

TUI UK TRANSPORT LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

9 MONTH PERIOD ENDED 30 SEPTEMBER 2007

REGISTERED NUMBER 1014599

TUESDAY



LHDSW3KQ

LD6

30/09/2008

74

COMPANIES HOUSE

TUI UK TRANSPORT LIMITED

DIRECTORS' REPORT FOR THE 9-MONTH PERIOD ENDED 30 SEPTEMBER 2007

The Directors present their report and the audited financial statements for TUI UK Transport Limited (the "Company") for the 9-month period ended 30 September 2007

Business review and principal activity

The principal activity of the company is that of transport broker to the parent company TUI UK Limited. The company purchases various means of transport and sells it on to TUI UK Limited.

The profit for the year after taxation for the 9-month period amounts to £65,325,000 (2006: £96,132,000). There were dividends proposed of £65,325,000 (2006: £96,132,000) during the year.

On 19 March 2007, TUI AG (The Company's ultimate parent undertaking) and First Choice Holidays PLC announced their intention to form TUI Travel PLC, by combining the majority of the TUI AG tourism businesses (which includes TUI UK Transport Limited) with that of First Choice Holidays PLC. On 3 September 2007, the ordinary shares of TUI Travel PLC were admitted to the UK Listing Authority and traded on the London Stock Exchange's market for listed securities. At this date TUI Travel PLC was owned 51% by TUI AG and 49% by the existing shareholders of First Choice Holidays PLC (now First Choice Holidays Ltd).

During the period, the Company changed its accounting reference date from 31 December to 30 September to coincide with the accounting reference date of the other companies in the TUI Travel PLC Group of companies.

Future outlook and principal risks

The company will continue to act as transport broker for TUI UK Limited for the foreseeable future. The principal risks and uncertainties of the Company are integrated with the principal risks of the TUI Northern Europe Limited group of companies ("the TUI NE Group") and are not managed separately. Accordingly, the principal risks and uncertainties of the TUI NE Group, which include those of the Company, are disclosed on page 4 of the TUI Northern Europe Limited's directors' report and financial statement which does not form part of this report.

Key performance indicators

Given the straightforward nature of the business, the Company's directors are of the opinion that using KPI's is not necessary for an understanding of the development, performance or position of the company.

Directors

The directors of the Company who held office during the year and subsequent to year end were as follows:

D M Taylor

P R Tymms (appointed 15 May 2007)

J Walter (appointed 1 December 2007)

The following directors also served during the period:

C W Mitchell (resigned 7 April 2008)

D H Mattison (resigned 31 March 2008)

Disclosure of information to auditors

The Directors confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

TUI UK TRANSPORT LIMITED

DIRECTORS' REPORT FOR THE 9-MONTH PERIOD ENDED 30 SEPTEMBER 2007 (CONTINUED)

Directors' Insurance

TUI AG maintained Directors' & Officers' Liability insurance policies on behalf of the Directors of the Company for all wrongful acts up to 3 September 2007. A policy in the name of TUI Travel PLC, the new parent company, covers any wrongful acts occurring after that date.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss for that period.

In preparing those financial statements, the directors are required to,

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law the directors are also responsible for preparing a Directors' Report that complies with that law.

Auditors

The Company has elected to dispense with the holding of Annual General Meetings, the laying of accounts before the members in General Meeting and the appointment of auditors annually. Accordingly, PricewaterhouseCooper LLP have indicated their willingness to continue in office as auditors.

By order of the Board



D M Taylor
Director

29 September 2008

PricewaterhouseCoopers LLP
10 Bricket Road
St Albans AL1 3JX
Telephone +44 (0) 1727 844155
Facsimile +44 (0) 1727 892333
www.pwc.com/uk

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TUI UK TRANSPORT LIMITED

We have audited the financial statements of TUI UK Transport Limited for the 9 month period ended 30 September 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities in respect of the Directors' Report and the financial statements.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

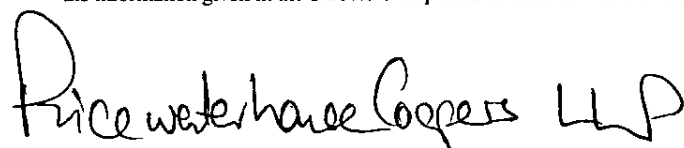
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 30 September 2007 and of its profit for the 9 month period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
St Albans
29 September 2008

PricewaterhouseCoopers LLP is a limited liability partnership registered in England with registered number OC303525. The registered office of PricewaterhouseCoopers LLP is 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP is authorised and regulated by the Financial Services Authority for designated investment business.

TUI UK TRANSPORT LIMITED

PROFIT AND LOSS ACCOUNT FOR THE 9-MONTH PERIOD ENDED 30 SEPTEMBER 2007

	Notes	9-month period ended 30 September 2007 £'000	Year ended 31 December 2006 £'000
Turnover		1,004,475	1,206,544
Net operating costs	2	(939,150)	(1,110,412)
Profit on ordinary activities before taxation	3	65,325	96,132
Tax on profit on ordinary activities	4	-	-
Profit for the financial period/year		65,325	96,132
Dividends proposed		(65,325)	(96,132)
Retained profit for the period/year	8	-	-

All amounts relate to continuing operations

The Company has no recognised gains and losses other than the results above and therefore no separate statement of total recognised gains and losses has been presented

There are no material differences between the profit on ordinary activities before taxation and the retained profit for the period/year stated above and their historical cost equivalents

The notes on pages 6 to 9 form part of these financial statements

TUI UK TRANSPORT LIMITED

BALANCE SHEET AS AT 30 SEPTEMBER 2007

	Notes	30 September 2007 £'000	31 December 2006 £'000
Current assets			
Debtors	5	210,842	210,842
Cash at bank		-	2
Creditors - amounts falling due within one year	6	(210,821)	(210,823)
Total assets less current liabilities		21	21
Capital and reserves			
Called up share capital	7	20	20
Profit and loss account	8	1	1
Equity shareholder's funds	9	21	21

The financial statements on pages 4 to 9 were approved by the Board of Directors and signed on their behalf by



D M Taylor
Director
29 September 2008

TUI UK TRANSPORT LIMITED

NOTES TO THE FINANCIAL ACCOUNTS FOR THE 9-MONTH PERIOD ENDED 30 SEPTEMBER 2007

1 Accounting policies

The Company's accounts are prepared on the going concern basis under the historical cost convention and in accordance with applicable UK accounting standards. The principal accounting policies of the Company, all of which have been applied consistently throughout the year, are set out below.

Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date. The standard rate of corporation tax in the UK changes to 28% with effect from 1 April 2008.

1.1 Turnover

Turnover is the aggregate value of revenue received from the sale of air and various other means of transport and is stated after deduction of trade discounts.

1.2 Cash flow statement and related party disclosures

The Company is a wholly-owned subsidiary of TUI UK Limited and is included in the consolidated financial statements of TUI Northern Europe Limited, which are publicly available. Consequently, the company has taken the advantage of the exemption from preparing a cash flow statement under the terms of FRS 1. The Company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of TUI Northern Europe Limited.

2 Net operating costs

	9-month period ended 30 September 2007 £'000	Year ended 31 December 2006 £'000
Net operating costs include		
Cost of sales	937,275	1,107,912
Other operating charges	1,875	2,500
	<hr/>	<hr/>
	939,150	1,110,412
	<hr/>	<hr/>

TUI UK TRANSPORT LIMITED

NOTES TO THE FINANCIAL ACCOUNTS FOR THE 9-MONTH PERIOD ENDED 30 SEPTEMBER 2007

3 Profit on ordinary activities before taxation

There were no employees in the Company for the period ended 30 September 2007 (2006 none) The auditors' remuneration was borne by another group company for the current period and previous year

The Directors' remuneration was borne by another group for the current period and previous year

4 Taxation

	9-month period ended 30 September 2007 £'000	Year ended 31 December 2006 £'000
The taxation charge for the period comprises		
Current Tax		
UK Corporation tax in the period	-	-

The tax assessed for the period is lower than the standard rate of corporation tax in the UK - 30% (2006 30%) The differences are explained below

Tax Reconciliation

Profit on ordinary activities before taxation	65,325	96,132
Expected tax charge at the standard UK tax rate of 30%	19,598	28,839
Effects of		
Non taxable income	(19,598)	(28,839)
Current tax credit for the period	-	-

5 Debtors

	30 September 2007 £'000	31 December 2006 £'000
Amounts owed by group undertakings	210,514	210,404
Taxation and social security	328	438
	210,842	210,842

Amounts owed to group undertakings are unsecured and have no fixed date of repayment Balances bear interest at the bank of

TUI UK TRANSPORT LIMITED

NOTES TO THE FINANCIAL ACCOUNTS FOR THE 9-MONTH PERIOD ENDED 30 SEPTEMBER 2007

6 Creditors - amounts falling due within one year

	30 September 2007 £'000	31 December 2006 £'000
Amounts owed to group undertakings	210,821	210,823
	<hr/>	<hr/>
	210,821	210,823
	<hr/>	<hr/>

Amounts owed to group undertakings are unsecured and have no fixed date of repayment. Balances bear interest at the bank of England.

7 Called up share capital

	30 September 2007 £'000	31 December 2006 £'000
Authorised 20,000 ordinary shares of £1 each	20	20
	<hr/>	<hr/>
Allotted, issued and fully paid 20,000 ordinary shares of £1 each	20	20
	<hr/>	<hr/>

8 Reserves

	Profit and Loss Account £'000
At 1 January 2007	1
Profit for the financial period	.
At 30 September 2007	<hr/> 1 <hr/>

TUI UK TRANSPORT LIMITED

NOTES TO THE FINANCIAL ACCOUNTS FOR THE 9-MONTH PERIOD ENDED 30 SEPTEMBER 2007

9 Reconciliation of movements in shareholder's funds

	2007 £'000	2006 £'000
Profit for the financial year	65,325	96,132
Dividends	(65,325)	(96,132)
Net movement in shareholder's funds	-	-
Opening shareholder's funds	21	21
Closing shareholder's funds	21	21

10 Operating lease commitments

At 30 September 2007 the company had annual commitments under non-cancellable operating leases as follows

	30 September 2007 Buildings £'000	31 December 2006 Land & Buildings £'000
Operating lease agreements which expire		
Within 1 year	23,270	-
Within 2-5 years	4,614	8,542
After 5 years	-	-
	27,884	8,542

11 Ultimate parent undertaking

Within the meaning of the Companies Act 1985, TUI UK Limited, a company incorporated in England and Wales, is the immediate parent undertaking. TUI AG, a company incorporated under the laws of Germany, is regarded by the Directors of the Company as being the Company's ultimate parent company. Within the meaning of the said Act TUI AG is the parent undertaking of the largest group of undertakings for which group accounts are drawn up and of which the Company is a member. For the 9-month period ended 30 September 2007, TUI Northern Europe Limited, a company incorporated in England & Wales, was the parent undertaking of the smallest group of undertakings for the Company was a member. For future accounting periods, the parent undertaking of the smallest group of undertakings of which the Company is a member and for which the consolidated financial statement are drawn up will be TUI Travel PLC.

Copies of TUI Northern Europe Limited financial statements are available from the Company Secretary, TUI Travel House, Crawley Business Quarter, Fleming Way, Crawley, West Sussex RH10 9QL. Copies of TUI AG's financial statements are available from Investor relations, TUI AG Karl-Wiechert-Allee 4, D-30625 Hanover or the website address www.TUI-Group.com