TUI AG Financial Year 2005

Interim Report 1 January – 30 September 2005

3rd Quarter 2005

Positive trend continues

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Economic situation in 3rd quarter 2005 – Further increase in earnings in tourism and shipping.

General economic situation

In the third quarter of 2005, the world economy continued to expand, showing an overall robust growth trend despite a further increase in the price of crude oil. Due to the current economic indicators, economists expect global growth to continue beyond 2005.

Regional development

Economic momentum differed in the key industrialised countries: while economic growth slowed down gradually in the US, economic development continued to gain momentum in Japan. Economic recovery also continued in western Europe, although the Eurozone still recorded a low level of overall economic growth. Economic growth in Germany was primarily triggered by the industrial sector.

Development of the divisions

The tourism division reported a consolidation of last year's positive trend. In the third quarter of 2005, the business volume continued to grow. As in previous quarters, the growth trend showed regional variations. The smaller markets recorded relatively stronger growth than the large markets Germany and the UK.

The good market situation in global container transports persisted for the shipping division. Sustained economic growth in Asia and the US continued to generate a high level of demand, resulting in a rise in transport volumes and persistently high freight rates.

Key developments within the Group

The third quarter of 2005 was characterised by events of crucial importance for the future development of the TUI Group. The realignment of the Group and the related divestment programme have been largely completed; as a result the TUI Group is now focused on its core businesses tourism and shipping, two strong pillars forming the basis for further internal and external growth.

With container shipping, TUI operates a highly profitable business in a global market characterised by strong sustained growth. TUI has therefore decided to take over the Canadian shipping company CP Ships in order to enhance the competitive position and expand the regional presence of Hapag-Lloyd Container Linie. A corresponding offer to the shareholders of CP Ships was accepted in October 2005. As a result, TUI's shipping division now ranks among the world's five largest container shipping companies.

Successful takeover bid for CP Ships

On 21 August 2005, TUI AG announced its intention to take over CP Ships Limited by means of a cash offer to the shareholders. The offer amounted to USD 21.50 per share, valuing the CP Ships shares at a total of € 1.7 billion (USD 2.0 billion).

The offer included a premium of 24.9% on the weighted average closing price of CP Ships shares in the last three months prior to the submission of the offer and a premium of 9.7% on the closing price of 19 August 2005, the last trading day prior to the accouncement of the offer. In accordance with a support agreement, the Board of Directors of CP Ships unanimously recommended acceptance of TUI's offer to the company's shareholders.

The offer documents were sent out to the shareholders on 1 September 2005. The offer, which was extended on 7 October 2005 for reasons related to the regulatory approvals, expired on 18 October 2005. It was accepted by shareholders holding 89.1% of the outstanding shares of CP Ships. 83,972,849 validly deposited shares, representing 89.0% of the outstanding shares, were taken up on 20 October 2005 and paid for on 25 October 2005.

TUI intends to effect a complete takeover of the remaining shares in CP Ships by means of an amalgamation. To this end, TUI will soon convene a meeting of CP Ships shareholders. TUI holds a sufficient number of shares to effect a corresponding decision pursuant to applicable Canadian law. The amalgamation will then be completed by 31 December 2005.

Successful completion of capital increase
In order to partly refinance the takeover of CP Ships, a capital increase through subscription rights was effected. The offer for subscription was published on 1 September 2005, the two-week subscription period started on 2 September 2005. TUI shareholders were offered 71,502,616 new shares on a five-for-two basis. Shareholders were entitled to subscribe to the new shares with dividend entitlement for the entire 2005 financial year at a rate of two new shares of every five shares held. The subscription price was € 14.20 per share. When the subscription period ended on 15 September 2005, around 99.5% of the subscription rights had been exercised. A banking consortium had fully underwritten the capital increase. TUI AG received gross issuing proceeds of around € 1 billion. Following the capital increase, TUI AG's capital stock amounts to € 639,777,370.74, split into 250,259,155 no-par value shares.

Ratings by Standard & Poor's and Moody's
After the completion of the third quarter of 2005, the rating agencies Standard & Poor's and Moody's, commissioned by TUI, published their ratings for TUI AG and the bonds issued by TUI in 2004. TUI's long-term credit rating by Standard & Poor's is "BB+/Positive", with Moody's rating "Ba2/Stable". TUI's bonds have been rated "BB" by Standard & Poor's and "Ba2" by Moody's. Due to the rating, an increase in the interest rate of the 2004 bonds was avoided.

Turnover and earnings

Application of new IFRS standards
Several revised IFRS accounting standards had to be applied in preparing the interim financial statements since 1 January 2005 (cf. notes on the interim financial statements for more detailed information). This primarily impacted the structure of the profit and loss statement and the balance sheet as well as the recognition or measurement of the conversion option of the convertible bond issued in 2003.

In addition, in terms of the segmentation of turnover and earnings by divisions, the airlines Hapag-Lloyd Express (HLX) and Thomsonfly, previously carried under central operations, were allocated to the tourism division and the recognition of results from divestments in 2004 was adjusted to the new structure of the profit and loss statement.

In order to facilitate comparability of the reported figures, the figures for the third quarter of 2004 and the first three quarters of 2004 were restated accordingly, explanatory information concerning the variations was provided where necessary to enhance understanding, and the profit and loss statement was supplemented by a reconciliation table.

Turnover by divisions

Continuing operations

In accordance with IFRS 5, consolidated turnover comprised turnover of the TUI Group's continuing operations: tourism, shipping and central operations. At € 6.22 billion (previous year: € 5.75 billion), it was 8.1% up year-on-year in the third quarter of 2005. In the first three quarters of 2005, Group turnover totalled € 13.79 billion (previous year: € 12.84 billion), an increase of 7.4%. This growth was attributable to the 6.0% growth in tourism and the 17.0% growth in shipping.

Discontinuing operations

In the third quarter of 2005, the turnover reported for the discontinuing operations trading and special logistics totalled € 361 million (previous year: € 443 million), an 18.5% decline. Accumulated turnover for the first three quarters of 2005 stood at € 1.07 billion (previous year: € 1.41 billion), down 24.1% year-on-year. Given a 2.4% increase in turnover in the trading sector, the decline resulted from last year's divestments in special logistics.

Total turnover of the TUI Group's divisions rose by 6.2% year-on-year to € 6.58 billion (previous year: € 6.20 billion) in the third quarter of 2005 and by 4.3% to € 14.87 billion (previous year: € 14.25 billion) in the first three quarters of 2005. The growth in the continuing operations more than offset the decline in the discontinuing operations.

Earnings by divisions

Continuing operations

In the third quarter of 2005, earnings by the continuing operations tourism and shipping as well as central operations (before taxes on income and amortisation of goodwill) rose by 5.1% to € 658 million (previous year: € 626 million).

Accumulated earnings for the first three quarters of 2005 totalled € 529 million (previous year: € 424 million), a 24.8% increase year-on-year. This was primarily attributable to the 8.1% increase in earnings by tourism and the 3.1% earnings growth in shipping. In addition, central operations generated a 27.7% improvement in earnings.

Turnover by divisions

€ million	Q3 2005	Q3 2004	9M 2005	9M 2004	Var. %
Tourism	**5,285.8**	**4,938.3**	**11,294.3**	**10,650.7**	**+ 6.0**
Central Europe	2,155.8	1,958.6	4,510.2	4,184.0	+ 7.8
Northern Europe	1,820.9	1,788.1	3,945.6	3,856.7	+ 2.3
Western Europe	1,048.1	927.9	2,245.3	2,025.7	+ 10.8
Destinations	196.5	206.5	406.8	392.0	+ 3.8
Other tourism	64.5	57.2	186.4	192.3	- 3.1
Shipping	**873.3**	**725.1**	**2,307.3**	**1,972.1**	**+ 17.0**
Central operations	**63.6**	**91.0**	**191.5**	**215.2**	**- 11.0**
Continuing operations	**6,222.7**	**5,754.4**	**13,793.1**	**12,838.0**	**+ 7.4**
Trading	252.1	279.1	747.6	730.0	+ 2.4
Special logistics	109.2	164.1	325.3	682.9	- 52.4
Discontinuing operations	**361.3**	**443.2**	**1,072.9**	**1,412.9**	**- 24.1**
Turnover by divisions	**6,584.0**	**6,197.6**	**14,866.0**	**14,250.9**	**+ 4.3**

Earnings by divisions

€ million	Q3 2005	Q3 2004	9M 2005	9M 2004	Var. %
Tourism	**590**	**573**	**492**	**455**	**+ 8.1**
Central Europe	171	162	116	97	+ 19.6
Northern Europe	226	189	153	123	+ 24.4
Western Europe	80	97	52	78	- 33.3
Destinations	116	116	177	142	+ 24.6
Other tourism	- 3	9	- 6	15	- 140.0
Shipping	**89**	**87**	**199**	**193**	**+ 3.1**
Central operations	**- 21**	**- 34**	**- 162**	**- 224**	**+ 27.7**
Continuing operations	**658**	**626**	**529**	**424**	**+ 24.8**
Trading	9	30	34	94	- 63.8
Special logistics	12	140	70	161	- 56.5
Divestments	35	- 1	35	29	+ 20.7
Discontinuing operations	**56**	**169**	**139**	**284**	**- 51.1**
Earnings by divisions (EBTA)	**714**	**795**	**668**	**708**	**- 5.6**

Adjusted earnings by divisions

€ million	Q3 2005	Q3 2004	9M 2005	9M 2004	Var. %
Earnings by divisions (EBTA)	**714**	**795**	**668**	**708**	**- 5.6**
Unusual expenses and income	+ 35	+ 136	+ 72	+ 175	- 58.9
Revaluation of conversion options	+ 20	+ 39	+ 5	+ 28	- 82.1
Adjusted EBTA	**659**	**620**	**591**	**505**	**+ 17.0**

Discontinuing operations

In the third quarter of 2005, the discontinuing operations trading and special logistics recorded a drop in earnings (before taxes on income and amortisation of goodwill) to € 56 million (previous year: € 169 million, incl. divestments).

Accumulated earnings for the first three quarters of 2005 totalled € 139 million (previous year: € 284 million, incl. divestments), a 51.1% decline year-on-year. This was due to a reduction in earnings in the trading sector, which reported still a good business trend but could not reproduce last year's high earnings level, which had been favoured by an extraordinary market development. Moreover, high proceeds from divestments in the special logistics sector had been generated in the first three quarters of 2004. In 2005, these proceeds were not matched by the special logistics sector's earnings from operations and unusual income from the reversal of provisions no longer required in the second quarter of 2005 as well as the income from the settlement of the divestment of the former energy sector generated in the third quarter of 2005, carried under divestments.

Overall, the TUI Group reported a 10.2% decline in earnings by the divisions (before taxes on income and amortisation of goodwill) to € 714 million (previous year: € 795 million) in the third quarter of 2005 compared with earnings in the 2004 reference period, which had comprised high unusual income from the divestments in the special logistics sector. Accumulated earnings by divisions totalled € 668 million for the first three quarters of 2005 (previous year: € 708 million), a 5.6% decline year-on-year attributable to the same reason as outlined above.

Adjusted EBTA

In the third quarter of 2005, earnings by divisions adjusted for unusual expenses and income and the revaluation of convertible options from the convertible bond issued in 2003, compulsory under IAS 39 in combination with IAS 32, totalled € 659 million (previous year: € 620 million), up 6.3% year-on-year. For the first three quarters of 2005, accumulated earnings totalled € 591 million (previous year: € 505 million), an increase of 17.0% year-on-year.

In the third quarter of 2005, unusual expenses and income of € + 35 million had to be accounted for. This amount arose in connection with the settlement of the divestment of the former energy sector. In addition, unusual income was generated in the first half of 2005 from the divestment of entities in the special logistics sector, so that total unusual expenses and income to be adjusted for the first three quarters of 2005 amounted to € + 72 million. In 2004, the corresponding amount totalled € + 175 million, resulting from the divestments in the special logistics sector and the settlement of the divestment of the former energy sector as well as other former Group companies.

Development of the divisions

Tourism

Key figures tourism

€ million	Q3 2005	Q3 2004	9M 2005	9M 2004	Var. %
Turnover	5,285.8	4,938.3	11,294.3	10,650.7	+ 6.0
Earnings by division (EBTA)	590	573	492	455	+ 8.1
EBITDA[1]	665	651	743	684	+ 8.6
Capital expenditure	143.0	131.9	393.3	344.6	+ 14.1
Employees (30 Sept.)	–	–	58,191	58,126	+ 0.1

[1] Earnings before interest, taxes, depreciation and amortisation

In the third quarter of 2005, the performance of the tourism division improved year-on-year. Customer number grew by 7.3%, with turnover up 7.0% and earnings up 3.0% year-on-year. In the first three quarters of 2005, the number of customers travelling with TUI rose by 8.8%. Turnover climbed by 6.0% and earnings grew by 8.1%.

Since the beginning of the 2005 financial year, the figures for the tourism division have included the airlines Hapag-Lloyd Express (HLX) and Thomsonfly, previously carried under central operations. In order to enhance comparability, both turnover and earnings for 2004 were restated to reflect the reallocation of these figures to the Central Europe sector (HLX) and the Northern Europe sector (Thomsonfly). The resulting turnover variation caused by the restatement of the previous year's figures amounted to € 64 million for the third quarter and € 142 million for the first three quarters. The restatement of earnings amounted to € 2 million for the third quarter and € - 32 million for the first three quarters.

Turnover tourism

In the third quarter of 2005, 7.79 million customers (previous year: 7.26 million) purchased tourism products of the TUI Group. The total number of customers rose to 17.34 million (previous year: 15.94 million) in the first three quarters of 2005, up 8.8%. Turnover in the tourism division grew by 7.0% to € 5.29 billion (previous year: € 4.94 billion) in the third quarter of 2005. Accumulated turnover for the first three quarters of 2005 totalled € 11.29 billion (previous year: € 10.65 billion), an increase of 6.0% year-on-year.

The Central Europe, Northern Europe and Western Europe sectors recorded growth in turnover in the third quarter of 2005, with the individual sectors showing varying trends. The Destinations sector reported a slight drop in turnover year-on-year due to a decline in turnover with third parties. Accumulated turnover for the first three quarters of 2005 grew in all four sectors. In the Central Europe sector, turnover growth of 10.1% for the third quarter of 2005 and 7.8% for the first three quarters of 2005 primarily resulted from an increase in turnover in Germany. In the Northern Europe sector, turnover growth was more moderate at 1.8% in the third quarter of 2005 and 2.3% for the first three quarters of 2005, primarily reflecting the development of business in the UK. Turnover in the Western Europe sector grew significantly by 13.0% in the third quarter of 2005 and by 10.8% in the first three quarters of 2005, mainly driven by turnover growth in France and Belgium as well as the positive trend in the Netherlands.

Earnings tourism

At € 590 million (previous year: € 573 million), earnings by the tourism division rose by 3.0% year-on-year in the third quarter of 2005. They grew by 8.1% to € 492 million (previous year: € 455 million) in the first three quarters of the year. The earnings growth in the third quarter of 2005 was primarily driven by the increase in earnings in the Central and Northern Europe sectors, which more than offset the reduction in earnings in the Western Europe and Other Tourism sectors. Accumulated earnings for the first three quarters of 2005 grew in the Central and Northern Europe sectors and in the Destinations sector. The drop in earnings in the Western Europe sectors in the third quarter of 2005 and in accumulated earnings for the first three quarters of 2005 mainly resulted from the development of earnings in France. Here, business was primarily impacted by the one-off expenses in connection with Corsair's fleet renewal programme and in the decline in profit contributions in the long-haul business

Tourism – Central Europe

€ million	Q3 2005	Q3 2004	9M 2005	9M 2004	Var. %
Turnover	2,155.8	1,958.6	4,510.2	4,184.0	+ 7.8
Earnings by division (EBTA)	171	162	116	97	+ 19.6
EBITDA[1]	177	176	148	141	+ 5.0
Capital expenditure	5.5	30.9	67.8	86.9	- 22.0
Employees (30 Sept.)	–	–	9,761	9,526	+ 2.5

[1] Earnings before interest, taxes, depreciation and amortisation

Turnover Central Europe

In the Central Europe sector (source markets Germany, Austria, Switzerland, and airlines Hapag-Lloyd Flug and Hapag-Lloyd Express), the number of customers climbed by 7.0% to 3.67 million (previous year: 3.43 million) in the third quarter of 2005. Accumulated customer numbers for the first three quarters of 2005 totalled 8.07 million (previous year: 7.34 million), up 10.0%. Turnover grew by 10.1% to € 2.16 billion (previous year: € 1.96 billion) in the third quarter of 2005. This was primarily attributable to the tour operator business in the three source markets

Germany, Switzerland and Austria. Accumulated turnover in the first three quarters of 2005 rose by 7.8% to € 4.51 billion (previous year: € 4.18 billion).

Earnings Central Europe

At € 171 million (previous year: € 162 million), earnings by the sector rose by 5.6% year-on-year. This increase in quarterly earnings was primarily attributable to the tour operator business as well as the improvement in earnings by Hapag-Lloyd Express. In the first three quarters of 2005, earnings by the Central Europe sector rose by 19.6% to € 116 million (previous year: € 97 million), thus continuing on the trend recorded in the first half of the year.

Customers Central Europe

'000	Q3 2005	Q3 2004	9M 2005	9M 2004	Var. %
Germany[1]	3,226	3,007	7,231	6,532	+ 10.7
Switzerland	95	80	205	167	+ 23.1
Austria	348	343	636	641	- 0.8
Central Europe[1]	**3,669**	**3,430**	**8,072**	**7,340**	**+ 10.0**

[1] Incl. customer numbers of Hapag-Lloyd Express. Last year's figures were restated accordingly.

Germany

The German travel market continued its positive trend in the third quarter of 2005. TUI benefited from this market trend, increasing its customer numbers by 7.3% year-on-year to 3.23 million (previous year: 3.01 million). As before, the strongest growth was recorded by tour operators offering tours in the low-cost segment and by the seat-only business. While demand for tours to Spain and Greece rose year-on-year, bookings of tours to Egypt and Turkey as well as overland destinations declined. Distribution recorded a further increase in web-induced bookings.

Flight operations

In flight operations, Hapag-Lloyd Flug operated 37 aircraft in the third quarter of 2005. At 6.3 billion (previous year: 5.9 billion), the number of seat kilometres offered rose year-on-year. At around 92% (previous year: around 93%), the seat load factor continued to be high. In the third quarter of 2005, Hapag-Lloyd Express (HLX) operated 15 aircraft and offered 1.2 billion seat kilometres (previous year: 1.0 billion). At over 83% (previous year: over 81%), the seat load factor rose year-on-year.

Switzerland

In Switzerland, the tour operators of TUI Suisse outperformed the market trend, achieving a 19.5% increase in customer numbers to 95 thousand customers (previous year: 80 thousand) in the third quarter of 2005. This growth was mainly driven by the good demand for offerings of the Imholz and FlexTravel brands and the newly introduced 1-2-Fly brand. Direct tour operator Vögele Reisen recorded a relatively weaker development of business.

Austria

In Austria, customer numbers in the third quarter of 2005 totalled 348 thousand (previous year: 343 thousand), a year-on-year increase of 1.2%. While tour operators 1-2-Fly, TUI Austria and Terra reported growth, GTT recorded a decline due to the drop in demand for tours to Turkey and Egypt.

Tourism – Northern Europe

€ million	Q3 2005	Q3 2004	9M 2005	9M 2004	Var. %
Turnover	1,820.9	1,788.1	3,945.6	3,856.7	+ 2.3
Earnings by division (EBTA)	226	189	153	123	+ 24.4
EBITDA[1]	251	212	228	195	+ 16.9
Capital expenditure	14.7	19.0	46.5	63.6	- 26.9
Employees (30 Sept.)	–	–	17,180	18,960	- 9.4

[1] Earnings before interest, taxes, depreciation and amortisation

Turnover Northern Europe

In the Northern Europe sector (source markets UK, Ireland, Nordic countries as well as airlines Britannia Airways UK, Britannia Airways Nordic and Thomsonfly), the number of customers rose by 3.5% to 2.49 million (previous year: 2.41 million) in the third quarter of 2005. In the first three quarters of 2005, 5.63 million (previous year: 5.38 million) customers travelled with tour operators of the sector, a year-on-year increase of 4.6%. Turnover grew by 1.8% to € 1.82 billion (previous year: € 1.79 billion) in the third quarter of 2005. Given a largely stable development in the tour operator business, this growth mainly resulted from the increase in turnover in flight operations in the UK. In the first three quarters of 2005, the sector generated turnover of € 3.95 billion (previous year: € 3.86 billion) up 2.3% year-on-year.

Earnings Northern Europe

At € 226 million (previous year: € 189 million), earnings by the sector were up 19.6% year-on-year. In the first three quarters of 2005, earnings totalled € 153 million (previous year: € 123 million). The 24.4% increase mainly resulted from the good performance of the Nordic countries, the tour operator business in the UK and the positive effects of the restructuring measures already initiated in 2004. Accumulated earnings in the UK and the Nordic countries in the first three quarters of 2005 rose year-on-year in both source markets. The sector thus achieved an overall improvement of 24.4% in its earnings, although the increase was curbed by the inclusion of airline Thomsonfly due to the start-up costs for its flight operations from the new departure airports Bournemouth and Doncaster incurred in the first half of 2005.

Customers Northern Europe

‘000	Q3 2005	Q3 2004	9M 2005	9M 2004	Var. %
UK[1]	1,965	1,845	4,403	4,052	+ 8.7
Ireland	160	172	302	324	- 6.9
Nordic countries	368	392	922	1,003	- 8.1
Northern Europe[1]	**2,493**	**2,409**	**5,627**	**5,379**	**+ 4.6**

[1] Incl. customer numbers of Thomsonfly, which started its flight operations in the second quarter of 2004.

UK

In the UK, the travel business grew year-on-year in the third quarter. TUI UK’s tour operators took advantage of this market trend and continued to expand their leading market position in the third quarter of 2005. At 1.97 million customers (previous year: 1.85 million), the number of customers increased by 6.5%. Growth was achieved both in medium-haul and long-haul destinations, with tours to Egypt and the Caribbean showing particularly high growth rates. Average prices rose year-on-year, in particular due to the higher share of long-haul tours. The cruise business, which comprised four cruise ships, also continued to show a positive trend. Distribution recorded further growth in the proportion of web-induced sales, with price quality improving in this segment, too.

Flight operations

In flight operations, Britannia Airways UK operated 34 aircraft for its charter operations in the third quarter of 2005. At 7.7 billion (previous year: 7.5 billion), the number of seat kilometres on offer were up year-on-year. At around 94% (previous year: around 93%), the seat load factor retained its high level. In the low-cost scheduled flight segment, Thomsonfly operated nine aircraft in the third quarter of 2005, offering a total of 0.9 billion seat kilometres (previous year: 0.4 billion). The seat load factor rose to 81% (previous year: 73%).

Ireland

In Ireland, the market environment continued to be difficult in the 2005 summer season. Customer numbers dropped by 7.5% year-on-year to 160 thousand (previous year: 172 thousand) in the third quarter of 2005. Nevertheless, Budget Travel secured its leading position in the tour operation business by means of comprehensive marketing measures.

Nordic countries

The Nordic countries recorded a good performance, contributing to the overall positive development of the Northern Europe sector in the third quarter of 2005. Despite the 5.9% decline in customer numbers to 368 thousand (previous year: 392 thousand), the companies benefited from the significant increase in average prices of the tours sold. The tour operator business focused on medium-haul tours in the 2005 summer season. In terms of destinations, demand dropped for tours to Spain and Greece while demand for tours to Turkey and Egypt rose year-on-year.

Britannia Airways Nordic

Britannia Airways Nordic operated four aircraft in the third quarter of 2005. It offered 0.8 billion (previous year: 1.1 billion) seat kilometres, with a seat load factor of 97% (previous year: around 94%).

Tourism – Western Europe

€ million	Q3 2005	Q3 2004	9M 2005	9M 2004	Var. %
Turnover	1,048.1	927.9	2,245.3	2,025.7	+ 10.8
Earnings by division (EBTA)	80	97	52	78	- 33.3
EBITDA[1)]	95	106	91	104	- 12.5
Capital expenditure	94.8	22.7	190.6	39.9	+ 377.7
Employees (30 Sept.)	–	–	6,912	6,704	+ 3.1

[1)] Earnings before interest, taxes, depreciation and amortisation

Turnover Western Europe

In the Western Europe sector (source markets France, the Netherlands, Belgium as well as airlines Corsair, TUI Airlines Nederland and TUI Airlines Belgium), the number of customers rose by 14.7% to 1.63 million (previous year: 1.42 million) in the third quarter of 2005. In the first three quarters of 2005, a total of 3.64 million (previous year: 3.22 million) customers travelled with tour operators of the sector, an increase of 13.1% year-on-year. Customer numbers increased in all three source markets, with France and Belgium recording the strongest relative growth. Turnover in the third quarter of 2005 grew by 13.0% to € 1.05 billion (previous year: € 0.93 billion). In the first three quarters of 2005, the sector posted turnover of € 2.25 billion (previous year: € 2.03 billion), up 10.8% year-on-year. This resulted from higher turnover in all three source markets, with the Netherlands reporting the strongest relative growth.

Earnings Western Europe

At € 80 million (previous year: € 97 million), earnings by the sector fell below last year's level in the third quarter of 2005. Accumulated earnings for the first three quarters of 2005 totalled € 52 million (previous year: € 78 million). The tour operator business showed regional variations in earnings levels. While earnings dropped in

France and were largely stable in Belgium, they rose significantly in the Netherlands. Flight operations had a significant influence on earnings by the Western Europe sector in the first three quarters of 2005. On the one hand, one-off expenses were incurred in connection with the renewal of Corsair's fleet of Boeing 747s. Other factors impacting accumulated earnings for the first three quarters of 2005 were the start-up costs in connection with the launch of the flight operations of TUI Airlines Nederland in April 2005 and the full consolidation of TUI Airlines Belgium, which had only started its flight operations in the second quarter of 2004.

Customers Western Europe

'000	Q3 2005	Q3 2004	9M 2005	9M 2004	Var. %
France	540	491	1,381	1,209	+ 14.3
Netherlands	456	410	1,025	958	+ 6.9
Belgium	636	522	1,236	1,054	+ 17.3
Western Europe	**1,632**	**1,423**	**3,642**	**3,221**	**+ 13.1**

France

In France, the overall good development of the summer season continued in the third quarter of 2005. In that period, customer numbers rose by 10.3% to 540 thousand (previous year: 491 thousand). Tour operator Nouvelles Frontières recorded high growth rates in particular in long-haul tours. The TUI France brand showed a positive trend and consolidated its position in the French market, with Tunisia and Morocco representing the most popular destinations.

Corsair

In the framework of its fleet renewal programme, Corsair commissioned two Boeing 747-400 and decommissioned one Boeing 747-200 in the third quarter, so that the airline operated 12 aircraft in the course of the quarter. Seat kilometres on offer totalled 4.5 billion (previous year: 4.2 billion), with a seat load factor of just under 82% (previous year: 84%).

Netherlands

In the Netherlands, the TUI tour operators significantly outperformed the market in the third quarter of 2005. They achieved growth both in medium-haul and long-haul tours. Customer numbers rose by 11.1% to 456 thousand (previous year: 410 thousand) in the third quarter. Distribution also reported business growth.

TUI Airlines Nederland

In flight operations, TUI Airlines Nederland, which started operation on 21 April 2005 under the Arkefly brand, operated four aircraft and offered a total of 0.7 billion seat kilometres in the third quarter of 2005. The seat load factor stood at just under 90%.

Belgium

In Belgium, bookings for the 2005 summer season developed well, with customer numbers rising by 21.8% to 636 thousand (previous year: 522 thousand) in the third quarter of 2005. As in the second quarter, demand was particularly strong for air tours to medium-haul destinations in the eastern Mediterranean and north Africa. In contrast, bookings of long-haul tours declined year-on-year.

TUI Airlines Belgium

TUI Airlines Belgium operated a total of seven aircraft on medium- and long-haul routes in the third quarter of 2005. Seat kilometres on offer totalled 1.5 billion (previous year: 1.1 billion), with a seat load factor of 92%, as in 2004.

Tourism – Destinations

€ million	Q3 2005	Q3 2004	9M 2005	9M 2004	Var. %
Turnover	196.5	206.5	406.8	392.0	+ 3.8
Earnings by division (EBTA)	116	116	177	142	+ 24.6
EBITDA[1)]	133	132	247	188	+ 31.4
Capital expenditure	23.4	41.9	73.6	115.1	- 36.1
Employees (30 Sept.)	–	–	19,788	18,216	+ 8.6

[1)] Earnings before interest, taxes, depreciation and amortisation

Turnover destinations

The destinations sector (incoming agencies and hotel companies) achieved turnover of € 197 million (previous year: € 207 million) in the third quarter of 2005. The 4.8% decline mainly resulted from less business with third parties compared with 2004. In the first three quarters of 2005, turnover stood at € 407 million (previous year: € 392 million), a 3.8% increase year-on-year. A decline in turnover due to the divestment of the Anfi Group in June 2004 was more than offset by the first-time full consolidation of the Toufag Group (three Spanish Robinson Clubs).

Earnings destinations

At € 116 million, earnings by the sector reproduced last year's level (previous year: € 116 million) in the third quarter of 2005. A slight decline in earnings in the hotel companies was offset by an equivalent increase in earnings by incoming agencies. Accumulated earnings for the first three quarters of 2005 rose to € 177 million (previous year: € 142 million), a 24.6% increase year-on-year, with the improvement primarily attributable to the earnings by hotel companies.

Incoming agencies

In the third quarter of 2005, consolidated and associated incoming agencies catered for 3.99 million (previous year: 3.98 million) guests, an increase of 0.3% year-on-year. The agencies business showed different trends in individual regions. In the western Mediterranean, TUI España and TUI Portugal recorded a slight decrease in customer numbers. This was primarily due to a decline in the number of British customers, which was not fully offset by the increase in the number of German customers. In the eastern Mediterranean TUI Hellas reported a significant increase in customer numbers, while Travco was impacted by overall weaker demand for tours to Egypt. In contrast, Tantur, which has operated under the TUI Türkiye brand since the 2005 summer season, recorded strong growth in customer numbers.

Hotel companies

As before, hotel companies recorded an overall good performance in the third quarter of 2005. The year-on-year development of occupancy rates varied in the individual hotel groups. RIU hotels recorded overall good booking levels and managed to retain their high occupancy rates in virtually all holiday destinations. Iberotel hotels in Egypt, on the other hand, suffered from the weakening in demand for this destination, while hotels in Turkey recorded a considerable increase in occupancy rates year-on-year. Occupancy rates in Robinson Clubs and the Grecotel Group matched last year's levels, while they fell slightly short of last year's levels in Grupotel hotels in the Balearic Islands. Magic Life clubs recorded regional variations in business trends: while occupancy rates rose in Turkey, they dropped primarily in Egypt.

Tourism – Other tourism

€ million	Q3 2005	Q3 2004	9M 2005	9M 2004	Var. %
Turnover	64.5	57.2	186.4	192.3	- 3.1
Earnings by division (EBTA)	- 3	9	- 6	15	- 140.0
EBITDA[1)]	9	25	29	56	- 48.2
Capital expenditure	4.6	17.4	14.8	39.1	- 62.1
Employees (30 Sept.)	–	–	4,550	4,720	- 3.6

[1)] Earnings before interest, taxes, depreciation and amortisation

At € 65 million (previous year: € 57 million), the Other tourism sector (business travel and IT service providers) recorded a year-on-year increase in turnover in the third quarter of 2005. Nevertheless, accumulated turnover for the first three quarters of 2005 was 3.1% lower than last year at € 186 million (previous year: € 192 million).

At € - 3 million (previous year: € 9 million) earnings by the sector dropped below last year's level in the third quarter of 2005. Accumulated earnings for the first three quarters of 2005 totalled € - 6 million (previous year: € 15 million).

Shipping

Key figures shipping

€ million	Q3 2005	Q3 2004	9M 2005	9M 2004	Var. %
Turnover	873.3	725.1	2,307.3	1,972.1	+ 17.0
Earnings by division (EBTA)	89	87	199	193	+ 3.1
EBITDA[1)]	119	113	289	275	+ 5.1
Capital expenditure	14.3	16.8	180.2	40.7	+ 342.8
Employees (30 Sept.)	–	–	4,142	3,951	+ 4.8

[1)] Earnings before interest, taxes, depreciation and amortisation

The shipping division continued to operate in a favourable economic environment. Demand for container transports in the routes served by Hapag-Lloyd Container Linie continued to be high, giving rise to an increase in transport volumes and persistently high freight rates. As a result, the transport volume rose by 11% in the third quarter of 2005, with a 20.4% rise in turnover. Earnings grew by 2.3% year-on-year. The growth in earnings was not as strong, however, in particular since volume growth was curbed by cost increases, above all in bunker oil costs and charter rates for short-term contracts.

Following the completion of the concentration of logistics on shipping in the course of 2004 and the related company restructuring as at the end of the first half of 2004, earnings by the division had to be restated in order to enhance comparability with the new structure. This resulted in a difference of € - 2 million for the third quarter of 2004 and € 0 million for the first three quarters of 2004, carried under central operations.

Turnover shipping

The shipping division (Hapag-Lloyd Container Linie and Hapag-Lloyd Kreuzfahrten) increased its turnover by 20.4% to € 873 million (previous year: € 725 million) in the third quarter of 2005. This was attributable to the persistently good business trend in container shipping. The transport volume grew by 11% year-on-year to 695 thousand standard containers (TEU) (previous year: 625 thousand TEU); average freight rates rose by 8% to 1,382 $/TEU. Accumulated turnover for the first three quarters of 2005 totalled € 2.31 billion (previous year: € 1.97 billion), up 17.0% year-on-year. Transport volumes rose to 1,967 thousand TEU (previous year: 1,799 thousand TEU) in that period, an increase of 9%. Average freight rates grew by 10.0% to 1,344 $/TEU (previous year: 1,221 $/TEU) in the first three quarters of 2005.

Earnings shipping

At € 89 million (previous year: € 87 million), earnings by the division was slightly up year-on-year. In the first three quarters of 2005, they totalled € 199 million (previous year: € 193 million), and were 3.1% higher than last year. This improvement in earnings mainly resulted from the positive business trend in container shipping. As in previous quarters, the sector recorded an increase in turnover on the one hand, but also a year-on-year increase in charter rates, in particular for short-term contracts, as well as oil price-induced increases in bunker costs, on the other. Earnings were additionally impacted by the year-on-year weakening of the US dollar exchange rate against the euro. Currency hedges were entered into in order to counteract these currency effects as far as possible.

Transport volumes Hapag-Lloyd Container Linie

'000 TEU	Q3 2005	Q3 2004	9M 2005	9M 2004	Var. %
Far East	284	262	807	752	+ 7.3
Trans-Pacific	191	162	522	460	+ 13.5
North Atlantic	168	157	498	460	+ 8.3
South America	52	44	140	127	+ 10.2
Total	**695**	**625**	**1,967**	**1,799**	**+ 9.3**

Hapag-Lloyd Container Linie

In the Far East trade lanes, transport volumes in the third quarter of 2005, were 8% higher year-on-year totalling 284 thousand TEU. The increase in freight rates did not compensate for the negative effects from cost increases for bunker oil and charter rates so that earnings generated in these trade lanes did not fully match last year's level.

In the Trans-Pacific trade lanes, the strong volume growth continued in the third quarter of 2005. Transport volumes grew by 18% to 191 thousand TEU. Besides an increase in transport volumes, freight rates also grew year-on-year in these trade lanes. However, these positive effects did not fully compensate for cost increases, in particular for bunker oil and charter rates, so that overall earnings by these trade lanes fell short of last year's levels.

The North Atlantic trade lanes saw a significant improvement in the business trend in the third quarter of 2005. Transport volumes rose by 7% to 168 thousand TEU, with freight rates also continuing to improve. The volume and price increases in these trade lanes more than offset cost increases so that earnings increased year-on-year.

The South America trade lanes recorded the strongest increase in transport volumes, which climbed by more than 18% to 52 thousand TEU; freight rates also rose in these trade lanes. However, due to the cost increases, last year's performance was not exceeded.

Hapag-Lloyd Kreuzfahrten

In the cruise sector, Hapag-Lloyd Kreuzfahrten recorded a further increase in bookings in the third quarter of 2005, resulting in a higher utilisation of shipping capacity year-on-year. At the same time, average tour prices rose, in particular for 'Europe' and 'Columbus'.

Central operations

Segmentation change

Central operations comprised TUI AG's corporate centre functions, the Group's real estate companies and the remaining industrial activities. The airlines Hapag-Lloyd Express and Thomsonfly, which were also carried under central operations in 2004, were now carried in the tourism division. In order to enhance comparability, 2004 figures were restated accordingly. The restatement resulted in a reduction of € 64 million in turnover for the third quarter of 2004 and € 142 million in turnover for the first three quarters of 2005. The restatement also affected earnings as follows: € - 2 million in the third quarter of 2004 and € + 32 million for the first three quarters of 2004. Moreover, due to the legal restructuring of the shipping division in 2004, earnings of € + 2 million were allocated to central operations for the third quarter of 2005, with earnings of € 0 million reallocated to central operations for the first three quarters of 2005.

Earnings central operations

Central operations reported turnover of € 64 million (previous year: € 91 million) in the third quarter of 2005 and € 192 million (previous year: € 215 million) for the first three quarters of 2005, mainly resulting from the remaining industrial activities.

In the third quarter of 2005 earnings by central operations totalled € - 21 million (previous year: € - 34 million). They comprised the costs of central operations, mainly covering the cost of TUI AG's corporate centre functions, of € - 33 million (previous year: € - 24 million), the net interest result of central operations of € - 45 million (previous year: € - 35 million) and other expenses and income of € + 57 million (previous year: € + 25 million).

In the first three quarters of 2005, earnings by central operations totalled € - 162 million (previous year: € - 224 million). They comprised the cost of central operations of € - 95 million (previous year: € - 97 million), the net interest result of central operations of € - 120 million (previous year: € - 145 million) and other expenses and income of € + 53 million (previous year: € + 18 million).

The costs of central operations were higher in the third quarter of 2005 year-on-year but declined overall in the first three quarters of 2005. Net interest decreased in the third quarter of 2005 but improved in the first three quarters of 2005 compared with 2004, a year in which expenses had been incurred for refinancing measures. Other expenses and income mainly related to earnings by other companies and the measurement of assets, including the revaluation of the conversion options from the 2003 convertible bond. They were positive for the quarter and for the first three quarters as well as higher than previous year.

New IFRS standards

On the basis of accounting standard IAS 32 in combination with IAS 39, the conversion options of the convertible bond issued in 2003 must be revalued as at the closing date for every accounting period (cf. also the explanations in the notes). This resulted in an earnings effect of € + 20 million for the third quarter of 2005 and € + 5 million for the first three quarters of 2005. The corresponding measurement for last year's reference period resulted in an earnings effect of € + 39 million for the third quarter of 2004 and € + 28 million for the first three quarters of 2004, carried in the restatement of earnings by central operations for the corresponding periods in order to facilitate a comparability of figures.

Unusual expenses

In the third quarter of 2005, unusual expenses and income (before taxes on income) amounted to € + 35 million. They resulted from the settlement of the divestment of the energy sector and were carried under discontinuing operations (divestments). For the first three quarters 2005, unusual expenses and income totalled € + 72 million, additionally comprising the income from the settlement of divestments in the special logistics sector incurred in the second quarter of 2005. In the third quarter of 2004, unusual net income of € 136 million was generated and carried at € 126 million under discontinuing operations (special logistics) due to the new IFRS segmentation provisions in this report. In the first three quarters of 2004, the accumulated amount totalled € + 175 million, including € 0 million to be allocated to central operations and € + 175 million to be allocated to discontinuing operations. Apart from income from the divestments in special logistics, this amount also related to results from divestments of the former energy sector and other Group companies effected in previous years.

Discontinuing operations

Discontinuing operations comprised the trading sector with the US steel service companies of Preussag North America, Inc. (PNA) and the special logistics sector, which in 2005 only included VTG AG with its rail and tank container logistics activities. In addition, lagging expenses and income from the settlement of divestments were carried under this item.

Trading

€ million	Q3 2005	Q3 2004	9M 2005	9M 2004	Var. %
Turnover	252.1	279.1	747.6	730.0	+ 2.4
Earnings by division (EBTA)	9	30	34	94	- 63.8
EBITDA[1]	11	34	38	105	- 63.8
Capital expenditure	1.7	0.8	3.5	2.5	+ 40.0
Employees (30 Sept.)	–	–	1,173	1,159	+ 1.2

[1] Earnings before interest, taxes, depreciation and amortisation

In the trading sector, the US steel service operations of Preussag North America, Inc. (PNA) again closed the third quarter of 2005 at an overall satisfactory performance. Steel sales totalled around 527 thousand tons (previous year: 525 thousand tons) in the third quarter of 2005, up 0.4% year-on-year. In the first three quarters of 2005, they amounted to 1,534 thousand tons (previous year: 1,550 thousand tons), a decline of 1.0% year-on-year. Following last year's boom, turnover also declined in the third quarter of 2005 to € 252 million (previous year: € 279 million), down 9.7%. However, at € 748 million (previous year: € 730 million) turnover was 2.4% up year-on-year in the first three quarters of 2005.

At € 9 million (previous year: € 30 million), earnings by the trading sector dropped by 70.0% year-on-year as purchase prices rose substantially due to last year's extraordinary market development. As a result, earnings for the first three quarters of 2005 also fell short of last year's record level at € 34 million (previous year: € 94 million).

Special logistics

€ million	Q3 2005	Q3 2004	9M 2005	9M 2004	Var. %
Turnover	109.2	164.1	325.3	682.9	- 52.4
Earnings by division (EBTA)	12	140	70	161	- 56.5
EBITDA[1)]	14	166	75	246	- 69.5
Capital expenditure	11.7	13.7	23.7	63.3	- 62.6
Employees (30 Sept.)	–	–	502	502	0.0

[1)] Earnings before interest, taxes, depreciation and amortisation

In the framework of the concentration of logistics on shipping, Pracht Spedition + Logistik, the bulk and special logistics sector of VTG AG and the shareholding in Algeco S.A. were divested in 2004. In 2005 the special logistics sector thus only comprised the rail and tank container logistics operations of VTG AG, divested in June 2005, subject to the approval by the competent anti-trust authorities. The transaction is expected to close by the end of 2005. Due to the structural change in the sector, a year-on-year comparison of figures for the 2005 period under review is impossible.

In the third quarter of 2005, earnings by the special logistics sector only comprised the result from current business activities. Earnings for the first three quarters of 2005 additionally comprised unusual income in connection with divestments of € 37 million, generated in the second quarter of 2005.

Divestments

In the third quarter of 2005, unusual income from the settlement of the divestment of the former energy sector of € 35 million was carried under divestments in the third quarter of 2005 and hence also for the first three quarters of 2005. Due to the application of new IFRS standards, last year's reference figures also comprised unusual income from the settlement of the former energy sector of € 30 million, generated in the second quarter of 2004 and carried under central operations in 2004.

Consolidated earnings

Consolidated earnings in the third quarter of 2005 totalled € 597 million (previous year: € 631 million). They comprised earnings by continuing operations (after income tax) of € 549 million (previous year: € 478 million), and earnings by discontinuing operations of € 48 million (previous year: € 153 million).

Consolidated earnings for the first three quarters of 2005 totalled € 537 million (previous year: € 590 million). They comprised earnings by continuing operations (after income tax) of € 442 million (previous year: € 359 million), and earnings by discontinuing operations of € 95 million (previous year: € 231 million).

Income taxes

Taxes on income, comprising current income taxes and deferred tax expenses, totalled € 108 million (previous year: € 147 million) for the continuing operations in the third quarter of 2005. Earnings by discontinuing operations comprised a tax expense of € 9 million (previous year: € 17 million). Total income taxes amounted to € 117 million (previous year: € 164 million).

Taxes on income totalling € 131 million (previous year: € 119 million) had to be carried in the first three quarters of 2005. They included an amount of € 87 million (previous year: € 65 million) for continuing operations and € 44 million (previous year: € 54 million) for discontinuing operations. The increase of tax position mainly reflected the increase in earnings in the current business.

Depreciation/amortisation

Depreciation/amortisation only included depreciation and impairments of other fixed assets and financial assets; amounts written back were deducted. No amortisation or impairments of goodwill were required. For the continuing operations, depreciation/amortisation totalled € 123 million (previous year: € 111 million) in the third quarter of 2005, while earnings of the discontinuing operations did not comprise any depreciation/amortisation (previous year: € 26 million). An amount of € 123 million (previous year: € 137 million) was depreciated for the two sectors.

In the first three quarters of 2005, depreciation/amortisation totalled € 353 million (previous year: € 327 million) for the continuing operations and € 0 million (previous year: € 81 million) for the discontinuing operations. Total depreciation/amortisation amounted to € 353 million (previous year: € 408 million).

Net interest

Net interest for the continuing operations totalled € - 33 million (previous year: € - 32 million) in the third quarter of 2005. Earnings by discontinuing operations comprised net interest of € - 3 million (previous year: € - 4 million). The Group's total net interest amounted to € - 36 million (previous year: € - 36 million).

In the first three quarters of 2005, net interest for the continuing operations totalled € - 122 million (previous year: € - 143 million). Earnings by discontinuing operations comprised net interest of € - 8 million (previous year: € - 14 million). The Group's total net interest amounted to € - 130 million (previous year: € - 157 million). This improvement in net interest primarily resulted from the expenses incurred in 2004 in connection with the refinancing measures. Other changes were attributable to the change in average interest rates resulting from the restructuring of the finance structure in 2004.

Operating rental expenses

Operating rental expenses of the continuing operations rose to € 223 million (previous year: € 182 million) in the third quarter of 2005, in particular due to an increase in expenses for short-term charter contracts in the shipping division. Earnings by discontinuing operations included an amount of € 11 million (previous year: € 13 million), a year-on-year decline attributable to the divestments. Total operating rental expenses amounted to € 234 million (previous year: € 195 million).

In the first three quarters of 2005, operating rental expenses totalled € 611 million (previous year: € 556 million). They included an amount of € 574 million (previous year: € 507 million) for continuing operations and € 37 million (previous year: € 49 million) for discontinuing operations.

Group profit for the year

€ million	Q3 2005	Q3 2004	9M 2005	9M 2004	Var. %
Group profit for the year	**597.6**	**631.4**	**537.3**	**589.8**	**- 8.9**
Income taxes	116.9	163.7	130.8	118.6	+ 10.3
Earnings before taxes (EBT)	**714.5**	**795.1**	**668.1**	**708.4**	**- 5.7**
Depreciation/amortisation	122.6	137.1	352.6	408.0	- 13.6
Earnings before taxes, depreciation and amortisation (EBTDA)	**837.1**	**932.2**	**1,020.7**	**1,116.4**	**- 8.6**
Net interest	- 35.5	- 36.4	- 130.4	- 156.8	+ 16.8
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**872.6**	**968.6**	**1,151.1**	**1,273.2**	**- 9.6**
Operating rental expenses	234.3	195.4	611.3	555.7	+ 10.0
Earnings before interest, taxes, depreciation, amortisation and rent (EBITDAR)	**1,106.9**	**1,164.0**	**1,762.4**	**1,828.9**	**- 3.6**

Earnings per share

		Q3 2005	Q3 2004	9M 2005	9M 2004	Var. %
Group profit for the year	€ million	**597.6**	**631.4**	**537.3**	**589.9**	**- 8.9**
Minority interests	€ million	+ 30.7	+ 41.6	+ 37.0	+ 46.5	- 20.4
Interest attributable to TUI AG shareholders	€ million	**566.9**	**589.8**	**500.3**	**543.4**	**- 7.9**
Weighted number of shares (basic)	thousand units	192,114	178,469	183,225	178,469	+ 2.7
Basic earnings per share	€	**+ 2.95**	**+ 3.30**	**+ 2.73**	**+ 3.05**	**- 10.5**
Diluted earnings per share	€	**+ 2.72**	**+ 3.02**	**+ 2.55**	**+ 2.83**	**- 9.9**

Minority interests mainly related to shareholdings in hotel companies and, in 2004, the minority shareholders in Algeco S.A. They accounted for € + 30.7 million (previous year: € + 41.6 million) in the third quarter of 2005 and totalled € + 37.0 million (previous year: € + 46.5 million) in the first three quarters of 2005. The weighted number of shares rose due to the capital increase of 71.5 million shares in September 2005 and the issuance of employee shares in October 2004. A dilution effect from the outstanding convertible bond had to be carried for the Group for the third quarter of 2005.

Financial position

The consolidated balance sheet as at 30 September 2005 was restated in accordance with the provisions of IFRS 5. The balance sheet for the 2004 financial year was not restated in order to account for the resulting disclosure and measurement changes. These changes were outlined in detail in the notes on the interim financial statements under the balance sheet items concerned.

Balance sheet

The Group's balance sheet total rose by 18.7% to € 14.6 billion. The development of the individual balance sheet items resulted from disclosure and measurement changes and from changes in the group of consolidated companies as well as the business trend in the period under review. Equity increased to € 4.7 billion, due to the capital increase in September 2005 with an equity ratio of 31.8%.

Assets and liabilities

€ million	30 Sep 2005	31 Dec 2004
Non-current assets	9,691.0	9,758.5
Current assets	4,927.7	2,560.8
Assets	**14,618.7**	**12,319.3**
Equity	4,651.4	2,976.0
Non-current liabilities	4,324.6	4,779.1
Current liabilities	5,642.7	4,564.2
Liabilities	**14,618.7**	**12,319.3**

Financing

At the end of the first three quarters of 2005, net Group debt totalled € 1.7 billion (31 Dec. 2004: € 3.3 billion). It comprised non-current liabilities of € 2.9 billion, current liabilities of € 0.4 billion, cash and cash equivalents of € 1.7 billion and the liabilities of the discontinuing operations of € 0.1 billion. The variations in individual items as against the levels on 31 December 2004 mainly resulted from the seasonal nature of the tourism business and the capital increase completed in September 2005.

Development of cash and cash equivalents

€ million	30 Sep 2005	30 Sep 2004	Var. %
Cash and cash equivalents at beginning of period	**481.1**	**348.5**	**+ 38.0**
Cash flow from operating activities	1,453.7	1,135.5	+ 28.0
Cash flow from investing activities	- 461.9	345.8	- 233.6
Cash flow from financing activities	246.8	- 587.0	+ 142.0
Other changes in cash and cash activities	9.4	7.0	+ 34.3
Cash and cash equivalents at end of period	**1,729.1**	**1,249.8**	**+ 38.4**

Additional key figures by segments

Capital expenditure[1)]

€ million	Q3 2005	Q3 2004	9M 2005	9M 2004	Var. %
Tourism	**143.0**	**131.9**	**393.3**	**344.6**	**+ 14.1**
Central Europe	5.5	30.9	67.8	86.9	- 22.0
Northern Europe	14.7	19.0	46.5	63.6	- 26.9
Western Europe	94.8	22.7	190.6	39.9	+ 377.7
Destinations	23.4	41.9	73.6	115.1	- 36.1
Other tourism	4.6	17.4	14.8	39.1	- 62.1
Shipping	**14.3**	**16.8**	**180.2**	**40.7**	**+ 342.8**
Central operations	**3.2**	**1.1**	**10.6**	**6.3**	**+ 68.3**
Continuing operations	**160.5**	**149.8**	**584.1**	**391.6**	**+ 49.2**
Trading	1.7	0.8	3.5	2.5	+ 40.0
Special logistics	11.7	13.7	23.7	63.3	- 62.6
Discontinuing operations	**13.4**	**14.5**	**27.2**	**65.8**	**- 58.7**
Total	**173.9**	**164.3**	**611.3**	**457.4**	**+ 33.6**

[1)] in tangible and intangible assets incl. goodwill

Depreciation/amortisation[1)]

€ million	Q3 2005	Q3 2004	9M 2005	9M 2004	Var. %
Tourism	**93.8**	**81.6**	**266.7**	**245.0**	**+ 8.9**
Central Europe	14.8	19.2	47.6	56.7	- 16.0
Northern Europe	30.9	27.5	86.2	84.7	+ 1.8
Western Europe	16.0	8.4	34.8	24.1	+ 44.4
Destinations	21.8	14.7	66.8	43.7	+ 52.9
Other tourism	10.3	11.8	31.3	35.8	- 12.6
Shipping	**24.7**	**23.4**	**73.9**	**69.1**	**+ 6.9**
Central operations	**3.7**	**4.2**	**11.9**	**12.9**	**- 7.8**
Continuing operations	**122.2**	**109.2**	**352.5**	**327.0**	**+ 7.8**
Trading	–	2.0	–	6.1	–
Special logistics	–	23.5	–	75.1	–
Discontinuing operations	**–**	**25.5**	**–**	**81.2**	**–**
Total	**122.2**	**134.7**	**352.5**	**408.2**	**- 13.6**

[1)] from tangible and intangible assets incl. goodwill

Employees

	30 Sep 2005	31 Dec 2004	Var. %
Tourism	**58,191**	**49,872**	**+ 16.7**
Central Europe	9,761	9,330	+ 4.6
Northern Europe	17,180	17,517	- 1.9
Western Europe	6,912	6,617	+ 4.5
Destinations	19,788	11,726	+ 68.8
Other tourism	4,550	4,682	- 2.8
Shipping	**4,142**	**3,976**	**+ 4.2**
Central operations	**2,191**	**2,199**	**- 0.4**
Continuing operations	**64,524**	**56,047**	**+ 15.1**
Trading	1,173	1,167	+ 0.5
Special logistics	502	502	0.0
Discontinuing operations	**1,675**	**1,669**	**+ 0.4**
Total	**66,199**	**57,716**	**+ 14.7**

Corporate Governance

The composition of the Executive Board and Supervisory Board did not change in the course of the third quarter of 2005. The current composition has been published on the Company's website (www.tui.com) where it has been made permanently accessible to the public.

Prospects

In the first three quarters of 2005, the TUI Group benefited from the positive industry trend in its two core businesses, tourism and shipping, and increased the operating results in both divisions. Economic researchers expect a slight increase in consumers' propensity to spend in the European Union, albeit with regional variations, which is of particular relevance to tourism. The world economy and thus world trade continue to be set for growth, although individual countries may show weaker economic activity than the overall world economy.

Tourism

In tourism, last year's upswing continued in the 2005 summer season, which ended in October. At Group level, the year-on-year increase in bookings accounted for 13.4% in customer numbers and 6.5% in booked turnover at the end of October. The stronger relative growth in customer numbers primarily reflects the change in the product mix, in particular due to the first-time full inclusion of low-cost carriers Hapag-Lloyd Express and Thomsonfly in the booking numbers for the Central Europe and Northern Europe sectors. Excluding these airlines, the tourism division recorded growth of 3.6% in customer numbers and 5.1% in booked turnover for the 2005 summer season by the end of October.

Bookings for the 2005/2006 winter season, starting on 1 November 2005, had a good start. Towards the end of the summer, however, the markets lost some of their initial momentum, with regional variations. At Group level, bookings were up by 4.7% in customer numbers at the beginning of the season, with booked turnover matching last year's level. Excluding the low-cost airlines consolidated for the first time, Group-level bookings fell slightly short of last year's values both in terms of customer numbers and booked turnover.

Booking numbers

Year-on-year variation in %	Summer 2005 Turnover	Summer 2005 Customers	Winter 2005/2006 Turnover	Winter 2005/2006 Customers
Germany	+ 5.2	+ 14.6	- 1.2	+ 8.1
Switzerland	+ 13.8	+ 13.2	+ 0.5	- 1.3
Austria	+ 2.8	+ 0.7	- 13.0	- 16.1
Central Europe	**+ 6.1**	**+ 13.7**	**- 1.4**	**+ 7.4**
UK	+ 4.6	+ 20.2	+ 3.1	+ 15.6
Ireland	- 2.0	- 1.1	- 16.3	- 14.8
Nordic countries	+ 6.6	- 1.9	- 1.4	- 3.1
Northern Europe	**+ 4.6**	**+ 15.6**	**+ 1.8**	**+ 11.0**
France	+ 9.6	+ 7.9	- 5.5	- 12.4
Netherlands	+ 16.8	+ 10.0	+ 1.5	- 8.0
Belgium	+ 7.7	+ 9.4	+ 9.9	- 0.3
Western Europe	**+ 11.0**	**+ 9.0**	**- 0.9**	**- 9.1**
Group	**+ 6.5**	**+ 13.4**	**0.0**	**+ 4.7**

As at 28 October 2005

The first three quarters of 2005 have generated an increase in earnings by the tourism division (EBTA), thus for the 2005 financial year a lower double-digit percentage growth is still expected.

Shipping

In the first three quarters of 2005, the shipping division (without CP Ships) achieved an improvement in its earnings (EBTA). Overall, the forecast for the further trend in the 2005 financial year is favourable for container shipping, both in terms of volume trends but also freight rates, which are expected to remain at their high level. Should these expectations be met and should costs and currency relations between the euro and the US dollar not develop unfavourably, earnings (EBTA) by the shipping division (without CP Ships) are expected to continue on last year's high level in the 2005 financial year.

CP Ships, which will be included in the group financial statements in the course of the fourth quarter, is expected to continue its good operational performance in the fourth quarter.

TUI Group

Overall, prospects for the TUI Group's activities are favourable for the remaining months of the 2005 financial year. If the business continues to develop steadily, the TUI Group is expected to increase its earnings (EBTA) year-on-year in the continuing operations tourism, shipping and central operations. As in the previous year, earnings by the discontinuing operations will be essentially determined by the level of the disposal gains from the divestments in the special logistics sector and the business trend in the trading sector, which is expected to generate good earnings again which will, however, fall considerably short of last year's record level. Consequently, non-adjusted earnings by the Group's divisions may fail to match last year's levels due to the high unusual income from divestments generated in 2004, despite the expected increase in earnings by the continuing operations.

TUI AG
The Executive Board
November 2005

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Interim Financial Statements

Condensed profit and loss statement of the TUI Group for the period from 1 July to 30 September

€ million	Q3 2005	Q3 2004 restated	Restatement	Q3 2004 original
Turnover	6,222.7	5,754.4	- 443.2	6,197.6
Other income	235.0	164.6	- 2.5	167.1
Change in inventories and other own work capitalised	+ 4.2	- 10.4	- 23.9	+ 13.5
Cost of materials and purchased services	4,307.0	3,907.1	- 322.3	4,229.4
Personnel costs	584.2	561.7	- 43.0	604.7
Depreciation and amortisation	122.1	109.2	-16.4	125.6
Impairment of fixed assets	0.1	–	- 9.1	9.1
Other expenses	819.0	722.4	- 32.9	755.3
Result from the discontinuance of operations	–	–	- 126.8	+ 126.8
Financial income	64.4	22.6	+ 12.5	10.1
Financial expenses	52.5	22.2	- 29.5	51.7
Earnings from companies measured at equity	+ 16.2	+ 16.3	- 1.1	+ 17.4
Earnings before taxes on income	**+ 657.6**	**+ 624.9**	**- 131.8**	**+ 756.7**
Income taxes	108.2	+ 146.5	- 2.5	+ 149.0
Result from continuing operations	**+ 549.4**	**+ 478.4**	**- 129.3**	**–**
Result from discontinuing operations	+ 48.2	+ 153.0	+ 153.0	–
Group profit	**+ 597.6**	**+ 631.4**	**+ 23.7**	**+ 607.7**
Attributable to shareholders of TUI AG	+ 566.9	+ 589.8	+ 23.7	+ 566.1
Attributable to minority interest	+ 30.7	+ 41.6	–	+ 41.6
Group profit for the year	**+ 597.6**	**+ 631.4**	**+ 23.7**	**+ 607.7**

€	Q3 2005	Q3 2004 restated	Restatement	Q3 2004 original
Basic earnings per share	**+ 2,95**	**+ 3.30**	**+ 0.13**	**+ 3.17**
from continuing operations	+ 2.72	+ 2.20	–	–
from discontinuing operations	+ 0.23	+ 1.10	–	–
Diluted earnings per share	**+ 2.72**	**+ 3.02**	**+ 0.11**	**+ 2.91**
from continuing operations	+ 2.51	+ 2.02	–	–
from discontinuing operations	+ 0.21	+ 1.00	–	–

Condensed profit and loss statement of the TUI Group for the period from 1 January to 30 September

€ million	9M 2005	9M 2004 restated	Restatement	9M 2004 original
Turnover	13,793.1	12,838.0	- 1,412.9	14,250.9
Other income	584.2	481.3	- 23.4	504.7
Change in inventories and other own work capitalised	- 3.8	+ 6.0	- 31.6	+ 37.6
Cost of materials and purchased services	9,725.8	8,991.1	- 939.5	9,930.6
Personnel costs	1,685.2	1,646.5	- 169.1	1,815.6
Depreciation and amortisation	347.9	327.0	- 72.1	399.1
Impairment of fixed assets	4.6	–	- 9.1	9.1
Other expenses	2,021.8	1,837.2	- 158.8	1,996.0
Result from the discontinuance of operations	–	–	- 175.4	+ 175.4
Financial income	94.6	73.4	+ 12.0	61.4
Financial expenses	184.4	204.1	- 28.6	232.7
Earnings from companies measured at equity	+ 30.1	+ 30.6	- 2.8	+ 33.4
Earnings before taxes on income	**+ 528.5**	**+ 423.4**	**- 256.9**	**+ 680.3**
Income taxes	+ 86.5	+ 64.9	- 43.5	+ 108.4
Result from continuing operations	**+ 442.0**	**+ 358.5**	**- 213.4**	**–**
Result from discontinuing operations	+ 95.3	+ 231.3	+ 231.3	–
Group profit	**+ 537.3**	**+ 589.8**	**+ 17.9**	**+ 571.9**
Attributable to shareholders of TUI AG	+ 500.3	+ 543.3	+ 17.9	+ 525.4
Attributable to minority interest	+ 37.0	+ 46.5	–	+ 46.5
Group profit for the year	**+ 537.3**	**+ 589.8**	**+ 17.9**	**+ 571.9**

€	9M 2005	9M 2004 restated	Restatement	9M 2004 original
Basic earnings per share	**+ 2.73**	**+ 3.05**	**+ 0.11**	**+ 2.94**
from continuing operations	+ 2.22	+ 1.75	–	–
from discontinuing operations	+ 0.51	+ 1.30	–	–
Diluted earnings per share	**+ 2.55**	**+ 2.83**	**+ 0.09**	**+ 2.74**
from continuing operations	+ 2.09	+ 1.65	–	–
from discontinuing operations	+ 0.46	+ 1.18	–	–

Condensed consolidated balance sheet of the TUI Group

€ million		30 Sep 2005	31 Dec 2004
Assets			
Goodwill	3,841.1		3,763.8
Other intangible assets	156.9		178.1
Investment property	133.4		140.4
Other property, plant and equipment	4,398.9		4,481.9
Companies measured at equity	321.2		339.5
Other investments	483.5		413.5
Fixed assets		**9,335.0**	**9,317.2**
Other receivables and assets	224.7		208.3
Deferred income tax assets	131.3		233.0
Non-current receivables		**356.0**	**441.3**
Non-current assets		**9,691.0**	**9,758.5**
Inventories		**143.6**	**357.1**
Trade accounts receivable	913.4		687.9
Other receivables and assets	1,241.3		1,013.3
Current income tax assets	0.8		21.4
Current receivables		**2,155.5**	**1,722.6**
Assets classified as held for sale		**899.5**	**–**
Cash and cash equivalents		**1,729.1**	**481.1**
Current assets		**4,927.7**	**2,560.8**
		14,618.7	**12,319.3**

€ million		30 Sep 2005	31 Dec 2004
Group equity and liabilities			
Subscribed capital	639.8		457.0
Reserves and accumulated profits	3,749.7		2,281.2
Amounts recognised directly in equity relating to non-current assets held for sale	2.3		–
Equity of shareholders in TUI AG		**4,391.8**	**2,738.2**
Minority interests		**259.6**	**237.8**
Group equity		**4,651.4**	**2,976.0**
Provisions for pensions and similar obligations	620.7		628.0
Deferred and current income tax provisions	380.4		332.1
Other provisions	272.3		340.1
Non-current provisions		**1,273.4**	**1,300.2**
Financial liabilities	2,956.6		3,328.8
Other liabilities	94.6		150.1
Non-current liabilities		**3,051.2**	**3,478.9**
Non-current provisions and liabilities		**4,324.6**	**4,779.1**
Provisions for pensions and similar obligations	30.0		39.7
Current income tax provisions	51.3		23.3
Other provisions	511.2		602.1
Current provisions		**592.5**	**665.1**
Financial liabilities	370.9		402.9
Trade accounts payable	2,378.2		1,844.6
Other liabilities	1,813.7		1,651.6
Current liabilities		**4,562.8**	**3,899.1**
Liabilities from assets classified as held for sale		**487.4**	**–**
Current provisions and liabilities		**5,642.7**	**4,564.2**
		14,618.7	**12,319.3**

Changes in equity

Condensed statement of changes in equity for the period from 1 January to 30 September 2005

€ million	Subscribed capital	Reserves and accumulated profits	Assets classified as held for sale[1]	Revaluation reserve for business combinations	Equity of share-holders in TUI AG	Minority interests	Group equity
Balance as at 1 January 2005	**457.0**	**2,270.6**	**0.0**	**10.6**	**2,738.2**	**237.8**	**2,976.0**
Dividend payments	**0.0**	**- 134.8**	**0.0**	**0.0**	**- 134.8**	**- 8.4**	**- 143.2**
Changes without effect on net income							
Differences from currency translation	0.0	128.1	2.3	0.0	130.4	8.1	138.5
Reserves for change in value of financial instruments	0.0	271.9	0.0	0.0	271.9	0.0	271.9
Tax items directly offset against equity	0.0	- 111.9	0.0	0.0	- 111.9	0.0	- 111.9
Offsetting difference from the acquisition of minority interests	0.0	- 9.7	0.0	0.0	- 9.7	0.0	- 9.7
Effect from business combinations achieved in stages	0.0	0.0	0.0	11.3	11.3	0.0	11.3
Changes in consolidation	0.0	0.0	0.0	0.0	0.0	- 14.9	- 14.9
Capital increase	182.8	813.3	0.0	0.0	996.1	0.0	996.1
Total of changes without effect on net income	**182.8**	**1,091.7**	**2.3**	**11.3**	**1,288.1**	**- 6.8**	**1,281.3**
Group profit	**0.0**	**500.3**	**0.0**	**0.0**	**500.3**	**37.0**	**537.3**
Balance as at 30 September 2005	**639.8**	**3,727.8**	**2.3**	**21.9**	**4,391.8**	**259.6**	**4,651.4**

[1] The information shown represents amounts recognised directly in equity relating to non-current assets held for sale.

Condensed statement of changes in equity for the period from 1 January to 30 September 2004

€ million	Subscribed capital	Reserves and accumulated profits	Equity of share-holders in TUI AG	Minority interests	Group equity
Balance as at 1 January 2004	**456.2**	**2,025.6**	**2,481.8**	**285.1**	**2,766.9**
First-time application of new IFRS	0.0	- 13.5	- 13.5	0.0	- 13.5
Adjusted balance as at 1 January 2004	**456.2**	**2,012.1**	**2,468.3**	**285.1**	**2,753.4**
Dividend payments	**0.0**	**- 137.4**	**- 137.4**	**- 15.4**	**- 152.8**
Changes without effect on net income					
Differences from currency translation	0.0	65.0	65.0	0.0	65.0
Reserves for change in value of financial instruments	0.0	133.5	133.5	0.0	133.5
Tax items directly offset against equity	0.0	- 55.3	- 55.3	0.0	- 55.3
Offsetting difference from the aquisition of minority interests	0.0	- 44.1	- 44.1	0.0	- 44.1
Changes in consolidation	0.0	0.0	0.0	- 61.3	- 61.3
Total of changes without effect on net income	**0.0**	**99.1**	**99.1**	**- 61.3**	**37.8**
Group profit	**0.0**	**543.3**	**543.3**	**46.5**	**589.8**
Balance as at 30 September 2004	**456.2**	**2,517.1**	**2,973.3**	**254.9**	**3,228.2**

Cash flow statement

Condensed cash flow statement for the period from 1 January to 30 September

€ million	2005	2004
Cash flow from operating activities	1,453.7	1,135.5
Cash flow from investing activities	- 461.9	345.8
Cash flow from financing activities	246.8	- 587.0
Change in funds with cash effect	**1,238.6**	**894.3**
Change in cash and cash equivalents due to exchange rate fluctuations and other changes in value	**9.4**	**7.0**
Cash and cash equivalents at the beginning of the period	**481.1**	**348.5**
Cash and cash equivalents at the end of the period	**1,729.1**	**1,249.8**

Notes

Accounting principles

Like the consolidated financial statements for the 2004 financial year, the interim financial statements as at 30 September 2005 were prepared in accordance with the International Financial Reporting Standards (IFRS), published by the International Accounting Standards Board (IASB), with the interim financial statements published in a condensed form compared with the consolidated annual financial statements in accordance with IAS 34 'Interim Financial Reporting'. The only deviation from the historical cost principle was the accounting method applied in measuring financial instruments.

As of the beginning of the 2005 financial year, the following standards revised or newly issued by the IASB were applicable: IAS 2 (Inventories), IAS 8 (Accounting Policies, Changes in Accounting Estimates, and Errors), IAS 10 (Events After the Balance Sheet Date), IAS 16 (Property, Plant and Equipment), IAS 17 (Leases), IAS 28 (Investments in Associates), IAS 31 (Interests in Joint Ventures), IAS 32 (Financial Instruments: Disclosure and Presentation), IAS 33 (Earnings per Share), IAS 39 (Financial Instruments: Recognition and Measurement), IAS 40 (Investment Property), IFRS 2 (Share-Based Payment), IFRS 5 (Non-Current Assets Held for Sale and Discontinued Operations).

In the 2003 and 2004 financial years, respectively, the following standards – which have meanwhile become mandatory – were applied on a voluntary basis: IAS 1 (Presentation of Financial Statements), IAS 21 (The Effects of Changes in Foreign Exchange Rates), IAS 36 (Impairment of Assets), IAS 38 (Intangible Assets), IFRS 3 (Business Combinations).

The main effects on the Group's accounting and measurement methods and the presentation of the financial statements are outlined below.

According to IAS 8, the effects of changes in accounting and measurement methods in the current financial year on the previous year's figures have to be presented by means of restating the previous year's figures unless the newly applied standards entail any provision to the contrary. In order to enhance the comparability of figures, the restated previous year's figures are presented alongside the originally published figures from the previous year's profit and loss statement.

Revised IAS 16 stipulates an extension of the principle of depreciation on a component basis and an annual review of residual values, depreciation methods and useful lives which may result in significant adjustment requirements in the framework of the recognition of property, plant and equipment. The review has to be based on the current market situation and will be regularly completed in future in the framework of the preparation of the annual financial statements. The effects of changes in residual values and measurement parameters already had to be taken into account for the current period under review.

In the framework of the revised IAS 17, land and buildings elements must be measured separately in classifying leases of land and buildings, with the two elements classified as operating leases or finance leases, respectively.

In accordance with the revised IAS 32 in combination with IAS 39, the conversion option of the convertible bond issued in October 2003 must no longer be classified as an equity component and carried under equity but has to be recognised as a derivative liability and revalued with an effect on results at every closing date. Other liabilities thus rose by € 24.5 million, reserves declined by € 14.9 million and income tax provisions dropped by 9.6 million as at 31 December 2004. In the first nine months of 2004, the financial result was reduced by € 28.1 million due to the measurement of the conversion option, resulting in deferred tax income of € 10.1 million. The bond component was measured at amortised cost, as before. This is due to the option, to be exercised unilaterally by TUI AG, of being able to deliver cash if a conversion option is exercised and not having to convert into new shares. The classification of the conversion option as a derivative liability does not depend on the likelihood of the form of settlement of the conversion options exercised.

IFRS 2, newly adopted by the IASB, governs the accounting and measurement of share-based payments. In future, the differences between fair values, determined with lock-up periods taken into account, and issuing prices of employee shares will have to be carried as an expense. The presentation of employee shares issued in previous years does not have to be restated. No material restatement of the long-term incentive programme for the Executive Board is required, either.

The initial application of IFRS 5 had more far-reaching implications for TUI AG's consolidated financial statements. Operating income and expenses of sectors to be classified as discontinuing operations under this standard were summarised under the item 'Result from the discontinuance of operations' in the profit and loss statement. The 'Result from the discontinuance of operations' also included effects of the removal of companies from consolidation and the measurement at fair value less costs to sell. Assets and liabilities of the discontinuing operations were disclosed as disposal groups under one line item each in the balance sheet.

Besides discontinuing operations, other non-current assets intended for divestment, for which a detailed plan to sell had been drawn up, also had to be allocated to this balance sheet item. The conditions to be met are that the asset concerned must be available for immediate sale in its current state at usual and customary terms and conditions usually applied in selling such assets, and the sale must be highly probable. Non-current assets intended for divestment and assets of discontinuing operations are no longer depreciated as of the date of the detailed formal plan to sell. If the fair value less costs to sell is lower than the carrying amount, impairment losses have to be recognised in 'Result from the discontinuance of operations'.

With the exception of the changes outlined above, the interim financial statements as at 30 September 2005 were prepared in accordance with the same accounting and measurement principles as those applied in the preceding consolidated financial statements. The accounting and measurement methods hitherto applied are outlined in detail in the notes on the consolidated financial statements as at 31 December 2004.

Group of consolidated companies

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

The interim financial statements as at 30 September 2005 included a total of 51 domestic and 350 foreign subsidiaries, besides TUI AG.

Since 31 December 2004, five companies were newly included in the group of consolidated companies. With the exception of one company, included in consolidation for the first time due to an expansion of its business operations, all of these companies were consolidated due to acquisitions of shares. All additions of the 2005 financial year related to the tourism division.

Since 31 December 2004, a total of six companies were removed from consolidation, either because they were divested or because they no longer had to be consolidated for materiality reasons due to a restriction of their business operations. Four companies removed from consolidation related to the tourism division and two to the logistics division.

Acquisitions – divestments

In the framework of a step acquisition, the remaining 33% of the shares in Touristik Finanz AG were acquired as at 1 January 2005. The company and two additional subsidiaries were included in consolidation for the first time as the Group gained the ability to control the companies. The setoff of the interest in equity after revaluation of assets and liabilities of € 23.6 million against the cost of the acquisition of € 11.8 million, taking account of exchange differences, resulted in negative goodwill of € 12.0 million, reversed with an effect on results and shown as other income. The revaluation reserve of € 11.3 million relating to shares already held was determined on the basis of the hidden reserves and encumbrances of € 4.9 million already disclosed with the first acquisition step. In the first nine months of 2005, the company generated turnover of € 35.4 million and earnings before taxes on income of € 1.6 million.

€ million	Carrying amounts at acquisition date	Revaluation of assets and liabilities	Carrying amounts at initial consolidation date
Property, plant and equipment	92.1	39.2	131.3
Other fixed assets	0.1	–	0.1
Other receivables and assets	9.2	2.8	12.0
Inventories	1.3	–	1.3
Cash and cash equivalents	1.6	–	1.6
Provisions for income taxes	–	17.2	17.2
Other provisions	0.9	–	0.9
Financial liabilities	53.1	–	53.1
Other liabilities	4.0	0.2	4.2
Equity	**46.3**	**24.6**	**70.9**

As at 18 July 2005, a subsidiary of TUI Nederland N.V. – TUI Airlines Nederland B.V. – took over assets, liabilities and material rights related to flight operations of ATR Leasing VI B.V. (former flight operation under the 'HollandExcel' brand) at a purchase price of € 11.5 million in the framework of a takeover of business operations.

Apart from the purchase price (including incidental acquisition costs: € 13.0 million) there were negative net assets totalling € 1.7 million. The resulting negative goodwill of € 14.7 million was carried as goodwill since individual identification or separate recognition of further tangible or intangible assets acquired in the balance sheet was impossible.

As at 30 September 2005, the company, impacted by the establishment of flight operations under the 'ArkeFly' brand, generated turnover of € 49.0 million and earnings before income taxes of € - 1.4 million.

€ million	**Carrying amounts at acquisition date**	**Revaluation of assets and liabilities**	**Carrying amounts at initial consolidation date**
Property, plant and equipment	0.1	–	0.1
Other provisions	1.0	–	1.0
Other liabilities	0.8	–	0.8
Equity	**- 1.7**	**–**	**- 1.7**

On 1 September 2005, TUI AG submitted an offer, via an indirect subsidiary, for the 100% takeover of shares to the shareholders of the Canadian shipping company CP Ships Ltd., an international provider of container transportation services. Following the termination of the bidding period, 89.0% of the shares were taken over at a purchase price of UDS 21.50 per share, totalling USD 1.8 billion. The validly deposited shares were taken over on 20 October and paid on 25 October 2005. In the framework of an extraordinary shareholders' meeting of CP Ships shareholders, the remaining shares will be intended to be taken over through a squeeze-out before the end of the year. the total purchase price will probably account for around USD 2 billion.

The change-over of CP Ships from Canadian reporting to the International Financial Reporting Standards (IFRS) and the required allocation of the purchase price to individual assets and liabilities could not be completed in the short period in between the acquisition of the company and the preparation of the TUI Group's interim financial statements. Thus, it was not yet possible to provide further disclosures in accordance with IFRS 3. In the framework of the purchase price allocation, substantial revaluations will probably be required for ships and leasing agreements.

Discontinuing operations

At its meetings of 21 March 2003 and 21 January 2004, the Supervisory Board of TUI AG approved the concept for the realignment of the logistics segment. In the framework of preparing an increasingly detailed formal plan to sell the remaining special logistics activities, this sector was classified as a discontinuing operation as at the beginning of the 2005 financial year in accordance with the newly issued IFRS 5. In the first nine months of the 2005 financial year, special logistics only comprised the rail logistics business unit of VTG AG (UB I). In last year's corresponding reference period, special logistics had comprised UB I and the Algeco Group as well as the bulk and special operations of VTG AG until the respective divestment dates (31 August 2004 and 31 March 2004, respectively).

Besides the special logistics activities, the US steel service companies were also shown as a discontinuing operation as of the beginning of the 2005 financial year due to the increasingly detailed formal plan to sell these operations and the initial application of IFRS 5. In addition to these companies, carried in the trading sector, the purely holding companies of the US steel service companies, allocated to the 'Other/consolidation' sector and also intended for divestment, were also shown as a component of this discontinuing operation.

The divestment of the remaining special logistics activities to the French Compagnie Européenne de Wagons was contractually agreed at the beginning of June 2005. The sale is subject to the approval by the competent anti-trust authorities. The transaction is expected to be closed before the end of the 2005 financial year.

The divestment of the US steel service companies will probably be completed by the end of the 2005 financial year.

No impairments were required due to the expected net recoverable amounts.

Result from the discontinuance of operations

Besides the operating income and expenses of these operations, the result from the discontinuance of operations also included effects of the removal of operations already divested from consolidation.

Result from the discontinuance of operations (after income tax)

€ million	Q3 2005	Q3 2004	9M 2005	9M 2004
Special logistics	7.4	8.3	18.7	2.5
Trading (incl. holding companies)	6.6	19.0	22.3	55.1
Energy	–	–	–	–
Sub-total – Result after income tax	**14.0**	**27.3**	**41.0**	**57.6**
Special logistics	- 0.1	125.7	20.0	144.4
Trading (incl. holding companies)	–	–	–	–
Energy	34.3	–	34.3	29.3
Sub-total – Result from divestment/removal from consolidation	**34.2**	**125.7**	**54.3**	**173.7**
Special logistics	7.3	134.0	38.7	146.9
Trading (incl. holding companies)	6.6	19.0	22.3	55.1
Energy	34.3	–	34.3	29.3
Total – Result from the discontinuance of operations	**48.2**	**153.0**	**95.3**	**231.3**

Material items of the profit and loss statement of the discontinuing operations

	Special logistics				Trading (incl. holding companies)			
€ million	Q3 2005	Q3 2004	9M 2005	9M 2004	Q3 2005	Q3 2004	9M 2005	9M 2004
Turnover	109.2	164.2	325.3	682.9	252.1	279.1	747.6	730.0
Operating income	3.3	2.3	10.5	22.6	0.4	0.2	0.6	0.8
Depreciation/amortisation[1]	0.0	23.4	0.0	75.0	0.0	2.1	0.0	6.2
Other operating expenses	98.7	133.3	299.8	608.4	242.7	246.4	711.2	627.7
Financial result	- 1.6	- 2.3	- 3.7	- 8.7	- 1.0	- 1.2	- 3.7	- 3.8
Earnings before taxes on income	12.7	7.8	33.1	14.7	9.2	30.3	34.4	94.6
Income taxes	5.3	4.5	14.4	12.2	2.6	11.3	12.1	39.5
Earnings after taxes on income[2]	**7.4**	**3.3**	**18.7**	**2.5**	**6.6**	**18.3**	**22.3**	**55.1**

[1] In accordance with the provisions of newly applicable IFRS 5, assets of the discontinuing operations must no longer be depreciated as of the date on which the detailed plan to sell the operations was prepared.

[2] Excl. result from the divestment/removal from consolidation of the bulk and special logistics business unit of VTG AG (UB II) (€ + 0.2 million in the first nine months of the 2004 financial year)

Material assets and liabilities of the discontinuing operations

	Special logistics		Trading (incl. holding companies)	
€ million	**30 Sept 2005**	**31 Dec 2004**	**30 Sept 2005**	**31 Dec 2004**
Non-current assets	337.9	333.9	72.9	84.1
Current assets	183.4	183.7	314.4	335.6
Non-current provisions and liabilities	151.9	149.2	71.2	156.7
Current provisions and liabilities	235.0	247.1	129.3	86.7

Cash flows from the operating activities as well as the investing and financing activities of the discontinuing operations

			Special logistics				Trading (incl. holding companies)	
€ million	**Q3 2005**	**Q3 2004**	**9M 2005**	**9M 2004**	**Q3 2005**	**Q3 2004**	**9M 2005**	**9M 2004**
Cash flow from operating activities	14.6	- 16.4	30.5	35.7	47.2	- 10.6	101.2	- 32.2
Cash flow from investing activities	- 11.1	34.1	- 23.3	128.9	- 2.1	- 0.5	- 3.4	- 2.1
Cash flow from financing activities	- 2.8	- 17.6	- 4.9	- 172.4	- 46.1	18.1	- 95.7	42.1
Change in cash and cash equivalents due to exchange rate fluctuations	0.0	- 2.6	0.0	- 5.1	0.1	0.1	- 0.3	0.0
Development of cash and cash equivalents	**0.7**	**- 2.5**	**2.3**	**- 12.9**	**- 0.9**	**7.1**	**1.8**	**7.8**

Notes on the consolidated profit and loss statement

Both the structure and contents of the consolidated profit and loss statement were affected by the initial application of IFRS 5. Operating income and expenses as well as effects of the removal from consolidation of companies representing discontinuing operations after income tax had to be aggregated in a single line and presented separately from the Group's continuing operations.

The continuing operations tourism and shipping recorded an increase in the operating business volume year-on-year. Consequently, turnover and costs of material and purchased services rose in almost the same proportion, so that the cost of materials ratio decreased slightly.

In the Central Europe sector the tour operator business as well as Hapag-Lloyd Express contributed to the increase in the results from operations. Mainly due to restructuring measures started in 2004 the tour operator business in the Northern Europe sector also developed positively. Provisions for restructuring of € 7.9 million were no longer required and were reversed with effect on results.

In addition, earnings by the tourism division was impacted by one-off expenses in connection with the renewal of Corsair's Boeing 747 fleet in the current period under review in the Western Europe sector. The Western Europe sector also had to carry start-up costs incurred in connection with the launch of the flight operations of TUI Airlines Nederland in April 2005.

The destinations sector benefited in particular from the improvement in the operating results of hotel companies, although it recorded a slight year-on-year drop in earnings in the third quarter 2005. This decline was offset by a corresponding increase in the performance of incoming agencies, which showed strong regional variations.

The financial result of last year's reference period was impacted by one-off expenses of around € 32 million, mainly caused by the reversal of the hedge relationship in the framework of the ongoing reduction in the Group's net debt and the refinancing of current financial liabilities by non-current fixed-interest components. Such expenses only had a minor effect on the financial result of the period under review.

Last year's reference period was positively affected by a measurement result of € 28.1 million from the market value measurement of the conversion options from the convertible bond issued in October 2003. In the current reporting period, the measurement result was considerably lower and totalled € 4.6 million. The financial result was additionally impacted by an increase in interest expenses due to the higher-interest bonds only issued after the first quarter of 2004 with a view to refinancing current financial liabilities.

Overall, the earnings situation was characterised by the seasonal nature of the tourism business. Due to the business cycles, profit contributions in the tourism industry predominantly arise in the second and third quarter of any one year.

In the first nine months of the 2005 financial year, unusual income of around € 54 million after income tax was carried under the 'Result from the discontinuance of operations'. This income mainly resulted from purchase price adjustments in connection with the divestment of the Preussag Energie Group and the reversal of provisions no longer required.

In 2004, the result from the discontinuance of operations included unsual income from the divestment of Pracht Spedition + Logistik GmbH, the bulk and special logistics business unit (UB II) of VTG AG and the Algeco Group. In addition, the reversal of provisions no longer required in connection with the divestment of the Preussag Energie Group generated unusual income. The total positive earnings effect amounted to around € 174 million.

Notes on the consolidated balance sheet

The changes in the consolidated balance sheet in comparison with 31 December 2004 mainly resulted from the cycle of the tourism business and the initial application of IFRS 5. The aggregation of the assets and liabilities of the discontinuing operations and other assets held for sale in separate balance sheet items resulted above all in a reduction in property, plant and equipment, inventories and trade accounts receivable and payable.

Held-for-sale assets and associated liabilities

€ million	30 Sept 2005
Non-current assets	410.8
Current assets	488.7
Held-for-sale assets	**899.5**
Non-current provisions and liabilities	223.1
Current provisions and liabilities	264.3
Liabilities from held-for-sale assets	**487.4**

Due to the seasonal nature of the tourism business, trade accounts receivable and payable in the tourism division rose as against 31 December 2004. The increase in advance payments made for tourism services also resulted in an increase in other liabilities in this period.

Goodwill rose as against its level on 31 December 2004, mainly due to changes in exchange rate parities – in particular against the British pound sterling – of the goodwill recognised in the functional currencies of the respective subsidiaries. In addition, goodwill of € 14.7 million arose from acquisitions made in the third quarter 2005.

The significant increase in cash and cash equivalents resulted from the capital increase effected in September 2005 in order to finance the acquisition of CP Ships and from the seasonal development of the tourism business.

Changes in equity

The TUI Group's equity declined by € 14.9 million due to the statutory retroactive adjustment required in the framework of the initial application of new or revised accounting standards as at 31 December 2004. The adjustment requirement mainly resulted from the differences in the recognition of the conversion options from the convertible bond issued in October 2003 in comparison with previous years.

On 21 August 2005, TUI AG's Executive Board decided to increase the capital stock, with the approval of the Supervisory Board and based on utilisation of authorised capital, by € 182,793,535.23 to € 639,777,370.74 by issuing 71,502,616 registered shares against cash contribution. In accordance with the subscription ratio, two new shares in the company were acquired of every five shares held. The subscription price per new share amounted to € 14.20. Following the end of the rights trading, the new shares were registered in Berlin-Charlottenburg (HRB 321) and Hanover (HRB 6580) on 13 September 2005.

Besides the positive Group earnings for the first nine months of the period under review, equity also rose due to the changes in exchange rate parities, carried with no effect on results, as well as changes in the value of financial instruments, also carried with no effect on results.

In contrast, a negative effect on equity as against the last balance sheet date resulted from the resolution by TUI AG's Annual General Meeting on 11 May 2005 that a dividend of € 137.6 million be paid for the 2004 financial year.

Contingent liabilities

As at 30 September 2005, the TUI Group recorded contingent liabilities of approx. € 521 million (31 December 2004: approx. € 552 million). The reduction in contingent liabilities in the first nine months of the 2005 financial year was primarily attributable to the ongoing scheduled reduction in guarantees and warranties in connection with the former plant engineering and shipbuilding activities. Contingent liabilities rose to some extent due to temporary contingent liabilities, issued in the framework of the divestment of property, plant and equipment.

Other financial commitments

Other financial commitments from operating rental and charter agreements in shipping rose due to the expansion of the operating business in shipping and the conclusion of charter contracts with longer contract terms. They are contrasted by slightly reduced commitments in hotel companies. Order commitments for tourism services, in particular accommodation and flight services, only declined slightly since in some cases order commitments were already made for future seasons. Overall other financial commitments from regular business operations as at

30 September 2005 matched the level reported in the annual financial statements as at 31 December 2004 totalling € 6.3 million.

Furthermore, TUI AG submitted an offer, via an indirect subsidiary, for the takeover of all shares of CP Ships Ltd. totalling approximately USD 2 billion.

Notes on the cash flow statement

In the period under review, cash and cash equivalents rose by € 1,248.0 million to € 1,729.1 million.

The inflow of cash from operating activities rose by € 318.2 million to € 1,453.7 million year-on-year. This rise resulted in particular from the improvement in the operating results in tourism and shipping. The increase in the cash inflow from operating activities was additionally attributable to the reduction in inventories in the US steel trade operations.

The outflow of cash from investing activities totalled € 461.9 million (previous year: inflow of € 345.8 million) in the current financial year. Besides last year's high inflow of cash from divestments, the year-on-year variation mainly resulted from a significant increase in capital expenditure in shipping and tourism (in particular advance payments made for the acquisition of aircraft).

Cash and cash equivalents rose by € 246.8 million (previous year: decline of € 587.0 million) as a result of the cash flow from financing activities. The high cash inflow in the current period under review was mainly attributable to the capital increase effected in September 2005. The cash outflow recorded in the reference period was mainly due to the redemption of financial debt.

Changes in cash and cash equivalents due to exchange rate fluctuations and other changes in value caused a cash inflow of € 9.4 million.

Segment ratios

In contrast to previous years, the low-cost airlines Hapag-Lloyd Express and Thomsonfly as well as the airport operation company in Coventry were allocated to the tourism division rather than the 'Other/consolidation' sector as of the beginning of the 2005 financial year. Last year's earnings figures and the breakdown of turnover generated with non-Group third parties were restated accordingly.

Turnover with non-Group third parties by divisions and sectors

€ million	Q3 2005	Q3 2004	9M 2005	9M 2004
Tourism	5,285.8	4,938.3	11,294.3	10,650.7
Shipping	873.3	725.1	2,307.3	1,972.1
Other/consolidation	63.6	91.0	191.5	215.2
Continuing operations	**6,222.7**	**5,754.4**	**13,793.1**	**12,838.0**
Special logistics	109.2	164.1	325.3	682.9
Trading	252.1	279.1	747.6	730.0
Discontinuing operations	**361.3**	**443.2**	**1,072.9**	**1,412.9**
Total	**6,584.0**	**6,197.6**	**14,866.0**	**14,250.9**

Earnings by divisions and sectors (EBTA)

€ million	Q3 2005	Q3 2004	9M 2005	9M 2004
Tourism	590	573	492	455
Shipping	89	87	199	193
Other/consolidation	- 21	- 34	- 162	- 224
Continuing operations	**658**	**626**	**529**	**424**
Special logistics	12	140	70	161
Trading	9	30	34	94
Energy[1)]	35	- 1	35	29
Discontinuing operations	**56**	**169**	**139**	**284**
Total	**714**	**795**	**668**	**708**

[1)] Earnings effect of removal from consolidation

Earnings before interest and taxes by divisions and sectors (EBIT)

€ million	Q3 2005	Q3 2004	9M 2005	9M 2004
Tourism	573	566	478	439
Shipping	94	91	215	207
Other/consolidation	24	1	- 42	- 79
Continuing operations	**691**	**658**	**651**	**567**
Special logistics	14	135	75	171
Trading	10	31	38	98
Energy[1)]	35	- 1	35	29
Discontinuing operations	**59**	**165**	**148**	**298**
Total	**750**	**823**	**799**	**865**

[1)] Earnings effect of removal from consolidation

In the first nine months of 2005, earnings before interest and taxes (EBIT) comprised the following results from companies measured at equity: tourism € 28.0 million (previous year: € 27.0 million), shipping € 2.1 million (previous year: € 0.0 million), other/consolidation € 0.0 million (previous year: € 3.7 million), special logistics € 0.9 million (previous year: € 1.3 million) and trading € 1.1 million (previous year: € 1.4 million).

Future-related statements

This interim report contains a number of statements related to the future development of TUI. These statements are based both on assumptions and estimates. Although we are convinced that these future-related statements are realistic, we cannot guarantee them, for our assumptions involve risks and uncertainties which may give rise to situations in which the actual results differ substantially from the expected ones. The potential reasons for such differences include market fluctuations, the development of world market commodity prices, the development of exchange rates or fundamental changes in the economic environment. TUI does not intend or assume any obligation to update any forward-looking statement to reflect events or circumstances after the date of these materials.

Financial calendar 2006

Annual Press Conference 2006	22 March 2006
Interim Report January to March 2006	9 May 2006[1)]
Annual General Meeting 2006	10 May 2006
Interim Report January to June 2006	10 August 2006[1)]
Interim Report January to September 2006	9 November 2006[1)]

[1)] scheduled

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