+ 13.1
Investments in other intangible assets and property, plant and equipment	0.3	0.3	–
Headcount (31 Dec)	304	386	– 21.2
of which Corporate Center (31 Dec)	106	125	– 15.2

In Q1 2014 / 15, expenses (underlying EBITA) by Central Operations declined by € 2.1 m to € 11.8 m year-on-year. This was mainly driven by the ongoing implementation of the Lean Centre programme and the discontinuation of all sponsorship activities.

In Q1 2014 / 15, an adjustment of € 0.1 m had to be carried, whereas no adjustments were carried by Central Operations in the prior year.

Reported earnings by Central Operations improved in Q1 2014 / 15 by € 2.0 m year-on-year to €–11.9 m.

Consolidated earnings

CONSOLIDATED PROFIT AND LOSS STATEMENT

€ million	**Q1 2014/15**	Q1 2013/14 restated	Var. %
Turnover	**3,543.6**	**3,361.1**	**+5.4**
Cost of sales	3,325.9	3,163.8	+5.1
Gross profit	**217.7**	**197.3**	**+10.3**
Administrative expenses	395.7	356.5	+11.0
Other income/other expenses	+17.4	+1.4	n.a.
Financial income	7.9	7.8	+1.3
Financial expenses	75.9	68.3	+11.1
Share of result of joint ventures and associates	+17.5	–9.7	n.a.
Earnings before income taxes	**–211.1**	**–228.0**	**+7.4**
Reconciliation to underlying earnings:			
Earnings before income taxes	–211.1	–228.0	+7.4
less: Gains (previous year losses) on Container Shipping measured at equity	–0.9	9.7	n.a.
plus: Net interest expense and expense from measurement of interest hedges	67.0	58.1	+15.3
EBITA	–145.0	–160.2	+9.5
Adjustments			
plus: Loss on disposals	+0.1	+0.5	
plus: Restructuring expense	+1.5	+5.8	
plus: Expense from purchase price allocation	+18.5	+16.8	
plus: Expense (previous year income) from other one-off items	+17.0	–4.0	
Underlying EBITA	**–107.9**	**–141.1**	**+23.5**
Earnings before income taxes	**–211.1**	**–228.0**	**+7.4**
Income taxes	–74.9	–73.3	–2.2
Group loss for the year	**–136.2**	**–154.7**	**+12.0**
Group loss for the year for the year attributable to shareholders of TUI AG	–104.6	–109.8	+4.7
Group loss for the year attributable to non-controlling interest	–31.6	–44.9	+29.8

EARNINGS PER SHARE

€	**Q1 2014/15**	Q1 2013/14 restated	Var. %
Basic and diluted earnings per share	–0.32	–0.46	+30.4

The consolidated income statement reflects the seasonality of the tourism business, with negative results generated in the period from October to December due to the seasonal nature of the business.

See page 8

TURNOVER AND COST OF SALES

Turnover comprises the turnover by Tourism and Central Operations. In Q1 2014 / 15, turnover rose by 5.4 % year-on-year to € 3.5 bn. Turnover was presented alongside the cost of sales, which also increased by 5.1 %.
A detailed breakdown of turnover and the development of turnover are presented in the section Earnings by the Sectors.

GROSS PROFIT

At € 217.7 m, gross profit as the balance of turnover and the cost of sales was up by 10.3 % year-on-year in Q1 2014 / 15.

ADMINISTRATIVE EXPENSES

Administrative expenses comprise expenses not directly allocable to the turnover transactions, such as expenses for general management functions. In Q1 2014 / 15, they totalled € 395.7 m, up 11.0 % on the prior year. The year-on-year increase was amongst others driven by higher staff costs due to the expansion of Hotelbeds and the strong sterling.

OTHER INCOME / OTHER EXPENSES

Other income / other expenses mainly comprise profits or losses from the sale of fixed assets. In Q1 2014 / 15, the balance of income and expenses totalled € 17.4 m. In the period under review, other income mainly resulted from the book profit from the divestment of a Riu hotel sold in December 2014.

FINANCIAL INCOME AND EXPENSES / FINANCIAL RESULT

The financial result comprises the interest result and the net result from marketable securities. In Q1 2014 / 15, financial income totalled € 7.9 m (previous year € 7.8 m), while financial expenses amounted to € 75.9 m (previous year € 68.3 m).

SHARE OF RESULTS OF JOINT VENTURES AND ASSOCIATES

The share of results of joint ventures and associates comprises the share in net profit for the year of the associated companies and joint ventures as well as any impairments of the goodwill of these companies. The share of results of joint ventures and associates amounted to € 17.5 m in Q1 2014 / 15 (previous year €–9.7 m). The significant increase in the Tourism Segment was partly driven by a higher profit contribution from TUI Cruises.

Adjustments see page 9

UNDERLYING GROUP EBITA

In Q1 2014 / 15, underlying Group EBITA totalled € 107.9 m, an improvement of 23.5 % versus the prior year. EBITA was adjusted for gains on disposal of subsidiaries, restructuring expenses, purchase price allocations and one-off items. The adjustments are outlined in detail in the section Earnings by the Sectors.

INCOME TAXES

Taxes on income comprise taxes on profits from the business activities. Tax assets of € 74.9 m arose in Q1 2014 / 15, following € 73.3 m in the prior year. They were mainly attributable to the seasonal swing in the tourism business.

GROUP LOSS

In Q1 2014 / 15, the Group result was negative at €–136.2 m (previous year €–154.7 m) due to the seasonality of the tourism business.

NON-CONTROLLING INTERESTS

Non-controlling interests accounted for €–31.6 m for Q1 2014 / 15. They related to the external shareholders of TUI Travel PLC until the completion of the merger with TUI AG, and to the companies in Hotels & Resorts.

EARNINGS PER SHARE

After deduction of non-controlling interests, TUI AG shareholders accounted for €–104.6 m (previous year €–109.8 m) of the Group result for Q1 2014 / 15. As a result, basic earnings per share amounted to €–0.32 (previous year €– 0.46) for Q1.

Performance indicators

KEY FIGURES OF INCOME STATEMENT

€ million	**Q1 2014 / 15**	Q1 2013 / 14 restated	Var. %
Earnings before interest, income taxes, depreciation, impairment and rent (EBITDAR)	**170.0**	**144.5**	**+ 17.6**
Operating rental expenses	216.5	212.7	+ 1.8
Earnings before interest, income taxes, depreciation, impairment (EBITDA)	**– 46.5**	**– 68.2**	**+ 31.8**
Depreciation / amortisation less reversals of depreciation*	– 98.5	– 92.0	– 7.1
Earnings before interest, income taxes and impairment of goodwill (EBITA)	**– 145.0**	**– 160.2**	**+ 9.5**
Impairment of goodwill	**–**	**–**	**–**
Earnings before interest and income taxes (EBIT)	**– 145.0**	**– 160.2**	**+ 9.5**
Interest result and earnings from the measurement of interest hedges	– 67.0	– 58.1	– 15.3
Result from Container Shipping measured at equity	0.9	– 9.7	n. a.
Earnings before income taxes (EBT)	**– 211.1**	**– 228.0**	**+ 7.4**

* On property, plant and equipment, intangible assets, financial and other assets

Net assets and financial position

The Group's balance sheet total decreased by 6.3 % to € 13.1 bn versus the end of financial year 2013 / 14. The changes in the consolidated statement of financial position as against 30 September 2014 primarily reflect the seasonality of the tourism business.

ASSETS AND LIABILITIES

€ million	31 Dec 2014	30 Sep 2014 restated	Var. %
Non-current assets	8,921.4	8,992.2	– 0.8
Current assets	4,203.3	5,015.0	– 16.2
Assets	**13,124.7**	**14,007.2**	**– 6.3**
Equity	1,837.5	2,530.2	– 27.4
Provisions	2,404.1	2,347.1	+ 2.4
Financial liabilities	2,725.7	1,965.6	+ 38.7
Other liabilities	6,157.4	7,164.3	– 14.1
Liabilities	**13,124.7**	**14,007.2**	**– 6.3**

NON-CURRENT ASSETS

As at 31 December 2014, non-current assets accounted for 68.0 % of total assets, compared with 64.2 % as at 30 September 2014. Non-current assets were flat year-on-year at € 8.9 bn in the period under review.

CURRENT ASSETS

As at 31 December 2014, current assets accounted for 32.0 % of total assets, following 35.8 % as at 30 September 2014. Current assets decreased from € 5.0 bn as at 30 September 2014 to € 4.2 bn as at 31 December 2014. The decline was primarily driven by the seasonality of the tourism business.

See page 47

EQUITY

Equity totalled € 1.8 bn as at 31 December 2014. The equity ratio declined from 18.1 % as at 30 September 2014 to 14.0 %. Further information on the changes in equity is provided in the Notes to the present Interim Report.

PROVISIONS

Provisions mainly comprise provisions for pension obligations and provisions for typical operating risks. As at 31 December 2014, they totalled € 2.4 bn, up from € 2.3 bn as at 30 September 2014.

FINANCIAL LIABILITIES

As at 31 December 2014, financial liabilities consisted of non-current financial liabilities of € 2.5 bn and current financial liabilities of € 0.2 bn. As at 30 September 2014, non-current financial liabilities amounted to € 1.7 bn, with current financial liabilities of € 0.2 bn.

At the end of Q1 (31 December 2014), the TUI Group's net debt totalled € 1.6 bn. Net debt was thus reduced by € 144.7 m year-on-year.

OTHER LIABILITIES

As at 31 December 2014, other liabilities totalled € 6.2 bn, down 14.1 % from € 7.2 bn as at 30 September 2014. The decline mainly resulted from the seasonality of the tourism business.

Other segment indicators

UNDERLYING EBITDA

€ million	Q1 2014/15	Q1 2013/14 restated	Var. %
Tourism	**– 13.6**	**– 50.2**	**+ 72.9**
Travel	– 83.1	– 80.3	– 3.5
Hotels & Resorts	64.9	42.6	+ 52.3
Cruises	4.6	– 12.5	n. a.
Central Operations	**– 11.3**	**– 13.0**	**+ 13.1**
Total	**– 24.9**	**– 63.2**	**+ 60.6**

EBITDA

€ million	Q1 2014/15	Q1 2013/14 restated	Var. %
Tourism	**– 35.2**	**– 55.2**	**+ 36.2**
Travel	– 104.7	– 92.2	– 13.6
Hotels & Resorts	64.9	42.1	+ 54.2
Cruises	4.6	– 5.1	n. a.
Central Operations	**– 11.3**	**– 13.0**	**+ 13.1**
Total	**– 46.5**	**– 68.2**	**+ 31.8**

INVESTMENTS IN OTHER INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

€ million	Q1 2014/15	Q1 2013/14	Var. %
Tourism	**266.4**	**222.1**	**+ 19.9**
Travel	205.3	198.1	+ 3.6
Hotels & Resorts	60.4	18.0	+ 235.6
Cruises	0.7	6.0	– 88.3
Central Operations	**0.3**	**0.3**	**–**
Total	**266.7**	**222.4**	**+ 19.9**

AMORTISATION OF OTHER INTANGIBLE ASSETS AND DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT

€ million	Q1 2014/15	Q1 2013/14	Var. %
Tourism	**98.9**	**90.9**	**+ 8.8**
Travel	80.1	71.1	+ 12.7
Hotels & Resorts	16.2	16.4	– 1.2
Cruises	2.6	3.4	– 23.5
Central Operations	**0.6**	**0.9**	**– 33.3**
Total	**99.5**	**91.8**	**+ 8.4**

EMPLOYEES

	31 Dec 2014	30 Sep 2014	Var. %
Tourism	**64,973**	**77,082**	**– 15.7**
Travel	53,052	62,205	– 14.7
Hotels & Resorts	11,687	14,649	– 20.2
Cruises	234	228	+ 2.6
Central Operations	**305**	**227**	**+ 34.4**
Corporate Center	106	106	–
Other units	199	121	+ 64.5
Group	**65,278**	**77,309**	**– 15.6**

Risk and Opportunity Report

For a comprehensive presentation of our risk and opportunity management systems and any potential risks and opportunities, we refer to the corresponding comments in our Annual Report 2013 / 14. The risks and opportunities outlined in that report remained largely unchanged in the period under review.

Annual Report 2013 / 14: Risks see page 116 et seq. opportunities see page 147 et seq.

The TUI Group's risks, both individually and in conjunction with other risks, are limited and from today's perspective do not threaten the continued existence of individual subsidiaries or the Group.

Opportunities and risks or any positive or negative changes of opportunities and risks are not offset against one another.

Report on Expected Developments

Expected development of earnings

We maintain our forecast of expectations for the TUI Group in financial year 2014 / 15, as presented in the Annual Report 2013 / 14. The ranges indicated for expected changes relate to the previous structure of the TUI Group. They do not reflect the impact of the merger between TUI AG and TUI Travel PLC.

EXPECTED DEVELOPMENT OF GROUP EARNINGS

	Expected Development vs. PY	
€ million	2013 / 14	**2014 / 15***
Turnover	18,714.7	2 % to 4 %
Underlying EBITA	868.5	10 % to 15 %
EBITA	773.8	5 % to 10 %

* Based on a planned fx rate of 0.83 GBP / €

TURNOVER
We expect turnover to rise by 2 % to 4 % in financial year 2014 / 15, primarily due to an anticipated increase in customer numbers in the Mainstream Business.

UNDERLYING EBITA
In financial year 2014 / 15, underlying EBITA by the TUI Group is expected to grow by 10 % to 15 % due to the expected business performance of the Sectors presented below. Risks relate to the development of customer numbers against the backdrop of continued volatility in the economic environment for our key source markets.

ADJUSTMENTS
Against the background of the one-off income, in particular from the reduction in pension obligations at Travel, included in the adjustments for the 2013 / 14 we expect net one-off expenses to be carried as adjustments to increase in 2014 / 15.

EBITA
Due to the improvement in our operating result and the expected increase in net one-off expenses, we expect reported EBITA to grow by 5 % to 10 % in financial year 2014 / 15.

Corporate Governance

Composition of the boards

The Extraordinary General Meeting of TUI AG held on 28 October 2014 adopted a number of resolutions relating to the boards of TUI AG, which took effect in the framework of the merger between TUI AG and TUI Travel PLC:

- It was resolved to create the option to elect a Co-Vice Chairman of the Supervisory Board for a transition period until the close of the ordinary Annual General Meeting 2016. The Supervisory Board is chaired by Professor Dr Klaus Mangold. The Co-Vice Chairmen are Frank Jakobi and Sir Michael Hodgkinson.
- It was also resolved to increase the number of members of the Supervisory Board from 16 to 20. It now comprises ten shareholder representatives and ten employee representatives.
- Peter Long was appointed as Co-CEO so that the new TUI AG is managed by Friedrich Joussen and Peter Long as Joint CEOs. Moreover, the Executive Board of TUI AG was expanded by three members to a total of six. Alongside the three previous members (Friedrich Joussen, Peter Long and Horst Baier), three new members were appointed: Johan Lundgren (Deputy CEO, CEO Mainstream), Sebastian Ebel (HR, Labour Director, CEO Platforms) and William Waggott (CEO Non-Mainstream).
- Peter Long was appointed as Co-CEO so that the new TUI AG is managed by Friedrich Joussen and Peter Long as Co-CEOs.

⊕ *www.tuigroup.com/en/investors*

The current, complete composition of the Executive Board and Supervisory Board is listed on our website, where it has been made permanently available to the public.

TUI AG
The Executive Board

February 2015

INTERIM FINANCIAL STATEMENTS

INCOME STATEMENT OF THE TUI GROUP FOR THE PERIOD FROM 1 OCT 2014 TO 31 DEC 2014

€ million	Notes	**Q1 2014/15 unaudited**	Q1 2013/14 unaudited and restated
Turnover		3,543.6	3,361.1
Cost of sales	(1)	3,325.9	3,163.8
Gross profit		**217.7**	**197.3**
Administrative expenses	(1)	395.7	356.5
Other income	(2)	18.2	2.9
Other expenses	(2)	0.8	1.5
Financial income	(4)	7.9	7.8
Financial expenses	(4)	75.9	68.3
Share of result of joint ventures and associates	(5)	17.5	– 9.7
Earnings before income taxes		**– 211.1**	**– 228.0**
Reconciliation to underlying earnings:			
Earnings before income taxes		– 211.1	– 228.0
less: Gain (previous year loss) on Container Shipping measured at equity		– 0.9	9.7
plus: Net interest expense and expense from measurement of interest hedges		67.0	58.1
EBITA		– 145.0	– 160.2
Adjustments:	(6)		
plus: Losses from disposals		0.1	0.5
plus: Restructuring expense		1.5	5.8
plus: Expense from purchase price allocation		18.5	16.8
plus: Expense (previous year income) from other one-off items		17.0	– 4.0
Underlying EBITA		**– 107.9**	**– 141.1**
Earnings before income taxes		**– 211.1**	**– 228.0**
Income taxes	(7)	– 74.9	– 73.3
Group loss for the year		**– 136.2**	**– 154.7**
Group loss for the year attributable to shareholders of TUI AG		– 104.6	– 109.8
Group loss for the year attributable to non-controlling interest	(8)	– 31.6	– 44.9

EARNING PER SHARE

€	**Q1 2014/15 unaudited**	Q1 2013/14 unaudited and restated
Basic and diluted earnings per share	– 0.32	– 0.46

STATEMENT OF COMPREHENSIVE INCOME OF THE TUI GROUP FOR THE PERIOD FROM 1 OCT 2014 TO 31 DEC 2014

€ million	Q1 2014/15 unaudited	Q1 2013/14 unaudited and restated
Group loss	**–136.2**	**–154.7**
Remeasurement of pension provisions and related fund assets	–75.2	33.2
Changes in the measurement of companies measured at equity	0.1	3.5
Income tax related to items that will not be reclassified	21.2	–6.6
Items that will not be reclassified to profit or loss	**–53.9**	**30.1**
Foreign exchange differences	–8.8	–64.7
Financial instruments available for sale	3.5	–0.3
Cash flow hedges	–261.1	11.4
Changes in the measurement of companies measured at equity	0.2	10.0
Income tax related to items that may be reclassified	50.0	–2.5
Items that may be reclassified to profit or loss	**–216.2**	**–46.1**
Other comprehensive income	**–270.1**	**–16.0**
Total comprehensive income	**–406.3**	**–170.7**
attributable to shareholders of TUI AG	–367.0	–117.2
attributable to non-controlling interest	–39.3	–53.5

FINANCIAL POSITION OF THE TUI GROUP AS AT 31 DEC 2014

€ million	**31 Dec 2014 unaudited**	30 Sep 2014 audited and restated	1 Oct 2013 audited and restated
Assets			
Goodwill	3,142.5	3,136.2	2,976.4
Other intangible assets	937.6	933.4	866.0
Investment property	7.4	7.7	58.0
Property, plant and equipment	2,960.0	2,836.0	2,681.4
Investments in joint ventures and associates	1,020.0	1,336.4	1,390.2
Financial assets available for sale	60.1	62.7	71.4
Trade receivables and other assets	357.9	368.1	342.8
Derivative financial instruments	45.2	75.8	37.9
Deferred tax asset	390.7	235.9	223.1
Non-current assets	**8,921.4**	**8,992.2**	**8,647.2**
Inventories	139.2	126.3	115.1
Financial assets available for sale	485.5	300.0	–
Trade receivables and other assets	2,000.7	1,911.2	1,872.6
Derivative financial instruments	350.1	169.7	49.1
Current tax asset	114.3	93.9	53.7
Cash and cash equivalents	1,093.7	2,258.0	2,674.0
Assets held for sale	19.8	155.9	11.6
Current assets	**4,203.3**	**5,015.0**	**4,776.1**
	13,124.7	**14,007.2**	**13,423.3**

FINANCIAL POSITION OF THE TUI GROUP AS AT 31 DEC 2014

€ million	**31 Dec 2014 unaudited**	30 Sep 2014 audited and restated	1 Oct 2013 audited and restated
Equity and liabilities			
Subscribed capital	1,364.1	732.6	645.2
Capital reserves	3,748.9	1,056.3	957.7
Revenue reserves	–4,065.6	336.1	116.3
Hybrid capital	294.8	294.8	294.8
Equity before non-controlling interest	**1,342.2**	**2,419.8**	**2,014.0**
Non-controlling interest	495.3	110.4	–20.3
Equity	**1,837.5**	**2,530.2**	**1,993.7**
Pension provisions and similar obligations	1,307.6	1,242.4	1,102.2
Other provisions	643.0	601.6	575.0
Non-current provisions	**1,950.6**	**1,844.0**	**1,677.2**
Financial liabilities	2,548.6	1,748.4	1,834.1
Derivative financial instruments	114.8	20.7	30.6
Current tax liabilities	98.5	98.5	107.8
Deferred tax liabilities	130.4	144.8	107.8
Other liabilities	116.5	130.5	93.6
Non-current liabilities	**3,008.8**	**2,142.9**	**2,173.9**
Non-current provisions and liabilities	**4,959.4**	**3,986.9**	**3,851.1**
Pension provisions and similar obligations	30.8	32.1	33.8
Other provisions	422.7	471.0	447.5
Current provisions	**453.5**	**503.1**	**481.3**
Financial liabilities	177.1	217.2	937.3
Trade payables	2,109.8	3,292.1	3,041.9
Derivative financial instruments	525.7	241.9	177.3
Current tax liabilities	105.5	101.2	132.5
Other liabilities	2,956.2	3,134.6	2,808.2
Current liabilities	**5,874.3**	**6,987.0**	**7,097.2**
Current provisions and liabilities	**6,327.8**	**7,490.1**	**7,578.5**
	13,124.7	**14,007.2**	**13,423.3**

CONDENSED STATEMENT OF CHANGES IN GROUP EQUITY OF THE TUI GROUP FOR THE PERIOD FROM 1 OCT 2014 TO 31 DEC 2014

€ million	Subscribed capital	Capital reserves	Revenue reserves	Hybrid capital	Equity before non-controlling interest	Non-controlling interest	**Total**
Balance as at 30 Sep 2014 (audited)	**732.6**	**1,056.3**	**321.7**	**294.8**	**2,405.4**	**111.7**	**2,517.1**
Adoption of IFRS 10 and IFRS 11	–	–	–2.6	–	–2.6	–1.3	–3.9
Amendment IAS 28	–	–	17.0	–	17.0	–	17.0
Balance as at 1 Oct 2014 (restated)	**732.6**	**1,056.3**	**336.1**	**294.8**	**2,419.8**	**110.4**	**2,530.2**
Dividends	–	–	–	–	–	–183.9	–183.9
Hybrid capital dividend	–	–	–5.7	–	–5.7	–	–5.7
Share based payment schemes of TUI Travel PLC	–	–	4.6	–	4.6	1.9	6.5
Issue of employee shares	0.3	1.3	–	–	1.6	–	1.6
Conversion of convertible bonds	10.6	12.3	10.3	–	33.2	–	33.2
Capital increase	620.6	2,679.0	–	–	3,299.6	–	3,299.6
Effects on the acquisition of non-controlling interests	–	–	–4,043.9	–	–4,043.9	606.2	–3,437.7
Group loss	**–**	**–**	**–104.6**	**–**	**–104.6**	**–31.6**	**–136.2**
Foreign exchange differences	–	–	6.7	–	6.7	–15.5	–8.8
Financial instruments available for sale	–	–	3.5	–	3.5	–	3.5
Cash flow hedges	–	–	–271.4	–	–271.4	10.3	–261.1
Remeasurements pension provisions and related fund assets	–	–	–75.2	–	–75.2	–	–75.2
Changes in the measurement of companies measured at equity	–	–	0.3	–	0.3	–	0.3
Taxes attributable to other comprehensive income	–	–	73.7	–	73.7	–2.5	71.2
Other comprehensive income	**–**	**–**	**–262.4**	**–**	**–262.4**	**–7.7**	**–270.1**
Total comprehensive income	–	–	–367.0	–	–367.0	–39.3	–406.3
Balance as at 31 Dec 2014 (unaudited)	**1,364.1**	**3,748.9**	**–4,065.6**	**294.8**	**1,342.2**	**495.3**	**1,837.5**

CONDENSED STATEMENT OF CHANGES IN GROUP EQUITY OF THE TUI GROUP FOR THE PERIOD FROM 1 OCT 2013 TO 31 DEC 2013 (RESTATED)

€ million	Subscribed capital	Capital reserves	Revenue reserves	Hybrid capital	Equity before non-controlling interest	Non-controlling interest	Total
Balance as at 30 Sep 2013 (audited)	**645.2**	**957.7**	**118.7**	**294.8**	**2,016.4**	**– 19.6**	**1,996.8**
Adoption of IFRS 10 and IFRS 11	–	–	– 2.4	–	– 2.4	– 0.7	– 3.1
Balance as at 1 Oct 2013 (restated)	**645.2**	**957.7**	**116.3**	**294.8**	**2,014.0**	**– 20.3**	**1,993.7**
Dividends	–	–	–	–	–	– 22.7	– 22.7
Hybrid capital dividend	–	–	– 5.7	–	– 5.7	–	– 5.7
Share based payment schemes of TUI Travel PLC	–	–	2.8	–	2.8	2.3	5.1
Issue of employee shares	0.3	0.3	–	–	0.6	–	0.6
Effects on the acquisition of non-controlling interests	–	–	– 20.0	–	– 20.0	– 16.4	– 36.4
Group loss	**–**	**–**	**– 109.8**	**–**	**– 109.8**	**– 44.9**	**– 154.7**
Foreign exchange differences	–	–	– 43.3	–	– 43.3	– 21.4	– 64.7
Financial instruments available for sale	–	–	– 0.2	–	– 0.2	– 0.1	– 0.3
Cash flow hedges	–	–	10.9	–	10.9	0.5	11.4
Remeasurements pension provisions and related fund assets	–	–	18.2	–	18.2	15.0	33.2
Changes in the measurement of companies measured at equity	–	–	13.5	–	13.5	–	13.5
Taxes attributable to other comprehensive income	–	–	– 6.5	–	– 6.5	– 2.6	– 9.1
Other comprehensive income	**–**	**–**	**– 7.4**	**–**	**– 7.4**	**– 8.6**	**– 16.0**
Total comprehensive income	–	–	– 117.2	–	– 117.2	– 53.5	– 170.7
Balance as at 31 Dec 2013 (unaudited)	**645.5**	**958.0**	**– 23.8**	**294.8**	**1,874.5**	**– 110.6**	**1,763.9**

CONDENSED CASH FLOW STATEMENT OF THE TUI GROUP

€ million	**Q1 2014 / 15 unaudited**	Q1 2013 / 14 unaudited and restated
Cash outflow from operating activities	– 1,549.9	– 1,322.7
Cash inflow / outflow from investing activities	176.3	– 133.4
Cash inflow from financing activities	213.7	614.5
Net change in cash and cash equivalents	**– 1,159.9**	**– 841.6**
Change in cash and cash equivalents due to exchange rate fluctuation	– 4.4	– 25.8
Cash and cash equivalents at beginning of period	**2,258.0**	**2,674.0**
Cash and cash equivalents at end of period	**1,093.7**	**1,806.6**
of which included in the balance sheet as assets held for sale	–	4.6

NOTES

General

The TUI Group operates in tourism with its major subsidiaries and shareholdings. TUI AG, based in Hanover, Germany, is the TUI Group's parent company and a listed stock corporation under German law. The shares in the Company are listed on the London Stock Exchange and the Frankfurt Stock Exchange.

The condensed interim consolidated financial statements of TUI AG and its subsidiaries cover the period from 1 October to 31 December 2014. The interim consolidated financial statements are prepared in euros. Unless stated otherwise, all amounts are stated in million euros (€m).

The present interim consolidated financial statements were released for publication by the Executive Board of TUI AG on 4 February 2015.

Accounting principles

DECLARATION OF CONFORMITY

The present interim consolidated financial statements for the period ended 31 December 2014 comprise condensed interim consolidated financial statements and an interim Group management report in accordance with section 37w of the German Securities Trading Act (WpHG).

The interim consolidated financial statements were prepared in compliance with the Disclosure and Transparency Rules of the UK Financial Services Authority and in conformity with the International Financial Reporting Standards (IFRS) and the relevant Interpretations of the International Accounting Standards Board (IASB) for interim financial reporting as applicable in the European Union.

In accordance with IAS 34, the Group's interim financial statements are published in a condensed form compared with the consolidated annual financial statements and should therefore be read in combination with TUI AG's consolidated financial statements for financial year 2013 / 14. The present interim financial statements have not been reviewed by auditors and have not been audited.

ACCOUNTING AND MEASUREMENT METHODS

The preparation of the interim financial statements requires the management to make estimates and judgements that affect the reported amounts of assets, liabilities and contingent liabilities as at the balance sheet date and the reported amounts of turnover and expenses during the period under review. Actual results may deviate from the estimates.

As a matter of principle, the accounting and measurement methods adopted in the preparation of these interim financial statements as at 31 December 2014 are consistent with those followed in the preparation of the preceding consolidated financial statements for the financial year ended 30 September 2014.

NEWLY APPLIED STANDARDS

The following standards and interpretations revised or newly issued by the IASB and relevant for the TUI Group have been mandatory since the beginning of financial year 2014/15:

- IFRS 10: Consolidated Financial Statements
- IFRS 11: Joint Arrangements
- IFRS 12: Disclosure of Interests in other Entities
- Amendments to IFRS 10, IFRS 11 and IFRS 12: Transition Guidance
- Amendments to IFRS 10, IFRS 12 and IAS 27: Investment Entities
- Amendments to IAS 27: Separate Financial Statements
- Amendments to IAS 28: Investments in Associates and Joint Ventures
- Amendments to IAS 32: Financial Instruments – Presentation: Offsetting Financial Assets and Financial Liabilities
- IFRIC 21: Levies

In addition, the following standards amended by the IASB and transposed into European legislation by the European Union have been adopted ahead of the effective date as of the beginning of financial year 2014/15:

- Annual Improvements Project (2010–2012)
- Annual Improvements Project (2011–2013)
- Amendments to IAS 19: Employee Benefits – Defined Benefit Plans: Employee Contributions

Due to the first-time application of IFRS 10 and IFRS 11 including the transition guidance and the amendments to IAS 28, the prior-year numbers were restated. The restatements are outlined in the section on Restatement of prior reporting period. The other standards listed above do not have a significant impact on the TUI Group's net assets, financial position and results of operations in the present Interim Report.

IFRS 10: CONSOLIDATED FINANCIAL STATEMENTS

IFRS 10 supersedes the provisions of IAS 27 Consolidated Financial Statements and Accounting for Investments in Subsidiaries, relevant for consolidated financial statements, and SIC-12 Consolidation – Special Purpose Entities with a uniform model to consolidate entities based on the concept of control of a parent company over a subsidiary. According to IFRS 10, control requires power over the relevant activities of an investee, exposure to variable returns and the ability to affect those variable returns through power over an investee. Upon the first-time adoption of the standard, two companies will transition from full consolidation to the equity method as the other shareholders have a right to co-determine the definition and exercise of the relevant activities via management or supervisory bodies. The reallocation does not have a material effect on the TUI Group.

IFRS 11: JOINT ARRANGEMENTS

IFRS 11 supersedes SIC-13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers and the previous IAS 31 Interests in Joint Ventures. The standard governs the classification and accounting for joint operations and joint ventures. The classification as a joint arrangement is effected based on subsidiarity in relation to control under IFRS 10. In the event of a joint arrangement, further classification as either a joint operation or a joint venture depends on the rights and obligations of the partners. Accounting for jointly controlled assets is subject to the rules for joint operations, which thus continue to be recognised on a proportionate basis. By contrast, proportionate consolidation, which was admissible in the past, will now no longer apply to joint ventures under IFRS 11; they must henceforth be consolidated on the basis of the equity method alone. Application of IFRS 11 does not have a material effect on the consolidated financial statements. Upon the first-time adoption of the standard, three companies will be reallocated to joint ventures. One of these companies had already been accounted for using the equity method. The elimination of proportionate consolidation for joint ventures does not have an impact on the TUI Group as joint ventures have already been included in the TUI Group's consolidated financial statements using the equity method.

IFRS 12: DISCLOSURE OF INTERESTS IN OTHER ENTITIES

This new standard pools the disclosure requirements regarding an entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. Some of the disclosures required under IFRS 12 go far beyond prior disclosure requirements. In particular, the type of interest, the risks associated with the interest and their impact on the Group's net assets, financial position and results of operations must be made evident. First-time application of IFRS 12 will lead to extended disclosure requirements in the consolidated financial statements as at 30 September 2015.

TRANSITION GUIDANCE FOR IFRS 10, IFRS 11 AND IFRS 12

The transition guidance published in June 2012 includes relief for first-time adopters of the new standards. Restated comparative information now only has to be provided for the immediately preceding comparative period. The requirement to disclose comparative information for unconsolidated structured entities for periods prior to first-time application of IFRS 12 has been removed.

AMENDMENTS TO IFRS 10, IFRS 12 AND IAS 27: INVESTMENT ENTITIES

The amendments, issued in October 2012, free many investment entities from the future requirement to consolidate the subsidiaries they control in their consolidated financial statements. Instead, they measure the interests held for investing at fair value. Moreover, new disclosure requirements have been introduced for investment entities. These amendments are of no relevance to TUI.

AMENDMENTS TO IAS 27: SEPARATE FINANCIAL STATEMENTS

The amendments to IAS 27 exclusively govern the accounting for investments in subsidiaries, associates and joint ventures and the related notes in the shareholder's separate financial statements. The previous consolidation rules are now part of the newly published IFRS 10. The amendments are of no relevance to TUI as TUI AG does not prepare IFRS-based single-entity financial statements according to section 325 (2a) of the German Commercial Code.

AMENDMENTS TO IAS 28: INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The amendments to IAS 28 were issued in June 2011 and require application of the equity method in accounting for investments in associates and joint ventures. This is in line with the TUI Group's accounting method used to date. The amendment also requires that in the event of a partial disposal only the part actually sold may be shown as held for sale. Accounting for the remaining part has to be based on the equity method until the date when the investment ceases to have the form of an associate. First-time application of these amendments leads to changes in the accounting for the investment in the container shipping line Hapag Lloyd AG since, as a result, only a 30 % stake of the investment retroactively met the "held for sale" criterion for financial year 2013 / 14.

AMENDMENTS TO IAS 32: FINANCIAL INSTRUMENTS – PRESENTATION

The amendments to IAS 32, issued in December 2011, specify that financial assets and financial liabilities should be offset in the statement of financial position when, and only when, the entity's current right of set-off is not contingent on a future event and is legally enforceable in the normal course of business but also in the event of default, insolvency or bankruptcy of a counterparty. They also clarify that a gross settlement system is equivalent to net settlement if it has features that eliminate credit and liquidity risk and process receivables and payables in a single settlement process. The amendments do not have a material effect on the presentation of the consolidated financial statements.

IFRIC 21: LEVIES

This interpretation, issued by IFRIC in May 2013, sets out how and when to recognise a liability for a levy imposed by a government other than income taxes under IAS 12. It clarifies that an obligation to pay a levy is to be recognised as soon as the obligating event that triggers the payment of the levy occurs. The interpretation does not have a material effect on the TUI Group's financial statements.

AMENDMENTS TO IAS 19: DEFINED BENEFIT PLANS – EMPLOYEE CONTRIBUTIONS

These amendments, published in November 2013, make it clear that contributions paid by employees (or third parties) themselves for defined benefit pension plans and not linked to the length of service may be recognised as a reduction in the service cost in the period in which the related service was rendered. They include, for instance, contributions determined as a fixed percentage of the annual remuneration. The amendment does not have a major impact on TUI's consolidated financial statements.

ANNUAL IMPROVEMENTS PROJECT 2010-2012

Improvements from the Annual Improvements Project were published in December 2013. They contain amendments to the following seven standards: IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 38 and IAS 24. The amendments include minor changes in the contents and above all clarifications of the presentation, recognition and measurement. The amendments do not have a material effect on the presentation of the financial statements.

ANNUAL IMPROVEMENTS PROJECT 2011-2013

Improvements from the Annual Improvements Project were published in December 2013. They contain amendments to four standards including IFRS 3, IFRS 13 and IAS 40. The amendments include minor changes in the contents and above all clarifications of the presentation, recognition and measurement. The amendments do not impact the presentation of the financial statements.

Changes in accounting and measurement methods

Due to an agenda decision adopted by the IFRS Interpretations Committee in May 2014, minimum taxation will also be taken into account in recognising deferred tax assets on loss carryforwards as from financial year 2013 / 14 if deferred tax assets are only recognised to the extent that there is an overhang of deferred tax liabilities due to a lack of taxable profit. This recognition change is applied with retroactive effect as from the beginning of the reference period, i.e. as from 1 October 2012. Regarding the restatement of the prior year's numbers we refer to our Annual Report as at 30 September 2014.

The restatements of prior year's quarterly numbers resulting from this change are presented in the section on Restatement of prior reporting period.

Restatement of prior reporting period

The following restatements were effected for financial year 2013 / 14:

RESTATEMENT CAUSED BY IFRS 10 AND IFRS 11

In accordance with the transition guidance, the prior year values of the items affected by the reclassifications were restated across the board in the financial statements upon the first-time application of these standards.

RESTATEMENT CAUSED BY IAS 28

Due to the amendments to IAS 28, assets held for sale declined by € 327.4 m as at 30 September 2014. This reflects the 70 % stake of the interest in Hapag-Lloyd AG which must be accounted for retroactively using the equity method under the provisions relating to the partial disposal of entities. A 30 % stake of the investment, or € 140.2 m, must be carried under assets held for sale since April 2014, as before. Accordingly, the amount carried for joint ventures and associates increases by € 344.4 m as at 30 September 2014. Revenue reserves had to be adjusted by € 17.0 m, reflecting the total result from at equity measurement since April 2014.

RESTATEMENT OF DEFERRED TAXES

Due to the changes implemented as of Q3 2013 / 14, tax liabilities for Q1 2013 / 14 had to be reduced by € 0.6 m.

The tables below present the restatements. The prior year numbers were restated as follows:

RESTATED ITEMS OF THE INCOME STATEMENT OF THE TUI GROUP FOR THE PERIOD FROM 1 OCTOBER 2013 TO 31 DECEMBER 2013

	Q1 2013 / 14			
		Restatements		
€ million	before restatement	Adoption of IFRS 10 and IFRS 11	Deferred tax	restated
Turnover	3,393.8	– 32.7	–	3,361.1
Cost of sales	3,193.8	– 30.0	–	3,163.8
Gross profit	**200.0**	**– 2.7**	**–**	**197.3**
Administrative expenses	358.1	– 1.6	–	356.5
Share of result of joint ventures and associates	– 10.4	0.7	–	– 9.7
Earnings before income taxes	**– 227.6**	**– 0.4**	**–**	**– 228.0**
Reconciliation to underlying earnings:				
Earnings before income taxes	– 227.6	– 0.4	–	– 228.0
EBITA	– 159.8	– 0.4	–	– 160.2
Adjustments:				–
plus: Losses from disposals	0.6	– 0.1	–	0.5
Underlying EBITA	**– 140.6**	**– 0.5**	**–**	**– 141.1**
Earnings before income taxes	**– 227.6**	**– 0.4**	**–**	**– 228.0**
Income taxes	– 74.2	0.3	0.6	– 73.3
Group loss for the year	**– 153.4**	**– 0.7**	**– 0.6**	**– 154.7**
Group loss for the year attributable to shareholders of TUI AG	– 108.7	– 0.5	– 0.6	– 109.8
Group loss for the year attributable to non-controlling interest	– 44.7	– 0.2	–	– 44.9

RESTATED ITEMS IN THE STATEMENT OF COMPREHENSIVE INCOME OF THE TUI GROUP FOR THE PERIOD FROM 1 OCTOBER 2013 TO 31 DECEMBER 2013

€ million	Q1 2013/14 before restatement	Restatements: Adoption of IFRS 10 and IFRS 11	Restatements: Deferred tax	Q1 2013/14 restated
Group loss	**–153.4**	**–0.7**	**–0.6**	**–154.7**
Foreign exchange differences	–64.1	–0.6	–	–64.7
Cash flow hedges	11.6	–0.2	–	11.4
Changes in the measurement of companies measured at equity	9.9	0.1	–	10.0
Items that may be reclassified to profit or loss	**–45.4**	**–0.7**	**–**	**–46.1**
Other comprehensive income	**–15.3**	**–0.7**	**–**	**–16.0**
Total comprehensive income	**–168.7**	**–1.4**	**–0.6**	**–170.7**
attributable to shareholders of TUI AG	–115.7	–0.9	–0.6	–117.2
attributable to non-controlling interest	–53.0	–0.5	–	–53.5

RESTATED ITEMS IN THE BALANCE SHEET OF THE TUI GROUP AS AT 1 OCT 2013 AND 30 SEP 2014

€ million	1 Oct 2013 before restatement 2014/15*	1 Oct 2013 Adoption of IFRS 10 and IFRS 11	1 Oct 2013 restated	30 Sep 2014 before restatement	30 Sep 2014 Adoption of IFRS 10 and IFRS 11	30 Sep 2014 Amendment IAS 28	30 Sep 2014 restated
Assets							
Other intangible assets	866.2	–0.2	866.0	933.5	–0.1	–	933.4
Property, plant and equipment	2,682.0	–0.6	2,681.4	2,836.6	–0.6	–	2,836.0
Investments in joint ventures and associates	1,386.4	3.8	1,390.2	988.0	4.0	344.4	1,336.4
Financial assets available for sale	71.5	–0.1	71.4	62.7	–	–	62.7
Derivative financial instruments	37.9	–	37.9	76.3	–0.5	–	75.8
Deferred tax asset	224.6	–1.5	223.1	238.1	–2.2	–	235.9
Non-current assets	**8,645.8**	**1.4**	**8,647.2**	**8,647.2**	**0.6**	**344.4**	**8,992.2**
Inventories	115.4	–0.3	115.1	126.5	–0.2	–	126.3
Trade receivables and other assets	1,876.8	–4.2	1,872.6	1,917.8	–6.6	–	1,911.2
Derivative financial instruments	49.1	–	49.1	171.4	–1.7	–	169.7
Current tax asset	53.9	–0.2	53.7	94.0	–0.1	–	93.9
Cash and cash equivalents	2,701.7	–27.7	2,674.0	2,286.0	–28.0	–	2,258.0
Assets held for sale	11.6	–	11.6	483.3	–	–327.4	155.9
Current assets	**4,808.5**	**–32.4**	**4,776.1**	**5,379.0**	**–36.6**	**–327.4**	**5,015.0**
	13,454.3	**–31.0**	**13,423.3**	**14,026.2**	**–36.0**	**17.0**	**14,007.2**

*As reported in the annual report as at 30 September 2014

RESTATED ITEMS IN THE BALANCE SHEET OF THE TUI GROUP AS AT 1 OCT 2013 AND 30 SEP 2014

€ million	1 Oct 2013 before restatement 2014/15*	1 Oct 2013 Adoption of IFRS 10 and IFRS 11	1 Oct 2013 restated	30 Sep 2014 before restatement	30 Sep 2014 Adoption of IFRS 10 and IFRS 11	30 Sep 2014 Amendment IAS 28	30 Sep 2014 restated
Equity and liabilities							
Revenue reserves	118.7	–2.4	116.3	321.7	–2.6	17.0	336.1
Equity before non-controlling interest	**2,016.4**	**–2.4**	**2,014.0**	**2,405.4**	**–2.6**	**17.0**	**2,419.8**
Non-controlling interest	–19.6	–0.7	–20.3	111.7	–1.3	–	110.4
Equity	**1,996.8**	**–3.1**	**1,993.7**	**2,517.1**	**–3.9**	**17.0**	**2,530.2**
Derivative financial instruments	30.7	–0.1	30.6	20.7	–	–	20.7
Deferred tax liabilities	109.2	–1.4	107.8	147.3	–2.5	–	144.8
Other liabilities	98.4	–4.8	93.6	134.9	–4.4	–	130.5
Non-current liabilities	**2,180.2**	**–6.3**	**2,173.9**	**2,149.8**	**–6.9**	**–**	**2,142.9**
Non-current provisions and liabilities	**3,857.4**	**–6.3**	**3,851.1**	**3,993.8**	**–6.9**	**–**	**3,986.9**
Other provisions	449.2	–1.7	447.5	472.0	–1.0	–	471.0
Current provisions	**483.0**	**–1.7**	**481.3**	**504.1**	**–1.0**	**–**	**503.1**
Financial liabilities	935.5	1.8	937.3	214.5	2.7	–	217.2
Trade payables	3,049.2	–7.3	3,041.9	3,301.2	–9.1	–	3,292.1
Derivative financial instruments	178.8	–1.5	177.3	242.0	–0.1	–	241.9
Current tax liabilities	134.0	–1.5	132.5	101.5	–0.3	–	101.2
Other liabilities	2,819.6	–11.4	2,808.2	3,152.0	–17.4	–	3,134.6
Current liabilities	**7,117.1**	**–19.9**	**7,097.2**	**7,011.2**	**–24.2**	**–**	**6,987.0**
Current provisions and liabilities	**7,600.1**	**–21.6**	**7,578.5**	**7,515.3**	**–25.2**	**–**	**7,490.1**
	13,454.3	**–31.0**	**13,423.3**	**14,026.2**	**–36.0**	**17.0**	**14,007.2**

*As reported in the annual report as at 30 September 2014

A detailed presentation of the impact on the equity items is directly shown in the condensed statement of changes in equity.

RESTATED ITEMS IN THE CASH FLOW STATEMENT OF THE TUI GROUP

€ million	Q1 2013/14 before restatement	Q1 2013/14 Restatement Adoption of IFRS 10 and IFRS 11	Q1 2013/14 restated
Cash outflow from operating activities	–1,325.9	3.2	–1,322.7
Cash inflow from financing activities	613.5	1.0	614.5
Net change in cash and cash equivalents	**–845.8**	**4.2**	**–841.6**
Change in cash and cash equivalents due to exchange rate fluctuation	–25.9	0.1	–25.8
Cash and cash equivalents at beginning of period	**2,701.7**	**–27.7**	**2,674.0**
Cash and cash equivalents at end of period	**1,830.0**	**–23.4**	**1,806.6**

Group of consolidated companies

The consolidated financial statements include all major subsidiaries over which TUI has control. Control requires TUI to have power over the relevant activities of an investee, exposure to variable returns and the ability to affect those variable returns through power over an investee.

The interim financial statements as at 31 December 2014 included a total of 595 subsidiaries, besides TUI AG.

Upon the first-time adoption of IFRS 10 and IFRS 11, two subsidiaries will transition from full consolidation to the equity method as joint ventures. One associate already accounted for using the equity method was reallocated to joint ventures. These changes in the group of consolidated companies did not have a material impact on the Group's net assets, financial position and results of operations. The restatements of prior year numbers resulting from the changes in the group of consolidated companies are presented in the section on Restatement of prior reporting period.

Since 1 October 2014, five companies have been newly included in consolidation. One of these companies has been newly included due to a purchase of additional interests, and four companies have been newly established. On the other hand, 31 companies have been deconsolidated due to liquidation.

On balance, the number of companies measured at equity did not change versus the prior year.

Merger of TUI AG and TUI Travel PLC

On 28 October 2014 the shareholders of TUI AG and the minority shareholders of TUI Travel PLC laid the key foundations for the merger of the two companies at General Meetings held in Hanover and London.

The capital increase in exchange for non-cash contribution, resolved by the Extraordinary General Meeting of TUI AG, took effect on 11 December 2014 upon registration in the commercial registers of Berlin and Hanover. Due to the issue of 242,764,564 new shares, subscribed capital rose by € 620.6 m with a proportionate share in the capital stock per share of around € 2.56. In the consolidated financial statements according to IFRS, the difference between the value of these shares, measured on the basis of the stock price on the day of registration in the commercial registers, and the proportionate share in the capital stock had to be transferred to the capital reserve as a premium totalling € 2,693.1 m. The associated after-tax borrowing costs of € 14.1 m were eliminated against the transfer to the capital reserve.

The merger of TUI AG and TUI Travel PLC was effected through the acquisition of the outstanding minority interests in TUI Travel PLC by TUI AG. The shareholders of TUI Travel PLC with the exception of TUI AG received 0.399 new shares in TUI AG for each TUI Travel share that they held. As this exchange of securities constituted a transaction involving non-controlling interests in accordance with the IFRSs, the negative shares in equity attributable to them of € 606.2 m had to be eliminated against the revenue reserves.

The following table shows the impact of the merger of the two companies on TUI AG's equity before non-controlling interests in the period under review:

EFFECTS ON EQUITY BEFORE NON-CONTROLLING INTEREST

€ million	Q1 2014/15
Effects on subscribed capital	**620.6**
Agio shown in capital reserves	2,693.1
Costs	– 14.1
Effects on capital reserves	**2,679.0**
Carrying amount of non-controlling interest acquired	– 606.2
Consideration for non-controlling interest acquired	– 3,313.7
Transaction costs	– 41.8
Amount recognised in retained earnings	**– 3,961.7**
Effects on equity before non-controlling interest	**– 662.1**

Due to these transactions, TUI AG is now the beneficial owner of all shares in TUI Travel PLC. The Extraordinary General Meeting of TUI AG on 28 October 2014 resolved to create conditional capital in order to facilitate the future transfer of TUI Travel PLC shares that may arise from conversions of convertible bonds of TUI Travel PLC. The EGM also resolved to create authorised capital in order to secure payment of the share-based payment schemes granted in 2012 and 2013 in the Travel Sector. The General Meeting of TUI Travel PLC on 28 October 2014 resolved to amend the Articles of Association accordingly, stipulating that all shares in TUI Travel PLC arising in future from these transactions will have to be converted into TUI AG shares at an exchange ratio of 1 : 0.399.

These arrangements do not cover convertible bonds of TUI Travel PLC with a volume of £ 200 m, acquired by Deutsche Bank in 2010. TUI AG exercises economic control over these bonds through a financing arrangement. In connection with the completion of the merger, Deutsche Bank and TUI agreed in December 2014 to redeem this financing ahead of the due date, with early redemption of the remaining amount of £ 150 m to take place in two steps. Accordingly, a payment of £ 83.3 m (or € 105.8 m) was made in December. On 27 January 2015, TUI has paid the amount of £ 66.7 m still outstanding at that point in time and a compensation of around £ 3 m for the early repayment as consideration for the transfer of the bonds. We refer to the section on Major events after the balance sheet date.

In the wake of the merger, the Group's funding was also changed. The credit facility previously granted to TUI Travel PLC was replaced by corresponding financing agreements by TUI AG. The newly negotiated credit facility totals € 1.75 bn and will mature on 30 June 2018. Total borrowing costs amounted to € 16.8 m. They were carried as prepaid expenses in the statement of financial position and charged to expenses on a straight-line basis over the term of the credit facility.

In connection with the completion of the merger the restrictions on the proceeds of € 300.0 m from the issuance of a high-yield bond in September 2014 ceased to exist. In the prior year, these amounts were invested into a money market fund by a trustee on behalf of TUI AG. Through the disposal of the shares in the money market fund, the financial assets available for sale decreased by € 300.0 m.

Acquisitions – divestments

In Q1 2014 / 15, eight travel agencies were acquired in the form of asset deals. The considerations transferred for the acquisition by the TUI Group consist of purchase price payments.

The acquisitions had no significant impact on turnover and the Group result for the period under review.

No major acquisitions were effected after the balance sheet date.

In the present interim financial statements, the purchase price allocations of the following companies and businesses acquired in financial year 2013 / 14 were finalised without a material effect on the consolidated statement of financial position within the 12-month period stipulated by IFRS 3:

- Le Passage to India Tours & Travels pvt. Ltd., Neu Delhi, India
- 3 travel agencies in Germany

The divestments did not have a material impact on the TUI Group's net assets, financial position and results of operations.

Notes to the consolidated income statement

The TUI Group's results reflect the strong seasonal swing in tourism, with the tourism business characterised by the winter and summer travel months. The Group seeks to counteract the seasonal swing through a broad range of holiday offerings in the summer and winter season and a presence in many different travel markets in the world with different annual cycles. The consolidated income statement reflects the seasonality of the tourism business, as a result of which the result generated in the period from October to December is negative. Due to the seasonality of the business, a comparison of results with full-year results is not meaningful.

The year-on-year increase in turnover is mainly attributable to higher customer numbers in the Travel Sector.

(1) COST OF SALES AND ADMINISTRATIVE EXPENSES

The cost of sales relates to the expenses incurred to provide the tourism services. Apart from the expenses for staff, depreciation / amortisation and lease, rental and leasing, it includes in particular all costs incurred by the Group in connection with the provision and delivery of airline services, hotel accommodation and cruises as well as distribution costs.

Administrative expenses comprise all expenses incurred in connection with the performance of the administrative functions and break down as follows:

ADMINISTRATIVE EXPENSES

€ million	**Q1 2014 / 15**	Q1 2013 / 14 restated
Staff costs	215.0	204.0
Lease, rental and leasing expenses	18.9	20.8
Depreciation, amortisation and impairments	24.8	23.1
Others	137.0	108.6
Total	**395.7**	**356.5**

The cost of sales and administrative expenses include the following lease, rental and leasing expenses as well as staff costs and depreciation / amortisation:

LEASE, RENTAL AND LEASING EXPENSES

€ million	Q1 2014 / 15	Q1 2013 / 14 restated
Lease, rental and leasing expenses	**216.5**	**212.7**
thereof cost of sales	197.6	191.9
thereof administrative expenses	18.9	20.8

STAFF COSTS

€ million	Q1 2014 / 15	Q1 2013 / 14 restated
Wages and salaries	486.0	485.5
thereof cost of sales	306.5	314.6
thereof administrative expenses	179.5	170.9
Social security contributions, pension costs and benefits	109.4	104.5
thereof cost of sales	73.9	71.4
thereof administrative expenses	35.5	33.1
Total	**595.4**	**590.0**

DEPRECIATION / AMORTISATION / IMPAIRMENTS

€ million	Q1 2014 / 15	Q1 2013 / 14
Depreciation and amortization	**99.5**	**91.8**
thereof cost of sales	74.7	68.7
thereof administrative expenses	24.8	23.1

(2) OTHER INCOME / OTHER EXPENSES

OTHER INCOME / OTHER EXPENSES

€ million	Q1 2014 / 15	Q1 2013 / 14
Other income	18.2	2.9
Other expenses	0.8	1.5
Total	**17.4**	**1.4**

In Q1 2014 / 15, other income primarily resulted from the book profit from the divestment of a hotel of the Riu Group sold in December 2014.

(3) GOODWILL IMPAIRMENTS

In Q1 2014 / 15, as in the prior year, no goodwill impairments were carried.

(4) FINANCIAL RESULT

In the wake of the acquisition of the minority interests in TUI Travel PLC, TUI Travel PLC's existing credit facility was replaced. Accordingly, the borrowing costs of € 14.2 m carried as prepaid expenses for that credit facility were fully recognised through profit and loss in Q1 2014 / 15. This one-off effect was partially offset by the improvement in the financial result by an amount reflecting the interest expense for the two convertible bonds maturing at the beginning of the current financial year, still included in the prior year, and for other non-current financing schemes redeemed since Q1 2013 / 14.

(5) RESULT OF JOINT VENTURES AND ASSOCIATES

SHARE OF RESULT OF JOINT VENTURES AND ASSOCIATES

€ million	**Q1 2014 / 15**	Q1 2013 / 14 restated
Tourism	16.6	–
Containershipping	0.9	– 9.7
Total	**17.5**	**– 9.7**

The considerable increase in the share of result of joint ventures and associates in the Tourism Segment results in particular from a higher profit contribution from TUI Cruises and the non-recurrence of the negative result of TUI Russia carried in the prior year.

(6) ADJUSTMENTS

In addition to the disclosures required under IFRS, the consolidated income statement comprises a reconciliation to underlying earnings. The adjustments show deconsolidation income as gains on disposal, events according to IAS 37 as restructuring measures and all effects of purchase price allocations, incidental acquisition costs and contingent considerations on EBITA as purchase price allocations.

The one-off items carried as adjustments are income (-) and expenses (+) impacting or distorting the assessment of the operating profitability of the Sectors and the Group due to their levels and frequencies. These one-off items include in particular major restructuring and integration expenses not meeting the criteria of IAS 37, major expenses for litigation, profits and losses from the sale of aircraft and other material business transactions with a one-off character.

ONE-OFF ITEMS BY SECTOR

€ million	**Q1 2014 / 15**	Q1 2013 / 14
Tourism	**17.0**	**– 4.0**
Travel	17.0	3.4
Mainstream	17.2	3.1
Accommodation & Destinations	0.7	–
Other	– 0.9	0.3
Cruises	–	– 7.4
Total	**17.0**	**– 4.0**

In Q1 2014 / 15, adjustments included in particular transfers to provisions for an as yet unresolved legal dispute in connection with the acquisition of a Turkish hotel by the Travel Sector.

(7) INCOME TAXES

The tax income posted for Q1 is attributable to the seasonality of the tourism business.

(8) GROUP LOSS ATTRIBUTABLE TO NON-CONTROLLING INTEREST

NON-CONTROLLING INTEREST

€ million	Q1 2014/15	Q1 2013/14 restated
Travel	– 49.8	– 60.2
Hotels & Resorts	18.2	15.3
Total	**– 31.6**	**– 44.9**

The Group loss attributable to non-controlling interest in the Travel Sector predominantly comprises the proportionate losses accrued in the Travel Sector until the acquisition of the TUI Travel PLC shares owned by non-controlling interest in December 2014.

Notes to the financial position of the TUI Group

The changes in the consolidated statement of financial position as against 30 September 2014 primarily reflect the seasonality of the tourism business. Accordingly, both trade receivables as well as trade payables and other liabilities declined.

On 2 December 2014, the merger of Hapag-Lloyd AG and Compañia Sud Americana de Vapores S.A, contractually agreed in April 2014, was completed. In the framework of the transaction, CSAV transferred its container shipping business to Hapag-Lloyd AG as a non-cash contribution; in return, it received a stake of 30 % in the combined entity. Due to the transaction, TUI's stake in the combined Hapag-Lloyd declined from 22.0 % to 15.4 %. TUI thus lost its significant influence over the company.

The stake was therefore reclassified to financial assets available for sale at its fair value of € 481.9 m on the settlement date. At the same time, the amount carried for joint ventures and associates measured at equity declined by € 339.6 m, with assets held for sale decreasing by € 140.2 m.

ASSETS HELD FOR SALE

€ million	31 Dec 2014	30 Sep 2014 restated
Investment	–	140,2
Aircrafts and engines	9.5	–
Property and hotel facilities	6.9	13.0
Other assets	3.4	2.7
Total	**19.8**	**155.9**

Aircrafts and engines held for sale primarily include an aircraft worth € 9.5 m. Regarding hotel facilities, the divestment of a hotel resulted in a reduction in assets held for sale of € 6.3 m. The remaining property and hotel portfolio has not changed versus 30 September 2014, comprising a hotel resort in Bulgaria and a hotel in Turkey. Other assets mainly include hotel assets held for sale, licenses as well as yachts and boats.

At € 1,338.4 m, pension provisions rose by € 63.9 m. This was caused by a further reduction in discount rates in the UK and Germany versus 30 September 2014.

Non-current financial liabilities rose by a total of € 800.2 m to € 2,548.6 m. The increase mainly results from the TUI Group drawing long-term credit lines to cover the payments due in Q1 2014 / 15 due to the seasonality in tourism and an increase in liabilities from finance leases.

Current financial liabilities declined by € 40.1 m as against 30 September 2014 to € 177.1 m.

Changes in equity

Since 30 September 2014, equity decreased by € 692.7 m overall to € 1,837.5 m.

Equity declined due to the payment of dividends to non-Group shareholders of TUI Travel PLC. Moreover, the interest on the hybrid capital issued by TUI AG also has to be carried as a dividend in accordance with IFRS rules.

The capital increase in exchange for non-cash contributions, effected in the wake of the merger of TUI AG and TUI Travel PLC, had a significant effect on the Group's subscribed capital and reserves, outlined in detail in the section on Merger of TUI AG and TUI Travel PLC of the present Interim Report.

In the framework of long-term incentive programmes, the Travel Sector compensates its employees in the form of stock option plans serviced with shares. The ongoing measurement of the awards from stock option plans resulted in an increase in equity of € 6.5 m.

Due to the issuance of employee shares and conversions from the 2009 / 14 and 2011 / 16 convertible bonds, 4,276,446 new shares in TUI AG were issued. As a result, TUI AG's subscribed capital and capital reserve rose by a total of € 24.5 m. Moreover, equity was created due to conversions from the 2010 / 17 convertible bonds of TUI Travel PLC. As the bonds have already been converted but shares have not yet been issued, this equity of € 10.3 m is carried in revenue reserves. In January 2015, 2,317,538 new shares in TUI AG will be issued to the former holders of these convertible bonds in line with the provisions for the merger of TUI AG and TUI Travel PLC. Accordingly, the amount will then be carried under subscribed capital and in the capital reserve.

In the period under review, a subsidiary of TUI Travel PLC acquired shares in TUI Travel PLC in order to use them for stock option plans. As the amounts used for this purpose have to be offset against revenue reserves as acquisition of non-controlling interests, equity declined by € 82.3 m. In the wake of the merger of TUI Travel PLC and TUI AG, these shares were exchanged into shares in TUI AG so that the relevant subsidiary now holds 2,786,854 shares in TUI AG.

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

The portion of gains and losses from hedges established as effective cash flow hedges is carried under other comprehensive income in equity outside profit and loss at an amount of € 261.1 m (pre-tax). This provision is reversed through profit and loss in the period in which the underlying transaction is assessed as having an effect on profit and loss, or is no longer considered to be likely.

The remeasurement of pension obligations (in particular actuarial gains and losses) is also carried under other comprehensive income in equity outside profit and loss.

Financial instruments

CARRYING AMOUNTS AND FAIR VALUES ACCORDING TO CLASSES AND MEASUREMENT CATEGORIES AS AT 31 DEC 2014

€ million	Carrying amount	Category under IAS 39: At amortised cost	At cost	Fair value with no effect on profit and loss	Fair value through profit and loss	Values according to IAS 17 (leases)	Carrying amount of financial instruments	Fair value of financial instruments
Assets								
Available for sale financial assets	545.6	–	45.2	500.4	–	–	545.6	545.6
Trade receivables and other assets	2,358.6	1,142.5	–	–	–	–	1,142.5	1,142.5
Derivative financial instruments								
Hedging	365.1	–	–	365.1	–	–	365.1	365.1
Other derivative financial instruments	30.2	–	–	–	30.2	–	30.2	30.2
Cash and cash equivalents	1,093.7	1,093.7	–	–	–	–	1,093.7	1,093.7
Assets held for sale	19.8	–	–	–	–	–	–	–
Liabilities								
Financial liabilities	2,725.7	2,128.2	–	–	–	597.5	2,128.2	2,403.7
Trade payables	2,109.8	2,109.7	–	–	–	–	2,109.7	2,109.7
Derivative financial instruments								
Hedging	584.4	–	–	584.4	–	–	584.4	584.4
Other derivative financial instruments	56.1	–	–	–	56.1	–	56.1	56.1
Other liabilities	3,072.7	159.7	–	–	61.1	–	220.8	220.8

CARRYING AMOUNTS AND FAIR VALUES ACCORDING TO CLASSES AND MEASUREMENT CATEGORIES AS OF 30 SEP 2014 (RESTATED)

		Category under IAS 39						
€ million	Carrying amount	At amortised cost	At cost	Fair value with no effect on profit and loss	Fair value through profit and loss	Values according to IAS 17 (leases)	Carrying amount of financial instruments	Fair value of financial instruments
Assets								
Available for sale financial assets	362.7	–	45.4	317.3	–	–	362.7	362.7
Trade receivables and other assets	2,279.3	1,113.8	–	–	–	–	1,113.8	1,113.8
Derivative financial instruments								
Hedging	225.6	–	–	225.6	–	–	225.6	225.6
Other derivative financial instruments	22.1	–	–	–	22.1	–	22.1	22.1
Cash and cash equivalents	2,258.0	2,258.0	–	–	–	–	2,258.0	2,258.0
Assets held for sale	155.9	–	–	–	–	–	–	–
Liabilities								
Financial liabilities	1,965.6	1,465.0	–	–	–	500.6	1,465.0	1,713.2
Trade payables	3,292.1	3,292.0	–	–	–	–	3,292.0	3,292.0
Derivative financial instruments								
Hedging	207.3	–	–	207.3	–	–	207.3	207.3
Other derivative financial instruments	55.4	–	–	–	55.4	–	55.4	55.4
Other liabilities	3,265.1	156.5	–	–	60.8	–	217.3	217.3

Due to the short remaining terms of cash and cash equivalents, current trade receivables and other assets as well as current trade payables and other liabilities, the carrying amounts are taken as realistic estimates of the fair values.

The fair values of non-current trade receivables and other assets correspond to the present values of the cash flows associated with the assets, taking account of current interest parameters which reflect market- and counterparty-related changes in terms and expectations. There are no financial investments held to maturity.

Financial instruments classified as financial assets available for sale include an amount of € 45.2 m (as at 30 September 2014 € 45.4 m) for interests in partnerships and corporations for which no active market exists. The fair values of these non-listed interests cannot be calculated by means of a measurement model since their future cash flows cannot be reliably determined. The investments are carried at the cost to purchase. In Q1 2014 / 15, there were no major disposals of interests in partnerships or corporations measured at cost (as at 30 September 2014 no major disposals). The TUI Group does not intend to sell or derecognise the stakes in these partnerships or corporations in the near future.

AGGREGATION ACCORDING TO MEASUREMENT CATEGORIES UNDER IAS 39 AS AT 31 DEC 2014

€ million	At amortised cost	At cost	Fair value with no effect on profit and loss	Fair value through profit and loss	Carrying amount Total	Fair value
Loans and receivables	2,236.2	–	–	–	2,236.2	2,236.2
Financial assets						
available for sale	–	45.2	500.4	–	545.6	545.6
held for trading	–	–	–	30.2	30.2	30.2
Financial liabilities						
at amortised cost	4,397.6	–	–	–	4,397.6	4,734.2
held for trading	–	–	–	117.2	117.2	117.2

AGGREGATION ACCORDING TO MEASUREMENT CATEGORIES UNDER IAS 39 AS AT 30 SEP 2014 (RESTATED)

€ million	At amortised cost	At cost	Fair value with no effect on profit and loss	Fair value through profit and loss	Carrying amount Total	Fair value
Loans and receivables	3,371.8	–	–	–	3,371.8	3,371.8
Financial assets						
available for sale	–	45.4	317.3	–	362.7	362.7
held for trading	–	–	–	22.1	22.1	22.1
Financial liabilities						
at amortised cost	4,913.5	–	–	–	4,913.5	5,222.5
held for trading	–	–	–	116.2	116.2	116.2

FAIR VALUE MEASUREMENT

The following table presents the fair values of the recurring, non-recurring and other financial instruments recognised at fair value in accordance with the underlying measurement levels. The individual levels have been defined as follows in line with the input factors:

- Level 1: quoted (non-adjusted) prices in active markets for identical assets or liabilities.
- Level 2: input factors for the measurement are quoted market price other than those mentioned in Level 1, directly (as market price quotation) or indirectly (derivable from market price quotation) observable in the market for the asset or liability.
- Level 3: input factors for the measurement of the asset or liability are not based on observable market data.

HIERARCHY OF FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE AS OF 31 DECEMBER 2014

€ million	Total	Fair value hierarchy Level 1	Level 2	Level 3
Assets				
Available for sale financial assets	500.4	9.4	–	491.0
Derivative financial instruments				
Hedging transactions	365.1	–	365.1	–
Other derivative financial instruments	30.2	–	30.2	–
Liabilities				
Derivative financial instruments				
Hedging transactions	584.4	–	584.4	–
Other derivative financial instruments	56.1	–	56.1	–
Other liabilities	61.1	–	61.1	–
At amortised cost				
Financial liabilities	2,403.7	1,357.7	1,046.0	–

HIERARCHY OF FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE AS OF 30 SEPTEMBER 2014 (RESTATED)

€ million	Total	Fair value hierarchy Level 1	Level 2	Level 3
Assets				
Available for sale financial assets	317.3	11.8	300.0	5.5
Derivative financial instruments				
Hedging transactions	225.6	–	225.6	–
Other derivative financial instruments	22.1	–	22.1	–
Liabilities				
Derivative financial instruments				
Hedging transactions	207.3	–	207.3	–
Other derivative financial instruments	55.4	–	55.4	–
Other liabilities	60.8	–	60.8	–
At amortised cost				
Financial liabilities	1,713.2	1,362.3	350.9	–

At the end of every reporting period, the TUI Group checks whether there are any reasons for reclassification to or from one of the measurement levels. Financial assets and financial liabilities are generally transferred from Level 1 to Level 2 if the liquidity and trading activity no longer indicate an active market. The opposite situation applies to potential reclassifications from Level 2 to Level 1. In Q1 2014 / 15, there were no transfers between Level 1 and Level 2.

There were no transfers to or from Level 3, either. Transfers from Level 3 to Level 2 or Level 1 are made if observable market price quotations become available for the asset or liability concerned. The TUI Group records transfers to and from Level 3 as at the date of the event or occasion triggering the reclassification.

LEVEL 1 FINANCIAL INSTRUMENTS

The fair value of financial instruments for which an active market is available is based on the market price quotation at the balance sheet date. An active market exists if price quotations are easily and regularly available from a stock exchange, traders, brokers, price service providers or regulatory authorities, and if these prices represent actual and regular market transactions between independent business partners. These financial instruments are assigned to Level 1. The fair values correspond to the nominal values multiplied by the price quotations at the balance sheet date. Level 1 financial instruments primarily comprise shares in listed companies classified as available for sale and bonds issued in the category financial liabilities measured at amortised cost.

LEVEL 2 FINANCIAL INSTRUMENTS

The fair values of financial instruments not traded in an active market, e.g. over-the-counter (OTC) derivatives, are determined by means of measurement techniques. These measurement techniques maximise the use of observable market data and are based as little as possible on Group-specific assumptions. If all essential input factors for the determination of the fair value of an instrument are observable, the instrument is assigned to Level 2.

If one or several of the essential input factors are not based on observable market data, the instrument is assigned to Level 3.

The specific measurement techniques used for the measurement of financial instruments are:

- For over-the-counter bonds, liabilities to banks, promissory notes and other non-current financial liabilities, the fair value is determined as the present value of future cash flows, taking account of observable yield curves and the respective credit spread, which depends on the credit rating.

- For over-the-counter derivatives, the fair value is determined by means of appropriate calculation methods, e.g. by discounting the expected future cash flows. The forward prices of forward transactions are based on the spot or cash prices, taking account of forward premiums and discounts. The calculation of the fair values of optional foreign exchange and interest derivatives is based on the Black & Scholes model and the Turnbull & Wakeman model for optional fuel hedges. The fair values determined on the basis of the Group's own systems are regularly compared with fair value confirmations of the external counterparties.
- Other measurement techniques, e.g. discounting future cash flows, are used for the measurement of other financial instruments.

With the exception of the shares in Hapag-Lloyd AG and the stake in National Air Traffic Services (NATS) presented below, all fair values resulting from the application of the measurement assumptions are assigned to Level 2.

LEVEL 3 FINANCIAL INSTRUMENTS

The following table shows the development of the values of the financial instruments measured at fair value on a recurring basis assigned to Level 3 of the measurement hierarchy.

FINANCIAL ASSETS MEASURED AT FAIR VALUE IN LEVEL 3

€ million	Available for sale financial assets
Balance as at 1 October 2014	**5.5**
Additions	481.9
Disposals	–
repayment / sale	–
conversion	–
Total comprehensive income	3.6
recognised in income statement	–
recognised in other comprehensive income	3.6
Balance as at 31 December 2014	**491.0**
Net gains for financial instruments on the balance sheet as at the balance sheet date	**–**

The additions relate to the stake in Hapag-Lloyd AG, carried under financial assets available for sale from 2 December 2014.

As the Group did not participate in a cash capital increase of € 370.0 m carried out in mid-December 2014, its stake in Hapag-Lloyd AG decreased from 15.4 % to 13.9 %. As the issue price of the young shares was higher than the imputed carrying amount of the investment per share, this resulted in income of € 3.6 m, shown under other comprehensive income.

A change of + 10 / – 10 % in the determined corporate value of NATS results in a € 0.4 m increase / € – 0.4 m decrease in the value recognised for the asset in the TUI Group, carried outside profit and loss and affecting earnings after tax (as at 30 September 2014 € + 0.4 m / € – 0.4 m). Changes in unobservable input factors have no material effects on earnings.

MEASUREMENT PROCESS

The fair value of Level 3 financial instruments is determined by means of the Discounted Cash Flow method by TUI's finance department. The market data and parameters required for the quarterly measurement are collected or validated. Unobservable input parameters are reviewed and updated, if necessary, on the basis of the information internally available.

The results of the measurement are compared with measurements by independent market participants, e.g. analyst studies. These are provided by Investor Relations. If the fair value determined on the basis of the measurement technique falls outside the bandwidth of external assessments, the measurement model is reviewed by TUI's finance department and its plausibility verified by means of alternative assumptions, which might be taken into account by other market participants in determining prices as at the quarterly reporting date. The result of the measurement of the key Level 3 financial instruments is reported to the Executive Board.

MEASUREMENT OF LEVEL 3 FINANCIAL INSTRUMENTS

The following table provides information on the measurement methods and central unobservable input factors used in determining fair values.

FAIR VALUE MEASUREMENTS USING SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)

Financial asset	Fair Value in € million	Valuation technique	Unobservable input	Range	Inter-relationship between unobservable input and fair value measurement
Investment Hapag-Lloyd AG	485.5	Discounted Cash Flow	(Forecast) EBITDA-Margin	3 % – 10 %	The higher the (forecast) EBITDA-margin, the higher the fair value
			WACC	6.75 %	The lower the weighted average cost of capital, the higher the fair value
			Terminal Growth Rate	1 %	The higher the terminal growth rate, the higher the fair value
Investment NATS	5.5	Prior transactions	n. a.	n. a.	n. a.

SENSITIVITY ANALYSIS

The fair value of the stake in Hapag-Lloyd AG would change significantly if one or more of the significant unobservable inputs were replaced by alternative assumptions considered to be reasonably possible. The following table presents the sensitivities to a change in the significant unobservable inputs.

EFFECT OF CHANGES TO NON-OBSERVABLE INPUTS ON THE FAIR VALUE MEASUREMENT

€ million	Increase / decrease in non-observable inputs	Favourable / unfavourable impact on profit or loss
(Forecasted) EBITDA-margin	0.25 %	53.0
	– 0.25 %	– 53.0
WACC	0.25 %	– 44.5
	– 0.25 %	48.7
Terminal Growth Rate	0.25 %	44.3
	– 0.25 %	– 40.5

The favourable and unfavourable changes presented above have been calculated separately.

Contingent liabilities

As at 31 December 2014, contingent liabilities totalled around € 380.3 m (as at 30 September 2014 around € 375.1 m). Contingent liabilities are carried at the level of estimated settlement as at the balance sheet date. They mainly relate to the assumption of liability for the benefit of Hapag-Lloyd AG for collateralised ship financing schemes and the assumption of liability for the benefit of TUI Cruises GmbH. The year-on-year increase as against 30 September 2014 mainly results from foreign exchange effects.

In January 2014, the Italian public prosecutor completed its investigations against a former managing director of an Italian subsidiary on allegations of complicity in VAT evasion. To date, no charge has been brought against him. It remains possible that criminal proceedings may be instituted against the manager concerned in this matter. Until the facts and circumstances of the case have been clarified, the financial authorities have temporarily suspended the payment of input tax assets worth € 18.2 m, as this payment has become disputed as a result. On 11 December 2014, TUI received a tax assessment from the Italian financial authorities, which refused its subsidiary the right to deduct the input tax worth € 18.2 m. The tax assessment also imposed fines and interest payments totalling € 33 m. TUI considers the criminal and fiscal allegations to be unfounded and will file an appeal against the tax assessment. The subsidiary will apply for a stay of execution of the payments laid down in the tax assessment.

Other financial liabilities

FINANCIAL COMMITMENTS FROM OPERATING LEASE, RENTAL AND CHARTER CONTRACTS

€ million	**31 Dec 2014**	30 Sep 2014 restated
Nominal value	4,193.9	4,167.2
Fair value	**3,919.6**	3,821.2

NOMINAL VALUES OF OTHER FINANCIAL COMMITMENTS

€ million	**31 Dec 2014**	30 Sep 2014
Order commitments in respect of capital expenditure	3,144.6	3,160.9
Other financial commitments	210.9	210.7
Total	**3,355.5**	**3,371.6**
Fair value	**3,130.8**	**3,086.1**

Notes to the cash flow statement of the TUI Group

Based on the after-tax Group result, the cash flow from operating activities is determined using the indirect method. In the period under review, cash and cash equivalents declined by € 1,164.3 m to € 1,093.7 m.

In the period under review, the outflow of cash from operating activities was € 1,549.9 m (previous year € 1,322.7 m). As every year, the strong outflow of cash is due to the liabilities to suppliers payable after the end of the tourism season.

The inflow of cash from investing activities totalled € 176.3 m. It comprises a cash outflow for investments in property, plant and equipment and intangible assets of € 116.1 m for the Travel Sector and of € 65.0 m for the hotel companies as well as € 0.7 m for the cruise companies but also an inflow of € 69.4 m from the sale of property, plant and equipment – primarily aircraft assets and a hotel in Gran Canaria. The cash flow from investing activities also includes payments of € 13.1 m for the acquisition of consolidated companies and for capital increases in joint ventures. The shares in a money market fund acquired in the prior year were sold following the completion of the merger with TUI Travel PLC, resulting in cash inflows of € 300.0 m.

The inflow of cash from financing activities totalled € 213.7 m. TUI AG concluded new financing agreements to replace the revolving credit facility previously concluded by TUI Travel PLC in order to secure its ability to provide financial resources for operating activities for the TUI Group. In the period under review, an amount of € 706.1 m was drawn. TUI AG used € 105.8 m to partially redeem an existing liability to banks. A cash outflow of € 2.4 m related to the non-converted portion of the convertible bond of TUI AG which matured in November 2014, originally amounting to € 217.8 m. The hotel companies took out financial liabilities worth € 20.3 m and redeemed € 27.9 m. Companies of the Travel Sector took out bank liabilities worth € 3.4 m and redeemed € 4.8 m. Financing lease liabilities worth € 13.8 m were repaid. An amount of € 34.7 m was used for interest payments. Further outflows relate to the dividend for the hybrid bond of TUI AG (€ 5.8 m) and the dividends for the minority shareholders of TUI Travel PLC and L'tur tourismus AG (€ 185.0 m). Moreover, TUI Travel PLC purchased own shares worth € 82.5 m in order to use them for its stock option plans. TUI AG and TUI Travel PLC made payments worth € 32.2 m to acquire minority interests in TUI Travel PLC. The capital increase of TUI AG through contribution of the minority interests caused payments of € 6.5 m in the period under review.

Cash and cash equivalents also decreased by € 4.4 m due to changes in exchange rates.

As at 31 December 2014, cash and cash equivalents worth € 173.8 m were subject to restraints on disposal. They included € 116.3 m for cash collateral received, deposited with a Belgian subsidiary by Belgian tax authorities in financial year 2012 / 13 against the backdrop of a multi-year litigation regarding VAT refunds for the period from 2001 to 2011 without admission of guilt in order to stop interest accrual for both parties. In order to collateralise a potential reimbursement, the Belgian government was granted a bank guarantee. Due to the bank guarantee, TUI is subject to restraints on disposal for the cash and cash equivalents. The remaining restraints on disposal relate to cash and cash equivalents to be deposited due to legal or regulatory requirements.

Segment indicators

Due to the merger with TUI Travel PLC and the associated enlargement of the Executive Board of TUI AG, the Group is currently adjusting its internal reporting structures. The restructuring of the Travel Sector (previously TUI Travel) and the adjustment of the internal reporting structure are expected to be completed by 31 March 2015.

As at 31 December 2014, the Travel Sector is presented as a reportable Segment according to IFRS 8, as before. In addition, the TUI Travel PLC sectors, i.e. the Mainstream, Accommodation & Destinations and Specialist & Activity businesses, are presented separately on a transitional basis. The designations of the Travel Sector (previously TUI Travel) and Hotel & Resorts Sector (previously TUI Hotels & Resorts) were adjusted.

TURNOVER BY DIVISIONS AND SECTORS FOR THE PERIOD FROM 1 OCTOBER 2014 TO 31 DECEMBER 2014

€ million	External	Group	Q1 2014/15 Total
Tourism	**3,531.6**	**–**	**3,531.6**
Travel	3,369.9	–	3,369.9
Mainstream	2,804.6	29.5	2,834.1
Accommodation & Destinations	223.5	50.1	273.6
Specialist & Activity	333.4	–	333.4
Other	8.4	17.2	25.6
Consolidation	–	–96.8	–96.8
Hotels & Resorts	108.2	89.7	197.9
Cruises	53.5	–	53.5
Consolidation	–	–89.7	–89.7
All other segments	**12.0**	**1.2**	**13.2**
Consolidation	–	–1.2	–1.2
Total	**3,543.6**	**–**	**3,543.6**

TURNOVER BY DIVISIONS AND SECTORS FOR THE PERIOD FROM 1 OCTOBER 2013 TO 31 DECEMBER 2013

€ million	External restated	Group restated	Q1 2013/14 Total restated
Tourism	**3,357.7**	**3.6**	**3,361.3**
Travel	3,207.9	5.7	3,213.6
Mainstream	2,686.6	37.8	2,724.4
Accommodation & Destinations	204.7	41.1	245.8
Specialist & Activity	316.6	–	316.6
Other	–	–	–
Consolidation	–	–73.2	–73.2
Hotels & Resorts	94.7	95.1	189.8
Cruises	55.1	–	55.1
Consolidation	–	–97.2	–97.2
All other segments	**3.4**	**2.2**	**5.6**
Consolidation	–	–5.8	–5.8
Total	**3,361.1**	**–**	**3,361.1**

EARNINGS BEFORE TAXES, INTEREST AND AMORTISATION ON GOODWILL BY SEGMENT AND SECTOR

€ million	Q1 2014/15	Q1 2013/14 restated
Tourism	**–133.1**	**–146.3**
Travel	–186.1	–163.3
Mainstream	–139.1	–123.9
Accommodation & Destinations	–3.9	3.3
Specialist & Activity	–22.7	–27.3
Other	–20.4	–15.4
Hotels & Resorts	51.0	25.5
Cruises	2.0	–8.5
All other segments	**–11.9**	**–13.9**
Total	**–145.0**	**–160.2**

For Q1 2014/15, earnings before interest, taxes and amortisation of goodwill (EBITA) include results of € 16.6 m (previous year € 0.0 m) from joint ventures and associates, fully generated in Tourism.

ADJUSTED EARNINGS BEFORE TAXES, INTEREST AND AMORTISATION ON GOODWILL BY SEGMENT AND SECTOR

€ million	Q1 2014/15	Q1 2013/14 restated
Tourism	**–96.1**	**–127.2**
Travel	–149.1	–137.3
Mainstream	–114.3	–110.0
Accommodation & Destinations	0.5	6.2
Specialist & Activity	–19.1	–19.4
Other	–16.2	–14.1
Hotels & Resorts	51.0	26.0
Cruises	2.0	–15.9
All other segments	**–11.8**	**–13.9**
Total	**–107.9**	**–141.1**

RECONCILIATION TO EARNINGS BEFORE TAXES OF THE TUI GROUP

€ million	Q1 2014/15	Q1 2013/14 restated
EBITA	**–145.0**	**–160.2**
Gain (previous year loss) on Container Shipping measured at equity	0.9	–9.7
Net interest expense and expense from the measurement of interest hedges	–67.0	–58.1
Total	**–211.1**	**–228.0**

Related parties

Apart from the subsidiaries included in the consolidated financial statements, TUI AG, in carrying out its ordinary business activities, maintains direct and indirect relationships with related parties. All transactions with related parties are executed on an arm's length basis on the basis of international comparable uncontrolled price methods in accordance with IAS 24, as before. The equity stake held by Riu Hotels S.A., listed in the Notes to the consolidated financial statements as at 30 September 2014, was retained unamended at the reporting date for the interim financial statements. More detailed information on related parties is provided under Other notes in the Notes to the consolidated financial statements for 2013 / 14.

Major events after the balance sheet date

On 7 January 2015, the acquisition of the cruise ship EUROPA 2 was agreed against payment of a contractual purchase price of € 291.7 m. After deduction of lease payments of € 13.5 m made in advance, the remaining purchase price totals € 278.2 m. It comprises a payment of € 67.2 m to the previous owner and the assumption of borrowings of € 211.0 m. The transaction replaces the previous charter agreement for the cruise liner, which was commissioned in 2013. As a result, other financial liabilities decrease by a total of € 278.6 m.

In connection with the completion of the merger of TUI AG and TUI Travel PLC, TUI AG terminated a financing agreement with Deutsche Bank ahead of the due date. On 27 January 2015, legal ownership of the convertible bond of TUI Travel PLC with a nominal value of £ 200.0 m, maturing in April 2017, was transferred to TUI AG, taking account of advance payments already made and in exchange for payment of a remaining purchase price of € 94.5 m. Due to the acquisition, the Group's non-current financial liabilities decline by € 249.7 m.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING 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 risks and uncertainties that could cause actual results to differ materially from those anticipated. Such factors include 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 any forward-looking statements in order to reflect events of developments after the date of this Report.

Financial calendar

10 FEBRUARY 2015
Interim Report Q1 2014/15
Annual General Meeting 2015

MAY 2015
Half Year Financial Report 2014/15
Capital Markets Day

AUGUST 2015
Interim Report Q3 2014/15

DECEMBER 2015
Annual Report 2014/15

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www.tuigroup.com/en/investors

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