

TUI TRAVEL PLC
**INTERIM MANAGEMENT STATEMENT AND RESULTS FOR
THE THIRD QUARTER AND NINE MONTHS ENDED 30 JUNE 2009 (UNAUDITED)**
Key financials

Third quarter ended 30 June 2009

£m	Q3 09	Q3 08	Change %
Revenue	3,575	3,616	-1%
Underlying operating profit ¹	102	65	+57%
Underlying operating margin %	2.9%	1.8%	+1.1pp

1 Underlying operating profit / loss excludes separately disclosed items, amortisation of IFRS 3 intangibles, goodwill impairment and taxation of results of the Group's joint ventures and associates

Highlights

- The group delivered a good performance in the third quarter with underlying operating profits up by £37m to £102m, driven by:
 - Incremental £21m of synergy benefits delivered;
 - Good trading in the UK, Nordics and Germany, despite an adverse impact from the swine flu outbreak in Mexico;
 - Continued elimination of losses in the scheduled flying operations in Germany and the UK; and
 - The timing of Easter, which this year fell in the third quarter.
- Summer 2009 continues to trade in line with our expectations with customers booking closer to departure; achieving required load factors and average selling prices.
- Winter 2009/10 booking volumes behind last year, as anticipated, with capacity adjusted to align supply and demand.
- Summer 2010 trading has started positively in the UK, with bookings in line with the prior year despite the programme launching two months later.
- Well positioned to meet the Board's expectations for the year ended 30 September 2009.

Peter Long, Chief Executive Officer of TUI Travel PLC, commented

"We are pleased with these results and remain well positioned to meet the Board's expectations for the year ending 30 September 2009. Our UK Summer 2010 programme, which only launched recently, is trading well and we remain satisfied with our trading performance across all open seasons. Now, more than ever, customers are choosing to book their holidays with our high quality, trustworthy brands.

We anticipate market conditions will remain challenging and expect the later booking pattern to continue in the next financial year. We will continue to maintain a high degree of flexibility in our business model to allow us to alter capacity in line with market conditions."

Conference Call

A conference call for analysts will take place today at 9.00am (BST). The dial-in arrangements for the call are as follows:

Telephone: +44 (0) 1452 555 566
Participant Code: 24586272

A presentation to accompany the conference call will be made available at 8.00 am (BST) via our corporate website:

<http://www.tuitravelplc.com>

A recording of the conference call will be available on:

Telephone: +44 (0) 1452 550 000
Participant Code: 24586272#

Enquiries:

TUI Travel PLC

Paul Bowtell, Chief Financial Officer	Tel: 01293 645 713
Andy Jones, Director of Finance & Investor Relations	Tel: 01293 645 795
David Paterson, Head of Strategy & Investor Relations	Tel: 01293 645 795
Lesley Allan, Corporate Communications Director	Tel: 01293 645 773

Hudson Sandler

Jessica Rouleau /Kate Hough	Tel: 020 7796 4133
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CURRENT TRADING AND OUTLOOK

Summer 2009

Booking volumes to date are tracking ahead of capacity reductions across most of our source markets, leaving us with less stock left to sell for the remainder of the season compared with last year. Trading in the lates market is in line with our expectations and we are achieving the required departed load factors and pricing levels, despite the later booking curve that we have experienced this season.

Recent booking volumes have continued to trade ahead of the cumulative position showing that, although customers are booking later in the current economic climate, there is still strong demand for the main summer holiday. As a result, bookings and left to sell statistics have improved further across most source markets since our last update on 19 May.

y-o-y variation%	Bookings since previous trading statement	Cumulative bookings
UK - Charter	+2	-12
Nordics	+7	-10
Germany - Charter	-6	-9
France	+2	-10
Belgium	-7	-6
Netherlands	-6	-14

<u>Current Trading</u> ¹		<i>Summer 2009</i>			<i>Total Risk Capacity</i> ³
y-o-y variation%	ASP ²	Sales ²	Customers ²		
MAINSTREAM					
Northern Region					
Short-haul	+5	-9	-13		
Medium-haul	+10	+2	-8		
Long-haul	+6	-20	-25		
UK – Charter	+7	-6	-12		-16
Nordic	+8	-3	-10		-15
Northern Region – Total	+7	-5	-12		-16
Germany – Charter	-3	-12	-9		
Germany – Scheduled	+3	-9	-11		
Germany – Total	-3	-12	-10		-16
Austria	+1	-15	-16		
Switzerland	-7	-21	-15		
Poland	-10	-46	-40		
Central Europe – Total	-3	-13	-11		-15
France	-3	-13	-10		
Belgium	-1	-7	-6		
Netherlands	+1	-13	-14		
Western Europe - Total	-2	-11	-10		-9
SPECIALIST					
ACTIVITY					
A&D (formerly ODS) ⁴	+2	-15	-17		
	NA	-13	NA		
	-3	+5	+8		

¹ These statistics are up to 2 August 2009

² These statistics relate to all customers whether risk or non-risk

³ These statistics include all risk capacity programmes

⁴ These statistics include Online businesses only

In the UK, customer bookings for our charter business are now down 12%, versus down 16% at our last trading update, reflecting an improved run rate with volumes up 2% in the period. The total programme load factor is 79% sold for the full season, with the load factor to the end of September at 85% sold, which is broadly in line with last year. Average selling prices are now 7% ahead of the prior year.

We resumed flights to Mexico at the end of May after the British Government lifted its advice to avoid all non-essential travel to the country and are now seeing demand for the destination

return due to the value on offer to customers. In the last month, bookings to Mexico were up 27% year on year, although load factors are approximately ten percentage points lower than other long haul destinations and versus the prior year level because of the lower bookings and higher cancellations seen after the initial outbreak of swine flu. We estimate that the outbreak of swine flu in Mexico reduced profits in our UK business by c.£7m in the third quarter.

The medium-haul destinations of Egypt and Turkey have continued to experience strong growth versus the prior year, partially driven by some customers being attracted to non-Euro destinations. All inclusive (4pp mix increase to 33%) and differentiated holidays (6pp mix increase to 34%) continue to prove popular with our customers.

In the Nordics, as in the UK, we experienced a later booking trend and trading has continued to improve since the last trading update, with bookings up 7% and average selling prices up 14% in the period. Trading in Sweden has continued to be particularly strong and, after difficult early trading, recent bookings in Denmark have recovered well. Total bookings to date are now down 10% compared to capacity down 15%. The programme load factor is now 95%, three percentage points higher than last year.

In Germany, charter bookings have strengthened since our last trading update, with volumes down 6% in the period compared to the cumulative position of down 9%. Demand for our differentiated products remains high. Margins per passenger in the charter business are still ahead of last year despite average selling prices being down three percent, as discounts have been funded by suppliers. However, the scheduled flying business in Germany has seen reduced bookings in recent weeks as volumes trend towards capacity reductions. The total load factor in Germany is now 76%, one percentage point higher than the prior year.

In Switzerland, excess capacity remains in the market and we continue to experience pricing pressure as a result of aggressive competitor pricing. Trading in Poland remains difficult due to the continued devaluation of the Zloty which has substantially increased the cost of overseas travel.

In France, trading has continued to improve since the last trading update, with cumulative bookings down 10% compared to 16% previously. However, load factors remain behind prior year as the improved recent volumes have not offset the impact on bookings of the civil unrest in the French West Indies earlier in the year. Lates trading in Belgium has been robust with load factors now at 91%. We now have significantly less product left to sell and as a result the rate of sale has naturally slowed. Average selling prices are down slightly versus the prior year due to increased mix of overland holidays following a reduction in our flying programme. Load factors in the Netherlands are now ahead of prior year due to continued improved trading after a slow start to the season.

In the Specialist & Emerging Markets sector sales remain 15% down driven largely by reduced demand in the US for our portfolio of escorted tours products and reduced volumes in some of our long-haul specialist brands due to higher fuel supplements on scheduled flights. However, our premium UK brands including Sovereign and Hayes & Jarvis, have experienced higher demand and volumes are ahead of prior year.

Within the Activity sector we have reduced capacity in the Marine division and seen reduced demand in the North American adventure businesses resulting in sales down 13%.

In the Accommodation & Destinations sector (A&D, previously Online Destination Services), LateRooms continues to perform strongly with the number of bednights up more than 50% versus prior year driven by increased supply of distressed bed stock and consumer demand for value. Profits in the Incoming Agencies business within A&D were adversely affected by c.£1m due to the outbreak of swine flu in Mexico, which reduced the number of visitors to this destination.

Winter 2009/10

As anticipated, the later booking trend seen in Winter 2008/9 and Summer 2009 has continued into Winter 2009/10 in the UK source market, with bookings currently down 21%. Trading in the last four weeks has improved, with bookings down 6% versus last year. We have taken a cautious approach to planning for this season, especially as winter holidays can be more discretionary in nature given that they are often secondary holidays. As such, we have planned to remove 15% of capacity although we have retained flexibility to alter this to reflect developments in demand. The load factor is currently c.20% and the average selling price is up 9% versus prior year.

In the Nordics, bookings have started slowly and are down 29%, with Denmark being particularly weak. Trading in recent weeks, however, has improved, with volumes in line with our initial capacity reduction, which is down by 15%. The average selling price is currently up 3% versus prior year.

The other source markets have only recently launched their Winter 2009/10 programmes.

Summer 2010

Bookings for the UK Summer 2010 programme are in line with the prior year despite the programme launching two months later than for Summer 2009 and higher initial deposit levels, while the average selling price is currently 3% higher. The first brochure edition was launched later this year reflecting the later booking curve and ongoing negotiations with accommodation suppliers and initial capacity plans are broadly flat versus last year. The load factor is 5%, which is in line with last year.

Most of our sales to date are for our portfolio of differentiated content as customers seek to guarantee their chosen product and departure date. Bookings for our First Choice Holiday Villages have been particularly strong in early trading, up 11% versus last year.

Foreign Exchange and Fuel Hedged Position

We have largely hedged our fuel and foreign exchange exposure for the current financial year and continue to hedge for future seasons in line with our hedging policy.

	Summer 2009	Winter 2009/10	Summer 2010
Euro	95%	78%	39%
USD	99%	91%	59%
Jet Fuel	98%	81%	59%

As at 7 August 2009

Foreign Exchange Translation

The underlying operating profit in the third quarter was £3m higher due to a foreign exchange translation gain, primarily driven by Sterling's depreciation against the Euro and US Dollar relative to the third quarter last year. This gain, however, is insufficient to offset the adverse translation impact on seasonal losses in the first half of this financial year which amounted to £30m, leaving FX translation losses at £27m in the nine months to 30 June 2009. If exchange rates remain at current levels we anticipate that the impact on the full year will be adverse.

Integration

During the quarter we delivered £28m of synergy benefit (Q3 08: £7m), with £23m in the UK Mainstream and £5m from other source markets. In the year to date, we have delivered synergy benefit of £80m and remain on track to deliver £115m of benefit in the current financial year. We remain confident of delivering the total synergy target of £200m per annum and the expected total cost of delivering the synergies is unchanged at £260m.

Outlook

We are satisfied with trading for Summer 2009 and remain well positioned to meet the Board's expectations for the year ended 30 September 2009.

Lates trading in the current season, along with our experience in the previous winter season, gives us confidence that, whilst the uncertain economic conditions have resulted in a later booking curve, holiday demand remains strong and tighter market supply conditions mean that required load factors and selling prices will continue to be achieved. We expect a similar booking pattern to continue in the next financial year.

We will continue to maintain a high degree of flexibility for the coming seasons to allow us to alter capacity as market conditions develop.

THIRD QUARTER BUSINESS AND FINANCIAL REVIEW

Group Performance

The Group's underlying operating profit improved by £37m to £102m (Q3 08: £65m). The improvement was driven by incremental integration synergies and the benefit from Easter falling in April this year. This was partially offset by the adverse impact of the Mexican swine flu outbreak and continued weak trading in the French business due to weak consumer sentiment towards the destinations of French West Indies and Madagascar.

The main drivers of the year on year change in Q3 underlying operating profit are:

£m	
Q3 08 underlying operating profit	65
Incremental synergies	+21
Scheduled flying	+4
Easter / Trading	+17
Swine flu impact	-8
Acquisitions	+4
FX Translation	+3
Impact of FY08 sale & leaseback transaction	-4
Q3 09 underlying operating profit	102

Group revenue was £3,575m in Q3 09, a reduction of 1% on Q3 08 revenue of £3,616m. This variance was due to capacity reductions, particularly in the UK and Germany, partly offset by higher selling prices and translation of foreign currency revenue into Sterling. On a constant currency basis, the revenue decline was 9%.

Third quarter ended 30 June 2009

£m	Q3 09	Q3 08	Change %
Revenue	3,575	3,616	-1%
Underlying operating profit ¹	102	65	+57%
Underlying operating margin %	2.9%	1.8%	+1.1pp

Nine months ended 30 June 2009

£m	9M 09	9M 08	Change %
Revenue	8,954	8,770	+2%
Underlying operating loss ¹	(187)	(185)	-1%
Underlying operating margin %	(2.1%)	(2.1%)	-

¹Underlying operating profit / loss excludes separately disclosed items, amortisation of IFRS 3 intangibles, goodwill impairment and taxation of results of the Group's joint ventures and associates.

Segmental Performance

	Northern Region	Central Europe	Western Europe	Total Mainstream	Specialist	Activity	A&D	Group and JVs	Total Group
Customers ('000)									
Q3 09	1,908	2,650	1,407	5,965	293	-	-	-	-
Q3 08	2,387	2,957	1,577	6,921	330	-	-	-	-
Change %	-20%	-10%	-11%	-14%	-11%	-	-	-	-
Revenue (£m)									
Q3 09	1,032	1,277	718	3,027	208	181	159	-	3,575
Q3 08	1,179	1,229	726	3,134	204	137	141	-	3,616
Change %	-13%	+4%	-1%	-3%	+2%	+32%	+13%	-	-1%
Underlying operating profit (£m)									
Q3 09	37	41	(16)	62	9	21	14	(4)	102
Q3 08	19	39	(21)	37	6	9	18	(5)	65
Change %	+95%	+5%	+23%	+68%	+50%	+133%	-22%	+20%	+57%
Underlying operating margin%									
Q3 09	3.6%	3.2%	-2.3%	2.0%	4.1%	11.6%	9.0%	-	2.9%
Q3 08	1.6%	3.2%	-2.9%	1.2%	3.1%	6.2%	12.5%	-	1.8%
Change %	+2.0pp	flat	+0.6pp	+0.8pp	+1.0pp	+5.4pp	-3.5pp	-	+1.1ppt

Northern Region

The Northern Region achieved an £18m improvement in underlying operating profit to £37m (Q3 08: £19m), representing a two percentage point improvement in underlying operating margin. The quarterly improvement was largely driven by incremental merger synergies of £16m and the later timing of Easter, offset by the adverse impact of the Mexican swine flu outbreak.

£m	Northern Region
Q3 08 underlying operating profit	19
Scheduled Flying	+2
Synergies	+16
Acquisitions	+2
Easter / Trading	+8
Swine flu impact	-7
Impact of FY08 sale & leaseback transaction	-2
FX Translation	-1
Q3 09 underlying operating profit	37

During Q3 09, the UK continued to exit its loss making scheduled flying business which delivered an additional £2m of margin improvement in Q3 09 over prior year. Input cost inflation was recovered through higher average selling prices during the period.

Trading profits in the UK increased by £8m in the quarter, helped by the benefit of Easter falling in April this year versus March last year. However, this was offset by the adverse impact on trading of the Mexican swine flu outbreak in April 2009, which resulted in an approximate £7m adverse impact in Q3 09 due to repatriation and compensation costs, increased cancellations and lower load factors when the Mexico flying programme resumed in May.

UK synergies of £23m were delivered in Q3 09, an increase of £16m over the prior year. The business remains on track to deliver full year synergies of £90m.

Performance in the Nordics business was strong in Q3 09, with operating profit up £4m, partly due to the Easter holidays falling in April this year and also due to strong pricing (average selling price increases of 7% over prior year). This excellent trading performance was driven by the strength of our leading brands in Sweden and Norway, which according to YouGov, an independent market research company, are consistently rated as consumers' preferred brands in these source markets. This improvement, however, was offset by margin erosion in Canada in April (the final month of the winter high season) due to the continued challenging conditions in this market.

Central Europe

Central Europe reported an underlying operating profit of £41m in Q3 09, an improvement of £2m over last year (Q3 08: £39m).

£m	Central Europe
Q3 08 underlying operating profit	39
Scheduled Flying	+2
FX Translation benefit	+3
Impact of sale and leasebacks	-2
Easter / Trading	-1
Q3 09 underlying operating profit	41

Germany continued its programme of reducing loss making scheduled flying capacity in Q3 09, reducing capacity by 18% in the quarter versus prior year. This yielded additional margin improvements of £2m in the period. Trading profits, including the benefit of Easter timing, increased by a further £4m in Q3 09 over prior year.

The operating profit improvement in Germany, however, was more than offset by increased losses in Poland and Switzerland. Customer volumes in Poland decreased by 32% in Q3 09 over last year due to the significant weakening of the Polish Zloty against the Euro, which significantly reduced customer demand for Euro destinations and increased input costs. Switzerland continues to be adversely affected by competitor actions to protect market share, resulting in deep discounting and lower prices.

Western Europe

Western Europe reported an underlying operating loss of £16m, an improvement of £5m over the Q3 08 loss of £21m.

This improvement was driven by a strong performance in Belgium, which was helped by Easter timing. Western Europe performance was, however, partially offset by weak trading in France as consumer sentiment continued to be weak towards the destinations of French West Indies and Madagascar, following the civil unrest in the second quarter of 2009. Corsair, our French long haul scheduled airline, has experienced a challenging financial year due to these specific destination issues and the economic downturn. We are continuing to review the business model / fleet and associated strategic alternatives for the Corsair business.

France delivered synergies of £1m in the quarter (Q3 08: nil), primarily in distribution costs.

Specialist & Emerging Markets

The sector delivered an improvement of £3m in underlying operating profits to £9m in the third quarter (Q3 08: £6m).

This improvement was due to the delivery of £1m of synergies in the quarter, £1m from acquisitions and £1m from FX translation benefits.

The joint venture in Russia & CIS and its subsequent acquisitions have now been approved by EU and local regulatory and competition clearance authorities. Following this, the joint venture agreement between TUI Travel and S-Group is now completed.

Activity

The Activity sector delivered a significant improvement in underlying operating profits to £21m in Q3 09 (Q3 08: £9m). Acquisitions contributed £2m of profit in the quarter and the sector delivered integration synergies of £3m in Q3 09 (Q3 08: nil).

Strong trading growth was delivered by our Sports Division in Q3 09 due to the Lions Tour in June 2009 which takes place every four years. The Ski division also performed strongly in April, with revenue growth of 22% in the quarter and improved margins. Trading profit across the remainder of the sector was broadly in line with last year due to capacity rationalisation, for example the Marine Division where Summer 2009 capacity has been cut by 15%.

Accommodation & Destinations (A&D, formerly ODS)

A&D reported an underlying operating profit of £14m in Q3 09 (Q3 08: £18m). The sector was adversely impacted by the Swine Flu outbreak in Mexico, particularly during the period when the government advice in many source markets was to avoid non-necessary travel to the country. At this time customer presence in the Mexican resorts was significantly reduced, leading to lost transfer and excursion revenue. This resulted in lost contribution of £1m in Q3 09.

The incoming agencies also continued to experience decreased volumes and customer spend in the Euro destinations, due to the strength of the Euro against the Sterling, and capacity reductions implemented by the tour operators.

The sector delivered £1m of synergies in Q3 09 (Q3 08: nil) from the integration of the former TUI and First Choice businesses in our incoming agency division.

Acquisitions

In the three months ended 30 June 2009, the Group acquired four businesses for a maximum consideration of £31m, of which the initial cash payment was £15m. The total maximum consideration for acquisitions in the nine months to 30 June 2009 was £81m.

Three of the acquisitions in the quarter were in the Activity sector and one was in the A&D sector. In the Activity sector we acquired Zegrahm Expeditions, a small-ship adventure cruise specialist, Williment, a New Zealand sports tours operator, and ATA, an escorted tours specialist in Australia. In the A&D sector, we acquired Aragon, a cruise handling business in the UK.

Cash and Liquidity

The net debt position (cash and cash equivalents less loans, overdrafts and finance leases) at 30 June 2009 was £866m (30 June 2008: £285m). Net debt consisted of £404m of cash and £1,270m of interest-bearing loans and liabilities. The net debt position at 31 March 2009 was £1,097m. The reduction in net debt is primarily a result of cash flow from operating activities, which is seasonally high in the third quarter.

TUI AG Reporting

TUI AG, our majority shareholder, is issuing its second quarter results for the three-months to 30 June 2009 on 13 August 2009. This report contains financial information relating to TUI Travel PLC. However, this information is not directly comparable due to different presentation and treatment of certain items.

Consolidated income statement (unaudited)
for the 9 month period ended 30 June 2009

	Note	9 month period ended 30 June 2009 £m	9 month period ended 30 June 2008 (as restated – note 1) £m
Revenue	2	8,954	8,770
Cost of sales		(8,467)	(8,470)
Gross profit		487	300
Administrative expenses		(838)	(915)
Share of profits of joint ventures and associates		4	2
Operating loss	2	(347)	(613)
Analysed as:			
Underlying operating loss	2	(187)	(185)
Separately disclosed items	3	(117)	(241)
Amortisation of business combination intangibles		(42)	(75)
Impairment of goodwill		-	(112)
Taxation on profits of joint ventures and associates		(1)	-
Operating loss		(347)	(613)
Financial income		52	116
Financial expenses		(116)	(184)
Net financial expenses		(64)	(68)
Loss before tax		(411)	(681)
Taxation		115	159
Loss after tax from continuing operations		(296)	(522)
Loss from discontinued operations		(8)	-
Loss for the period		(304)	(522)
Attributable to:			
Ordinary shareholders		(305)	(524)
Minority interest		1	2
Loss for the period		(304)	(522)
Non-GAAP measures			
Reconciliation of underlying operating loss to underlying loss before tax			
		£m	£m
Underlying operating loss		(187)	(185)
Net underlying financial expenses		(64)	(68)
Underlying loss before tax		(251)	(253)

Consolidated balance sheet (unaudited)
At 30 June 2009 and 30 September 2008

	30 June 2009 £m	30 September 2008 £m
Non-current assets		
Intangible assets	4,638	4,429
Property, plant and equipment	977	926
Investments in joint ventures and associates	91	114
Other investments	45	56
Trade and other receivables	237	210
Employee benefit asset	1	17
Derivative financial instruments	37	48
Deferred tax assets	398	205
	6,424	6,005
Current assets		
Inventories	58	51
Other investments	41	29
Trade and other receivables	2,077	1,653
Income tax recoverable	68	29
Derivative financial instruments	222	273
Cash and cash equivalents	404	1,130
Non-current assets held for sale and disposal groups	75	157
	2,945	3,322
Total assets	9,369	9,327
Current liabilities		
Interest-bearing loans and borrowings	(119)	(99)
Employee benefits	(2)	(2)
Derivative financial instruments	(337)	(178)
Trade and other payables	(4,533)	(4,057)
Provisions	(177)	(235)
Income tax payable	(75)	(89)
Liabilities of disposal groups	(26)	(22)
	(5,269)	(4,682)
Non-current liabilities		
Interest-bearing loans and borrowings	(1,151)	(1,167)
Employee benefits	(457)	(268)
Derivative financial instruments	(42)	(50)
Trade and other payables	(87)	(149)
Provisions	(222)	(180)
Deferred tax liabilities	(206)	(235)
	(2,165)	(2,049)
Total liabilities	(7,434)	(6,731)
Net assets	1,935	2,596
Equity		
Share capital	112	112
Other reserves	2,495	2,750
Retained deficit	(675)	(271)
Total equity attributable to equity holders of the parent	1,932	2,591
Minority interest	3	5
Total equity	1,935	2,596

Notes to the financial statements (unaudited)

1. Basis of preparation (unaudited)

The financial information in this report relating to the 9 month periods ended 30 June 2009 and 30 June 2008, and the balance sheets at 30 June 2009 and 30 September 2008, is unaudited. This unaudited financial information does not constitute the statutory accounts of TUI Travel PLC within the meaning of section 240 of the Companies Act 1985.

The unaudited financial information relating to the income statement for the 9 month periods ended 30 June 2009 and 30 June 2008, and the balance sheets as at 30 June 2009 and 30 September 2008, has been prepared on the basis of the Company's Adopted IFRSs accounting policies, which are disclosed in Note 1 of the consolidated financial statements for the year ended 30 September 2008.

On 3 September 2007, the TUI Travel PLC group was formed through a business combination of the tourism businesses of TUI AG ('TUI Tourism') with First Choice Holidays PLC ('First Choice'). On a consolidated basis, TUI Tourism is considered to be the acquirer of First Choice. The fair valuation of the First Choice assets and liabilities acquired was finalised by 3 September 2008, being 12 months from the date of acquisition, and as a result the income statement and segmental information for the period ended 30 June 2008 have been restated. The restatement relates to the fair value of customer deposits at 3 September 2007 and has resulted in a reduction in turnover and an increase in loss before taxation of £8m in the period to 30 June 2008 and a reduction in the taxation credit for the same period of £2m.

2. Segmental information (unaudited)

Sector analysis

The Sector analysis is based on the Group's management and reporting structure.

9 month period ended 30 June 2009

	Mainstream Sector			Total Mainstream Sector £m	Specialist Sector £m	Activity Sector £m	Accommod'n & Destinations Sector £m	Joint Ventures and Associates £m	Corporate £m	Total Group £m
	Northern Region £m	Central Europe £m	Western Europe £m							
Total external revenue	2,687	3,053	1,671	7,411	612	585	346	-	-	8,954
Operating (loss) / profit	(128)	(81)	(97)	(306)	11	(1)	(3)	4	(52)	(347)
Separately disclosed items	37	1	14	52	4	18	6	3	34	117
Amortisation of business combination intangibles	15	1	2	18	5	10	9	-	-	42
Taxation on profits of joint ventures and associates	-	-	-	-	-	-	-	1	-	1
Underlying operating (loss) / profit	(76)	(79)	(81)	(236)	20	27	12	8	(18)	(187)
Net financing expenses										(64)
Underlying loss before tax										(251)

9 month period ended 30 June 2008 (as restated – see note 1)

	Mainstream Sector			Total Mainstream Sector £m	Specialist Sector £m	Activity Sector £m	Accommod'n & Destinations Sector £m	Joint Ventures and Associates £m	Corporate £m	Total Group £m
	Northern Region £m	Central Europe £m	Western Europe £m							
Total external revenue	2,814	2,914	1,642	7,370	563	542	295	-	-	8,770
Operating (loss) / profit	(326)	(217)	(69)	(612)	4	5	7	2	(19)	(613)
Separately disclosed items	177	51	2	230	4	3	3	-	1	241
Amortisation of business combination intangibles	54	-	2	56	3	8	8	-	-	75
Impairment of goodwill	-	112	-	112	-	-	-	-	-	112
Taxation on profits of joint ventures and associates	-	-	-	-	-	-	-	-	-	-
Underlying operating (loss) / profit	(95)	(54)	(65)	(214)	11	16	18	2	(18)	(185)
Net financing expenses										(68)
Underlying loss before tax										(253)

3. Separately disclosed items (unaudited)

	9 month period ended 30 June 2009	9 month period ended 30 June 2008 (as restated)
	£m	£m
Merger related integration costs	69	106
Restructuring expenses	30	16
Aircraft	18	119
Total	117	241

Merger related integration costs

These relate primarily to the costs of integration of the UK businesses, in particular the integration of First Choice and Thomson in the UK and the formation of one airline and an integrated retail estate.

In the 9-month period ended 30 June 2009, £3m of the cost relates to asset write downs following the acquisition and integration of the remaining 50% shareholding in Sunshine Cruises Limited (Island Cruises) into the Thomson Cruises fleet.

Restructuring expenses

Costs incurred in the 9-month period ended 30 June 2009 relate to restructuring programmes which are not related to the business combination of First Choice and the TUI Tourism businesses. The main item included here is £15m due to the closure of the Sunsail Clubs in Turkey.

Costs incurred in the comparative 9-month period ended 30 June 2008 relate primarily to restructuring programmes that were already underway prior to the First Choice and TUI Tourism business combination.

Aircraft

Aircraft credits and costs relate to the continuing restructuring of the aircraft fleet. Sale and leaseback profits of £4m have been offset by £22m of costs relating to hedging of the aircraft order book, aircraft fleet advisory fees, foreign exchange revaluation of aircraft held for sale and remaining flight replacement costs following the collapse of Futura.

The prior period cost of £119m is the net result of sale and leaseback losses of £105m, write-downs on aircraft held for sale of £19m, net financial derivative credits of £10m and other costs of £5m.