

LORIMER INVESTMENTS LIMITED

**DIRECTORS' REPORT AND
FINANCIAL STATEMENTS**

**for the 9-month period ended
30 September 2007**

Registered Number: 4632466

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LORIMER INVESTMENTS LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements for Lorimer Investments Limited (the "Company") for the 9-month period ended 30 September 2007

Business review and principal activity

The Company did not trade during the current period or the prior year and earns interest on its bank balances and pays interest on an amount owed to a fellow group subsidiary

The loss of the Company after taxation for the period ended 30 September 2007 was £72 (2006 loss of £39)

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 Lorimer Investments 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 Limited)

During the period, the Company changed its accounting reference dated 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 be non-trading 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 Company ("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 statements 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 KPIs is not necessary for an understanding of the development, performance or position of the company

Directors

The Directors at the date of this report are

D M Taylor	
P R Tymms	(appointed 15 May 2007)
J Walter	(appointed 1 December 2007)

The following directors also served during the year

R Churchill-Coleman	(appointed 3 January 2007 / resigned 15 May 2007)
D H Mattison	(resigned 31 March 2008)
A Russell	(resigned 28 February 2008)

Disclosure of information to auditors

The directors confirm that, so far as they are each 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

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

LORIMER INVESTMENTS LIMITED

DIRECTORS' REPORT (continued)

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, PricewaterhouseCoopers LLP have indicated their willingness to continue in office as auditors.

By order of the Board



P R Tymms
Director

16 July 2008

LORIMER INVESTMENTS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

For the 9-month period ended 30 September 2007

The Directors are responsible for preparing the Directors' 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

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INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF LORIMER INVESTMENTS LIMITED

We have audited the financial statements of Lorimer Investments 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

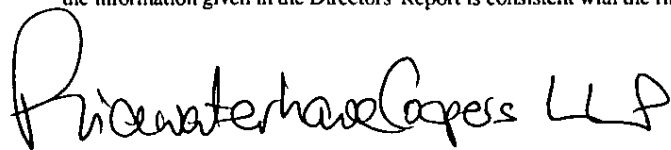
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 loss 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
16 July 2008

LORIMER INVESTMENTS LIMITED

PROFIT AND LOSS ACCOUNT

For the 9-month period ended 30 September 2007

	Notes	9-month period ended 30 September 2007 £	Year ended 31 December 2006 £
Interest receivable and similar income	3	951	1,066
Interest payable and similar charges	4	(1,048)	(1,113)
Other finance costs		(6)	(9)
Loss on ordinary activities before tax	5	(103)	(56)
Tax on loss on ordinary activities	6	31	17
Loss for the financial period / year	11	(72)	(39)

There were no recognised gains or losses other than those included in the profit and loss account and accordingly no separate statement of recognised gains and losses has been presented

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

The notes on pages 7 to 10 form part of these financial statements

LORIMER INVESTMENTS LIMITED

BALANCE SHEET

As at 30 September 2007

	Notes	30 September 2007 £	31 December 2006 £
Current assets			
Debtors	7	144	99
Cash and deposits	8	32,242	31,312
		32,386	31,411
Creditors, amounts falling due within one year	9	(28,540)	(27,493)
Total assets less current liabilities		3,846	3,918
 Capital and reserves			
Called up share capital	10	502	502
Profit and loss account	11	3,344	3,416
Shareholder's funds	12	3,846	3,918

The financial statements on pages 5 to 10 were approved by the Board of Directors on 16 July 2008 and signed on their behalf by



P R Tymms
Director

LORIMER INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

These financial statements 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.

(1) 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.

(2) Interest

Interest is recorded in the profit and loss account on an accruals basis.

2. CASH FLOW STATEMENT AND RELATED PARTY DISCLOSURES

The company is a wholly owned subsidiary of TUI Northern Europe Limited and is included in the consolidated financial statements of TUI AG, which are publicly available (see note 13). Consequently, the company has taken advantage of the exemption from preparing a cashflow statement under the terms of FRS1. The company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the TUI AG group or investees of the TUI AG group.

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	9-month period ended 30 September 2007 £	Year ended 31 December 2006 £
Interest receivable on current asset investments	951	1,066

4. INTEREST PAYABLE AND SIMILAR CHARGES

	9-month period ended 30 September 2007 £	Year ended 31 December 2006 £
Interest payable to group undertakings	1,048	1,113

5. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

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

The auditors' remuneration was borne by another group company for the current and previous year.

LORIMER INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

6 TAX ON LOSS ON ORDINARY ACTIVITIES

	9-month period ended 30 September 2007 £	Year ended 31 December 2006 £
The tax credit/(charge) for the year end comprises		
United Kingdom. Current tax		
Group relief at 30%	31	17
Tax on profit on ordinary activities	31	17

The tax assessed for the period is the same as the standard rate of corporation tax in the UK (30%) (2006 30%)

	9-month period ended 30 September 2007 £	Year ended 31 December 2006 £
Tax reconciliation		
Loss on ordinary activities before taxation	(103)	(56)
Expected tax credit at 30% (2005 30%)	31	17
Tax credit for the year	31	17

Factors that affect future tax charges

The standard rate of corporation tax in the UK changes to 28% with effect from 1 April 2008

7. DEBTORS

	30 September 2007 £	31 December 2006 £
Called up share capital not paid	2	2
Accrued interest receivable	111	97
Group relief receivable	31	-
	144	99

8. CASH AND DEPOSITS

	30 September 2007 £	31 December 2006 £
Cash at bank and in hand	8,942	8,012
Cash deposits	23,300	23,300
	32,242	31,312

The cash deposit is banked with Barclays Global Investments (BGI) The principal amount earns interest at LIBOR The earned interest is paid into the company's current bank account on a monthly basis The cash is readily available

LORIMER INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. CREDITORS. amounts falling due within one year

	30 September 2007 £	31 December 2006 £
Group relief payable	-	2,249
Amounts owed to parent undertaking	28,540	25,244
	28,540	27,493

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

10. CALLED UP SHARE CAPITAL

	30 September 2007 £	31 December 2006 £
Authorised		
10,000,000 A shares of £0.01 each	100,000	100,000
1,000 ordinary shares of £0.01 each	10	10
Allotted, issued up and fully paid		
50,000 A shares of £0.01 each	500	500
Allotted, called up and not fully paid		
200 Ordinary shares of £0.01 each (nil paid)	2	2
	502	502

The 'A' shares rank pari passu in all respects with ordinary shares, save in respect of dividends and the application of the Company's assets on a winding up or liquidation of the Company. 'A' shares have the right to receive dividends in preference to ordinary shares. On winding up of the Company the surplus assets of the Company will be applied first to ordinary shares and secondly to 'A' share members.

11. RESERVES

	Profit and Loss reserve £
At 1 January 2007	3,416
Loss for the financial period	(72)
At 30 September 2007	3,344

12. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	30 September 2007	31 December 2006
Opening shareholder's funds	3,918	3,957
Loss for the financial year period / year	(72)	(39)
Closing shareholder's funds	3,846	3,918

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. ULTIMATE PARENT UNDERTAKING

Within the meaning of the Companies Act 1985, TUI Northern Europe 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 the group accounts are drawn up and of which the Company is a member. For the 9-month period to 30 September 2007, TUI Northern Europe Limited was the parent undertaking of the smallest group of undertakings of which 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 statements 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.