TUI AG FINANCIAL YEAR 2011/12

Half-Year Financial Report 1 October 2011 – 31 March 2012

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TUI
Aktiengesellschaft

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Q2 2011/12

TUI Group – financial highlights

€ million		Q2 2011/12	Q2 2010/11 revised	Var. %	H1 2011/12	H1 2010/11 revised	Var. %
Turnover							
TUI Travel		3,120.1	2,926.1	+ 6.6	6,432.9	6,085.7	+ 5.7
TUI Hotels & Resorts		88.5	83.5	+ 6.0	172.0	156.2	+ 10.1
Cruises		62.2	56.2	+ 10.7	102.3	96.6	+ 5.9
Group		**3,281.9**	**3,078.2**	**+ 6.6**	**6,730.5**	**6,364.3**	**+ 5.8**
EBITDA							
TUI Travel		- 270.8	- 146.3	- 85.1	- 363.8	- 218.3	- 66.7
TUI Hotels & Resorts		58.8	23.7	+ 148.1	88.6	51.6	+ 71.7
Cruises		4.9	3.3	+ 48.5	- 1.0	1.1	n. a.
Group		**- 227.0**	**- 119.5**	**- 90.0**	**- 294.9**	**- 163.0**	**- 80.9**
Underlying EBITDA							
TUI Travel		- 212.5	- 224.8	+ 5.5	- 296.5	- 284.9	- 4.1
TUI Hotels & Resorts		58.8	44.5	+ 32.1	88.6	72.4	+ 22.4
Kreuzfahrten		4.9	3.3	+ 48.5	- 1.0	1.1	n. a.
Group		**- 160.1**	**- 185.3**	**+ 13.6**	**- 240.9**	**- 233.0**	**- 3.4**
EBITA							
TUI Travel		- 332.7	- 214.2	- 55.3	- 489.1	- 355.7	- 37.5
TUI Hotels & Resorts		41.9	23.2	+ 80.6	55.1	33.3	+ 65.5
Cruises		2.5	1.5	+ 66.7	- 5.7	- 2.9	- 96.6
Group		**- 309.5**	**- 192.7**	**- 60.6**	**- 460.9**	**- 325.0**	**- 41.8**
Underlying EBITA							
TUI Travel		- 256.0	- 271.6	+ 5.7	- 386.4	- 384.3	- 0.5
TUI Hotels & Resorts		41.9	25.9	+ 61.8	55.1	36.0	+ 53.1
Cruises		2.5	1.5	+ 66.7	- 5.7	- 2.9	- 96.6
Group		**- 224.2**	**- 255.5**	**+ 12.3**	**- 371.5**	**- 375.1**	**+ 1.0**
Group earnings							
Net profit for the period		- 265.5	- 209.4	- 26.8	- 402.5	- 303.6	- 32.6
Earnings per share	€	- 0.76	- 0.60	- 27.2	- 1.13	- 0.81	- 39.9
Equity ratio (31 Mar)	%				14.6	16.8	- 2.2*)
Investments in other intangible assets and property, plant and equipment		243.8	98.0	+ 148.8	353.1	195.8	+ 80.3
Net debt (31 Mar)					2,022.7	2,723.5	- 25.7
Employees (31 Mar)					65,525	62,329	+ 5.1

Differences may occur due to rounding
*) percentage points

→ **Underlying Group earnings up by around €31m in Q2 2011/12**

→ **UK Mainstream business outperforms overall market**

→ **Substantial increase in occupancy in TUI hotels in North Africa**

MANAGEMENT REPORT

ECONOMIC SITUATION IN Q2 2011/12

General economic situation

While the global economy lost substantial steam in the course of calendar year 2011, growing indications of a slight rebound were observed towards the end of the first calendar quarter 2012. The International Monetary Fund (IMF) has upgraded its global growth forecast and now expects gross domestic product growth of 3.5% for 2012 (World Economic Outlook, April 2012).

At the beginning of the year, the US economy was stimulated by a decline in private household debt and moderate employment growth. Nevertheless, the pace of expansion hardly rose in the first three months of the calendar year as a recovery was hampered by rising oil prices. In the period under review, the Eurozone remained characterised by a slight recession since the development was curbed by weak global demand and public sector austerity programmes. Europe continued to see major regional variations: Germany benefited from favourable sentiment indicators and a rise in private consumption, while the UK recorded stagnation in economic activity. The southern European countries with their higher levels of sovereign debt remained decoupled from economic recovery. The performance of the emerging markets in the first calendar quarter of 2012 indicates that the economy is again gaining momentum. The recovery was driven by strong domestic demand, in particular in Asia.

Special events in the quarter under review and after the reporting date

Underlying Group earnings up by €31m in Q2 2011/12

The TUI Group successfully completed the 2011/12 winter season. The TUI Group's seasonal loss (underlying EBITA) declined by €31.3m to €224.2m in the second quarter of 2011/12.

The improvement in earnings by Tourism was attributable to the overall positive business performance and demand for destinations in North Africa, which picked up again. In the prior-year reference period, the adverse impact on earnings by Tourism caused by the political unrest in North Africa had totalled €38m. Moreover, due to the earlier timing of the Easter holidays in 2012, the Easter business was partly posted in the second quarter.

In the period under review, underlying earnings by TUI Travel improved by a total of €15.6m year-on-year to €-256.0m. This increase was attributable to the effects mentioned above and in particular the sound development of business in the UK. Despite a challenging market environment, TUI UK managed to increase its load factors and margins.

Underlying earnings by TUI Hotels & Resorts rose by €16.0m year-on-year to €41.9m in the second quarter. This increase was above all driven by improved pricing in Riu and the significant year-on-year rise in occupancy in TUI hotels in North Africa.

At €2.5m, underlying earnings by the Cruises Sector were €1.0m up year-on-year. Operating an additional ship compared with the previous year, TUI Cruises, in particular, closed the winter season on a very positive performance.

In the second quarter of 2011/12, underlying earnings by Central Operations were flat year-on-year at €-12.6m.

Agreement to sell Hapag-Lloyd stake to the Albert Ballin consortium and terminate the hybrid financing

In February 2012, TUI AG concluded an agreement with the shareholders of the Albert Ballin consortium to reduce its stake in Hapag-Lloyd. Due to the termination of parts of the hybrid II financing scheme, TUI received an amount of €225m in the second quarter of 2011/12. TUI expects to receive additional payments worth €475m due to the sale of shares as of end of June 2012.

The transaction includes the following steps:

See also page 42 Major transactions after the reporting date

- In February 2012, Hapag-Lloyd redeemed the hybrid II financing worth €100m.
- In March 2012, Albert Ballin acquired hybrid II capital worth €125m at nominal value from TUI.
- In April 2012, Albert Ballin and TUI each transferred €125m of the hybrid II capital to Hapag-Lloyd in exchange for new shares. As a result, TUI's stake in Hapag-Lloyd temporarily rose from 38.4% to 39.5%.
- As of end of June 2012, Albert Ballin will acquire a 17.4% stake in Hapag-Lloyd for a purchase price of €475m. TUI's stake in Hapag-Lloyd will thus decline to around 22%.
- Subject to the terms and conditions of the bonds issued by Hapag-Lloyd in 2010, Hapag-Lloyd will submit a buyback offer to TUI in April 2013 to repurchase further Hapag-Lloyd shares totalling €37.5m.

In order to complete its exit from Container Shipping, TUI has the right to call for an IPO with priority placement of the shares held by TUI any time from end of June 2012. TUI also remains entitled to sell the remaining Hapag-Lloyd shares to third-party investors.

Repurchase of bonds

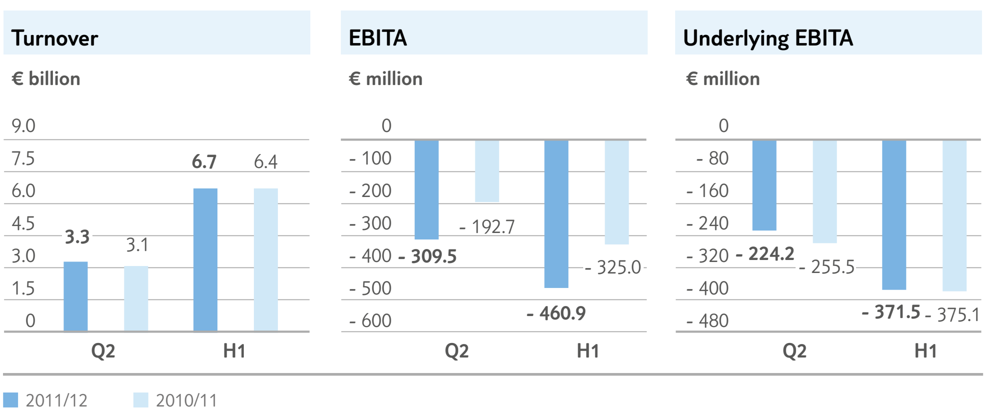
In the quarter under review, TUI acquired bonds worth €111.3m of the exchangeable bonds issued by Nero Finance Ltd. in 2008 with shares in TUI Travel PLC as underlying in the market and thus reduced its own financial debt by the same amount, observing the contractual relations associated with the deal. Moreover, an amount worth €11.5m of the bonds due in December 2012 were repurchased early in the period under review.

Further information at www.tuitravelplc.com

New structure for the Mainstream Business

In April 2012, TUI Travel decided to make a number of changes to its Mainstream Business structure. The regional structure of the Business – Central Europe, Northern Region and Western Europe – is to be disbanded and a central Mainstream Board will be formed for all source markets. The new structure will come into effect in the next few months. Its goal is to deliver synergies between the individual business lines. The reporting structure existing at TUI Travel will be retained until the end of financial year 2011/12.

Earnings by the Sectors



The TUI Group comprises the Tourism Segment and Central Operations. Tourism consists of three Sectors: TUI Travel, TUI Hotels & Resorts and Cruises. Central Operations comprises 'All other segments', which includes in particular the Corporate Centre functions of TUI AG and the intermediate holdings as well as the Group's real estate companies. Moreover, cross-segmental consolidation effects are also allocated to Central Operations.

Development of turnover

Turnover

€ million	Q2 2011/12	Q2 2010/11 revised	Var. %	H1 2011/12	H1 2010/11 revised	Var. %
Tourism	3,270.8	3,065.8	+ 6.7	6,707.2	6,338.5	+ 5.8
TUI Travel	3,120.1	2,926.1	+ 6.6	6,432.9	6,085.7	+ 5.7
TUI Hotels & Resorts	88.5	83.5	+ 6.0	172.0	156.2	+ 10.1
Cruises	62.2	56.2	+ 10.7	102.3	96.6	+ 5.9
Central Operations	11.1	12.4	- 10.5	23.3	25.8	- 9.7
Group	**3,281.9**	**3,078.2**	**+ 6.6**	**6,730.5**	**6,364.3**	**+ 5.8**

With TUI Travel posting booking volumes slightly above previous year's level, turnover by the TUI Group rose by 6.6% year-on-year to €3.3bn in the second quarter of 2011/12. This was due to higher average selling prices, driven by a higher portion of differentiated products in TUI Travel and price increases effected to compensate for higher input costs.

For the first half of 2011/12, accumulated turnover totalled €6.7bn, up 5.8% year-on-year.

Development of earnings

Underlying EBITA

€ million	Q2 2011/12	Q2 2010/11 revised	Var. %	H1 2011/12	H1 2010/11 revised	Var. %
Tourism	- 211.6	- 244.2	+ 13.3	- 337.0	- 351.2	+ 4.0
TUI Travel	- 256.0	- 271.6	+ 5.7	- 386.4	- 384.3	- 0.5
TUI Hotels & Resorts	41.9	25.9	+ 61.8	55.1	36.0	+ 53.1
Cruises	2.5	1.5	+ 66.7	- 5.7	- 2.9	- 96.6
Central Operations	- 12.6	- 11.3	- 11.5	- 34.5	- 23.9	- 44.4
Group	**- 224.2**	**- 255.5**	**+ 12.3**	**- 371.5**	**- 375.1**	**+ 1.0**

EBITA

€ million	Q2 2011/12	Q2 2010/11 revised	Var. %	H1 2011/12	H1 2010/11 revised	Var. %
Tourism	- 288.3	- 189.5	- 52.1	- 439.7	- 325.3	- 35.2
TUI Travel	- 332.7	- 214.2	- 55.3	- 489.1	- 355.7	- 37.5
TUI Hotels & Resorts	41.9	23.2	+ 80.6	55.1	33.3	+ 65.5
Cruises	2.5	1.5	+ 66.7	- 5.7	- 2.9	- 96.6
Central Operations	- 21.2	- 3.2	- 562.5	- 21.2	0.3	n. a.
Group	**- 309.5**	**- 192.7**	**- 60.6**	**- 460.9**	**- 325.0**	**- 41.8**

In the second quarter of 2011/12, underlying earnings by the TUI Group adjusted for one-off effects (underlying EBITA) grew by €31.3m year-on-year to €-224.2m.

The seasonal loss (underlying EBITA) in Tourism declined by €32.6m year-on-year to €211.6m in the second quarter of 2011/12, as the overall performance was positive and demand for destinations in North Africa picked up again. In the prior-year reference quarter, the political unrest in Tunisia and Egypt had caused additional costs and turnover losses of €34m in TUI Travel and €4m in TUI Hotels & Resorts. Earnings also benefited from the earlier timing of the Easter holidays in 2012, which meant that the Easter business was partly generated in the second quarter.

Apart from the effects mentioned above, earnings by TUI Travel were driven in particular by the sound development in source market UK, where TUI UK achieved a clearly positive development, outperforming the market. By contrast, TUI Nordic recorded lower margins as bookings declined following the floods in Bangkok. Source market France and the specialist tour operators also reported a year-on-year weakening of their performance. Overall, underlying earnings by TUI Travel improved by €15.6m year-on-year to €-256.0m.

Underlying earnings by TUI Hotels & Resorts grew by €16.0m year-on-year to €41.9m in the second quarter. The positive development of earnings was above all attributable to the Riu Group, which achieved better pricing levels. Hotels in North Africa recorded a considerable increase in occupancy rates year-on-year, while occupancy of Riu hotels in the Canaries, which had benefited from the unrest in North Africa in the prior-year reference period, returned to its normal level. Demand from the US for Riu hotels in the Caribbean continued to develop well.

At €2.5m, underlying earnings by the Cruises Sector grew by €1.0m year-on-year. The performance of Hapag-Lloyd Kreuzfahrten was impacted by higher ship operating costs and start-up costs incurred in connection with the fleet expansion. TUI Cruises, which operated an additional cruise ship as against the prior year reference period, more than offset these cost increases in the period under review.

In the second quarter of 2011/12, underlying earnings by Central Operations were flat year-on-year at €-12.6m.

For the first half of 2011/12, the TUI Group's accumulated underlying earnings totalled €-371.5m, up €3.6m year-on-year.

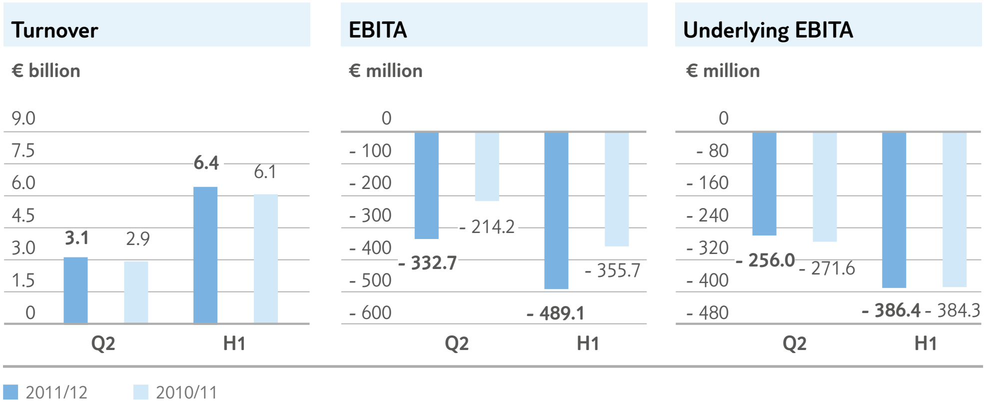
Underlying EBITA: TUI Group

€ million	**Q2 2011/12**	Q2 2010/11 revised	Var. %	**H1 2011/12**	H1 2010/11 revised	Var. %
EBITA	**- 309.5**	**- 192.7**	**- 60.6**	**- 460.9**	**- 325.0**	**- 41.8**
Gains on disposal	–	–		–	–	
Restructuring	+ 49.0	+ 1.1		+ 50.0	+ 10.7	
Purchase price allocation	+ 21.2	+ 19.0		+ 40.7	+ 39.5	
Other one-off items	+ 15.1	- 82.9		- 1.3	- 100.3	
Underlying EBITA	**- 224.2**	**- 255.5**	**+ 12.3**	**- 371.5**	**- 375.1**	**+ 1.0**

In the second quarter of 2011/12, one-off items worth a net amount of €85.3m had to be adjusted for. In Tourism, they mainly related to expenses for purchase price allocations and one-off expenses for the restructuring of tour operator activities in France (Convergence project). By contrast, adjustments for the prior-year reference quarter had affected net income, primarily related to the reduction in pension obligations in TUI Travel.

The Group's reported EBITA totalled €-309.5 in the second quarter, down by €116.8m versus prior year due to one-off expenses. In the first half of the year, reported EBITA amounted to €-460.9m, down €135.9m. Accumulated adjustments totalled €89.4m.

TUI Travel



TUI Travel – key figures

€ million	Q2 2011/12	Q2 2010/11 revised	Var. %	H1 2011/12	H1 2010/11 revised	Var. %
Turnover	3,120.1	2,926.1	+ 6.6	6,432.9	6,085.7	+ 5.7
EBITA	**- 332.7**	**- 214.2**	**- 55.3**	**- 489.1**	**- 355.7**	**- 37.5**
Gains on disposal	–	–		–	–	
Restructuring	+ 49.0	+ 1.1		+ 50.0	+ 10.7	
Purchase price allocation	+ 21.2	+ 19.0		+ 40.7	+ 39.5	
Other one-off items	+ 6.5	- 77.5		+ 12.0	- 78.8	
Underlying EBITA	**- 256.0**	**- 271.6**	**+ 5.7**	**- 386.4**	**- 384.3**	**- 0.5**
Underlying EBITDA	- 212.5	- 224.8	+ 5.5	- 296.5	- 284.9	- 4.1
Investments in other intangible assets and property, plant and equipment	200.1	80.1	+ 149.8	294.7	147.0	+ 100.5
Employees (31 Mar)	51,434	47,822	+ 7.6	51,434	47,822	+ 7.6

Turnover by TUI Travel grew by 6.6% year-on-year in the second quarter of 2011/12. While customer numbers in the Mainstream Business slightly increased against previous year's level, the turnover growth primarily reflected stronger sales of differentiated product and higher selling prices to offset the rise in input costs.

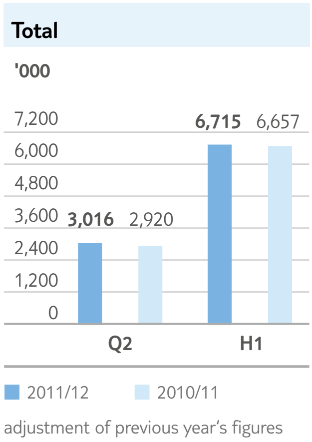
The seasonal loss (underlying EBITA) of TUI Travel decreased by €15.6m to €256.0m versus prior year. The improvement recorded in the period under review was mainly driven by the sound performance in the UK and the adverse impact of €34m carried in the previous year as a result of the political unrest in North Africa. Moreover, the Easter business was partly realised in the second quarter due to the earlier timing of the Easter holidays.

In the second quarter of 2011/12, TUI Travel had to carry net expenses worth €76.7m (previous year net income of €57.4m) for the following one-off effects:

- restructuring costs of €49.0m, in particular for the restructuring of the tour operator business in France (Convergence project),
- effects of purchase price allocations worth €21.2m, and
- one-off expenses of €6.5m, in particular for the restructuring of tour operator activities in France (Convergence project).

Reported earnings by TUI Travel declined by €118.5m to €-332.7m versus prior year in the second quarter of 2011/12 due to the increase in one-off expenses. Accumulated reported earnings for the first half of 2011/12 decreased by €133.4m to €-489.1m year-on-year. Underlying earnings for the first half of the year of €-386.4m were flat year-on-year.

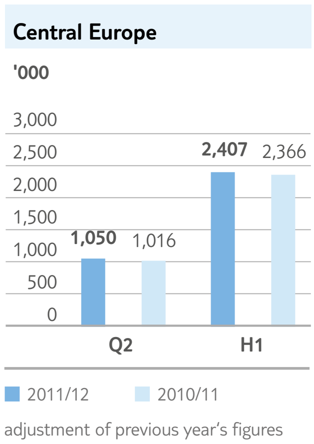
Mainstream



Mainstream is the largest business line within TUI Travel and comprises sales of flights, accommodation and other tourism services in three divisions: Central Europe, Northern Region and Western Europe.

In the second quarter of 2011/12, the Mainstream Business serviced a total of 3,016 thousand guests. This represented an increase of 3.3% year-on-year.

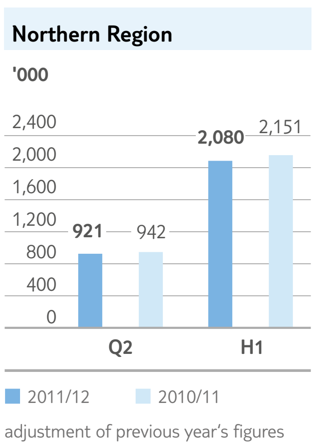
Central Europe



In the Central Europe Division (Germany, Austria Switzerland, Poland and airline TUIfly), customer numbers increased by 3.3% year-on-year in the second quarter of 2011/12.

TUI tour operators in Central Europe showed an overall positive performance in the second quarter. On the one hand, the expenses for the early repatriation of holidaymakers from Egypt and Tunisia, included in the prior year reference period, did not recur. On the other hand, the Easter business was already partly generated in the period under review. TUI Austria also increased its business volume in the second quarter, benefiting from the expansion of controlled distribution in the previous year. The TUI tour operators in Switzerland and Poland achieved an overall stable performance in the second quarter of 2011/12.

Northern Region



In the Northern Region (UK, Ireland, Canada, Nordics, airlines Thomsonfly and TUIfly Nordic and the TUI Travel hotel business), customer numbers in the second quarter of 2011/12 decreased by 2.2% year-on-year.

TUI UK completed the second quarter of 2011/12 very successfully, continuing to improve its competitive position. When flight capacity for the 2011/12 winter season had been reduced due to the temporary operation of aircraft in Canada and by TUI Nordic, TUI UK recorded strong demand for differentiated product despite the persistently difficult market environment in the UK. It thus managed to achieve better pricing and higher load factors year-on-year. The Canadian tour operator Sunwing, in which TUI Travel holds a 49% stake, again achieved substantial volume growth in the second quarter of 2011/12; capacity in Mexico and the Caribbean was increased. Riu hotels in these destinations offered in the tour operator programme recorded particularly strong demand. In the Nordics, TUI Travel increased its capacity, operating two aircraft from the UK and another Corsairfly aircraft during the 2011/12 winter season. The decline in bookings of tours to Thailand, a key winter destination, triggered by the floods in Bangkok, continued in the second quarter. The resulting drop in margins was not offset by sound demand for alternative destinations.

Western Europe

Western Europe

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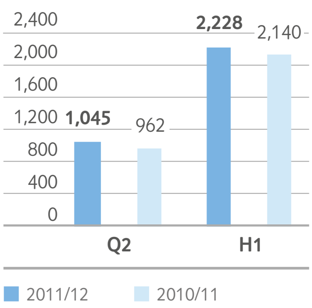


adjustment of previous year's figures

The Western Europe Division (France, the Netherlands, Belgium and airlines Corsairfly, Arkefly and Jetairfly) recorded year-on-year volume growth of 8.6% in the second quarter of 2011/12.

In contrast to the development observed in the remaining source markets, demand for North Africa only picked up slowly again in source market France. The performance of Nouvelles Frontières and Marmara therefore fell short of expectations, although the impact of the decline in customer numbers was limited thanks to the exchange of committed capacity between the tour operators, pooled since January 2012, and the reduction in hotel capacity. The French Corsairfly airline was impacted by higher jet fuel costs and strong competition. TUI tour operators in the Netherlands continued to increase their customer volumes despite a fiercely competitive market environment and achieved higher average prices. TUI Belgium continued to expand its business volume in the second quarter due to the launching of new long-haul routes and a growing seat-only business.

Accommodation & Destinations

The Accommodation and Destinations Business, which comprises the online services and incoming agencies of TUI Travel, continued its sound performance in the second quarter of 2011/12. Online services generated volume growth through both the B2B and B2C portals. The B2C portals recorded a positive business performance but also higher costs for the expansion of the organisation. The incoming agencies matched the prior year's performance.

Specialist & Activity

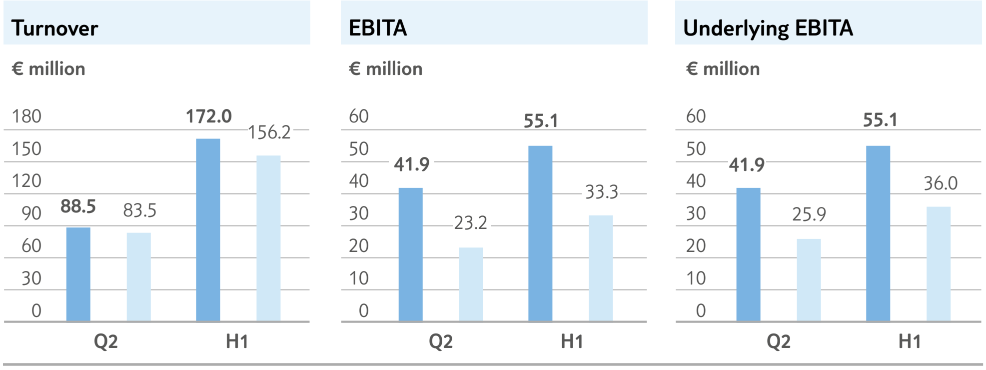
The Specialist & Activity Business comprises tour operators in six divisions: Adventure, North American Specialist, Education, Sport, Marine and Specialist Holiday Group.

The performance of most of the Divisions in the Business weakened year-on-year. The tour operators for Adventure tours were affected by a decline in demand for destinations in North Africa and Australia. The Education Division recorded lower customer numbers and declining margins in the second quarter. The difficult economic environment in the UK caused a decrease in demand for student trips. In the Sport Division, there were no large events in the second quarter of 2011/12, whereas the Cricket World Cup had generated turnover growth in the prior year reference quarter. The premium tour operators in North America recorded a positive performance.

Emerging Markets

The Emerging Markets Business comprises the activities in growth markets, in particular Russia. The development of the business of TUI Russia in the current winter season was characterised by weaker demand for travel to North African countries.

TUI Hotels & Resorts



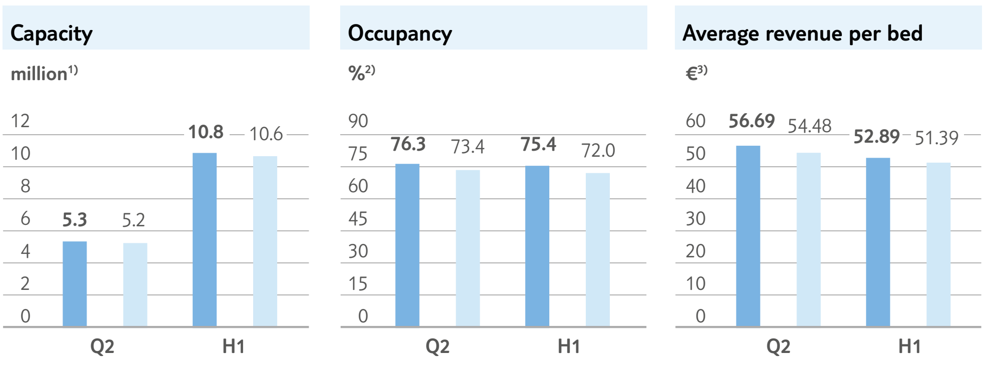
2011/12 2010/11

adjustment of previous year's figures

TUI Hotels & Resorts – key figures

€ million	Q2 2011/12	Q2 2010/11 revised	Var. %	H1 2011/12	H1 2010/11 revised	Var. %
Total turnover	190.1	184.3	+ 3.1	371.0	348.5	+ 6.5
Turnover	88.5	83.5	+ 6.0	172.0	156.2	+ 10.1
EBITA	**41.9**	**23.2**	**+ 80.6**	**55.1**	**33.3**	**+ 65.5**
Gains on disposal	–	–		–	–	
Restructuring	–	–		–	–	
Purchase price allocation	–	–		–	–	
Other one-off items	–	+ 2.7		–	+ 2.7	
Underlying EBITA	**41.9**	**25.9**	**+ 61.8**	**55.1**	**36.0**	**+ 53.1**
Underlying EBITDA	58.8	44.5	+ 32.1	88.6	72.4	+ 22.4
Investments in other intangible assets and property, plant and equipment	42.5	16.8	+ 153.0	52.9	45.9	+ 15.3
Employees (31 Mar)	13,178	13,650	- 3.5	13,178	13,650	- 3.5

The Group's hotel companies are pooled in TUI Hotels & Resorts. The number of bednights in the Sector totalled 4.0m in the second quarter of 2011/12 (previous year 3.8m). Bed occupancy was 76.3% in the second quarter of 2011/12, up 2.9 percentage points year-on-year. The development of business varied for the individual hotel groups and regions.



2011/12 2010/11

adjustment of previous year's figures

1) group owned or leased hotel beds multiplied by number of days open per quarter

2) occupied beds divided by capacity

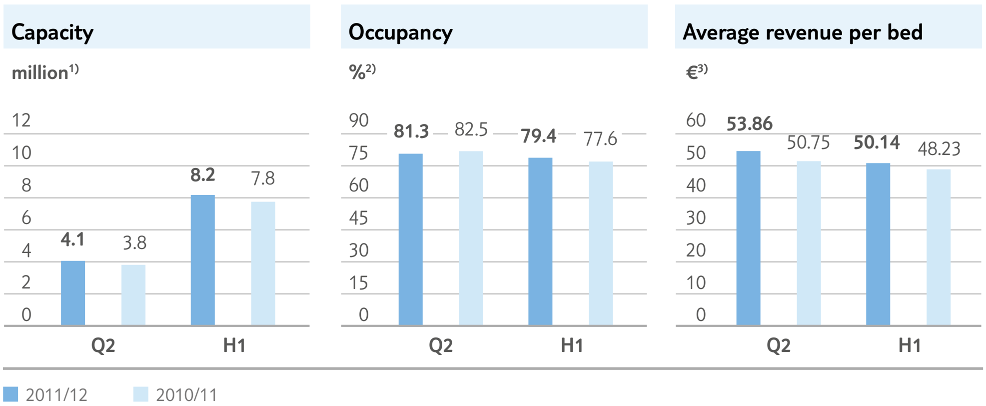
3) arrangement turnover divided by occupied beds

At €190.1m, total turnover by TUI Hotels & Resorts grew year-on-year. Due to overall sound demand with stable capacity, both occupancy and average revenues per bed grew against prior year. Consolidated turnover rose by 6.0% year-on-year to €88.5m in the second quarter of 2011/12.

In the second quarter of 2011/12, underlying earnings totalled €41.9m, up €16.0m year-on-year. This increase achieved in the period under review was primarily attributable to Riu, which improved its pricing levels. Underlying earnings also grew as the charges carried in the previous year as the adverse earnings impact of the political unrest in North Africa did not recur. Accumulated underlying earnings for the first half of 2011/12 totalled €55.1m, up €19.1m year-on-year.

In the second quarter of 2011/12, TUI Hotels & Resorts had to adjust the reversal of provisions totalling €5.9m, carried alongside expenses of the same amount.

Riu



1) group owned or leased hotel beds multiplied by number of days open per quarter
2) occupied beds divided by capacity
3) arrangement turnover divided by occupied beds

Riu, one of Spain's leading hotel chains, operated 103 hotels in the period under review. Capacity increased by 6.5% year-on-year to 4.1m hotel beds available. Average occupancy of Riu hotels in the second quarter of 2011/12 decreased by 1.2 percentage points to 81.3% year-on-year as occupancy returned to its normal levels, in particular in hotels in the Canaries which had benefited from the political unrest in North Africa in the prior year reference period. Average revenues per bed grew by 6.1% year-on-year.

Business developed as follows in the individual regions:

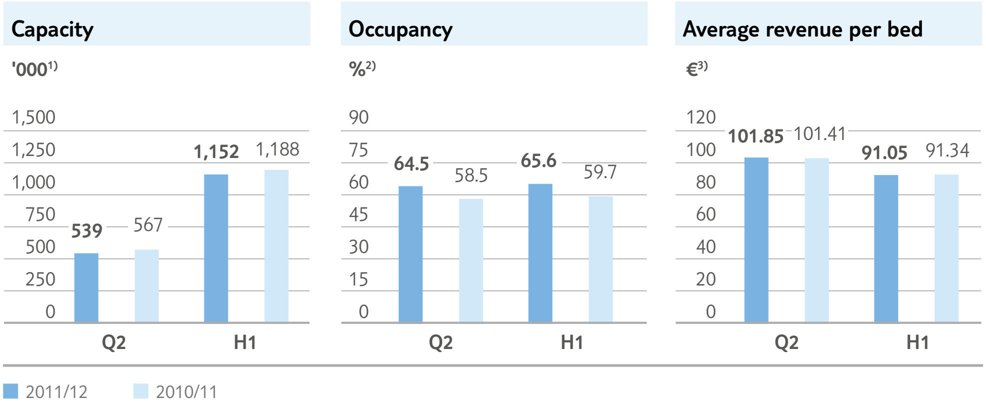
Average occupancy of Riu hotels in the Canaries fell by 2.3 percentage points to 88.1% year-on-year. In the prior year, many tour operator customers had decided to rebook their holidays, shifting to the Canaries due to the political unrest in Tunisia and Egypt.

At 57.3%, occupancy of Riu hotels in the Balearics was down 6.1 percentage points year-on-year. Bookings from the Spanish market, in particular, declined year-on-year, above all due to the weaker economic framework.

Average occupancy of Riu hotels in mainland Spain declined by 4.2 percentage points to 51.9%. This development was mainly attributable to lower flight capacity of tour operators in the major source markets in the completed winter season.

In the long-haul segment, Riu hotels recorded an average occupancy rate of 88.2%, up 0.4 percentage points versus prior year. The increase was above all attributable to stronger demand in the US for hotels in Mexico and the Caribbean. Average revenues per bed also grew year-on-year.

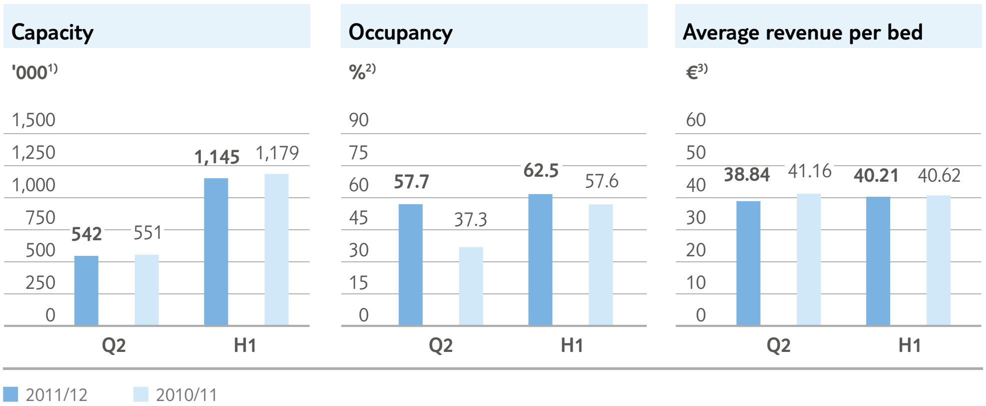
Robinson



1) group owned or leased hotel beds multiplied by number of days open per quarter
2) occupied beds divided by capacity
3) arrangement turnover divided by occupied beds

At the end of the second quarter of 2011/12, 19 of 23 club resorts of Robinson, market leader in the premium club holiday segment, were open. Capacity declined year-on-year due to the renovation of a Turkish club. The Robinson Clubs in Morocco, Portugal, Spain, Germany and Egypt and the Robinson Club in the Maldives achieved year-on-year growth in occupancy. For the overall Robinson Group, this resulted in a year-on-year increase in occupancy of 6.0 percentage points. Average revenues per bed grew by 0.5%.

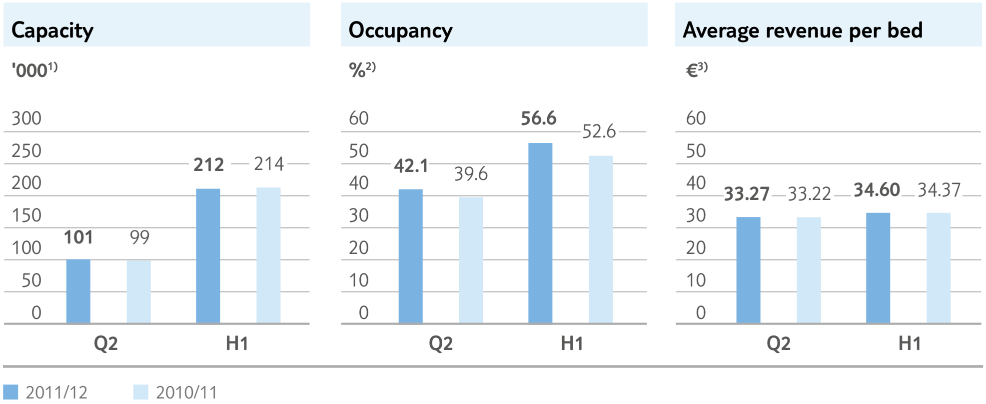
Iberotel



1) group owned or leased hotel beds multiplied by number of days open per quarter
2) occupied beds divided by capacity
3) arrangement turnover divided by occupied beds

In the second quarter of 2011/12, 27 facilities in Egypt, Turkey, the United Arab Emirates and Germany were open. Iberotel also operates hotels in Turkey and Italy, which were seasonally closed. In the previous year, bookings had been strongly impacted by the unrest in Egypt. In the quarter under review, total occupancy of Iberotels grew considerably by 20.4 percentage points year-on-year to 57.7%. Average revenues per bed decreased by 5.6%.

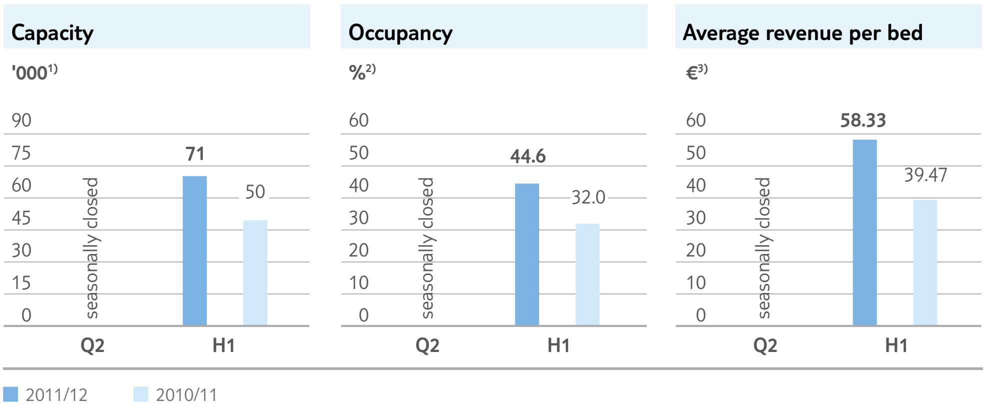
Grupotel



[1] group owned or leased hotel beds multiplied by number of days open per quarter
[2] occupied beds divided by capacity
[3] arrangement turnover divided by occupied beds

At the end of the second quarter of 2011/12, 14 hotels of the Grupotel chain, represented in Majorca, Menorca and Ibiza, were open. Due to changes in seasonal opening patterns, capacity increased by 1.7%. Occupancy of this enlarged capacity was 42.1%, up 2.5 percentage points year-on-year. Average revenues per bed also increased by 0.2% versus prior year.

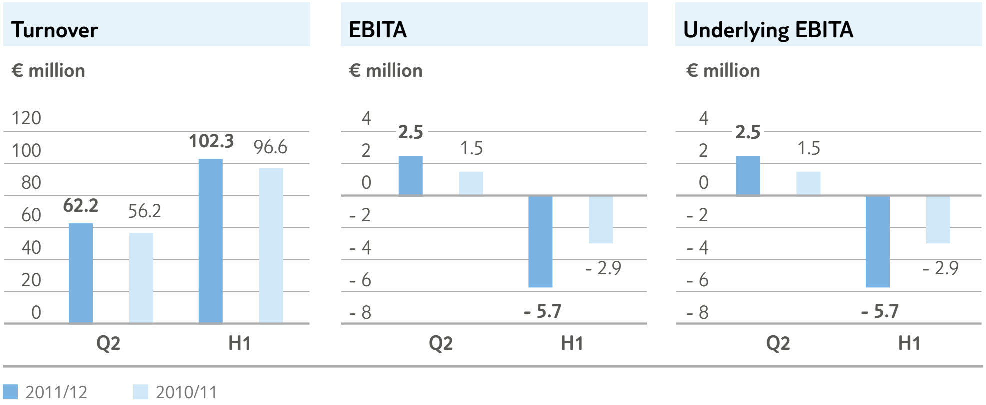
Grecotel



[1] group owned or leased hotel beds multiplied by number of days open per quarter
[2] occupied beds divided by capacity
[3] arrangement turnover divided by occupied beds

In the second quarter of 2011/12, all of the 20 resorts operated by Grecotel, the leading Greek hotel chain, were seasonally closed.

Cruises



The Cruises Sector comprises Hapag-Lloyd Kreuzfahrten and the joint venture TUI Cruises. Hapag-Lloyd Kreuzfahrten operates four ships, serving the niche market for luxury and expedition cruises. TUI Cruises operates two vessels in the volume market for premium cruises. Both companies will expand their fleets by one ship each in the next two years in order to take advantage of the favourable market situation.

Cruises – key figures

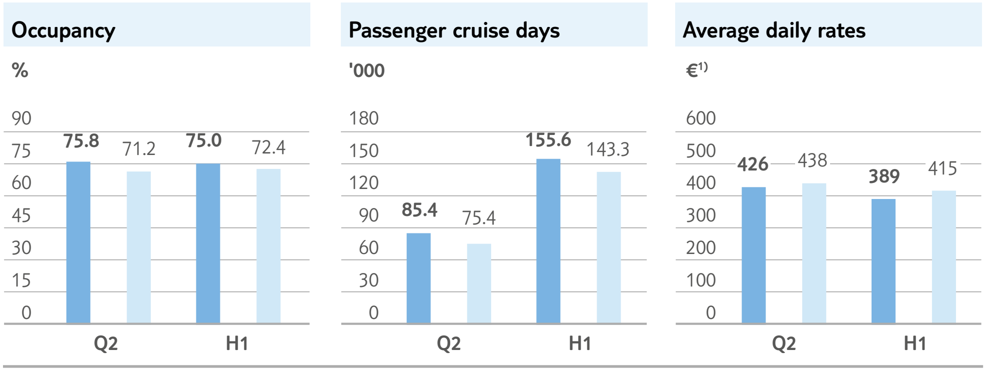
€ million	**Q2 2011/12**	Q2 2010/11	Var. %	**H1 2011/12**	H1 2010/11	Var. %
Turnover	62.2	56.2	+ 10.7	102.3	96.6	+ 5.9
EBITA	**2.5**	**1.5**	**+ 66.7**	**- 5.7**	**- 2.9**	**- 96.6**
Gains on disposal	–	–		–	–	
Restructuring	–	–		–	–	
Purchase price allocation	–	–		–	–	
Other one-off items	–	–		–	–	
Underlying EBITA	**2.5**	**1.5**	**+ 66.7**	**- 5.7**	**- 2.9**	**- 96.6**
Underlying EBITDA	4.9	3.3	+ 48.5	- 1.0	1.1	n. a.
Investments in other intangible assets and property, plant and equipment	0.8	0.9	- 11.1	4.9	2.3	+ 113.0
Employees (31 Mar)	283	249	+ 13.7	283	249	+ 13.7

In the second quarter of 2011/12, turnover by the Cruises Sector totalled €62.2m, up 10.7% year-on-year due to a dry dock period of MS Europa in the prior year. As the joint venture TUI Cruises is measured at equity in the consolidated financial statements, no turnover is shown for TUI Cruises.

In the second quarter of 2011/12, underlying earnings by the Cruises Sector stood at €2.5m, up €1.0m year-on-year. While Hapag-Lloyd Kreuzfahrten fell slightly short of the prior year earnings level, TUI Cruises continued to show a positive development.

Accumulated underlying earnings for the first half of the year stood at €-5.7m, a year-on-year decline of €2.8m.

Hapag-Lloyd Kreuzfahrten

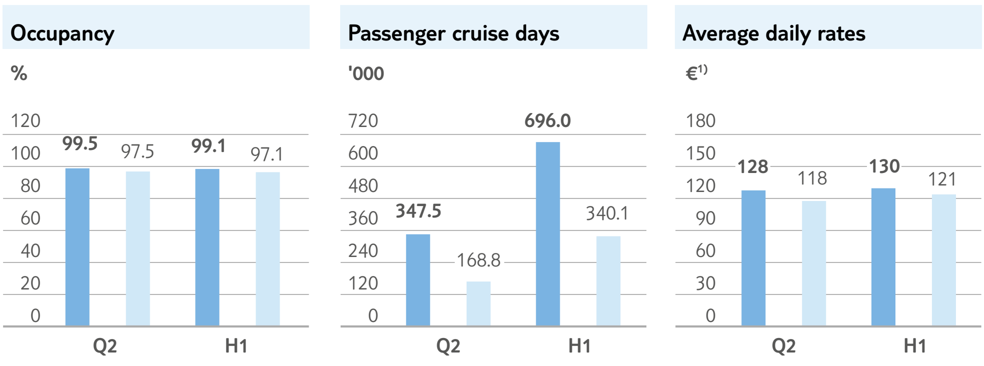


2011/12 2010/11

1) per day and passenger

In the second quarter of 2011/12, Hapag-Lloyd Kreuzfahrten achieved a year-on-year increase of 4.6 percentage points in its load factor to 75.8%. In the period under review, a total of 85,363 passenger days were recorded, up 13.3% versus prior year. The prior year result was affected by the cancellation of a cruise due to an unscheduled dry dock period of MS Europe. The average rate per passenger per day decreased by around 2.7% to €426. The decline in the rate was mainly attributable to special travel offerings for the existing fleet in connection with the launch of the new ships MS Columbus 2 in April 2012 and MS Europa 2 in 2013.

TUI Cruises

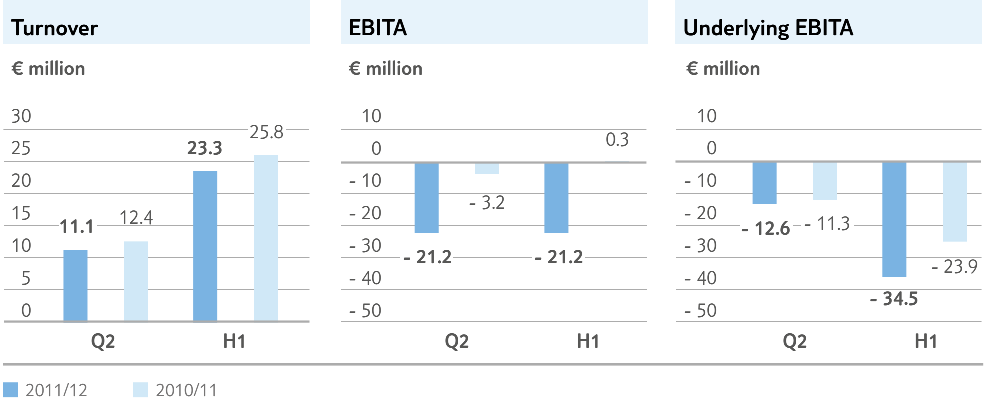


2011/12 2010/11

1) per day and passenger

In the second quarter of 2011/12, TUI Cruises expanded its fleet with the commissioning of a new ship. Due to the inclusion of Mein Schiff 2, capacity grew year-on-year to 347,450 passenger days. The load factor for the two vessels grew by 2.0 percentage points year-on-year to 99.5%. This growth was driven by both ships, operating in the winter cruise lanes Caribbean and Canaries. The average rate per passenger per day was €128, up 8.5% year-on-year. In the second quarter of 2011/12, TUI Cruises continued to benefit from the successful positioning in the market segment for premium cruises and further consolidated its market position.

Central Operations



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

Central Operations – key figures

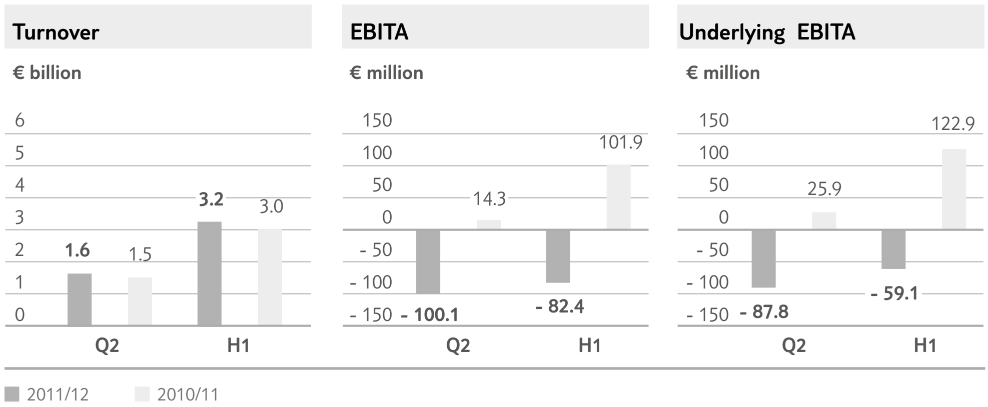
€ million	Q2 2011/12	Q2 2010/11 revised	Var. %	H1 2011/12	H1 2010/11 revised	Var. %
Turnover	11.1	12.4	- 10.5	23.3	25.8	- 9.7
EBITA	**- 21.2**	**- 3.2**	**- 562.5**	**- 21.2**	**0.3**	**n. a.**
Gains on disposal	–	–		–	–	
Restructuring	–	–		–	–	
Purchase price allocation	–	–		–	–	
Other one-off items	+ 8.6	- 8.1		- 13.3	- 24.2	
Underlying EBITA	**- 12.6**	**- 11.3**	**- 11.5**	**- 34.5**	**- 23.9**	**- 44.4**
Underlying EBITDA	- 11.3	- 8.3	- 36.1	- 32.0	- 21.6	- 48.1
Investments in other intangible assets and property, plant and equipment	0.4	0.2	+ 100.0	0.6	0.6	–
Employees (31 Mar)	630	608	+ 3.6	630	608	+ 3.6
of which Corporate Center (31 Mar)	204	186	+ 9.7	204	186	+ 9.7

In the second quarter of 2011/12, underlying earnings by Central Operations totalled €-12.6m, flat year-on-year. Accumulated underlying earnings for the first half of the year amounted to €-34.5m, down €10.6m. This decline was primarily attributable to expenses for the measurement of hedging transactions carried in the first quarter of 2011/12.

In the quarter under review, Central Operations had to carry adjustments of €8.6m. They primarily comprised safeguarding measures for former industry and mining activities and expenses related to the sale of two logistic companies. In the previous year, the book profit from the sale of the property at Rosenstrasse in Hamburg, occupied by Hapag-Lloyd AG, to Hapag-Lloyd AG had to be adjusted.

In the second quarter of 2011/12, reported earnings by Central Operations declined by €18.0m to €-21.2m versus prior year. Accumulated reported earnings for the first half totalled €-21.2m, down €21.5m year-on-year.

Information on Container Shipping



The 38.4% stake (as at end of March 2012) in Hapag-Lloyd Holding AG is measured at equity in TUI's consolidated financial statements. As the stake in Hapag-Lloyd Holding AG constitutes a financial investment from TUI AG's perspective, the proportionate at equity result is not included in the TUI Group's operating performance indicator EBITA.

For information purposes, the table below presents Container Shipping from Hapag-Lloyd AG's perspective on a 100 per cent basis.

Container Shipping – key figures

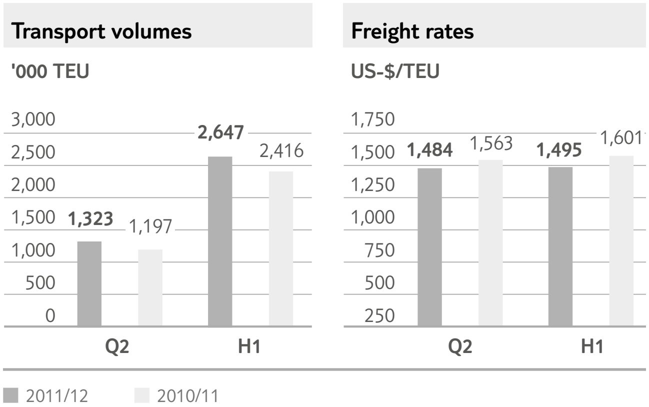
€ million	Q2 2011/12	Q2 2010/11	Var. %	H1 2011/12	H1 2010/11	Var. %
Turnover	1,603.0	1,485.7	+ 7.9	3,204.9	3,018.6	+ 6.2
EBITA	**- 100.1**	**14.3**	**n. a.**	**- 82.4**	**101.9**	**n. a.**
Gains on disposal	–	- 0.5		- 1.3	+ 1.6	
Restructuring	–	–		–	+ 0.1	
Purchase price allocation	+ 12.3	+ 12.1		+ 24.6	+ 24.4	
Other one-off items	–	–		–	- 5.1	
Underlying EBITA	**- 87.8**	**25.9**	**n. a.**	**- 59.1**	**122.9**	**n. a.**

Turnover and earnings

In the second quarter of 2011/12, turnover by Container Shipping rose by 7.9% year-on-year to around €1.6bn despite a challenging market environment. This development was mainly attributable to the 10.5% increase in transport volumes. The development of turnover also benefited from the 4% rise in the US dollar exchange rate against the Euro. On the other hand, the year-on-year decline in freight rates of 5.1% resulting from persistently strong competition had an adverse effect. Accumulated turnover for the first half of 2011/12 totalled €3,204.9m, up 6.2% year-on-year.

Underlying earnings amounted to €-87.8m in the second quarter of 2011/12, down €113.7m year-on-year. Adjustments worth €12.3m had to be carried for one-off effects, mainly for purchase price allocations. Earnings before adjustment for these effects were €-100.1m, down €-114.4m year-on-year. A negative earnings impact resulted above all from a rise in fuel costs, which was not offset by freight rates. The bunker price rose by 31.0% year-on-year to 667 US$/tonne. Accumulated underlying earnings for the first half of 2011/12 declined by €182.0m to €-59.1m.

Transport volumes and freight rates in Container Shipping



In the second quarter of 2011/2012, Hapag-Lloyd shipped a total of 1,323 thousand standard container units (TEU) globally. Transport volumes thus grew by 10.5% year-on-year. In the period under review, transport volumes showed a positive development in all trade lanes, with above-average growth achieved in the Trans-Pacific and Australasia trade lanes. The average freight rate stood at 1,484 US$/TEU in the second quarter of 2011/12, down 5.1% year-on-year. This decline was attributable to persistently fierce competition, which put pressure on freight rates, in particular in the Far East trade lane. On the other hand, average freight rates in the Trans-Pacific trade lanes showed a positive development. The effect of the freight rate increases and surcharges announced in the period under review in order to offset the significant rise in bunker prices will be recorded with a time lag.

Financial commitment to Container Shipping

Financial exposure of TUI AG in Container Shipping

€ million		30 Sep 2011	31 Mar 2012
Equity stake		1,187	1,187
Investment share TUI AG	%	38.4	38.4
Hybrid capital II		350	125
Financial exposure		**1,537**	**1,312**

At the end of the second quarter of 2011/12, TUI continued to hold a stake of around 38.4% in Hapag-Lloyd, an investment of around €1.3bn. In February 2012, TUI AG concluded an agreement with the shareholders of the Albert Ballin consortium to reduce its stake in Hapag-Lloyd. Due to the termination of parts of the hybrid II financing scheme, TUI received an amount of €225m in the second quarter of 2011/12. TUI expects to receive additional payments worth €475m due to the sale of shares as of end of June 2012.

The transaction includes the following steps:

- In February 2012, Hapag-Lloyd redeemed the hybrid II financing worth €100m.
- In March 2012, Albert Ballin acquired hybrid II capital worth €125m at nominal value from TUI.
- In April 2012, Albert Ballin and TUI each transferred €125m of the hybrid II capital to Hapag-Lloyd in exchange for new shares. As a result, TUI's stake in Hapag-Lloyd temporarily rose from 38.4% to 39.5%.
- As of end of June 2012, Albert Ballin will acquire a 17.4% stake in Hapag-Lloyd for a purchase price of €475m. TUI's stake in Hapag-Lloyd will thus decline to around 22%.
- Subject to the terms and conditions of the bonds issued by Hapag-Lloyd in 2010, Hapag-Lloyd will submit a buyback offer to TUI in April 2013 to repurchase further Hapag-Lloyd shares totalling €37.5m.

In order to complete its exit from Container Shipping, TUI has the right to call for an IPO with priority placement of the shares held by TUI any time from end of June 2012. TUI also remains entitled to sell the remaining Hapag-Lloyd shares to third-party investors.

Consolidated earnings

Income statement of the TUI Group

€ million	Q2 2011/12	Q2 2010/11 revised	Var. %	H1 2011/12	H1 2010/11 revised	Var. %
Turnover	3,281.9	3,078.2	+ 6.6	6,730.5	6,364.3	+ 5.8
Cost of sales	3,189.4	2,988.6	+ 6.7	6,455.5	6,090.1	+ 6.0
Gross profit	**92.5**	**89.6**	**+ 3.2**	**275.0**	**274.2**	**+ 0.3**
Administrative expenses	409.6	333.4	+ 22.9	744.6	670.8	+ 11.0
Other income/Other expenses	+ 13.0	+ 34.5	- 62.3	+ 14.6	+ 52.5	- 72.2
Financial income	39.0	33.4	+ 16.8	91.2	159.9	- 43.0
Financial expenses	95.8	138.1	- 30.6	192.3	295.4	- 34.9
Share of result of joint ventures and associates	- 45.6	+ 2.7	n. a.	- 57.2	+ 27.3	n. a.
Earnings before income taxes	**- 406.5**	**- 311.3**	**- 30.6**	**- 613.3**	**- 452.3**	**- 35.6**
Reconciliation to underlying earnings:						
Earnings before income taxes	- 406.5	- 311.3	- 30.6	- 613.3	- 452.3	- 35.6
plus: Loss (previous half year gain) on Container Shipping measured at equity	50.0	13.5	+ 270.4	58.7	- 4.7	n. a.
less: Gains on reduction and measurement of financial investment in Container Shipping	- 12.0	- 2.2	- 445.5	- 17.1	- 40.9	+ 58.2
plus: Net interest expense and expense from measurement of interest hedges	59.0	107.3	- 45.0	110.8	172.9	- 35.9
Group EBITA	- 309.5	- 192.7	- 60.6	- 460.9	- 325.0	- 41.8
Adjustments:						
plus: Restructuring expenses	+ 49.0	+ 1.1		+ 50.0	+ 10.7	
plus: Expenses from purchase price allocation	+ 21.2	+ 19.0		+ 40.7	+ 39.5	
plus: Expenses /less: Income from other one-off items	+ 15.1	- 82.9		- 1.3	- 100.3	
Underlying Group EBITA	**- 224.2**	**- 255.5**	**+ 12.3**	**- 371.5**	**- 375.1**	**+ 1.0**
Earnings before income taxes	**- 406.5**	**- 311.3**	**- 30.6**	**- 613.3**	**- 452.3**	**- 35.6**
Income taxes	- 141.0	- 101.9	- 38.4	- 210.8	- 148.7	- 41.8
Group loss for the year	**- 265.5**	**- 209.4**	**- 26.8**	**- 402.5**	**- 303.6**	**- 32.6**
Group loss for the year attributable to shareholders of TUI AG	- 185.2	- 144.0	- 28.6	- 272.8	- 190.4	- 43.3
Group loss for the year attributable to non-controlling interest	- 80.3	- 65.4	- 22.8	- 129.7	- 113.2	- 14.6
Basic and diluted earnings per share in €	**- 0.76**	**- 0.60**	**- 27.2**	**- 1.13**	**- 0.81**	**- 39.9**

The consolidated profit and loss statement reflects the seasonality of the tourism business, with positive results primarily generated in the second and third calendar quarters.

See page 3

Turnover and cost of sales

Turnover comprises the turnover generated by Tourism and Central Operations. In the second quarter of 2011/12, turnover grew by 6.6% year-on-year to €3.3bn. This increase was above all attributable to higher average selling prices in TUI Travel's Mainstream business. In the first half of 2011/12, the year-on-year growth amounted to 5.8%. Turnover is presented alongside the cost of sales, which also rose due to the business volume growth. A detailed breakdown of turnover and the development of turnover are presented in the section Earnings by the Sectors.

Gross profit

At €92.5m, gross profit as the balance of turnover and the cost of sales was up 3.2% year-on-year in the second quarter of 2011/12. With €275.0m for the first half of the year, gross profit was flat year-on-year.

Administrative expenses

Administrative expenses comprise expenses not directly allocable to the turnover transactions, such as expenses for general management functions. In the second quarter, they totalled €409.6m, up 22.9% versus prior year. The rise of administrative expenses was attributable to expenses for the restructuring of the tour operator business in France and income from the reduction in pensions obligations in UK in the previous year reference period. For the first half of the year, administrative expenses stood at €744.6m, up 11.0% year-on-year.

Other income/Other expenses

Other income and Other expenses primarily comprise profits and losses from the sale of fixed assets. The balance of income and expenses totalled €13.0m in the second quarter of 2011/12. This constitutes a decline of €21.5m; the decline for the first half of the year amounted to €37.9m against previous year. Other income shown in the first half year 2010/11 had included gains on disposal from the sale of administrative buildings and other income from the reversal of value adjustments for Turkish hotel facilities.

Impairment of goodwill

No goodwill impairment charges were carried for the first half of 2011/12, nor for the previous year.

Financial income and expenses/Financial result

The financial result comprises the interest result and the net result from marketable securities as well as the effect of the measurement of the loans to Container Shipping. In the second quarter, it comprised financial income of €39.0m (previous year €33.4m) and financial expenses of €95.8m (previous year €138.1m). The year-on-year rise in the financial result accounted for €47.9m in the second quarter of 2011/12 and €34.4m in the first half of the year. The rise of the interest result was attributable to the lower net debt and expenses for the early redemption of bonds in the previous year.

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 totalled €-45.6m for the second quarter of 2011/12 (previous year €2.7m). For the first half of the year, the share of results of joint ventures and associates totalled €-57.2m (previous year €27.3m). The decline in the second quarter and the first half year of 2011/12 against previous year was attributable to the loss contribution from the stake in Hapag-Lloyd.

See page 5

Underlying Group EBITA

In the second quarter of 2011/12, underlying Group EBITA was negative due to the seasonality of the business. It totalled €-224.2m, up €31.3m year-on-year. Accumulated underlying Group EBITA for the first half of the year was €-371.5m, up €3.6m versus prior year. EBITA was adjusted for gains on disposal, restructuring expenses, purchase price allocations and one-off items. The adjustments are outlined in detail in the section Earnings by the Sectors.

Income taxes

Taxes on income comprise taxes on profits from the business activities. The tax assets of €141.0m arising for the second quarter of 2011/12, following €101.9m in the prior year reference quarter, were mainly attributable to the marked seasonality of earnings by Tourism. Accumulated tax assets for the first half of the year totalled €210.8m, up €62.1m year-on-year.

Group loss

In the second quarter of 2011/12, the Group result was negative at €-265.5m (previous year €-209.4m). Accumulated for the first half year of 2011/12 Group loss stood at €-402.5m (previous year €-303.6m).

Non-controlling interests

Non-controlling interests accounted for €-80.3m for the second quarter of 2011/12 and €-129.7m for the first half of the year. They related to the external shareholders of TUI Travel PLC and companies in the TUI Hotels & Resorts Sector.

Earnings per share

After deduction of non-controlling interests, TUI AG shareholders accounted for €-185.2m (previous year €-144.0m) of the Group result in the second quarter of 2011/12. As a result, basic earnings per share amounted to €-0.76 (previous year €-0.60) for the second quarter and €-1.13 (previous year €-0.81) for the first half of 2011/12.

Performance indicators

Key figures of income statement

€ million	Q2 2011/12	Q2 2010/11 revised	Var. %	H1 2011/12	H1 2010/11 revised	Var. %
Earnings before interest, income taxes, depreciation, impairment and rent (EBITDAR)	**132.8**	**82.8**	**+ 60.4**	**280.8**	**228.5**	**+ 22.9**
Operating rental expenses	359.8	202.3	+ 77.9	575.7	391.5	+ 47.0
Earnings before interest, income taxes, depreciation and impairment (EBITDA)	**- 227.0**	**- 119.5**	**- 90.0**	**- 294.9**	**- 163.0**	**- 80.9**
Depreciation/amortisation less reversals of depreciation *)	- 82.5	- 73.2	- 12.7	- 166.0	- 162.0	- 2.5
Earnings before interest, income taxes and impairment of goodwill (EBITA)	**- 309.5**	**- 192.7**	**- 60.6**	**- 460.9**	**- 325.0**	**- 41.8**
Impairment of goodwill	–	–	–	–	–	–
Earnings before interest and income taxes (EBIT)	**- 309.5**	**- 192.7**	**- 60.6**	**- 460.9**	**- 325.0**	**- 41.8**
Interest result and earnings from the measurement of interest hedges	- 59.0	- 107.3	+ 45.0	- 110.8	- 172.9	+ 35.9
Effect of reduction and measurement of financial commitment to Container Shipping	12.0	2.2	+ 445.5	17.1	40.9	- 58.2
Result from Container Shipping measured at equity	- 50.0	- 13.5	- 270.4	- 58.7	4.7	n. a.
Earnings before income taxes (EBT)	**- 406.5**	**- 311.3**	**- 30.6**	**- 613.3**	**- 452.3**	**- 35.6**

*) on property, plant and equipment, intangible asssets, financial and other assets

Net assets and financial position

The Group's balance sheet total declined by 1.7% to €13.3bn versus the end of financial year 2010/11. The changes in the consolidated statement of financial position against 30 September 2011 primarily reflect the seasonality in the tourism business.

Assets and liabilities

€ million	31 Mar 2012	30 Sep 2011 revised	Var. %
Non-current assets	9,200.0	9,107.6	+ 1.0
Current assets	4,068.0	4,384.3	- 7.2
Assets	**13,268.0**	**13,491.9**	**- 1.7**
Equity	1,930.6	2,547.8	- 24.2
Provisions	1,991.0	1,934.6	+ 2.9
Financial liabilities	3,309.0	2,798.3	+ 18.3
Other liabilities	6,037.4	6,211.2	- 2.8
Liabilities	**13,268.0**	**13,491.9**	**- 1.7**

Non-current assets

As at 31 March 2012, non-current assets accounted for 69.3% of total assets, compared with 67.5% as at 30 September 2011. Non-current assets were flat year-on-year at €9.2bn in the period under review.

Current assets

As at 31 March 2012, current assets accounted for 30.7% of total assets, following 32.5% as at 30 September 2011. Current assets decreased from €4.4bn as at 30 September 2011 to €4.1bn as at 31 March 2012. This decline was mainly attributable to the seasonality of the tourism business.

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Equity

Equity totalled €1.9bn as at 31 March 2012. At 14.6%, the equity ratio declined versus its level on 30 September 2011 of 18.9%. Further information on the changes in equity is provided in the Notes to this Half-Year Financial Report.

Provisions

Provisions mainly comprise provisions for pension obligations, effective and deferred tax provisions and provisions for typical operating risks. As at 31 March 2012, they totalled €2.0bn, up 2.9% on their level as at 30 September 2011.

Financial liabilities

As at 31 March 2012, financial liabilities consisted of non-current financial liabilities of €2.9bn and current financial liabilities of €0.4bn. As at 30 September 2011, non-current financial liabilities stood at €2.3bn, with current financial liabilities of €0.5bn.

At the end of the second quarter (31 March 2012), the TUI Group's net debt including the assets held for sale and the associated liabilities totalled €2.0bn. Net debt was thus reduced by €700.8m year-on-year.

Other liabilities

As at 31 March 2012, other liabilities amounted to €6.0bn, slightly down as against 30 September 2011.

Other segment indicators

Underlying EBITDA

€ million	Q2 2011/12	Q2 2010/11 revised	Var. %	H1 2011/12	H1 2010/11 revised	Var. %
Tourism	- 148.8	- 177.0	+ 15.9	- 208.9	- 211.4	+ 1.2
TUI Travel	- 212.5	- 224.8	+ 5.5	- 296.5	- 284.9	- 4.1
TUI Hotels & Resorts	58.8	44.5	+ 32.1	88.6	72.4	+ 22.4
Cruises	4.9	3.3	+ 48.5	- 1.0	1.1	n. a.
Central Operations	- 11.3	- 8.3	- 36.1	- 32.0	- 21.6	- 48.1
Group	**- 160.1**	**- 185.3**	**+ 13.6**	**- 240.9**	**- 233.0**	**- 3.4**

EBITDA

€ million	Q2 2011/12	Q2 2010/11 revised	Var. %	H1 2011/12	H1 2010/11 revised	Var. %
Tourism	- 207.1	- 119.3	- 73.6	- 276.2	- 165.6	- 66.8
TUI Travel	- 270.8	- 146.3	- 85.1	- 363.8	- 218.3	- 66.7
TUI Hotels & Resorts	58.8	23.7	+ 148.1	88.6	51.6	+ 71.7
Cruises	4.9	3.3	+ 48.5	- 1.0	1.1	n. a.
Central Operations	- 19.9	- 0.2	n. a.	- 18.7	2.6	n. a.
Group	**- 227.0**	**- 119.5**	**- 90.0**	**- 294.9**	**- 163.0**	**- 80.9**

Investments in other intangible assets and property, plant and equipment

€ million	Q2 2011/12	Q2 2010/11	Var. %	H1 2011/12	H1 2010/11	Var. %
Tourism	243.4	97.8	+ 148.9	352.5	195.2	+ 80.6
TUI Travel	200.1	80.1	+ 149.8	294.7	147.0	+ 100.5
TUI Hotels & Resorts	42.5	16.8	+ 153.0	52.9	45.9	+ 15.3
Cruises	0.8	0.9	- 11.1	4.9	2.3	+ 113.0
Central Operations	0.4	0.2	+ 100.0	0.6	0.6	–
Group	**243.8**	**98.0**	**+ 148.8**	**353.1**	**195.8**	**+ 80.3**

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

€ million	Q2 2011/12	Q2 2010/11	Var. %	H1 2011/12	H1 2010/11	Var. %
Tourism	81.1	96.4	- 15.9	163.5	185.9	- 12.0
TUI Travel	61.9	69.9	- 11.4	125.3	139.5	- 10.2
TUI Hotels & Resorts	16.8	24.6	- 31.7	33.5	42.4	- 21.0
Cruises	2.4	1.9	+ 26.3	4.7	4.0	+ 17.5
Central Operations	1.2	1.1	+ 9.1	2.4	2.3	+ 4.3
Group	**82.3**	**97.5**	**- 15.6**	**165.9**	**188.2**	**- 11.8**

Employees

	31 Mar 2012	30 Sep 2011	Var. %
Tourism	64,895	73,079	- 11.2
TUI Travel	51,434	58,378	- 11.9
TUI Hotels & Resorts	13,178	14,424	- 8.6
Cruises	283	277	+ 2.2
Central Operations	630	628	+ 0.3
Corporate Center	204	202	+ 1.0
Other units	426	426	–
Group	**65,525**	**73,707**	**- 11.1**

MANAGEMENT REPORT

PROSPECTS

Macroeconomic situation

The International Monetary Fund (IMF, World Economic Outlook, April 2012) has lifted its current forecast for global gross domestic product growth in calendar year 2012 slightly by 0.3 percentage points to 3.5%. The IMF expects global economic growth of 4.1% for 2013. From the IMF's perspective, the instability of the European financial markets continues to constitute the biggest risk for the global economy. A further risk to global economic growth might be a further rise in oil prices associated with the geopolitical tension. The expected development of the individual economic regions is shown in the table below.

Expected development of gross domestic product

Variation in %	2012	2013
World	**3.5**	**4.1**
Europe	–	1.3
Germany	0.6	1.5
UK	0.8	2.0
France	0.5	1.0
US	2.1	2.4
Russia/CIS	4.2	4.1
Japan	2.0	1.7
China	8.2	8.8
India	6.9	7.3
Emerging Eastern Asia economies	7.3	7.9

Source: International Monetary Fund, World Economic Outlook, April 2012

Market development in Tourism

For calendar year 2012, the UNWTO expects international arrivals to grow by 3 to 4% (UNWTO, World Tourism Barometer, January 2012). The European Travel Commission has downgraded its forecast for outbound visitors in Europe and now expects a decline of 0.2% year-on-year (European Travel Commission, European Tourism 2011, Quarterly Report 4/2011, January 2012).

Expected development of earnings

For financial year 2011/12, we expect operating earnings by Tourism to grow slightly year-on-year with Central Operations showing a stable development. Underlying earnings by the TUI Group are therefore also expected to rise slightly year-on-year.

For financial year 2011/12, we expect the overall Group result for the year to be positive.

In the first half of 2011/12, demand for destinations in North Africa did not yet recover fully from the impact of the political unrest. Nevertheless, with the exception of the French travel market, we are observing a stabilisation of demand. The adverse earnings impact on TUI Travel and TUI Hotels & Resorts caused by the North Africa effect in the first half of 2011/12 had been anticipated in our planning. Bookings for the 2012 summer season have shown an overall positive development in spite of the persistent uncertainty of the economic environment.
Our current expectation concerning the likely development of the TUI Group in financial year 2011/12 therefore remains in line with the assessment made in our Annual Report 2010/11.

TUI Group

Expected development of Group earnings

€ million	2011/12	2010/11
Turnover	↗	17,480.3
Underlying EBITA	↗	600.1
EBITA	↗	444.5

Turnover
In financial year 2011/12, we expect turnover to grow moderately, in particular due to the assumed passing on of higher input costs to customers and higher proportion of differentiated products in TUI Travel's Mainstream Business.

Underlying EBITA
The TUI Group's underlying EBITA in financial year 2011/12 is expected to rise slightly due to expected earnings improvements in TUI Travel and TUI Hotels & Resorts. Risks relate to the development of consumer sentiment in the large source markets in the event of weaker economic growth and higher energy costs.

EBITA
In line with the growth in operating earnings, we also expect reported EBITA to rise in financial year 2011/12.

Group profit for the year
Overall, we expect to achieve a positive Group result for the year for financial year 2011/12.

Expected development of the Sectors

Expected development of Sector earnings

€ million	Turnover		Underlying EBITA	
	2011/12	2010/11	2011/12	2010/11
Tourism	↗	17,430.4	↗	656.6
TUI Travel	↗	16,867.0	↗	500.1
TUI Hotels & Resorts	↗	362.6	↗	145.3
Cruises	↗	200.8	↘	11.2
Central Operations	→	49.9	→	- 56.5
Group	↗	**17,480.3**	↗	**600.1**

TUI Travel
For TUI Travel we expect underlying earnings to rise slightly year-on-year in 2011/12. The main earnings drivers in TUI Travel are the positive effects of the restructuring and efficiency enhancement programmes launched as well as margin improvements resulting from a stronger focus on sales of differentiated products. On the other hand, there are risks related to economic development in the key volume markets, which might fall short of expectations and thus curb demand in the travel market. Should demand fall short of expectations, it might also be difficult to achieve price increases, required in order to offset higher input costs. In addition, the development of the exchange rate of Sterling against the Euro also strongly affects TUI Travel's result from operations carried in TUI AG's consolidated financial statements.

TUI Hotels & Resorts
In financial year 2011/12, TUI Hotels & Resorts is expected to achieve moderate capacity and volume growth in financial year 2011/12. Overall, we expect hotel occupancy and operating results to rise slightly. Risks relate to customer volumes from the key source markets, which might fall short of expectations.

Cruises
Due to the costs incurred for the fleet expansion in Hapag-Lloyd Kreuzfahrten and TUI Cruises, we expect operating results in the Cruises Sector to decline year-on-year in financial year 2011/12.

Tourism
Based on the earnings estimates for TUI Travel, TUI Hotels & Resorts and Cruises, we expect the Tourism Segment to achieve a slight increase in operating results year-on-year in financial year 2011/12. The business performance in Tourism will be strongly affected by the development of consumer sentiment in the key volume markets.

Central Operations
For Central Operations, we expect underlying earnings to be flat year-on-year.

MANAGEMENT REPORT

CORPORATE GOVERNANCE

Composition of the boards

The composition of the Supervisory Board of TUI AG changed as follows in the second quarter of 2011/12:

On 26 March 2012, the district court of Hanover appointed Angelika Gifford as Supervisory Board member of TUI AG with immediate effect. She replaces Roberto López Abad, who had previously resigned from his Supervisory Board mandate.

www.tui-group.com

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

INTERIM FINANCIAL STATEMENTS

Income statement of the TUI Group for the period from 1 October 2011 to 30 March 2012

€ million	Notes	Q2 2011/12	Q2 2010/11	H1 2011/12	H1 2010/11
Turnover		3,281.9	3,078.2	6,730.5	6,364.3
Cost of sales	(1)	3,189.4	2,988.6	6,455.5	6,090.1
Gross profit		**92.5**	**89.6**	**275.0**	**274.2**
Administrative expenses	(1)	409.6	333.4	744.6	670.8
Other income/Other expenses	(2)	+ 13.0	+ 34.5	+ 14.6	+ 52.5
Financial income	(3)	39.0	33.4	91.2	159.9
Financial expenses	(3)	95.8	138.1	192.3	295.4
Share of result of joint ventures and associates	(4)	- 45.6	+ 2.7	- 57.2	27.3
Earnings before income taxes		**- 406.5**	**- 311.3**	**- 613.3**	**- 452.3**
Reconciliation to underlying earnings:					
Earnings before income taxes		- 406.5	- 311.3	- 613.3	- 452.3
plus: Loss (previous half year gain) on Container Shipping measured at equity		50.0	13.5	58.7	- 4.7
less: Gains on reduction and measurement of financial investment in Container Shipping		- 12.0	- 2.2	- 17.1	- 40.9
plus: Net interest expense and expense from measurement of interest hedges		59.0	107.3	110.8	172.9
Group EBITA		- 309.5	- 192.7	- 460.9	- 325.0
Adjustments:	(5)				
plus: Restructuring expenses		49.0	1.1	50.0	10.7
plus: Expenses from purchase price allocation		21.2	19.0	40.7	39.5
plus: Expenses /less: Income from other one-off items		+ 15.1	- 82.9	- 1.3	- 100.3
Underlying Group EBITA		**- 224.2**	**- 255.5**	**- 371.5**	**- 375.1**
Earnings before income taxes		**- 406.5**	**- 311.3**	**- 613.3**	**- 452.3**
Income taxes	(6)	- 141.0	- 101.9	- 210.8	- 148.7
Group loss for the year		**- 265.5**	**- 209.4**	**- 402.5**	**- 303.6**
Group loss for the year attributable to shareholders of TUI AG		- 185.2	- 144.0	- 272.8	- 190.4
Group loss for the year attributable to non-controlling interest	(7)	- 80.3	- 65.4	- 129.7	- 113.2

Earnings per share

€	Q2 2011/12	Q2 2010/11	H1 2011/12	H1 2010/11
Basic and diluted earnings per share	- 0.76	- 0.60	- 1.13	- 0.81

Condensed statement of comprehensive income for the period from 1 October 2011 to 31 March 2012

€ million	Q2 2011/12	Q2 2010/11	H1 2011/12	H1 2010/11
Group loss	**- 265.5**	**- 209.4**	**- 402.5**	**- 303.6**
Foreign exchange differences	- 30.4	- 77.7	- 23.5	- 34.8
Financial instruments available for sale	- 101.7	- 14.5	- 131.9	79.7
Cash flow hedges	31.9	77.8	65.5	228.7
Actuarial gains and losses from pension provisions and related fund assets	49.5	- 21.7	- 47.1	109.3
Changes in the measurement of companies measured at equity	18.6	48.4	10.3	58.9
Taxes attributable to other comprehensive income	- 20.9	- 25.5	- 9.1	- 102.9
Other comprehensive income	**- 53.0**	**- 13.2**	**- 135.8**	**338.9**
Total comprehensive income	**- 318.5**	**- 222.6**	**- 538.3**	**35.3**
attributable to shareholders of TUI AG	- 135.5	- 236.2	- 278.5	- 10.3
attributable to non-controlling interest	- 183.0	13.6	- 259.8	45.6

Financial position of the TUI Group as at 31 Mar 2012

€ million	31 Mar 2012	30 Sep 2011	30 Sep 2010 revised
Assets			
Goodwill	3,033.5	2,907.2	2,862.6
Other intangible assets	812.5	856.6	907.2
Investment property	55.7	59.2	66.2
Property, plant and equipment	2,586.5	2,445.1	2,499.8
Investments in joint ventures and associates	1,657.7	1,735.5	1,775.2
Financial assets available for sale	208.2	487.8	612.0
Trade receivables and other assets	434.9	409.1	334.8
Derivative financial instruments	30.6	43.6	165.3
Deferred tax asset	380.4	163.5	133.6
Non-current assets	**9,200.0**	**9,107.6**	**9,356.7**
Inventories	121.6	106.7	89.5
Trade receivables and other assets	2,419.6	1,950.9	2,328.2
Derivative financial instruments	205.5	231.2	203.3
Current tax asset	19.2	90.0	71.1
Cash and cash equivalents	1,285.9	1,981.3	2,274.3
Assets held for sale	16.2	24.2	292.4
Current assets	**4,068.0**	**4,384.3**	**5,258.8**
	13,268.0	**13,491.9**	**14,615.5**

€ million	31 Mar 2012	30 Sep 2011	30 Sep 2010 revised
Equity and liabilities			
Subscribed capital	643.9	643.5	643.1
Capital reserves	956.3	956.1	913.5
Revenue reserves	281.9	575.6	489.5
Hybrid capital	294.8	294.8	294.8
Equity before non-controlling interest	**2,176.9**	**2,470.0**	**2,340.9**
Non-controlling interest	- 246.3	77.8	93.3
Equity	**1,930.6**	**2,547.8**	**2,434.2**
Pension provisions and similar obligations	907.9	878.2	878.5
Other provisions	553.0	548.6	520.2
Non-current provisions	**1,460.9**	**1,426.8**	**1,398.7**
Financial liabilities	2,861.5	2,324.7	2,827.5
Derivative financial instruments	24.1	73.7	47.8
Current tax liabilities	105.7	117.2	114.5
Deferred tax liabilities	109.1	120.7	80.2
Other liabilities	120.5	105.1	86.4
Non-current liabilities	**3,220.9**	**2,741.4**	**3,156.4**
Non-current provisions and liabilities	**4,681.8**	**4,168.2**	**4,555.1**
Pension provisions and similar obligations	39.8	35.9	32.8
Other provisions	490.3	471.9	383.5
Current provisions	**530.1**	**507.8**	**416.3**
Financial liabilities	447.5	473.6	1,684.4
Trade payables	1,974.2	2,973.5	2,847.4
Derivative financial instruments	109.0	157.7	147.4
Current tax liabilities	190.3	198.3	138.0
Other liabilities	3,402.0	2,462.8	2,296.8
Current liabilities	**6,123.0**	**6,265.9**	**7,114.0**
Liabilities related to assets held for sale	**2.5**	**2.2**	**95.9**
Current provisions and liabilities	**6,655.6**	**6,775.9**	**7,626.2**
	13,268.0	**13,491.9**	**14,615.5**

Condensed statement of changes in Group equity for the period from 1 October 2011 to 31 March 2012

€ million	Subscribed capital	Capital reserves	Revenue reserves	Hybrid capital	Equity before non-controlling interest	Non-controlling interest	Total
Balance as at 1 October 2011	**643.5**	**956.1**	**575.6**	**294.8**	**2,470.0**	**77.8**	**2,547.8**
Dividends	–	–	–	–	–	- 66.7	- 66.7
Hybrid capital dividend	–	–	- 12.9	–	- 12.9	–	- 12.9
Share-based payment schemes of TUI Travel PLC	–	–	4.1	–	4.1	3.2	7.3
Issue of employee shares	0.4	0.2	–	–	0.6	–	0.6
Effects on the acquisition of non-controlling interests	–	–	- 6.4	–	- 6.4	- 0.8	- 7.2
Group loss	**–**	**–**	**- 272.8**	**–**	**- 272.8**	**- 129.7**	**- 402.5**
Foreign exchange differences	–	–	99.8	–	99.8	- 123.3	- 23.5
Financial instruments available for sale	–	–	- 131.2	–	- 131.2	- 0.7	- 131.9
Cash flow hedges	–	–	57.8	–	57.8	7.7	65.5
Actuarial losses from pension provisions and related fund assets	–	–	- 33.5	–	- 33.5	- 13.6	- 47.1
Changes in the measurement of companies measured at equity	–	–	10.3	–	10.3	–	10.3
Taxes attributable to other comprehensive income	–	–	- 8.9	–	- 8.9	- 0.2	- 9.1
Other comprehensive income	**–**	**–**	**- 5.7**	**–**	**- 5.7**	**- 130.1**	**- 135.8**
Total comprehensive income	–	–	- 278.5	–	- 278.5	- 259.8	- 538.3
Balance as at 31 March 2012	**643.9**	**956.3**	**281.9**	**294.8**	**2,176.9**	**- 246.3**	**1,930.6**

Condensed statement of changes in Group equity for the period from 1 October 2010 to 31 March 2011

€ million	Subscribed capital	Capital reserves	Revenue reserves	Hybrid capital	Equity before non-controlling interest	Non-controlling interest	Total
Balance as at 1 October 2010	**643.1**	**913.5**	**489.5**	**294.8**	**2,340.9**	**93.3**	**2,434.2**
Dividends	–	–	–	–	–	- 136.9	- 136.9
Hybrid capital dividend	–	–	- 12.9	–	- 12.9	–	- 12.9
Share-based payment schemes of TUI Travel PLC	–	–	7.2	–	7.2	5.7	12.9
Issue of employee shares	0.3	0.4	–	–	0.7	–	0.7
Issue of convertible bonds	–	41.8	–	–	41.8	–	41.8
Effects on the acquisition of non-controlling interests	–	–	- 22.2	–	- 22.2	- 5.0	- 27.2
Group loss	**–**	**–**	**- 190.4**	**–**	**- 190.4**	**- 113.2**	**- 303.6**
Foreign exchange differences	–	–	- 98.2	–	- 98.2	63.3	- 34.9
Financial instruments available for sale	–	–	79.1	–	79.1	0.6	79.7
Cash flow hedges	–	–	133.5	–	133.5	95.3	228.8
Actuarial losses from pension provisions and related fund assets	–	–	76.8	–	76.8	32.6	109.4
Changes in the measurement of companies measured at equity	–	–	58.9	–	58.9	- 0.1	58.8
Taxes attributable to other comprehensive income	–	–	- 70.0	–	- 70.0	- 32.9	- 102.9
Other comprehensive income	**–**	**–**	**180.1**	**–**	**180.1**	**158.8**	**338.9**
Total comprehensive income	–	–	- 10.3	–	- 10.3	45.6	35.3
Balance as at 31 March 2011	**643.4**	**955.7**	**451.3**	**294.8**	**2,345.2**	**2.7**	**2,347.9**

Condensed cash flow statement

€ million	H1 2011/12	H1 2010/11
Cash outflow from operating activities	- 942.7	- 645.0
Cash inflow from investing activities	19.3	497.5
Cash inflow/outflow from financing activities	236.7	- 695.4
Net change in cash and cash equivalents	**- 686.7**	**- 842.9**
Change in cash and cash equivalents due to exchange rate fluctuation	- 8.7	+ 16.1
Cash and cash equivalents at beginning of period	**1,981.3**	**2,274.3**
Cash and cash equivalents at end of period	**1,285.9**	**1,447.5**

NOTES

Accounting principles

In accordance with IAS 34, the Group's interim financial statements as at 31 March 2012 are published in a condensed form compared with the consolidated annual financial statements. As before, they are based on the historical cost principle, the only exception being the accounting method applied in measuring financial instruments.

As a matter of principle, the accounting and measurement methods applied in the preceding consolidated financial statements as per 30 September 2011 were retained in preparing the interim financial statements as per 31 March 2012.

In addition, the following standards and interpretations revised or newly published by the IASB have been mandatory since the beginning of financial year 2011/12:

- Amendment to IAS 24: Related Party Disclosures
- Further improvements to IFRSs (2010), which were not yet mandatory as at 30 September 2011
- Amendments to IFRS 7: Financial Instruments – Disclosures: Transfers of Financial Assets
- IFRIC 14: Prepaid contributions in the framework of minimum funding requirements for pension plans

The mandatory application of these provisions does not have any material effects on the TUI Group's net assets, financial position and financial performance and disclosures in the notes to the these interim financial statements.

Recognition changes

Existing income tax liabilities and future income tax charges are now taken together and shown under liabilities instead of being separately carried, as before, broken down into provisions and liabilities for income taxes. IAS 12 itself does not distinguish between tax provisions and liabilities; however, the current accounting practice gives preference to aggregate recognition under liabilities. As a result, the following reclassifications emerged in the consolidated statement of financial position:

Impact on the consolidated statement of financial position

€ million	31 Mar 2012	30 Sep 2011
Current tax provisions – long-term	- 105.7	- 117.2
Deferred tax provisions – long-term	- 109.1	- 120.7
Non-current provisions	**- 214.8**	**- 237.9**
Current tax liability – long-term	+ 105.7	+ 117.2
Deferred tax liability – long-term	+ 109.1	+ 120.7
Non-current liabilities	**+ 214.8**	**+ 237.9**
Non-current provisions and liabilities	**–**	**–**
Current tax provision – short-term	- 190.3	- 198.1
Current provisions	**- 190.3**	**- 198.1**
Current tax liabilities – short-term	+ 190.3	+ 198.3
Other liabilities – from income taxes	–	- 0.2
Current liabilities	**+ 190.3**	**+ 198.1**
Current provisions and liabilities	**–**	**–**
Total equity and liabilities	**–**	**–**

Group of consolidated companies

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

The interim financial statements as at 31 March 2012 included a total of 44 domestic and 696 foreign subsidiaries, besides TUI AG.

Since 1 October 2011, three newly founded companies have been newly included in consolidation. On the other hand, 29 companies have been deconsolidated since 30 September 2011: 16 companies due to a merger, eleven due to liquidation and two companies due to a sale.

The number of companies measured at equity has risen by four in comparison with the financial statements for the previous year. One company was newly founded and three companies were newly included in at equity measurement due to an expansion of their business activities.

Acquisitions – divestments

Summary presentation of acquisitions

Name and headquarters of the acquired company or business	Business activity	Acquirer	Date of acquisition	Acquired share	Consideration transferred in € million
Eurolink Viagens e Turismo, Jundiai, São Paulo	B2B Agency-business	Booking Ja Agencia de Turismo E Viagens Ltda	6 Oct 11	n.a.	0.3
15 Travel agents in Germany	Travel agent	TUI Leisure Travel GmbH	1 Oct – 31 Mar 12	n.a.	2.7
2 Travel agents in Poland	Travel agent	TUI Poland Dystrybucja Sp.zo.o.	1 Oct – 31 Dec 11	n.a.	0.4
Total					**3.4**

All acquisitions made in the first half-year were carried out in the form of asset deals.

The considerations transferred for the acquisitions by the TUI Group exclusively comprise the purchase prices paid. Ancillary acquisition costs and the consideration for future services by employees of the acquired companies are expensed in the income statement.

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

€ million	Fair values at date of first-time consolidation
Intangible assets	0.6
Property, plant and equipment	0.1
Fixed assets	**0.7**
Liabilities and deferred income	0.1
Equity	**0.6**

The difference arising between the consideration transferred and the remeasured acquired net assets of €2.8m as at the acquisition date (after foreign exchange differences) was temporarily carried as goodwill. This goodwill essentially constitutes part of the future earnings potential. The goodwill capitalised in the period under review includes an amount of €2.6m expected to be tax-deductible.

Based on the information available, it was not possible to finalise measurement of some of the acquired assets and liabilities by the balance sheet date. The twelve-month period permitted under IFRS 3 for finalising purchase price allocations was used; it allows for provisional allocation of the purchase price to the individual assets and liabilities until the end of that period.

The acquisitions did not have a material effect on turnover and the Group result for the period under review.

No major acquisitions were made after the reporting date.

In the present interim financial statements, the purchase price allocations of the following companies and businesses acquired in the first half of 2010/11 were finalised within the 12-month period stipulated by IFRS 3:

- Top Class – European Cruise Services S.a.r.l., Monaco
- Centrum Podrozy SA, Warsaw
- Lima Tours S.A.C., Peru
- Travel & More GmbH, Germany
- Travel agency business in Germany and Austria

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

Final presentation of the statements of financial position as at first-time consolidation for acquisitions from 1 October 2010 to 31 March 2011

€ million	Carrying amounts at date of acquisition	Revaluation of assets and liabilities	Fair values at date of first-time consolidation
Other intangible assets	3.0	0.8	3.8
Property, plant and equipment	0.3	–	0.3
Fixed assets	**3.3**	**0.8**	**4.1**
Trade receivables	2.6	–	2.6
Cash and cash equivalents	0.8	–	0.8
Financial liabilities	0.1	–	0.1
Liabilities and deferred income	4.2	–	4.2
Equity	**2.4**	**0.8**	**3.2**

The goodwill arising in the consolidated statement of financial position on eliminating the consideration transferred against the acquirer's interest in the remeasured equity remained unchanged as against 31 March 2011. The capitalised goodwill essentially represents a part of the expected synergy potential.

The divestments did not have a material effect on the TUI Group's net assets, financial position and financial performance.

Notes to the TUI Group's income statement

The consolidated income statement reflects the seasonality of the tourism business, as a result of which the accumulated result generated in the period from October to March is negative.

The year-on-year growth in turnover is attributable to higher average travel prices in the TUI Travel Sector driven by an increased share of differentiated products and price increases due to higher input costs.

(1) Cost of sales and administrative expenses

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

Lease, rental and leasing expenses

€ million	Q2 2011/12	Q2 2010/11	H1 2011/12	H1 2010/11
Lease, rental and leasing expenses	228.8	203.0	454.6	393.1

Staff cost

€ million	Q2 2011/12	Q2 2010/11	H1 2011/12	H1 2010/11
Staff cost	550.2	466.9	1,099.5	998.5

Staff cost rose by €101.0m as against the first half of 2010/11, primarily due to restructuring measures in France and one-off income from a reduction in pension plans in the UK which had been included in the prior year reference figures.

Depreciation/amortisation/impairments

€ million	Q2 2011/12	Q2 2010/11	H1 2011/12	H1 2010/11
Depreciation and amortisation	82.3	84.8	165.9	175.5
Impairments of property, plant and equipment	–	12.7	–	12.7
Total	**82.3**	**97.5**	**165.9**	**188.2**

The impairments carried in the second quarter of the previous financial year included an amount of €4.7m for the Island Escape cruise ship and €8.0m for a Turkish hotel resort.

(2) Other income / Other expenses

Other income / Other expenses

€ million	Q2 2011/12	Q2 2010/11	H1 2011/12	H1 2010/11
Other income	13.8	39.0	15.4	57.2
Other expenses	0.8	4.5	0.8	4.7
Total	**+ 13.0**	**+ 34.5**	**+ 14.6**	**+ 52.5**

Other income for the first half-year of 2011/12 includes income of €12.0m from the disposal of a part of the hybrid instrument granted to Hapag-Lloyd Holding AG and the measurement of the investment in Container Shipping, including a cautiously measured discount in connection with an IPO.

Other income for the first half of the previous year mainly resulted from the gain on disposal from the sale of the administrative buildings at Ballindamm and Rosenstrasse in Hamburg and income from the reversal of impairments on Turkish hotel facilities.

(3) Financial result

The financial result for the first half of 2011/12 includes measurement effects of €5.1m from reversals of write-downs on a hybrid instrument granted to Hapag-Lloyd Holding AG. In the prior year reference period, the financial result had included measurement effects of €40.9m from reversals of write-downs on this hybrid instrument.

(4) Share of result of joint ventures and associates

Share of result of joint ventures and associates

€ million	Q2 2011/12	Q2 2010/11	H1 2011/12	H1 2010/11
Tourism	+ 4.4	16.2	+ 1.5	22.6
Container Shipping	- 50.0	- 13.5	- 58.7	4.7
Total	**- 45.6**	**2.7**	**- 57.2**	**27.3**

In the second quarter of 2011/12, the operating result of Container Shipping declined year-on-year, in particular due to a considerable rise in fuel costs which was not offset by the higher transport volumes.

(5) 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, ancillary acquisition costs and contingent considerations on EBITA as purchase price allocations.

The one-off items carried here are income (-) and expenses (+) impacting or distorting the assessment of the operating earnings power 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	Q2 2011/12	Q2 2010/11	H1 2011/12	H1 2010/11
Tourism	6.5	- 74.8	12.0	- 76.1
TUI Travel	6.5	- 77.5	12.0	- 78.8
TUI Hotels & Resorts	–	2.7	–	2.7
All other segments	8.6	- 8.1	- 13.3	- 24.2
Total	**15.1**	**- 82.9**	**- 1.3**	**- 100.3**

The one-off items carried for TUI Travel comprise in particular expenses for the restructuring of the tour operator business in France (Convergence project).

In the period under review, the one-off items carried under Other segments mainly relate to income from the reversal of a provision and a subsequent reduction in acquisition costs for shares which have meanwhile been sold. This income is partly offset by expenses in connection with safety measures for former industrial and mining activities in the Harz region in the second quarter of 2011/12.

In the first half of the previous year, one-off items for Other segments included the gain on disposal from the sale of the administrative buildings in Hamburg.

(6) Income taxes

The tax income posted for the first half of the year was mainly due to the seasonality in the tourism business.

(7) Group loss attributable to non-controlling interests

Group loss attributable to non-controlling interest

€ million	Q2 2011/12	Q2 2010/11	H1 2011/12	H1 2010/11
TUI Travel	- 98.8	- 79.1	- 153.7	- 131.7
TUI Hotels & Resorts	+ 18.5	+ 13.7	+ 24.0	+ 18.5
Total	**- 80.3**	**- 65.4**	**- 129.7**	**- 113.2**

Notes to the financial position of the TUI Group

The changes in the consolidated statement of financial position as against 30 September 2011 primarily reflect the seasonality of the tourism business.

Assets held for sale

€ million	31 Mar 2012	30 Sep 2011
Dorfhotel	–	6.9
ROE Logistics	4.9	–
Hotel in Switzerland	3.6	–
Other assets	7.7	17.3
Total	**16.2**	**24.2**

In the first quarter of 2011/12, the Dorfhotel GmbH company was sold.

Other assets mainly comprise aircraft assets held for sale.

Liabilities held for sale

€ million	31 Mar 2012	30 Sep 2011
Dorfhotel	–	2.2
ROE Logistics	2.5	–
Total	**2.5**	**2.2**

Pension provisions rose by €33.6m to €947.7m, above all due to the lower interest rate levels in Germany and the UK. This increase was only partly offset by a rise in the value of the associated pension fund assets in the UK due to higher prices for the underlying securities.

Non-current financial liabilities increased by a total of €536.8m to €2,861.5m. This increase mainly resulted from the use of long-term credit lines of TUI Travel to cover the seasonal payments to be made in the first half of 2011/12 in Tourism.

On the other hand, TUI AG redeemed non-current financial liabilities with a nominal value of €129.5m plus accrued interest in order to reduce its long-term debt in the current financial year. Non-current financial liabilities also changed due to the reclassification of the bond maturing in December 2012 with a carrying amount of €232.4m to current liabilities.

Other liabilities rose in line with the seasonality of the tourism business on account of advance payments received from customers.

Changes in equity

Since 30 September 2011, equity decreased by €617.2m overall to €1,930.6m.

Equity declined due to of dividends to non-Group shareholders, primarily the dividends to non-controlling shareholders in 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.

In the framework of long-term incentive programmes, TUI Travel PLC compensates its employees in the form of stock option plans serviced with shares. These stock option plans resulted in an increase in pre-tax equity of €7.3m outside profit and loss in the period under review.

TUI AG acquired additional shares in TUI Travel PLC. The statutory elimination of these costs and other acquisition costs against revenue reserves caused a decline in equity of €7.2m.

The Group result for the first half of the year is negative due to the seasonality of the tourism business.

Revenue reserves declined by €29.4m outside profit and loss on account of the measurement of hybrid instruments in Container Shipping as financial assets held for sale. Moreover, due to the disposal of a part of the hybrid instruments in the second quarter, an amount of €100.9m had to be taken to the consolidated income statement through profit and loss.

The (after-tax) results directly to be eliminated against equity from higher fair values of hedges resulting from the effective hedging of future cash flows totalled €+42.6m.

In the period under review, pension obligations rose, primarily due to the decrease in the long-term interest rate levels in Germany and the UK. This increase was not fully offset by growth in the value of the associated assets in the UK. This resulted in an after-tax decrease in the reserves in accordance with IAS 19 included in equity of €33.2m.

Contingent liabilities

As at 31 March 2012, contingent liabilities totalled around €482.2m (as at 30 September 2011 around €498.4m). 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.

Other financial commitments

Financial commitments from operating lease, rental and charter contracts

€ million	31 Mar 2012	30 Sep 2011
Nominal value	3,339.5	3,288.1
Fair value	2,902.9	2,829.2

The financial commitments from operating lease, rental and charter contracts rose by €51.4m as against 30 September 2011. This increase is mainly attributable to the commissioning of several aircraft in the first half of 2011/12, for which corresponding lease payments are carried. An opposite effect is caused in particular by the scheduled cash outflow for current operating contracts.

Nominal values of other financial commitments

€ million	**31 Mar 2012**	30 Sep 2011
Order commitments in respect of capital expenditure	2,033.9	2,258.9
Other financial commitments	83.0	151.9
Total	**2,116.9**	**2,410.8**
Fair value	**1,903.4**	**2,109.5**

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 €695.4m to €1,285.9m.

The outflow of cash from operating activities was €942.7m (previous year €645.0m) in the period under review. As every year, the high outflow of cash is due to the payment of liabilities to suppliers upon the end of the tourist season. In the first half of 2011/12, an inflow of €36.9m was recorded for interest received on the investment in Container Shipping (previous year €91.2m).

The inflow of cash from investing activities totalled €19.3m.

In February and March 2012, parts of the hybrid II financing scheme granted to Container Shipping totalling €191.7m were repaid. A further €33.3m were paid in early April, after the reporting date. The cash flow for investing activities include payments made for investments in property, plant and equipment of €197.4m for the TUI Travel Group and of €52.5m for TUI Hotels & Resorts as well as payments received for the disposal of fixed assets of the TUI Travel Group worth €78.0m and the disposal of land by Central Operations worth €4.8m. The TUI Travel Group reported an outflow of cash of €32.0m for joint ventures, asset deals and consolidated companies.

The inflow of cash from financing activities totalled €236.7m.

TUI AG paid €211.4m for the early redemption of bonds maturing in 2012 and a further €112.5m for liabilities due to banks due in 2013. TUI Travel PLC mainly used long-term credit lines in order to cover the seasonal payments to be made in the first half of the year for the tourism business. The company took out loans worth €759.0m and repaid liabilities from finance leases worth €9.5m. The hotel companies repaid liabilities to banks worth €43.1m.

The outflow of cash for interest payments totalled €89.5m. Further payments made related to the dividend for TUI AG's hybrid bond (€25.9m), the dividend for the minority shareholders of TUI Travel PLC (€18.9m), the increase in the stake in TUI Expana to 100.0% and the increase in the stake in TUI Travel PLC (€5.3m).

Cash and cash equivalents also decreased by €8.7m due to changes in exchange rates.

Segment indicators

Due to the intra-Group sale of the Magic Life hotel group to TUI Travel PLC in July 2011 and the associated changes in the internal organisational and reporting structure, segment reporting was adjusted accordingly. The turnover and earnings of the Magic Life Group are therefore no longer carried under TUI Hotels & Resorts but rather under TUI Travel. In order to enhance comparability, the figures for the prior year quarterly and half-year results have been restated.

Turnover by divisions and sectors for the period from 1 October 2011 to 31 March 2012

€ million	External	Group	Q2 2011/12 Total	External	Group	H1 2011/12 Total
Tourism	3,270.8	4.6	3,275.4	6,707.2	8.5	6,715.7
TUI Travel	3,120.1	6.2	3,126.3	6,432.9	11.2	6,444.1
TUI Hotels & Resorts	88.5	101.6	190.1	172.0	199.0	371.0
Cruises	62.2	–	62.2	102.3	–	102.3
Consolidation	–	- 103.2	- 103.2	–	- 201.7	- 201.7
All other segments	11.1	6.4	17.5	23.3	9.6	32.9
Consolidation	–	- 11.0	- 11.0	–	- 18.1	- 18.1
Total	**3,281.9**	**–**	**3,281.9**	**6,730.5**	**–**	**6,730.5**

Turnover by divisions and sectors for the period from 1 October 2010 to 31 March 2011

€ million	External	Group	Q2 2010/11 Total revised	External	Group	H1 2010/11 Total revised
Tourism	3,065.8	4.1	3,069.9	6,338.5	7.9	6,346.4
TUI Travel	2,926.1	9.5	2,935.6	6,085.7	15.1	6,100.8
TUI Hotels & Resorts	83.5	100.8	184.3	156.2	192.3	348.5
Cruises	56.2	–	56.2	96.6	–	96.6
Consolidation	–	- 106.2	- 106.2	–	- 199.5	- 199.5
All other segments	12.4	6.8	19.2	25.8	17.3	43.1
Consolidation	–	- 10.9	- 10.9	–	- 25.2	- 25.2
Total	**3,078.2**	**–**	**3,078.2**	**6,364.3**	**–**	**6,364.3**

Earnings before taxes, interest and amortisation of goodwill by segment and sector

€ million	Q2 2011/12	Q2 2010/11 revised	H1 2011/12	H1 2010/11 revised
Tourism	- 288.3	- 189.5	- 439.7	- 325.3
TUI Travel	- 332.7	- 214.2	- 489.1	- 355.7
TUI Hotels & Resorts	41.9	23.2	55.1	33.3
Cruises	2.5	1.5	- 5.7	- 2.9
All other segments	- 21.2	- 3.2	- 21.2	0.3
Total	**- 309.5**	**- 192.7**	**- 460.9**	**- 325.0**

In the first half of financial year 2011/12, earnings before interest, taxes and amortisation of goodwill (EBITA) include results of €1.5m (previous year €22.6m) from joint ventures and associates, fully generated in Tourism.

Adjusted earnings before taxes, interest and amortisation on goodwill by segment and sector

€ million	Q2 2011/12	Q2 2010/11 revised	H1 2011/12	H1 2010/11 revised
Tourism	- 211.6	- 244.2	- 337.0	- 351.2
TUI Travel	- 256.0	- 271.6	- 386.4	- 384.3
TUI Hotels & Resorts	41.9	25.9	55.1	36.0
Cruises	2.5	1.5	- 5.7	- 2.9
All other segments	- 12.6	- 11.3	- 34.5	- 23.9
Total	**- 224.2**	**- 255.5**	**- 371.5**	**- 375.1**

Reconciliation to earnings before taxes of the TUI Group

€ million	Q2 2011/12	Q2 2010/11 revised	H1 2011/12	H1 2010/11 revised
Group EBITA	**- 309.5**	**- 192.7**	**- 460.9**	**- 325.0**
Loss (previous half year gain) on Container Shipping measured at equity	- 50.0	- 13.5	- 58.7	4.7
Gains on reduction and measurement of financial investment in Container Shipping	12.0	2.2	17.1	40.9
Net interest expense and expense from measurement of interest hedges	- 59.0	- 107.3	- 110.8	- 172.9
Total	**- 406.5**	**- 311.3**	**- 613.3**	**- 452.3**

Related parties

Apart from the subsidiaries included in the consolidated financial statements, TUI AG, in carrying out its ordinary business activities, maintains direct or indirect relationships with related parties. All transactions with related parties are carried out at arm's length on the basis of international comparable uncontrolled price methods in accordance with IAS 24, as before. The equity stake held by Riu Hotels S.A., listed in the notes to the consolidated financial statements as at 30 September 2011, 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 2010/11.

Major transactions after the reporting date

In April 2012, Hamburgische Seefahrtsbeteiligung "Albert Ballin" GmbH & Co. KG, Hamburg, and TUI each transferred an amount of €125m of the hybrid II capital to Hapag-Lloyd in exchange for new shares. As a result, TUI's stake in Hapag-Lloyd rises from around 38.4% to around 39.5%.

RESPONSIBILITY STATEMENT

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

The Executive Board

Hanover, 9 May 2012

Dr Frenzel Baier Engelen Long

REVIEW REPORT

To TUI AG, Berlin and Hanover

We have reviewed the condensed interim consolidated financial statements – comprising the statement of financial position, income statement, condensed statement of comprehensive income, condensed statement of cash flows, condensed statement of changes in equity and selected explanatory notes – and the interim Group management report of TUI AG for the period from 1 October 2011 to 31 March 2012, which are part of the half-year financial report according to Section 37w of the German Securities Trading Act (WpHG). The preparation of the condensed interim consolidated financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, and of the interim Group management report which has been prepared in accordance with the requirements of the German Securities Trading Act applicable to interim Group management reports is the responsibility of the Company's management. Our responsibility is to issue a review report of the condensed interim consolidated financial statements and on the interim Group management report based on our review.

We performed our review of the condensed interim consolidated financial statements and the interim Group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the German Auditors' Institute (IDW, Institut der Wirtschaftsprüfer), also taking account of the International Standard on Review Engagements 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' (ISRE 2410). Those standards require that we plan and conduct the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and that the interim Group management report has not been prepared, in material respects, in accordance with the requirements of the German Securities Trading Act applicable to interim Group management reports. A review is limited primarily to enquiries of Company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, or that the interim Group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Hanover, 9 May 2012

PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft

Prof. Dr Norbert Winkeljohann	Sven Rosorius
Auditor	Auditor

Financial Calendar

	Date
Half-Year Financial Report 2011/12	10 May 2012
Interim Report Q3 2011/12	10 Aug 2012
Annual Report 2011/12, Press Conference & Analysts' Meeting	19 Dec 2012
Annual General Meeting 2013	13 Feb 2013

Cautionary statement regarding forward-looking statements

The present Half-Year Financial 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.

Imprint

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The German version of this Interim Report is legally binding. The Company cannot be held responsible for any misunderstanding or misinterpretation arising from this translation.

Both versions are available on the web: http://interimreport2-2011-12.tui-group.com

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