

Annual Report 2006



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1. Summary of key data

		1. Jan. - 31. Dec.	
		2006	2005
		€ 000	€ 000
total transaction value	per booking date	13,639	17,271
	per travel date	13,658	16,601
net sales		1.263	1,796
EBITDA		59	-3,541
EBIT		16	-4,113
consolidated net gain / loss		-590	-4,823
net gain / net loss per share (in €)	basic	-0.43	-3.46
	diluted	-0.20	-2.06
operative cash flow		-1,405	-3,922
number of employees as per 31. Dec. excl. management board		27	54

2. Foreword by the Management Board

**Dear Shareholders, Customers, Business Associates and Employees,
Ladies and Gentlemen,**

In 2006, your company - Travel24.com AG - left choppy waters behind and now sails on calmer seas again. From 2007 onward, it is growing again with a revised concept and reporting an operating profit for the first time in its corporate history.

Year 2006 was marked by the successful restructuring of the company and by capitalisation measures. In addition to a significant improvement in the company's balance sheet, the company was able to cut costs to an extent that allows the remaining core business to carry itself and to remain profitable at the currently low, but stable, level. Cash in hand currently amounts to over € 1 million and is once again sufficient to initiate a significant increase in the volume of business by expanding sales and marketing activities.

With the subsidiary Direkt-Touristik AG formed in November, we have added tour operation to our core competence of travel retail, allowing us to make our presence felt as a supplier for direct marketers outside of conventional tourist sales channels. First and foremost, this adjustment in our orientation gives us a bigger share of the value chain, higher sales, better margins and an increased cash flow. Our initial successes are evidenced by our extensive collaboration with Tchibo.

In view of the current market conditions in the individual business fields of travel retail and tour operation, we believe that the current 2007 financial year will develop positively: Our goal is to achieve a clear positive EBIT, assuming the corresponding underlying conditions during 2007.

Dear shareholders, on behalf of the entire Travel24.com Group we would like to thank you most warmly for the trust you have placed in us. We can assure you that we have done and will continue to do everything we can to equip your company, and our company, in the best possible way for the opportunities and risks of the years ahead. It remains our goal to achieve a sustained increase in the value of Travel24.com AG!

With this in mind, we look forward to the challenges that await us in 2007!

Yours,



Marc Maslaton
CEO Travel24.com AG

Munich, March 2007

PS: Travel24.com AG's Annual General Meeting will be held on 20 June 2006 in the Literaturhaus, Munich. On this occasion we would be delighted to see as many of our shareholders as possible.

3. Supervisory Board report

In the year under review the Supervisory Board has performed its statutory tasks and those prescribed by the Articles of Association, and has monitored the management of the company. It has held ongoing discussions with the Managing Board on business development and the future strategic orientation of the company. It has also regularly advised the Managing Board in directing the company and monitored the management.

In financial year 2006 seven joint meetings were held (three meetings at the company's head office in Munich and four telephone conferences). Three meetings took place in the first half of 2006, and four meetings were held in the second half of 2006. Admittedly, the Supervisory Board members Andrea Bahlse, Joachim Semrau and Konstantin Graf von der Pahlen participated at fewer than half of the Supervisory Board meetings during financial year 2006, but this was only because the remaining meetings that were held no longer fell during their term of office. Each of these people attended all Supervisory Board meetings held during their respective terms of office. Of the current sitting Supervisory Board members, none has participated in fewer than half of the meetings of the Supervisory Board held during financial year 2006. No committees were formed by the Supervisory Board in financial year 2006.

The main issues addressed at the Supervisory Board meetings were the strategic orientation, the continuation of restructuring measures and the reorientation and financing of the Group. In each of the meetings the Managing Board reported on proposed business policy, the company's situation (including risk situation report and risk management), the course of business (sales figures) and in particular the company's current state of liquidity. It submitted key financial figures to the Supervisory Board. The reports of the Managing Board were discussed in detail at the Supervisory Board meetings. The Supervisory Board was directly involved in all decisions that were of fundamental importance to the company. The attention of the Supervisory Board in 2006 was mainly focused on the negotiations conducted by the Managing Board with regard to potential strategic alliances and other cooperative partners.

At the Supervisory Board meeting in February 2006, a decision was passed in relation to the partial utilisation of Authorised Capital through a cash capital increase. Questions of corporate governance were also discussed and the declaration of conformity was passed. In April 2006 the Supervisory Board concerned itself with the annual financial statements inspected by the auditor, the consolidated financial statements, the management report and the group management report for financial year 2005. The auditor also participated in this meeting and was available to answer questions. At the meetings in June, October and at the first meeting in November 2006, the Supervisory Board dealt in the main with special strategic issues and with the company's financial position (such as the issue of convertible bonds, for example). At the second meeting in November 2006, discussions centred on the formation of the subsidiary Direkt-Touristik AG and its new business concept as a direct tour operator. Additionally, the standing orders for the Managing Board and Supervisory Board were updated. Finally, a resolution was passed at a further telephone conference in November 2006 in relation to the repurchase of profit-sharing rights.

Between meetings, the Managing Board provided the Supervisory Board with regular and timely briefings on current business development and special or urgent proposals and requested its approval as necessary. Measures requiring approval were the subject of in-depth discussions with the Managing Board. Where resolutions (such as the resolutions granting approval for the repurchase of convertible bonds and to issue profit-sharing rights) had to be passed, the Supervisory Board did so by circular letter.

In regular one-to-one discussions the Chairperson of the Supervisory Board furthermore received updates from the Managing Board on the current business situation and major business transactions. The Supervisory Board is satisfied that the company's strategy adequately meets the challenges of the market and that it fulfils the prerequisites for achieving the planned corporate goals.

At the Annual General Meeting on 28 June 2006, Mr Alexander Kersting, Frankfurt businessman, was appointed to the Supervisory Board as a new member. In doing so, he took over from Mr. Joachim Semrau, whose mandate had ended upon the termination of the 2006 General Meeting. In September 2006, Konstantin Graf von der Pahlen, Munich, resigned his Supervisory Board mandate for personal reasons, in observance of the statutory time limit, with effect from 25 October 2006. The Supervisory Board would like to thank Mr Semrau and Graf von der Pahlen for their collaboration.

At the company's Supervisory Board meeting on 28 June 2006 Ms Andrea Bahlsen, longstanding Chairwoman of the Supervisory Board of Travel24.com AG, submitted her resignation for personal reasons in observance of the statutory time limit with effect from 31 July 2006. We would like to thank Ms Bahlsen for heading the Supervisory Board so successfully for many years, and for her consistently excellent collaborative efforts. Dr. Matthias Schüppen was appointed as the new Chairman of the company's Supervisory Board. In December 2006, due to the departure of Ms Bahlsen, Alexander Graf von Gneisenau, a businessman from Munich, was judicially appointed as new member of the Supervisory Board, which currently consists of five members.

In accordance with the shareholders' resolution, the Supervisory Board instructed Allgemeine Treuhand- und Revisionsgesellschaft mbH Rheinland Wirtschaftsprüfungsgesellschaft, Düsseldorf, to audit the annual financial statements and consolidated financial statements of Travel24.com AG. The single-entity financial statements of the AG and the consolidated financial statements 2006, together with the joint management report, consolidated management report and accounts, were audited by Allgemeine Treuhand- und Revisionsgesellschaft mbH Rheinland Wirtschaftsprüfungsgesellschaft, Düsseldorf, who issued a qualified audit certificate.

The audit records were subsequently passed on to the Supervisory Board for appraisal. In its turn, the Supervisory Board engaged in detailed deliberations on the single-entity annual financial statements, consolidated financial statements and combined management report, scrutinised these documents and discussed them in depth with the Managing Board at the meeting of the Supervisory Board on 30 March 2007. The auditor participated in these discussions, reported on the main findings of his audit and presented additional information. Upon examining the records, the Supervisory Board did not raise any objections and approved the audit report. Following an exhaustive discussion and inspection, the Supervisory Board endorsed the projections adopted by the Managing Board. The Supervisory Board approved the annual financial statements and consolidated financial statements as prepared by the Managing Board. The annual financial statements 2006 of Travel24.com AG were thus approved according to Article 172 AktG (Stock Corporation Act).

The Supervisory Board would like to thank the Managing Board and all employees for the high degree of commitment they showed and the work they performed in the year just ended.



Dr. Matthias Schüppen
(Chairman of the Supervisory Board)

March 2007

4. Business performance

Travel retail and tour operations

The core business of the Travel24 Group is the sale of holidays. Its offering portfolio includes all major tour operators and over 50,000 hotels, more than 750 scheduled flight, charter flight and economy flight providers, and a daily offering of up to 12 million last-minute offers and the option of dynamic packaging. The program also includes additional offerings such as rental cars, insurance, and much more. All travel services can be booked easily and comfortably online at www.travel24.com or using the toll-free booking hotline.

The newly-formed, innovative tour operator Direkt-Touristik AG has expanded its structures and with its now 10 staff, has assembled a range of exceptional tour offers and conducted negotiations with various distribution partners. The spectrum of packages on offer for the summer comprises 24 offerings. Around 60 offerings are planned for the winter, as in the summer, both with holidaymakers travelling independently and in combination with charter flights and scheduled flights.

Internet

With approximately 1.28 million visits, the look-to-book rate in 2006 has continued to show steady growth to an average of 0.49%. The number of page impressions totalled 17.8 million in 2006.

A platform exclusively for flight offerings was launched in December at the domain www.flug24.de. The site targets people who know what they're looking for and want to find it quickly and offers flights from more than 750 scheduled, charter and economy airlines. Bookings are made exclusively online, with fulfilment via the call centre in Berlin.

Flug24.de

Linienflug + Billigflieger | Charterflug | Kontakt | über uns | Impressum | Datenschutz | AGB

Flüge
Preisvergleich für
Linien-, Charter-
& Low Cost Flüge

FLUGSUCHE FÜR LINIEN-, CHARTER- UND LOW COST FLÜGE

Ihre Reisedaten

Abreise ab: Hinreise: Reisende Personen:

Reiseziel: Rückreise: Kind 1: Kind 2: Kind 3:

☐ Ich bin zeitlich flexibel

Ihre persönlichen Reisewünsche

Flug

☐ Nur Direktflüge

[Impressum](#) [Datenschutz & Sicherheit](#) [Nutzungsbedingungen](#) [Vermittlungsentgelt Flüge](#) [Schwarze Liste der EU](#)
[Vermittler AGBs](#) [Veranstalter AGBs](#)

The new website www.lastminute24.com launched in September developed very positively, despite conservative advertising measures to promote it, and met expectations.



Marketing

In the context of the company's continued cooperation with TLC Marketing, a new exclusive premium coupon initiative was born with Milupa, the producer of quality baby and infant food. Purchasers of a certain Milupa product obtained a premium voucher worth € 125 with their packaging and could book their family holiday via a hotline within the company's global sales network. Observing the usual minimum booking value, a number of first-class all-inclusive tours were sold. Once again, this premium coupon campaign was received extremely well.

In the last quarter of 2006, the company entered into a cooperative venture with the dialog optimiser newtention Follow-Up. As a result, visitors – i.e. potential customers – to the website of www.travel24.com were later specifically targeted on a different platform using an innovative, latest-generation ad server technology.

5. Investor relations

In February 2006 the Managing Board, with the approval of the Supervisory Board, repurchased convertible bonds for the company from the convertible loan with the ISIN DE000A0JCCE3 from 2003 at a total value of €2.15 million. The purchase price was financed from direct resale at adjusted conditions. Travel24.com AG has thus recorded extraordinary earnings totalling €1.1 million. The repurchase has reduced liabilities by €2.15 million. Furthermore, this measure has produced a sustained reduction in interest expenses of €0.3 million per year.

In February 2006, Travel24.com AG also issued profit-sharing rights capital at a nominal value of up to €357,685 with a total amount advanced of up to €1,073,055. The securities have a term of 3 years. The shareholders were entitled to purchase, for each 4.5 shares in Travel24.com AG, 1 interest-free profit-sharing certificate at a nominal value of €1.00 at an amount advanced of €3.00. All profit-sharing rights were placed at a nominal value of €357,685.

To further strengthen its financial muscle, Travel24.com AG's Managing Board resolved at the end of February 2006, with the approval of the Supervisory Board, to perform a cash capital increase, with subscription rights being excluded, of 150,000 shares to a new total of 1,759,584 shares. The shares were issued at a price of €2.70.

At the company's AGM on 28 June 2006 in Munich shareholders voted with a majority of almost 90% in favour of the decrease in share capital and empowered the Managing Board, with the approval of the Supervisory Board, to issue convertible bonds to a total nominal value of up to €1.5 million by 31 December 2008. The maximum term of the convertible privileges to up to 1.5 million company shares is five years. In order to effect the capital reduction as recommended by the management it was necessary to consolidate the non-par value shares at a ratio of 5:3. The AGM also endorsed the course taken by the management, and the discharge of the Managing and Supervisory Boards for the past financial year was carried by a large majority.

For the purpose of expanding its existing business and opening up new business segments, Travel24.com AG decided in October 2006 to issue a convertible bond to a total nominal amount of up to €0.8 million and offered these to shareholders in the form of a subscription rights issue. The convertible bond is non-interest-bearing and has a term until March 2009. The issue price was €2.50; the conversion price is equal to the issue price. The exchange ratio is thus 1:1. This is to remain unchanged even in the event of a subsequent capital reduction. It is proposed to introduce the convertible bond to dealing in the free market at a German stock exchange.

The simplified capital decrease by €703,830 resolved at the 2006 General Meeting was implemented in November. The no-par value shares were merged in the ratio of 5:3. Shares of Travel24.com AG received the new German Securities Code (WKN) A0JRWD (ISIN: DE000A0JRWD1), the share capital comprises 1,055,745 shares.

A repurchase of a total of 348,221 of the profit-sharing certificates (profit-sharing certificate 2006 / 2009, ISIN DE000A0JDVE1) issued in 2006 for €1.5 million took place in December 2006, in order to reclaim these profit-sharing certificates and associated rights, in particular profit-sharing rights and conversion privileges. The current amount of unconverted convertible bonds issued comprises 2,001,329 million shares after this transaction.

6. Outlook

The Managing Board sees the company at the beginning of a sustained period of growth. The primary driver for this is the development and expansion of sales partnerships with the newly-formed subsidiary Direkt-Touristik AG. We are currently in negotiations in relation to numerous promising cooperations with a number of well-known potential partners.

For Travel24.com AG, the business model of Direkt-Touristik AG means entry into the tour operation and trading business from which we anticipate an additional boost in turnover of around €20 million in 2007 and a significant contribution to the planned profits of Travel24.com AG with offering variations that can be individually combined and are specifically geared towards the German market, predominantly destinations in and around the Mediterranean.

The company's new direction has created a dynamic and flexible travel company with several main pillars, innovative concepts and strong cooperation and sales partners. The company is currently in promising negotiations concerning additional possible consolidations, acquisitions and investments in kind, all of which further the company's changed corporate strategy. During the course of the year we anticipate a further acquisition/incorporation of another company that will round off the overall portfolio of the Travel24.com Group and should generate a long-term increase in sales volumes.

We also plan the further expansion of Travel24.com by continuing with more intensive marketing efforts and optimising our marketing expenditure. Overall, we expect travel bookings turnover at Group level for 2007 of between €30 and 40 million and a positive annual result.

7. Consolidated key figures

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Consolidated management report and management report of Travel24.com AG

for the financial year from 1 January to 31 December 2006

1. General information

The recovery of the tourism industry observed in 2005 was sustained during the previous financial year. However, the tendency of travellers to search more for individuality and adventure became more pronounced - both in terms of selecting and purchasing their desired trips and also in regard to the travel services of which they availed themselves. Consumers are therefore interested not only in the actual travel services they purchase, but also the decision-making process and the circumstances surrounding it are becoming increasingly important in terms of the overall travel process.

One consequence of this was the emerging trend toward the sale of tourism products outside of established, stationary travel agencies and online travel portals. Many market players were surprised both by the extent and also the sustained nature of this shift of the sales process in favour of non-tourist-oriented sales outlets.

2. Economic environment

2.1 General development

Despite sustained fears in relation to the security of supply of fossil fuels and increasing pressure on both the industry and individual consumers to be more environmentally responsible with raw materials that are becoming increasingly scarce, the most important economic and stock exchange indices continued their expansion course in 2006.

2.2 The tourism market

The tourism industry also benefited from the worldwide recovery of the markets and continued its growth. Nevertheless, 2006 was also characterised by a sustained desire on the part of consumers for differentiation in how they are addressed and in the products offered them. Additionally, a growing number of customers discovered non-tourist-oriented stationary sales outlets as a - usually price-driven - shopping experience for their short breaks.

The extent of this development surprised not only the traditional travel agency sector. Even major tour operators who had not previously prepared themselves for the sale of their products outside of stationary and non-stationary "specialised trade" did not begin to react comprehensively to this trend until 2006. They developed stronger services in the lower price segment, where sales consultancy is not required and travellers usually only intend to stay at their destination for a short period.

2.3 The online travel market

Does this mean that the sale of travel services has been overtaken in non-stationary environments? According to leading consumer research institutes, online travel sales continue to have a role to play. Because of their very diversified offering and the possibility of comparing offers that characterises this sales channel, as well as its accessibility, it has become indispensable for an increasing number of customers.

Nevertheless, this sales channel must also adjust to the expectations of its customers, and meet these expectations pro-actively: A portal that offers all products to all customers on its pages will not be competitive, because of its undifferentiated form.

Here, a personalised focus and the ability to adapt travel services to the finances and time, among other things, available to the customer, are of key importance here for communication between individual providers and travellers.

3. The Group's strategy

Travel24.com AG uses a multibrand strategy for its Internet-based travel services offering: Each brand operated is noticeably different from other brands managed within the corporate group and is intended to specifically target a customer segment or group of customer segments. For individual brands, if the prerequisites have been met for it to be run profitably, a separate portal is developed with a style, editorials and travel services in keeping with the customer segment being addressed. In this context, the name-carrying brand "travel24.com" is repositioned to cover the premium consulting-intensive segment.

In parallel with this, the development of separate products should generate a flexibility oriented towards customer requirements. This allows the group of companies to address a broader customer base and win customer segments that had not previously been reached. To this end, Direkt-Touristik AG was formed at the end of 2006. This company specialises in arranging and marketing direct-sales holidays.

4. Course of business

Business development of Travel24.com AG and the Travel24 Group

4.1 Travel24.com AG

During the past financial year, the company again mainly operated the portals it runs by positioning so-called 'keywords' and placing its own web-links in Internet search engines. While the funds available for this in 2006 were limited, thanks to the continuous optimisation of these keywords the company was able to significantly boost the conversion ratio between visitors to its websites and subsequent bookings made.

On the balance sheet date Travel24.com AG had 7 persons on its payroll. The annual average was 8.8 full-time employees. This was equivalent to 4.0 full-time company employees on the effective date, or an annual average of 6.2 (all figures excluding management). There was also a 22% decrease in personnel costs compared with the previous year, commensurate with the reduction in the payroll.

The company's business activities were primarily financed by issuing 150,000 new shares and by placing a total of 930,000 convertible bonds (800,000 newly issued, 130,000 resale) and 357,685 profit-sharing rights with a gross issuing volume of € 3.9 million.

The net loss in the 2006 annual statement amounts to € 0.6 million and is mainly attributable to the following factors:

Debt waiver/loss transfer in favour of Travel Systems AG	approx. € 0.2 million
Earnings from the repurchase of fractional debentures	approx. € 1.2 million
Costs from the repurchase of partial profit-sharing rights	approx. € 0.5 million
Interest expenses	approx. € 0.3 million
Capital increase costs	approx. € 0.1 million
Impairment of book value of participations in Travel Systems AG	approx. € 0.1 million

4.2 Subsidiaries of the Travel24 Group

Business conducted by the Travel24 GmbH travel agencies at the Audi AG plants at Ingolstadt and Neckarsulm showed a positive trend; both agencies were able to increase their sales revenues compared to the previous year. The sales management introduced in 2005 again proved itself in the previous financial year and allowed for the smooth integration of call centre-generated transactions. During the financial year, the company generated net income of € 132,229. The loss of € 0.4 m, which was not covered by shareholder's equity, is secured by a declaration of subordination by Travel24.com AG.

Following the closure of the call centre activities at the end of 2005 at the Hamburg site, the remaining programming activities of the group were discontinued in the first quarter of 2006. The booking applications that had been developed in-house during the previous years were disposed of, together with the rights to the related names, to "Buchungsmaschine". The empty company shell was renamed as "Travel Systems AG", whose net income totalling € 168,640 results from a transfer of losses to Travel24.com AG in the amount of € 205,523. The loss of € 2.6 m, which was not covered by shareholder's equity, is secured by a declaration of subordination by Travel24.com AG.

The newly-formed subsidiary Direkt-Touristik AG began its business operations in November 2006 and, due to its formation and start-up costs, finished the financial year with a loss of € 147,609. The loss of € 0.1 million, which was not covered by shareholder's equity, is secured by a declaration of subordination by Travel24.com AG and a supplementary letter of comfort.

4.3 The Travel24 Group

The loss in sales recorded in 2006 compared with 2005 results, in the first instance, from closures of loss-making activities performed during the previous year, most especially the programming of in-house Internet booking functions and the settlement of holiday bookings for third-party portals. However, the consolidated net loss for the year in the amount of € 0.6 million results mainly from the non-liquidity-related interest charge in conjunction with the convertible bonds issued in 2003, 2005 and 2006.

The balance sheet of the Travel24.com Group was to a large extent characterised by the number of capitalisation measures, which can be summarised as follows:

- Issue of 150,000 new shares; gross issuing proceeds: € 0.4 million
- Resale of 130,000 convertible bonds; gross issuing proceeds: € 0.4 million
- Placement of 357,685 profit-sharing rights with gross issuing proceeds of € 1.1 million.
- Placement of 800,000 convertible bonds; gross issuing proceeds: € 2.0 million
- Repurchase of convertible bonds that the company had issued in July 2003, with a nominal value of € 2.15 million at a purchasing price of € 0.2 million.
- Repurchase of profit-sharing rights that the company had placed in February 2006, with a nominal value of € 0.3 million at a purchasing price of € 1.5 million.
- Capital reduction with simultaneous consolidation of no-par value shares in the ratio 5 : 3

The Group's equity base was thus further solidified.

The liquidity available to the Group increased by € 821,702 to € 1,015,063. Cash and cash equivalents from operating activities in 2006 amounted to € -1.4 million (previous year: € -3.9 million), whilst the cash flow used for investing activities and generated by financing activities totalled € 2.2 million (previous year: € 3.5 million).

On the balance sheet date Travel24 Group had 27 persons on its payroll (previous year: 54). The annual average was 27.0 full-time employees (previous year: 55.0). This was equivalent to 15.0 full-time Group employees on the effective date (prior year 41.6), or an annual average of 16.3 (previous year: 42.6; all figures excluding management).

5. Risk report

By means of ongoing early detection and the recognition, assessment and monitoring of potential risks we enable the systematic analysis of current risk situations, on which concrete risk control is based. In organisational terms the risk management system is directly integrated into the management. The Managing Board and the responsible employees observe the risks arising in their respective areas. It is crucial that risks are consciously perceived and information on new risks and changes is immediately notified. The most important monitoring targets are liquidity, achievement of sales targets and adherence to cost budgets.

The sustained increase in tourism activity was coupled with a corresponding further toughening of the competitive situation. On the one hand, individual online travel retailers commanded a major portion of the advertising budget for search engine marketing and Internet-related media, as was the case the prior year. At the same time, more and more consumers shifted their purchases for travel services outside of conventional specialised trade channels.

It can be assumed that this trend will continue in 2007, with the result that only those companies that expand their customer base and retain a substantial share of existing customers will be able to survive and remain profitable in the long term.

In the company's view a sustained expansion of the customer, turnover and thus revenue base can only be achieved by continuing the adopted strategy, according to which customer expectations are fulfilled. The company must continuously develop and adapt its own offerings and expand the sales channels being used accordingly, in order to keep pace with changes in customer behaviour.

No legal risks exist, since no legal disputes of economic significance are pending. Nor are any risks affecting the security of computer systems currently recognisable.

The capital measures carried out in the past financial year enabled the continuation of business activities. The current balance sheet deficit of Travel24.com AG amounting to €6,017 thousand is covered by the following factors:

- At the end of its term, the convertible bond placed in July 2003 contains, pursuant to Section 2 (3) of the convertible loan conditions, a right of tender from the company according to which the entire loan must be converted into newly-issued shares. Ordinary termination pursuant to Section 4 (1) of the convertible bond conditions with simultaneous repayment of the convertible bond is ruled out, both for the company and for the holder of the convertible bond. Accordingly, the Managing Board believes that this loan should not be characterised as over-indebtedness.
- The value of the "travel24" brand contains hidden reserves, which – irrespective of the qualification of the convertible bond – more than compensate for the negative equity.

Furthermore, the company is of the view that the new business division established at the end of 2006 will make its first positive liquidity contributions in 2007.

The achievement of financial independence hinges on the successful implementation of the business concept approved by the Managing Board. Should this not be possible, the solvency of the parent company and thus the group overall will be jeopardised.

6. Events of particular significance subsequent to the balance sheet date

There were no events of particular significance with a notable impact on the balance sheet after the balance sheet date or that would have qualified the statements made in these accounts.

7. Disclosures pursuant to Sections 289 (4), 315 (4) HGB

7.1 The company's share capital in the amount of € 1,055,745.00, pursuant to Art. 4 (2) of the Articles of Association, is divided into 1,055,745 no-par value shares. The shares are bearer shares. There are no separate stock categories.

7.2 To the company's knowledge, as of the given balance sheet date there were the following direct or indirect holdings in the capital exceeding 10% of voting rights:

HB Marketing and Franchising L.P.	10.84%	8. May 2002
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Since the company's shares are bearer shares, the company will generally only ever become aware of changes to the share ownership if they are subject to notification requirements.

7.3 The appointment and withdrawal of members of the Managing Board is in line with Sections 84, 85 AktG. In accordance with Art. 6 of the Articles of Association the number of Managing Board members is determined by the Supervisory Board, who can also stipulate that the Managing Board may be composed of one member, regardless of the amount of the share capital. The Supervisory Board is responsible for appointing Managing Board members and for withdrawing such appointments. The Supervisory Board can name a Chairman or a Spokesman of the Managing Board as well as a Deputy Chairman of the Managing Board if the Managing Board is composed of more than two persons.

7.4 In the event of changes to the Articles of Association, Sections 179 et seq. AktG must be observed. The General Meeting must resolve on any amendments to the Articles of Association (Sections 119 (1) No. 5, 179 (1) AktG). The Supervisory Board is authorised to resolve amendments to the Articles of Association that relate to formulations (Art. 12 (2) of the Articles of Association). Resolutions of the General Meeting are passed with a simple majority of votes cast, pursuant to Art. 17 (2) of the Articles of Association, unless specifically stipulated otherwise by law and, where the law prescribes a capital majority in addition to the majority of votes, with a simple majority of the share capital represented when the resolution is passed. An abstention shall not be considered a vote cast. The law stipulates a majority of three-quarters of the share capital represented at the resolution for example for changes to the object of the company (Section 179 (2) AktG), for capital increases (Sections 182 (1), 193 (1), 202 (2), 207 (2) AktG) and for capital reductions (Section 222 (1) AktG).

7.5 The Managing Board is authorised, pursuant to Art. 4 (4) of the Articles of Association (resolution of the General Meeting of 5 July 2004, changed by the resolution of the General Meeting of 28 June 2006) to increase the company's share capital with the approval of the Supervisory Board until 4 July 2009 by issuing new no-par value bearer shares against cash contributions or contributions in kind, in full or in partial amounts, on several occasions, however in total by no more than €5,474,960 (Authorised Capital). The Managing Board was furthermore authorised, subject to the approval of the Supervisory Board, to exclude the statutory subscription rights of the shareholders,

- in the case of capital increases against non-cash contributions if companies, equity interests in companies or parts thereof are to be incorporated into the company in return for the issue of shares
- for fractional amounts due to the subscription rights,
- in the case of capital increases against cash contribution for restructuring purposes, or
- if capital increases are made against cash contributions, insofar as the issue price of the shares is not significantly below the company's market price and the new shares issued to the exclusion of subscription rights do not exceed 10% of the share capital, neither at the time the authorisation takes effect, nor at the time of exercising. This figure must take into account shares that have been, or are to be issued, for the servicing of convertible bonds to the exclusion of subscription rights as well as company shares that are to be resold to the exclusion of subscription rights,
- as it is necessary to grant the creditors of the non-interest-bearing profit-sharing certificates of 2006/2009 a subscription right to new shares in the company, as they are entitled to after exercising the conversion privilege,
- as it is necessary to grant the creditors of convertible bonds from the 2006 convertible bond program resolved at the General Meeting of 28 June 2006 according to agenda item 11.1 a subscription right to new shares to the extent to which they are entitled after exercising the conversion privilege.

Subject to the approval of the Supervisory Board, the Managing Board also decides on the content of the share rights in question and the other stipulations of the issue of shares. Subject to the approval of the Supervisory Board, the Managing Board may decide on a starting date for dividend rights that differs from that stipulated in Art. 60.

The Authorised Capital allows the Managing Board to react flexibly during the company's continued reorganisation phase.

7.6 By way of a resolution by the shareholders' meeting on 25 June 2001 the company's share capital was increased by a nominal sum of €900,000 through a conditional capital increase (Conditional Capital II). The contingent capital increase is only conducted to the extent that the holders of stock options exercise the option rights that have been issued by the company's Managing Board on the basis of the authorisation from the General Meeting on 25 June 2001 with the consent of the Supervisory Board or have been issued by the Supervisory Board. On 30 July 2001 a total of 576,500 option rights were offered to the staff, senior

employees and management of the company and its affiliates on the basis of the authorisation from the company's General Meeting on 25 June 2001 following the appropriate resolutions of the Management and Supervisory Boards. 552,250 options have been accepted. By way of a resolution by the shareholders' meeting on 5 July 2004, in view of the new additional conditional capital to be newly created for the 2004 stock option program, Conditional Capital II was renamed to become Conditional Capital I and withdrawn in the amount for which options had not yet been issued. As a result, the capital renamed as Conditional Capital I in the amount of € 435,500 was cancelled and now exists pursuant to Art. 4 (5) of the Articles of Association in the amount of € 464,500.

7.7 In order to service the 2004 stock option program resolved on 5 July 2004, by way of a resolution of the shareholders' meeting of the same date the company's share capital was conditionally increased by up to a nominal amount of € 910,500 by issuing up to 910,500 no-par value bearer shares (Contingent Capital II in accordance with Art. 4 (6) of the Articles of Association). The conditional capital increase exclusively serves to issue stock options, with the approval of or by the Supervisory Board, to the members of the company's Managing Board, the managing directors of affiliated companies in compliance within the meaning of Section 15 AktG and to employees of the company and its related companies in compliance with Section 15 AktG as adopted by the resolution of the General Meeting on 5 July 2004. The contingent capital increase will be carried out to the extent that holders of subscription rights exercise such rights and insofar as the company does not grant its own shares in fulfilment of the subscription rights or utilise existing authorised capital. The shares issued under subscription options will be issued at a basic price which will be calculated in line with the principles set out in the authorisation resolution. The shares issued under subscription rights carry dividend rights from the start of the financial year in which they are created by exercising the options. The Managing Board and, to the extent that it is involved itself, the Supervisory Board, is authorised, with the approval of the Supervisory Board, to stipulate the further details for issuing the shares from the conditional capital increase and for implementing the conditional capital increase itself.

Following the resolution of the Supervisory Board on 8 November 2006, the issuing of a total of 627,625 share options was authorised which, following the implementation of the capital reduction stipulated in the General Meeting resolution of 28 June 2006, entitle holders to purchase a total of 376,575 new bearer shares. The company's goal remains achieving a long-term increase in the company's value by allowing employees, senior employees and managers to participate in its success. Participation by means of share options boosts motivation levels and harmonises the interests of shareholders with those of management and employees.

7.8 By resolution of the General Meeting on 12 June 2002, the company's share capital was contingently increased by a nominal € 4,300,000 by issuing up to 4,300,000 new no-par-value bearer shares with dividend rights from the start of the financial year in which they are issued (Contingent Capital III in accordance with Art. 4 (7) of the Articles of Association). The Managing Board was authorised, with the consent of the Supervisory Board, to issue no-par value bearer or registered convertible bonds valued at up to € 4,300,000 in one or more issues with a maximum term of five years and to grant the holders of the convertible bonds conversion rights for up to 4,300,000 new shares of the company, proportionately representing up to € 4,300,000 of the share capital, within the strict limitations of this resolution and in accordance with the convertible bond conditions to be specified by the Managing Board with the consent of the Supervisory Board.

The convertible bond was placed on 8 July 2003 at a nominal amount of € 4,300,000. The company launched a convertible bond pursuant to the convertible bond contract of 8 July 2003. With the approval of the Supervisory Board, the Managing Board bought back convertible bonds to a nominal value of € 2,150,000 for the company in February 2006. Following this repurchase of convertible bonds at a nominal value of € 2,150,000, 130,000 convertible bonds were sold on at amended conditions, retaining the original term.

7.9 By resolution of the General Meeting on 5 July 2004 the company's share capital was contingently increased by a nominal € 1,200,000 by issuing up to 1,200,000 new no-par value bearer shares with dividend rights from the start of the financial year in which they are issued (Contingent Capital IV in accordance with Art. 4 (8) of the Articles of Association). The Managing Board has been authorised, with the consent of the Supervisory Board, to float no-par value bearer and/or registered convertible bonds valued at up to € 1,200,000 in one or more issues with a maximum term of five years and to grant the holders of the convertible bonds conversion privileges for up to 1,200,000 new shares in the company, proportionately representing up to € 1,200,000 of the share capital, within the strict limitations of this resolution and in

accordance with the convertible bond conditions to be specified by the Managing Board with the consent of the Supervisory Board. The contingent capital increase serves to grant shares to the holders of convertible bonds options issued by the company on the basis of the authorisation granted by the shareholders' meeting on 5 July 2004. New shares are issued against payment of the conversion price as set out in the corresponding authorisation resolution. The contingent capital increase is only to be implemented to the extent that the conversion rights from the convertible bonds are used.

The Managing Board and, insofar as it itself is involved, the Supervisory Board, is authorised to stipulate the further details of the contingent capital increase with the approval of the Supervisory Board.

Upon issue of the convertible bonds the holders will receive an irrevocable right to convert these to new shares in the company, subject to the conditions set by the Managing Board with the consent of the Supervisory Board. The proportionate amount of the shares issued in the share capital may not exceed the nominal value of the convertible loans. The conversion rate is calculated by dividing the nominal value of the convertible bonds by the conversion price, i.e. 1 : 1 (a new share in the company may be exchanged for each € 1.00 nominal value of the convertible bonds). Subject to the convertible bond conditions, the conversion privilege may be exercised at any time during the entire term. The conversion price is € 1.00 per share, less the nominal value of the bond.

The convertible bond was placed on 4 July 2005 at a subscription price of € 3.00 per fractional debenture. Following partial conversion, the Contingent Capital IV still exists in the amount of € 954,056.

7.10 The company's General Meeting of 3 August 2005 authorised the Managing Board, with the approval of the Supervisory Board, to issue profit-sharing rights until 31 December 2007 that are not associated with conversion or option rights for shares, at a total nominal amount of up to € 15 million, within the strict limitations of this resolution and of the profit-sharing right conditions to be stipulated by the Managing Board with the approval of the Supervisory Board. This authorisation may be utilised in full or in tranches, on one or several occasions. The profit-sharing rights have a term of no longer than seven years. The Managing Board was further authorised, with the approval of the Supervisory Board, to exclude shareholders' subscription rights to the profit-sharing rights, in order to exclude residual amounts from the subscription right.

In February 2006 the Managing Board partially exercised the above-mentioned authorisation with the approval of the Supervisory Board and the company issued non-interest-bearing profit-sharing rights ("profit-sharing certificates") at a total nominal amount of up to € 357,685, divided in up to 357,685 mutually equal partial bearer profit-sharing rights with a nominal value of € 1.00 each (each constituting a "partial profit-sharing right" and all partial profit-sharing rights together constituting the "profit-sharing rights").

Following the resolution of the General Meeting of 28 June 2006, each profit-sharing right holder was granted a conversion right with the requirement to exchange each partial profit-sharing right at a nominal value of € 1.00 within an exercise period into the issuer's no-par value bearer shares (carrying voting rights). The subscription rights are to be issued from the existing authorised capital pursuant to Art. 4 (4) of the Articles of Association. However, the Managing Board may decide, with the agreement of the Supervisory Board, whether the new shares required to fulfil exercised conversion rights should be provided from the existing or Authorised Capital or an existing or future Contingent Capital or from holdings of own shares. In exercising this discretion, Managing Board and Supervisory Board must act exclusively in the company's interests.

In December 2006, with the approval of the Supervisory Board, a total of 348,221 profit-sharing rights were repurchased.

7.11 Following the resolution of the General Meeting of 28 June 2006, the Managing Board was authorised, with the consent of the Supervisory Board, to issue no-par value bearer and/or registered convertible bonds at a total nominal value of up to € 1,500,000, in one or more issues with a maximum term of five years and to grant the holders of the convertible bonds conversion rights (even following a capital reduction) for up to 1,500,000 new shares of the company, proportionately representing up to € 1,500,000 of the share capital, within the strict limitations of this resolution and in accordance with the convertible bond conditions to be specified by the Managing Board with the consent of the Supervisory Board. All shareholders have the right to subscribe. The convertible bonds can also be assumed by a bank or a bank consortium with an undertaking to offer them for subscription to shareholders. However, the Managing Board is authorised,

subject to the approval of the Supervisory Board, to exclude the pre-emptive rights of shareholders to the convertible bonds.

- (i) provided convertible bonds with conversion rights are subscribed for restructuring purposes by one or more investors for cash, or
- (ii) insofar as fractional amounts occur due to a subscription ratio.

Upon issue of the convertible bonds the holders will receive an irrevocable right to convert these to new shares of the company, subject to the conditions set out by the Managing Board with the consent of the Supervisory Board. The proportionate amount of the shares issued in the share capital may not exceed the nominal value of the convertible loans. The exchange ratio is 1:1 (each nominal € 1 value of the convertible bond can be exchanged for one new share in the company). Subject to the convertible bond conditions, the conversion privilege may be exercised at any time during the entire term. The convertible bond conditions can also provide for a right of tender for the company or a conversion obligation at the end of the term (or at an earlier point in time). The conversion price corresponds to the issuing amount and is considered payment as though by payment of the issuing amount.

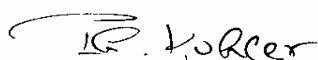
The Managing Board and, to the extent it is itself involved, the Supervisory Board, were authorised, with the approval of the Supervisory Board, to determine all further details relating to the issue and composition of the convertible bonds and their conditions, in particular the interest payable, issuing price, term and denomination, dilution protection, conversion periods and exchange modalities for the conversion authorisation, provided that these are in keeping with the underlying resolution of the General Meeting. The application of any conversion rights exercised by holders of convertible bonds from the convertible loan program 2006 should primarily be achieved through the existing Authorised Capital.

In October 2006 the Managing Board, with the approval of the Supervisory Board, partially exercised the above authorisation and issued 800,000 convertible bonds.

8. Outlook

As in previous years, the continued growth in the travel sector will increasingly be felt in the online travel segment. Again in 2006, travel24.com managed to record high awareness and sympathy levels and performed above-average against other travel platforms in the leading comparative analyses. By extending its business activities with a direct tour operator, Travel24.com AG believes not only that it has significantly developed its core competences, but also that, given the corresponding financial muscle, it has a very promising starting position not only for holding onto the market share it has gained, but also to further expand this share and serve it even better.

Munich, March 2007



Philip Kohler



Marc Maslaton

Consolidated financial statements 2006

Consolidated balance sheet as of 31 December 2006

ASSETS	note #	31. Dec. 2006 € 000	31. Dec. 2005 € 000
current assets			
cash and cash equivalents	3	1,015	193
short-term investments / marketable securities			
trade accounts receivable	4	123	171
other accounts receivable and assets	5	370	632
total current assets		1,508	996
non current assets			
intangible assets	6 & 7	110	112
property, plant and equipment	6	48	136
investments	6	116	116
total non current assets		274	364
total assets		1,782	1,360

LIABILITIES and SHAREHOLDERS' EQUITY	note #	31. Dec. 2006 € 000	31. Dec. 2005 € 000
current liabilities			
accrued expenses	8	335	758
trade accounts payable	9	478	871
other current liabilities	9	158	232
total current liabilities		971	1,861
non current liabilities			
convertible bonds	9 & 10.4	5,964	4,907
total non current liabilities		5,964	4,907
shareholders' equity			
share capital	10.1	1,056	1,610
additional paid-in capital		943	1,788
remuneration from share options	10.6	0	-50
accumulated deficit		-7,152	-8,756
total shareholders' equity		-5,153	-5,408
total liabilities and shareholders' equity		1,782	1,360

Consolidated income statement from 1 January to 31 December 2006

	note #	1. January - 31. December	
		2006 €000	2005 €000
revenues	11	1,263	1,796
other operating income	12	2.836	357
personnel expenses	13	-1.009	-2,187
depreciation of property, plant and equipment and of intangible assets	6	-43	-572
other operating expenses	14	-3,031	-3,507
operating loss		16	-4,113
interest income	15	213	50
interest expenses	15	-819	-760
result before income taxes		-590	-4,823
income tax	16	0	0
net income / loss		-590	-4,823

	1. January - 31. December			
	2006		2005	
net loss per share	basic	diluted	basic	diluted
weighted average number of shares outstanding	1,381,671	2,905,182	1,395,636	2,339,282
net loss (in €000)	-590	-590	-4,823	-4,823
per share (in €)	-0.43	-0.20	-3.46	-2.06

Consolidated cash flow statement from 1 January to 31 December 2006

	note #	1. Jan. - 31. Dec.	
		2006 € 000	2005 € 000
net income / net loss		-590	-4,823
(+) depreciation and amortization		43	572
(+) financial result		606	710
(-) decrease in provisions		-423	-164
(+/-) gains (-) / losses (+) on the disposal of fixed assets		65	-6
(+/-) gains (-) / losses (+) on the redemption of convertible bonds		-1,012	0
(+/-) change in net working capital		-157	-279
(+) non-cash items		63	68
net cash used in operating activities	22	-1,405	-3,922
(-) purchase of property, plant and equipment		-18	-57
(+) proceeds from sale of equipment / repayment of loans		0	103
net cash used in investing activities	22	-18	46
(+/-) accruals from the issuance of share capital		347	1,581
(+) payments on other financing instruments		3,440	1,898
(-) disbursements for the redemption of convertible bonds		-1,740	0
(+) interest received		213	0
(-) interest paid		-15	-24
net cash provided by / used in financing activities	22	2,245	3,455
net decrease / increase in cash and cash equivalents		822	-421
cash and cash equivalents at beginning of period		193	614
cash and cash equivalents at end of period		1,015	193

note:

in this statement of cash flows, cash and cash equivalents are defined as "net available cash and cash equivalents", i. e. this item comprises the cash and cash equivalents carried on the balance sheet under current assets.

Development of consolidated share capital 1 January to 31 December 2006

	number of shares issued	share capital: preference	share capital: ordinary shares	treasury stock	additional paid-in capital	remuneration from stock revaluation surplus	net loss	total	
as of 31. December 2004	15,000,000	0	15,000	0	62,840	-150	0	-79,925	-2,235
capital increase for cash	40		0						0
equity cut & reverse share split	-13,636,400		-13,636		-62,356		75,992		0
convertible bond warrants					1,170				1,170
expenses for procurement of equity *					-121				-121
capital increase through conversion of convertible bonds	245,944		246		286				532
issue of stock options and partial deferred expenses for remuneration from stock options					-32	100			68
net loss							-4,823		-4,823
as of 31. December 2005	1,609,584	0	1,610	0	1,788	-50	0	-8,756	-5,408
as of 31. December 2005	1,609,584	0	1,610	0	1,788	-50	0	-8,756	-5,408
capital increase for cash	150,000		150		255				405
equity cut & reverse share split	-703,830		-704		-2,327		3,031		0
convertible bond warrants					983		-526		457
expenses for procurement of equity *					-80				-80
issue of stock options and partial deferred expenses for remuneration from stock options					325	50	-312		63
net loss							-590		-590
as of 31. December 2006	1,055,745	0	1,056	0	943	0	0	-7,152	-5,153

* expenses for equity procurement were offset to the full amount as a result of the accounting assumption that losses carried forward will not be used for fiscal purposes

Notes to the consolidated financial statements

for the financial year from 1 January to 31 December 2006

1. Business purpose and group structure

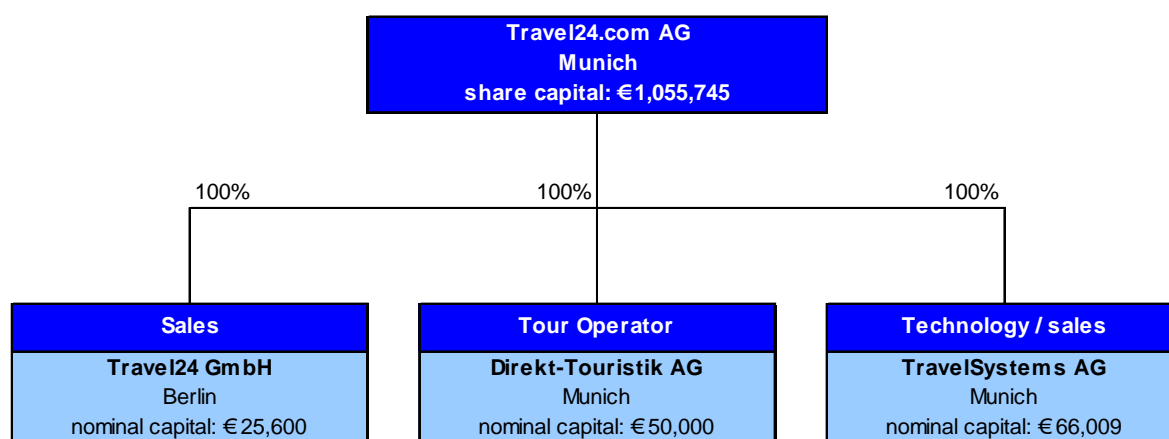
Travel24.com AG, Munich, was founded with the adoption of the Articles of Association on 22 February 1996 as Travel Systems AG and recorded in the commercial register at Munich Local Court on 27 February 1996. The company's name was changed to Travel24.com AG by shareholders' resolution on 14 February 2000 and the change was recorded in the commercial register on 24 February 2000. Since 15 March 2000 the company's shares have been listed on Frankfurt Stock Exchange (Prime Standard, until 31 December 2002: *Neuer Markt*).

The business activities of Travel24.com AG - hereinafter referred to as the "Company" and its subsidiaries relate to the organisation and marketing of travel services ("Travel marketing & distribution" business segment), the development and operation of system components for online information and reservation systems ("Travel technology" business segment), and the design of travel products and their direct marketing ("Direct Marketing Tour Operator" business segment).

As of 31 December 2006 the reporting entity consisted of the following subsidiaries:

	ownership share	subscribed capital	equity	net profit (loss) for the year	
	%	31.12.2006 € 000	31.12.2006 € 000	2006 € 000	2005 € 000
Travel24 GmbH, Berlin	100	26	-397	132	58
Direkt-Touristik AG, Munich	100	50	-98	-148	-
Buchungsmaschine AG, Munich	100	66	-2,646	169	18

As of the balance sheet date, the Group structure was as follows:



The above group structure resulted from the following commercial transactions:

- With the agreements of 2 June 1998 / 21 August 1998 all shareholdings in Travel24 GmbH were purchased at a nominal value of DM 50,000. The business purpose of the Company is the operation of travel agencies, the organisation and retail sale of holidays as well as associated services.
- Following its agreement of 29 March 2006, Travel24.com AG disposed of the booking modules developed by Buchungsmaschine AG and the name rights to this company, so that following the entry in the commercial register of 2 May 2006, this subsidiary henceforth operates under the name Travel Systems AG. Since the closure of its own programming activities, Travel Systems AG no longer runs any operating business activities.
- In its resolution of 8 November 2006, the Supervisory Board endorsed the establishment of a new business segment, and in November 2006 the Company purchased 100% of the shares of the *Aktiengesellschaft* (German public company) subsequently renamed as Direkt-Touristik AG.

2. Summary of essential accounting and valuation principles

2.1 General

Travel24.com AG has prepared its consolidated financial statements for financial year 2006 in conformance with international accounting rules, the International Financial Reporting Standards (IFRS), as they are applicable in the European Union. The basis for this is the obligation ensuing from Article 315a Section 1 German Commercial Code (HGB) in conjunction with EC Directive No. 1606/2002 of the European Parliament and Council dated 19 July 2002 regarding the use of international accounting standards. All mandatory standards and interpretations have been taken into account. In addition, above and beyond the compulsory disclosures according to IFRS, all declarations and explanatory notes stipulated under Article 315a Section 1 HGB have been published, as required by German commercial law for consolidated financial statements according to IFRS. The most important evaluation basis of the financial statements is amortised cost.

The consolidated financial statements were prepared according to the going concern principle. The Managing Board is assuming that the parent company's existing balance sheet deficit of €6,017 thousand is covered by the following factors:

- At the end of its term, the convertible bond placed in July 2003 contains, pursuant to Section 2 (3) of the convertible loan conditions, a right of tender from the Company according to which the entire loan must be converted into newly-issued shares. Ordinary termination pursuant to Section 4 (1) of the convertible loan conditions with simultaneous repayment of the convertible bond is ruled out, both for the Company and for the holder of the convertible bond. Accordingly, the Managing Board believes that this loan should not be characterised as over-indebtedness.
- The value of the "travel24" brand contains hidden reserves, which – irrespective of the qualification of the convertible bond – more than compensate for the negative equity.

Furthermore, the Managing Board is of the view that the new business division established at the end of 2006 will make its first positive liquidity contributions in 2007, allowing the Company to become financially independent. The achievement of this goal hinges on the successful implementation of the business concept approved by the Managing Board. Should this not be possible, the solvency of the parent Company and thus the Group overall will be jeopardised.

The consolidated financial statements were prepared in € thousand (€'000).

2.2 Layout of the balance sheet and income statement

The balance sheet is classified according to maturity. The items in the income statement are classified by nature.

2.3 Consolidation principles and reporting entity

The consolidated financial statements of Travel24.com AG as of 31 December 2006 were prepared in accordance with International Accounting Principles (IFRS). The provisions valid on the balance sheet date have been applied.

The standards and amendments IFRIC 4 ff., Amendment to IAS 19, IAS 21, IAS 39 being applied for the first time in financial year 2006 had no significant effects.

In 2005 and 2006, the IASB passed various standards, amendments to standards and interpretations that are applicable as from 2007. Some of these regulations, for instance the amendment to IAS 1 "Presentation of Financial Statements - Capital Disclosures" and the standards IFRS 7 "Financial Instruments - Disclosures" only relate to disclosure obligations. For others, such as IFRIC 7 "Applying the Restatement Approach under IAS 29 Reporting in Hyperinflationary Economics", IFRIC 8 "Scope of IFRS 2", IFRIC 9 "Reassessment of Embedded Derivatives" and IFRIC 10 "Interim Financial Reporting and Impairment" there are currently no applications in the Company, nor are there likely to be in 2007. Overall, the Company therefore does not expect the new regulations to have any significant impact on its asset position, financial situation or results of operations.

The Company's consolidated financial statements include the annual financial statements of Travel24.com AG and its subsidiaries listed in Note 1, for which Travel24.com AG directly or indirectly holds a majority of the company's voting rights or can otherwise significantly influence the company's activities. The companies are incorporated into the consolidated financial statements beginning from the moment from which Travel24.com AG can exercise control.

The annual financial statements of the companies included in the consolidated financial statements were prepared according to uniform accounting and valuation principles. All significant balances and transactions generated by the intercompany exchange of goods and services have been eliminated on consolidation in accordance with IFRS.

In the consolidation of funds the initial cost of investments was set off against the attributable equity capital at the time of purchase. The resulting differences were allocated to assets to the extent that the book value differs from the current value. Any remaining differences are treated as goodwill.

A resulting negative difference is recognised in net profit or loss.

Any balances, expenses and earnings, as well as any interim profits resulting from Group-internal transactions are eliminated.

2.4 Use of estimates

For some items the preparation of the consolidated financial statements in compliance with IFRS necessitates assumptions which have an effect on the measurement and recognition of assets and liabilities in the balance sheet or income and expenses in the Group's income statement and the declaration of contingent assets and liabilities. The most important assumptions and estimates relate to assessments of the recoverability of intangible assets, in particular goodwill, uniform treatment within the Group of expected economic useful life for tangible assets, the collectability of receivables and the accounting and valuation of provisions. The assumptions and estimates are based on the currently available state of knowledge. In particular, the predicted business development was based on the conditions prevailing when the consolidated statements were prepared and a realistic assumption for the future development of the global and industry-specific environment. The most complex assumptions were made for the impairment test on goodwill. For specific details of these assumptions please see Item 7.

2.5 Cash and cash equivalents

The Company considers all cash with a term of three months or less at the point in time of their acquisition as cash equivalents.

2.6 Fixed assets

Intangible assets acquired against payment are capitalised at acquisition cost and, with the exception of goodwill, are each written off using the straight-line method across a useful life of three to five years. As of 31 December 2006, the impairment test has shown that the recoverability of the disclosed goodwill is given.

Tangible assets were assessed at acquisition costs reduced by planned, physical depreciation.

Office furniture and equipment are depreciated over a useful life of three to eight years.

Intangible assets and tangible assets are exceptionally amortised pursuant to IAS 36 as of the balance sheet date if there is an indication of an impairment and if, following the subsequent impairment test, the "achievable amount" of the asset has fallen below the book value. In the case of assets to be attributed to a goodwill-bearing Cash Generating Unit (CGU), the impairment test is conducted annually irrespective of any indication.

2.7 Financial assets / current financial assets

Other receivables and assets are balanced at their nominal value. If there is doubt as to their collectability, such receivables are then recognised at the lower realisable amount. In addition to the reserves for bad debt that are required, identifiable risks from the general credit risk are allowed for by forming portfolio-oriented reserves derived from experiential values.

Financial assets are recognised at acquisition costs, reduced by exceptional depreciation if required.

2.8 Provisions

Provisions are formed if an obligation to a third party resulting from previous earnings is likely to lead to a future cash outflow and if this financial charge can be reliably estimated. Provisions are valued with the best possible estimate of the scope of obligation are checked on each key balance sheet date.

If the provision cannot be formed because one of the criteria has not been met, without the probability of availment otherwise being remote, the corresponding obligations are reported as contingent debts.

2.9 Liabilities

Trade payables and other liabilities are recognised at their nominal value or at the higher repayment amount.

Liabilities from convertible bonds and profit-sharing rights contain the cash value of the repayment amount as of the balance sheet date, reduced by the conversion right.

2.10 Employee participation program (stock-based compensation)

The Company balances the existing employee participation programmes by applying IFRS 2 Standard Share-based Payment of 18 February 2004. Accordingly, all share options issued to employees must be recognised in net profit or loss. The market value of the employee participation is determined and stated as expenses over the period of the vested rights of the stock options or another equity capital instrument.

2.11 Realisation of income and expenses

Sales revenues from travel retail brokerage are recognised with the transfer of significant risks and opportunities if, as is often the case, the remaining prerequisites (no continued involvement, reliable determinability of the revenue amount and sufficient probability of accrual) are also met.

Operating expenses affect net income once the payment is made or at the time they are triggered. Interest revenue and interest expenses are accrued.

2.11 Net earnings per share

Basic earnings/losses per share are calculated from the weighted average number of outstanding ordinary shares in the reporting period. The diluted earnings/loss per share are calculated from the weighted average number of outstanding ordinary shares in the reporting period and the existing equity-related rights. The latter consist of share options and share subscription rights such as convertible loans and profit-sharing rights (including own shares, if applicable).

3. Liquid funds and securities

The funds shown include current, fixed deposit and time-deposit accounts at financial institutions, as well as cash equivalents. A distinction is made between fixed deposits with terms of less than three months and those with terms of more than three months.

	31. December	
	2006	2005
	€ 000	€ 000
cash, cheques and bank balances	865	12
term deposits up to 3 months	150	131
total cash and cash equivalents	1,015	143
term deposits over 3 months, as well as reserved deposits	0	50
total marketable securities	0	50
grand total	1,015	193

4. Trade receivables

All receivables shown have a term of up to one year.

5. Other receivables and assets

Other receivables and assets comprise the following:

	31. December	
	2006	2005
	€ 000	€ 000
Taxes:		
capital gains tax and surcharge (solidarity tax contribution)	2	3
sales tax	10	13
sub-total taxes	12	16
advance payments for travel services	300	254
performance bonds and deposits	22	21
debit balances of accounts payable	1	18
loans granted	3	310
other	32	13
sub-total other prepaid expenses & assets	358	616
grand total	370	632

All other receivables and assets have terms of up to one year.

6. Fixed assets

Fixed assets and investments as of 31 December 2006 are shown in the movement schedule on the following page:

Travel24.com AG - Group

development of fixed assets in the 2006 financial year

	acquisition and production costs					depreciation and amortization					residual book values	
	1.1.2006	additions	disposals	transfers	31.12.2006	1.1.2006	additions	disposals	transfers	31.12.2006	31.12.2006	31.12.2005
	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000
I. <u>intangible assets</u>												
1. software	342	2	337		7	339	2	335		6	1	3
2. Goodwill	6,527				6,527	6,418				6,418	109	109
	6,869	2	337	0	6,534	6,757	2	335	0	6,424	110	112
II. <u>tangible assets</u>												
other fixtures and fittings, tools and equipment	607	16	464	0	159	471	41	401	0	111	48	136
III. <u>financial assets</u>												
1. investments	5,337				5,337	5,334				5,334	3	3
2. loans due from entities with which the Company is linked by virtue of participating interests	4,088				4,088	4,088				4,088	0	0
3. other loans	113				113	0				0	113	113
	9,538	0	0	0	9,538	9,422	0	0	0	9,422	116	116
	17,014	18	801	0	16,231	16,650	43	736	0	15,957	274	364

7. Goodwill

Goodwill comprises the following:

	goodwill	w rite- dow n	accumulated depreciation	net book values	
	2006	31.12.2006	31.12.2006	31.12.2006	31.12.2005
	€ 000	€ 000	€ 000	€ 000	€ 000
Direkt-Touristik AG	0	0	0	0	0
TravelSystems AG	6,256	0	6,256	0	0
Travel24 GmbH	271	0	162	109	109
total consolidated companies	6,527	0	6,418	109	109

Goodwill, including goodwill from the capital consolidation, is subjected to an impairment test once a year. The Group management performed this test on 31 December 2006. No need for value adjustment ensued from this.

For the purposes of the impairment test, the goodwill existing as of 31 December 2006 for the unit generating the affected means of payment (Cash Generating Units, CGUs) was assigned to Travel24 GmbH (Travel Marketing & Distribution). Prior to and in the absence of a write-down, even after performing the impairment test, the book value of goodwill accorded to the CGU Travel24.com AG was € 109 thousand.

The recoverable amounts were determined as a fair value, less selling costs. The calculation was made according to the DCF method. The cash flow forecasts based on the latest budget approved by the management were used to determine the recoverable amount. The forecasts were, in turn, based on the following assumptions. Assumptions which demonstrated the highest sensitivity with reference to a change in the recoverable amount of the CGU were regarded as fundamental.

The forecasts for the CGU Travel24.com AG are based on the following assumptions:

- Further increase in Internet- and call centre-induced sales.
- Stable and profitable continuation of stationary travel agency activities on the works premises at Ingolstadt and Neckarsulm.
- Retention of the slim and flexible cost structure which led to positive trading results in the reporting year.

The Company based its cash flow forecasts for CGU Travel24 GmbH on detailed planning calculations for a period of three years. An extrapolation was made for the time beyond, based on the last detailed planning period. A growth rate commensurate with the general price trends was assumed for the purpose.

To calculate the recoverable amount, the future cash flows of CGU Travel24 GmbH were reduced at a risk-adjusted discounting rate before tax of 14.3%, as in the previous year.

8. Provisions

Provisions at the balance sheet date comprise the following:

	31. December 2005 € 000	appropriation € 000	usage € 000	dissolution € 000	31. December 2006 € 000
legal disputes	103	1	16	28	60
restructuring	300	0	135	165	0
personnel expenses	57	15	57	0	15
Supervisory Board remuneration	81	52	54	0	79
other	217	153	177	12	181
grand total	758	221	439	205	335

9. Trade payables

	with a residual term of		31. December	
	up to 1 year € 000	1 to 5 years € 000	2006 € 000	2005 € 000
trade accounts payable	478	0	478	871
other current liabilities	158	0	158	232
convertible bonds	0	5,964	5,964	4,907

The convertible bonds recognise the convertible loans issued by the Company in 2003, 2005 and 2006 and the profit-sharing rights. The convertible bonds/profit-sharing rights were recognised in the amount of the received amounts and taking the option premiums into account as well as the addition of accrued interest to be performed in line with the effective interest method. The partial repurchase at the beginning of 2006 of the convertible loan issued in 2003 and the repurchase of partial profit-sharing rights is also reflected in the above figures.

All convertible bonds and profit-sharing right agreements allow for a conversion price of € 1.00 per share. Conversion rights may be exercised at any time until the final due date. All convertible bonds issued until mid-2006 have a term until July 2008. The convertible bonds issued in November 2006 are valid until March 2009, just the same as the profit-sharing rights placed at the beginning of 2006.

Collateral was furnished for the convertible bond 2003 in the form of liens. Trade payables are hedged in the amount of € 21 thousand by the surrender of fixed deposits.

Other current liabilities comprise the following:

	31. December	
	2006	2005
	€ 000	€ 000
social security; salaries & wages; wage and church tax	42	118
credit balances in accounts receivable	3	35
advance payments received	113	79
grand total	158	232

10. Share capital, convertible loans and profit-sharing rights

10.1 Share capital

By resolution of the Annual General Meeting on 3 August 2005 the Company's share capital was increased against cash in partial exploitation of the Authorised Capital (Article 4 Section 4 of the Articles of Association) by € 40.00 from € 15,000,000.00 to € 15,000,040.00 by issuing 40 new no-par value bearer shares, each representing € 1.00 of the share capital, at an issuing price of € 1.00 per no-par value share. For the purpose of compensating impairment of assets and offsetting losses, the Company's share capital was reduced by € 13,636,400 from € 15,000,040 to € 1,363,640 by a simplified procedure (Section 229 et seq. AktG). In order to preserve the proportional minimum par value per share (Article 8 Section 3 AktG) the no-par value shares were consolidated in a ratio of 11:1. These measures were recorded in the commercial register on 26 and 27 September 2005.

In November and December 2005 a total of 245,944 bonds from the convertible loan of 2005 were converted, and as of 31 December 2005 the share capital thus stood at € 1,609,584.00. These measures were entered in the commercial register on 4 May 2006.

Following the resolution of the Managing Board with the approval of the Supervisory Board, in February 2006 150,000 new no-par value bearer shares were issued at an issuing price of € 2.70 per share. The share capital thus totalled € 1,759,584. This was entered in the commercial register on 4 May 2006.

Following the resolution of the General Meeting on 28 June 2006, the Company's share capital was reduced from € 1,759,584.00, broken down into 1,759,584 no-par value bearer shares, as part of a simplified recovery of shares pursuant to Section 237 (3) No. 1 AktG by € 9.00 to € 1,759,575.00. For the purpose of compensating impairment of assets and offsetting losses, the Company's share capital was further reduced by € 703,830.00 to € 1,055,745.00 by a simplified procedure (Section 229 et seq. AktG). In order to preserve the proportional minimum par value per share (Article 8 Section 3 AktG) the no-par value shares were consolidated in a ratio of 5:3.

These measures were entered in the commercial register on 16 August 2006. Execution of the simplified capital reduction was completed in November 2006.

As of the balance sheet date, the share capital therefore totals € 1,055,745.00 (previous year € 1,609,584.00) and exclusively includes ordinary shares. These involve 1,055,745 no-par value bearer shares.

10.2 Authorised Capital

The Managing Board was empowered by resolution of the General Meeting on 5 July 2004, subject to the approval of the Supervisory Board, to increase the Company's share capital by a maximum of €6,875,000 (Authorised Capital) by no later than 4 July 2009 through one or more issues of new non-par value bearer shares against cash or non-cash contributions. The Managing Board was furthermore authorised, subject to the approval of the Supervisory Board, to exclude the statutory subscription rights of the shareholders,

- in the case of capital increases against non-cash contributions if companies, equity interests in companies or parts thereof are to be incorporated into the company in return for the issue of shares
- for fractional amounts due to the subscription rights,
- in the case of capital increases against cash contribution for restructuring purposes, or
- if capital increases are made against cash contributions, insofar as the issue price of the shares is not significantly below the Company's market price and the new shares issued to the exclusion of subscription rights do not exceed 10% of the share capital, neither at the time the authorisation takes effect, nor at the time of exercising. This figure must take into account shares that have been, or are to be issued, for the servicing of convertible bonds to the exclusion of subscription rights as well as Company shares that are to be resold to the exclusion of subscription rights.

Subject to the approval of the Supervisory Board, the Managing Board also decides on the content of the share rights in question and the other stipulations of the issue of shares. Subject to the approval of the Supervisory Board, the Managing Board may decide on a starting date for dividend rights that differs from that stipulated in Article 60. The Supervisory Board is authorised to amend the wording of the Articles of Association according to the implementation of the capital increase from the Authorised Capital. For this purpose Article 4 Section 4 of the Articles of Association was revised. This shareholders' resolution was recorded in the commercial register on 14 July 2004. Taking into account the issue of 1,250,000 new no-par value bearer shares in December 2004 the Authorised Capital stood at €5,625,000 as of 31 December 2004.

After allowing for the authorisation by the General Meeting on 3 August 2005 to partially exploit the Authorised Capital (Article 4 Section 4 of the Articles of Association) for the issue of new no-par value bearer shares, each representing €1.00 of the share capital, at an issue price of €1.00, Authorised Capital stood at €5,624,960. This shareholders' resolution was recorded in the commercial register on 26 and 27 September 2005.

The issue approved by the Supervisory Board on 23 February 2006 of 150,000 new no-par value bearer shares was served from the existing Authorised Capital, which amounted to €5,474,960 after taking this measure into account. This was entered accordingly in the commercial register on 4 May 2006.

Following the resolution of the General Meeting on 28 June 2006, two cases were added to the authorisation of the Managing Board to exclude subscription rights with the approval of the Supervisory Board when issuing shares from Authorised Capital. The Managing Board is now also authorised, subject to the approval of the Supervisory Board, to exclude the statutory subscription rights of the shareholders.

- as it is necessary to grant the creditors of the non-interest-bearing profit-sharing certificates of 2006/2009 a subscription right to new shares in the Company, to the extent to which they are entitled after exercising the conversion privilege,
- as it is necessary to grant the creditors of convertible bonds from the 2006 convertible bond program resolved at the General Meeting of 28 June 2006 according to TOP 11.1 a subscription right to new shares to the extent to which they are entitled after exercising the conversion privilege.

To this extent, we also refer readers to point 10.4 Convertible bonds, discussed below.

10.3 Contingent Capital

By way of a resolution by the General Meeting on 25 June 2001 the Company's share capital was increased by a nominal sum of €900,000 through a conditional capital increase (Contingent Capital II). The contingent capital increase is only conducted to the extent that the holders of stock options exercise the option rights which have been issued by the Company's Managing Board on the basis of the authorisation from the General Meeting on 25 June 2001 with the consent of the Supervisory Board or have been issued by the Supervisory Board. On 30 July 2001 a total of 576,500 option rights was offered to the staff, senior employees and management of the Company and its affiliates on the basis of the authorisation from the Company's General Meeting on 25 June 2001 following the appropriate resolutions of the Management and Supervisory Boards. 552,250 options have been accepted. Whilst 196,000 options had reverted to the Company by the end of the 2001 financial year, 230,500 options had been properly cancelled in 2002. 30,000 options were accepted in 2003 and 12,750 terminated. In addition, a second tranche was added in August 2003 with the issue of 321,500 options. As a result, the total number of stock options issued and not terminated totalled 464,500 on 31 December 2003. By way of a resolution by the General Meeting on 5 July 2004, in view of the new additional contingent capital to be newly created for the 2004 stock option program, Contingent Capital II was renamed to become Contingent Capital I and withdrawn in the amount for which options had not yet been issued. As a result, the capital renamed as Contingent Capital I was withdrawn in the amount of €435,500. Of the remaining options, in 2004 71,000, in 2005 36,750 and in the course of the reporting year, a further 23,500 were cancelled, so that the number of issued subscription rights from the Contingent Capital I as of 31 December 2006 totalled 333,250.

In order to service the 2004 stock option program resolved on 5 July 2004, by way of a resolution of the General Meeting of the same date the Company's share capital was conditionally increased by up to a nominal amount of €910,500 by issuing up to 910,500 no-par value bearer shares (Contingent Capital II). The conditional capital increase exclusively serves to issue stock options, with the approval of or by the Supervisory Board, to the members of the company's Managing Board, the managing directors of affiliated companies within the meaning of Section 15 AktG and to employees of the Company and its related companies in compliance with Section 15 AktG as adopted by the resolution of the General Meeting on 5 July 2004. The contingent capital increase will be carried out to the extent that holders of subscription rights exercise such rights and insofar as the Company does not grant its own shares in fulfilment of the subscription rights or utilise existing authorised capital. The shares issued under subscription options will be issued at a basic price which will be calculated in line with the principles set out in the authorisation resolution. The shares issued under subscription rights carry dividend rights from the start of the financial year in which they are created by exercising the options. The Managing Board - and to the extent that it involved itself, the Supervisory Board - is authorised to stipulate the further details of issuing the shares from the conditional capital increase and implementation of the conditional capital increase itself with the approval of the Supervisory Board. The Supervisory Board is authorised to amend the wording of the Articles of Association in line with the implementation of the capital increase from Contingent Capital II.

Following the resolution of the Supervisory Board on 8 November 2006, the issuing of a total of 627,625 share options was authorised which, following the implementation of the capital reduction stipulated in the General Meeting resolution of 28 June 2006, entitle holders to purchase a total of 376,575 new bearer shares.

For further financing instruments to be served from the Contingent Capital we refer to Point 10.4 given below.

10.4 Convertible bonds and profit-sharing rights

By resolution of the General Meeting on 12 June 2002 the Company's share capital was nominally increased by € 4,300,000 subject to contingencies by issuing up to 4,300,000 new no-par value bearer shares with dividend rights from the start of the financial year in which they are issued (Contingent Capital III). The Managing Board has been authorised, with the consent of the Supervisory Board, to float no-par-value bearer or registered convertible bonds valued at up to € 4,300,000 in one or more issues with a maximum term of five years and to grant the holders of the convertible bonds conversion privileges for up to 4,300,000 new shares in the Company, proportionately representing up to € 4,300,000 of the share capital, within the strict limitations of this resolution and in accordance with the convertible bond conditions to be specified by the Managing Board with the consent of the Supervisory Board.

All shareholders have the right to subscribe. However, the Managing Board is authorised, subject to the approval of the Supervisory Board, to exclude the subscription rights of shareholders to convertible bonds.

- if the issue price is not substantially higher than the theoretical market value of the convertible bonds calculated according to generally accepted investment mathematical principles and the shares to be issued in satisfaction of the conversion privileges pursuant to Section 186 para.3 (4) AktG do not exceed 10% of the share capital, either at the date they become effective or are exercised (the limitation to 10% of share capital is to include shares issued on existing authorised capital with the exclusion of pre-emptive rights, as well as the Company's own shares that are resold with the exclusion of pre-emptive rights).
- provided convertible bonds with conversion rights are subscribed for restructuring purposes by one or more investors for cash, or
- insofar as fractional amounts occur due to a subscription ratio.

Upon issue of the convertible bonds the holders will receive an irrevocable right to convert these to new shares in the Company, subject to the conditions set by the Managing Board with the consent of the Supervisory Board. The proportionate amount of the shares issued in the share capital may not exceed the nominal value of the convertible loans. The conversion rate is calculated by dividing the nominal value of the convertible bonds by the conversion price, i.e. 1:1 (each new share in the Company may be exchanged for each € 1.00 nominal value of the convertible bonds). Subject to the convertible bond conditions, the conversion privilege may be exercised at any time during the entire term. The conversion price is € 1.00 per share, less the nominal value of the bond.

The convertible bond was placed on 8 July 2003 at a nominal amount of € 4,300,000. The Company launched a convertible bond pursuant to the convertible bond contract of 08 July 2003.

With the approval of the Supervisory Board, the Managing Board bought back convertible bonds to a nominal value of € 2,150,000 for the Company in February 2006. The purchase price for the repurchase of convertible bonds of € 240,000.00 was divided between the equity and borrowed capital components in the same ratio as pertained at the time of issue. The portion applying to the borrowed capital component was recognised in net profit/loss in the income statement. The portion applying to the equity component was recognised with the capital reserve/net loss without affecting net income. Following this repurchase of convertible bonds at a nominal value of € 2,150,000, 130,000 convertible bonds were sold on at amended conditions, retaining the original term.

By resolution of the General Meeting on 5 July 2004 the Company's share capital was nominally increased by € 1,200,000 subject to contingencies by issuing up to 1,200,000 new no-par value bearer shares with dividend rights from the start of the financial year in which they are issued (Contingent Capital IV). The Managing Board has been authorised, with the consent of the Supervisory Board, to float no-par-value bearer or registered convertible bonds valued at up to € 1,200,000 in one or more issues with a maximum term of five years and to grant the holders of the convertible bonds conversion privileges for up to 1,200,000 new shares in the Company, proportionately representing up to € 1,200,000 of the share capital, within the strict limitations of this resolution and in accordance with the convertible bond conditions to be specified by the Managing Board with the consent of the Supervisory Board. The contingent capital increase serves exclusively to grant shares to the holders of convertible bonds options issued by the Company on the basis of the authorisation granted by the shareholders' meeting on 5 July 2004. New shares are issued against payment of the conversion price as set out in the corresponding authorisation resolution. The contingent capital increase is only to be implemented to the extent that the conversion rights from the convertible bonds are used.

The Managing Board - insofar as it itself is involved, the Supervisory Board - is authorised to stipulate the further details of the contingent capital increase with the approval of the Supervisory Board. The Supervisory Board is authorised to amend the wording of the Articles of Association in line with the implementation of the capital increase from Contingent Capital IV.

Shareholders shall, as a matter of principle, be entitled to subscription rights. The subscription right may, however, be excluded in three exceptional cases:

- if the issue price is not substantially less than the theoretical market value of the convertible bonds calculated according to generally accepted investment mathematical principles and the shares to be issued in satisfaction of the conversion privileges pursuant to Section 186 (3) sentence 4 AktG do not exceed 10% of the share capital within the meaning of Section 186 (3) (4) sentence (2), 221 (4) AktG (according to Section 221 (4) sentence (2) of the AktG the provisions of section 186 (3) sentence (4) apply accordingly to the exclusion of subscription rights during the issue of convertible bonds),
- provided convertible bonds with conversion rights are subscribed for restructuring purposes by one or more investors for cash, or
- insofar as fractional amounts occur due to a subscription ratio.

Upon issue of the convertible bonds the holders will receive an irrevocable right to convert these to new shares in the Company, subject to the conditions set by the Managing Board with the consent of the Supervisory Board. The proportionate amount of the shares issued in the share capital may not exceed the nominal value of the convertible loans. The conversion rate is calculated by dividing the nominal value of the convertible bonds by the conversion price, i.e. 1:1 (a new share in the Company may be exchanged for each € 1.00 nominal value of the convertible bonds). Subject to the convertible bond conditions, the conversion privilege may be exercised at any time during the entire term. The conversion price is € 1.00 per share, less the nominal value of the bond.

The convertible bond was placed on 4 July 2005 at a subscription price of € 3.00 per fractional debenture.

The Company's General Meeting of 3 August 2005 authorised the Managing Board, with the approval of the Supervisory Board, to issue profit-sharing rights until 31 December 2007 that are not associated with conversion or option rights for shares, at a total nominal amount of up to € 15 million, within the strict limitations of this resolution and of the profit-sharing right conditions to be stipulated by the Managing Board with the approval of the Supervisory Board. This authorisation may be utilised in full or in tranches, on one or several occasions. The profit-sharing rights have a term of no longer than seven years. The Managing Board was further authorised, with the approval of the Supervisory Board, to exclude shareholders' subscription rights to the profit-sharing rights, in order to exclude residual amounts from the subscription right.

In February 2006 the Managing Board partially exercised the above-mentioned authorisation with the approval of the Supervisory Board and the Company issued non-interest-bearing profit-sharing rights ("profit-sharing certificates") at a total nominal amount of up to €357,685, divided into up to 357,685 mutually equal partial bearer profit-sharing rights with a nominal value of €1.00 each (each constituting a "partial profit-sharing right" and all partial profit-sharing rights together constituting the "profit-sharing rights"). The profit-sharing rights were initially offered for subscription with a subscription period of two weeks, observing shareholders' statutory subscription rights to the profit-sharing rights, to all shareholders in a ratio of 4.5:1 at a subscription price/issuing amount of €3.00 per partial subscription right. Following the resolution of the General Meeting of 28 June 2006, each profit-sharing right holder was further granted a conversion right with the requirement to exchange each partial profit-sharing right at a nominal value of €1.00 within an exercise period into the issuer's no-par value bearer shares (carrying voting rights).

The subscription rights are to be issued from the existing Authorised Capital pursuant to Art. 4 (4) of the Articles of Association. However, the Managing Board may decide, with the agreement of the Supervisory Board, whether the new shares required to fulfil exercised conversion rights should be provided from the existing or authorised capital or an existing or future contingent capital or from holdings of own shares. In exercising this discretion, Managing Board and Supervisory Board must act exclusively in the Company's interests.

In December 2006, with the approval of the Supervisory Board, a total of 348,221 profit-sharing rights were repurchased.

The purchase price for the repurchase of the profit-sharing rights of €1,500,000.00 was divided between the equity and borrowed capital components in the same ratio as pertained at the time of issue. The portion applying to the borrowed capital component was recognised in net profit/loss in the income statement. The portion applying to the equity component was recognised with the capital reserve/net loss without affecting net income.

Following the resolution of the General Meeting of 28 June 2006, the Managing Board was authorised, with the consent of the Supervisory Board, until 31 December 2008 to issue no-par value bearer and/or registered convertible bonds at a total nominal value of up to €1,500,000, in one or more issues with a maximum term of five years and to grant the holders of the convertible bonds conversion rights (even following a capital reduction) for up to 1,500,000 new shares of the Company, proportionately representing up to €1,500,000 of the share capital, within the strict limitations of this resolution and in accordance with the convertible bond conditions to be specified by the Managing Board with the consent of the Supervisory Board. All shareholders have the right to subscribe. The convertible bonds can also be assumed by a bank or a bank consortium with an undertaking to offer them for subscription to shareholders.

However, the Managing Board is authorised, subject to the approval of the Supervisory Board, to exclude the pre-emptive rights of shareholders to convertible bonds.

- (i) provided convertible bonds with conversion rights are subscribed for restructuring purposes by one or more investors for cash, or
- (ii) insofar as fractional amounts occur due to a subscription ratio.

Upon issue of the convertible bonds the holders will receive an irrevocable right to convert these to new shares in the Company, subject to the conditions set by the Managing Board with the consent of the Supervisory Board. The proportionate amount of the shares issued in the share capital may not exceed the nominal value of the convertible loans. The exchange ratio is 1:1 (each nominal €1 value of the convertible bond can be exchanged for one new share in the Company). The conversion privilege may in principle be exercised at any time during the entire term, but strictly subject to the restrictions stipulated in the convertible bond conditions. The convertible bond conditions can also provide for a right of tender for the Company or a conversion obligation at the end of the term (or at an earlier point in time). The conversion price corresponds to the issuing amount and is considered payment as though by payment of the issuing amount.

The Managing Board and, to the extent it is itself involved, the Supervisory Board, were authorised, with the approval of the Supervisory Board, to determine all further details relating to the issue and composition of the convertible bonds and their conditions, in particular the interest payable, issuing price, term and denomination, dilution protection, conversion periods and exchange modalities for the conversion authorisation, provided that these are in keeping with the underlying resolution of the General Meeting. The application of any conversion rights exercised by holders of convertible bonds from the convertible loan program 2006 should primarily be achieved through the existing Authorised Capital.

In October 2006 the Managing Board, with the approval of the Supervisory Board, partially exercised the above authorisation and issued 800,000 convertible bonds. Here, the statutory subscription right to the convertible loan was offered to shareholders in such a way that VEM Aktienbank AG, Munich, was admitted to subscribe for and assume the partial bonds at a nominal value of € 1.00 each with an undertaking to offer them to shareholders for subscription in a ratio of 2.1:1, in line with the ratio prior to the exchange conversion of the capital reduction, or 1.3:1 in line with the ratio following the exchange conversion of the capital reduction at a subscription price of € 2.50 in a period of two weeks and to cede the additional proceeds, following deduction of appropriate costs and commissions, to the Company. The Supervisory Board approved the exclusion of the statutory subscription right for fractional amounts. The planned exclusion of subscription rights for fractional amounts arising from a subscription rights relationship where even distribution to all shareholders is no longer possible allows for a 'fairer' exchange ratio and thus the smoother progress of the capitalisation measure. The Supervisory Board also agreed that partial bonds not subscribed for may be offered by VEM Aktienbank AG, Munich as part of a private placement to investors at a subscription price of € 2.50. This is in the Company's interests, as it is currently still in a reorganisation phase.

10.5 Stock option plans

10.5.1 Stock option plan 2001

Under the stock option plan of 30 July 2001, 552,250 options for the purchase of shares in Travel24.com AG were issued to 305 employees at € 1.32 per share. This corresponds to 88% of the market value on the issuing day. The vesting period for these shares is two years for the first 40% of the options and a further year for each remaining 20% until all option shares become fully vested after five years. All options must be exercised within seven years of the date on which the option was granted.

Further provisions in relation to this employee stock option program (exercise periods, transfer rights, taxation, etc.) are laid down in the framework contract for this stock option program. To date none of these options have been exercised. In the past financial year, 7,000 options of this tranche were terminated, and as of 31 December 2006 88,250 shares subject to the original regulations of 2001 were still in circulation.

In August 2003 a further tranche of 321,500 options was issued under this stock option plan. The exercise price for this tranche is € 1.33 each, equivalent to 92% of the market value on the day of issue. The vesting period for these shares is two years for the first 40% of the options and a further year for each remaining 20% until all option shares become fully vested after five years. All options must be exercised within seven years of the date on which the option was granted.

Further provisions in relation to this employee stock option program (exercise periods, transfer rights, taxation, etc.) are laid down in the framework contract for this stock option program. To date none of these options have been exercised. In the past financial year, 16,500 options of this second tranche were terminated, so that 245,000 of the shares issued in 2003 were still in circulation as of 31 December 2006.

10.5.2 Stock option plan 2004

As part of the 2004 stock option plan, in November 2006 a total of 376,575 options (627,625 prior to the capital reduction) were issued to 2 employees for the purchase of shares in Travel24.com AG. The exercise price of this tranche is € 2.81 per share and corresponds to 110% of the first closing price, following exchange-related conversion and the execution of the capital reduction resolved by the General Meeting on 28 June 2006, for a share in Travel24.com AG in the Xetra trading system (or such trading system as replaces it) of Deutsche Börse AG. The vesting period for these shares is two years for the first 40% of the options and a further year for each remaining 20% until all option shares become fully vested after five years. All options must be exercised within seven years of the date on which the option was granted.

Further provisions in relation to this employee stock option program (exercise periods, transfer rights, taxation, etc.) are laid down in the framework contract for this stock option program.

10.6 Employee Participation Programme

The market values of the options granted in 2001, 2003 and 2006 were calculated at the point in time the commitments were made, applying the Black-Scholes model. The assumptions made in this respect and the resulting market values are as follows:

		stock option plan 2004	stock option plan 2001 issued 2003	stock option plan 2001 issued 2001
risk-free interest		3,75%	5%	5%
volatility		82.7%	145.23%	50%
estimated fluctuation		0%	0%	0%
mean expected term		7.0 years	2.91 years	3.4 years
market value per option		€ 1.57	€ 0.97	€ 0.65575
number of out- standing options per	31. Dec. 2006	376,575	245,000	88,250
	31. Dec. 2005	0	261,500	95,250
expense booked (in € 000)	2006	29	34	0
	2005	0	76	-8

The changes in the options from the stock option plans of the Company are as follows:

	2006 number of weighted average issued options	2006 Ø strike Price €	2005 number of weighted average issued options	2005 Ø strike Price €
as of 1. January	356,750	1.33	393,500	1.33
granted *	376,575	2.81	0	-
exercised	0	-	0	-
terminated	-23,500	1.33	-36,750	1.33
as of 31. Dec.	709,825	2.11	356,750	1.33

* in addition to 103,425 virtual stock options

11. Sales revenues

Sales revenues of the Group may be divided into the following business activities:

	2006 € 000	2005 € 000
travel sales commission	1,235	1,666
other revenues	28	130
grand total	1,263	1,796

12. Other operating income

Other operating income comprises the following:

	2006	2005
	€ 000	€ 000
reversal of accruals and deferred liabilities	204	0
rental income	7	12
income from the retirement of debentures	1,243	0
VAT refund	742	0
other income	640	345
grand total	2,836	357

To determine the revenue from the buyback of partial bonds, please refer to Point 10.4.

The VAT repayment of € 742 thousand results from the reimbursement of input VAT amounts from payments made in conjunction with the Company's IPO in 2000. In 2006, the German fiscal authorities changed their interpretation of the law in relation to this issue (BMF letter of 4 October 2006 with reference to the EuGH judgement of 26 May 2005 (C-465/3), which meant that because of the changed VAT notice of 2000, the Company's claim could be realised.

13. Personnel expenses

Specific components of the sums recognised under personnel expenses are as follows:

	2006	2005
	€ 000	€ 000
salaries and wages	898	1,879
payroll deductions	111	308
grand total	1,009	2,187

14. Other operating expenses

Other operating expenses comprise the following:

	2006 € 000	2005 € 000
occupancy costs	123	260
IT / communication	286	542
marketing expenses / advertisement / commission transfer	909	904
investor relations	56	78
car and travel expenses	75	184
legal and consultancy fees, accounting expenses, legal disputes	743	815
supervisory board fees	57	48
insurance, dues, contributions	103	123
losses on the disposal of fixed assets	64	0
bad debt loss, allowance	58	24
expenses for restructuring	0	300
repurchases of profit-sharing rights	230	0
other expenses	327	229
grand total	3,031	3,507

To determine the revenue from the buyback of profit-sharing rights, please refer to Point 10.4.

15. Net interest income/loss

Net interest income/loss is primarily impacted by interest charges in connection with the convertible bond.

	2006 € 000	2005 € 000
interest on convertible bond	-804	-736
other interest expense	-15	-24
interest income on VAT refund	200	0
other interest income	13	50
financial result	-606	-710

16. Income tax

Deferred taxes are calculated pursuant to the provisions of IAS 12. As a matter of principle, income taxes that must be declared are taxes paid or owed on income, as well as deferred tax accruals and deferrals. Deferred taxes are ascertained on temporary differences between the assigned value of assets and liabilities in the IFRS and tax balance sheet, from consolidation processes and realisable loss carryforwards. An anticipated tax rate of 40% is taken as a basis.

Due to recognition and valuation differences for individual liability items, unbalanced deferred tax liabilities of € 503 thousand were formed. Deferred tax assets in the same amount were formed on useable tax loss carryforwards. Since the deferred tax claims and debts relate to one and the same taxable entity, the sums were netted out. Deferred tax assets were formed on the loss carryforwards in excess of this. Since these deferred tax assets will probably be unusable to a large extent, they were fully written down.

Both offset and not offset, the following balanced recognised deferred tax assets and deferred tax liabilities relate to differences in approach and valuation for the individual balance sheet items and tax losses carried forward:

	deferred taxes - assets side		deferred taxes - liabilities side	
	31. December		31. December	
	2006	2005	2006	2005
	€ 000	€ 000	€ 000	€ 000
trade accounts payable	0	0	74	70
convertible bond	0	0	429	381
tax-deductible loss carryforward	503	452	0	0
	503	452	503	452
net balance	-503	-452	-503	-452
	0	0	0	0

Because of the net loss for the year and existing tax losses brought forward, there is no actual tax expense.

17. Segment information

The companies on the reporting entity of Travel24.com AG are active in various business areas. The individual segments achieved their revenues with the following activities:

- Travel retail (Travel Marketing & Distribution)
- Development and operation of system components for Web-based information and reservation systems (Travel Technology)
- Operation and direct marketing of travel services ('direct marketing tour operator')

The business activities of the Travel24 Group cover the following divisions and services and are conducted by the following companies:

<u>Business segment</u>	<u>Company</u>
a) Travel marketing & distribution Travel retail	Travel24.com AG , Munich Travel24 GmbH , Berlin Travel Systems AG , Munich
b) Travel technology Development and operation of system components for Internet-based information and reservation systems	Travel Systems AG , Munich
b) Direct Marketing Tour Operator Operation and direct marketing of travel services	Direkt-Touristik AG , München

Segment information by business division:

segment presentation for 2006	Travel Marketing & Distribution €000	Travel Technology €000	Direct Marketing Tour Operator €000	Eliminations €000	Travel24- Group €000
revenues - trade	1,261	0	2		1,263
- intersegment	0	0	0	0	0
total revenues	1,261	0	2	0	1,263
operating result	164	0	-148		16
interest income					213
interest expenses					-819
net loss					-590
segment assets	1,583	0	201		1,784
segment liabilities	717	0	254		971
unassigned liabilities					0
consolidated liabilities					971
capital expenditure	14	0	4		18
ordinary depreciation	43	0	0		43

segment presentation for 2005	Travel Marketing & Distribution €000	Travel Technology €000	Direct Marketing Tour Operator €000	Eliminations €000	Travel24- Group €000
revenues - trade	1,633	163			1,796
- intersegment	0	0		0	0
total revenues	1,633	163		0	1,796
operating result	-3,550	-492		-71	-4,113
interest income					50
interest expenses					-760
net loss					-4,823
segment assets	2,621	136		-1,397	1,360
segment liabilities	1,375	1,425		-1,397	1,403
unassigned liabilities					458
consolidated liabilities					1,861
capital expenditure	3	53			57
ordinary depreciation	48	24			72

Geographic segments do not exist within the Travel24.com Group, because the Group's business units operate only on a national basis.

18. Earnings per share

Basic earnings/losses per share are calculated from the weighted average number of outstanding ordinary shares in the reporting period. The diluted earnings/loss per share are calculated from the weighted average number of outstanding ordinary shares in the reporting period and the equity-related rights. The latter consist of share options and share subscription rights such as convertible loans and profit-sharing rights (including own shares, if applicable).

The ratios for earnings per share are as follows:

net loss per share	1. January - 31. December			
	2006		2005	
	basic	diluted	basic	diluted
w eighted average number of shares outstanding	1,381,671	2,905,182	1,395,636	2,339,282
net loss (in €000)	-590	-590	-4,823	-4,823
per share (in €)	-0.43	-0.20	-3.46	-2.06

19. Contingent liabilities and other financial commitments

As of 31 December 2006 the following obligations existed:

	2007	2008	2009	2010	2011
	€000	€000	€000	€000	€000
office rent	92	92	92	92	92
services / consulting fees	627	627	627	627	627
licenses / software systems	43	41	41	41	41
grand total	762	760	760	760	760

20. Uncertainties and events after the balance sheet date

A detailed summary of corporate risks and events after the balance sheet date is to be found in the Consolidated Management Report, which in conformance with German law was prepared and published simultaneously with these Annual Financial Statements.

21. Hedging policy

The Group generates no foreign revenue and undertakes no significant procurement activities in other countries. Financing is exclusively from equity and convertible bonds and profit-sharing rights. Derivates do not exist, thus no special hedging policy is called for.

22. Notes to the cash flow statement

The cash flow statement for the financial year starts with the net loss for the year. First of all, the net loss was adjusted for income and expenses not affecting payments. Then the changes in working capital were accounted for in the cash flow.

The cash flow from investing activities shows outpayments for investments in fixed assets and payments in from the repayment of loans issued by Travel24.com AG.

Cash flow from financing activities includes the proceeds from the issue of convertible bonds and the injection of equity financing. Finally, the interest paid is shown here.

Cash and cash equivalents comprise the liquid assets shown in the balance sheet.

23. Employees

The average number of employees was 27 (previous year 55). As of 31 December 2006, 27 persons were employed (previous year € 54 thousand).

24. Contingent liabilities

There are no contingent liabilities.

25. Relationships to related parties

On the basis of the shareholders' resolution of 12 June 2002 on the creation of contingent capital for the issue of convertible bonds, on 8 July 2003 Supervisory Board member Mr Christofer Henn purchased convertible bonds with a nominal value of € 2,150 thousand under the terms described under Point 10.4. On the balance sheet date the entitlements were valued at € 1,708 thousand.

The partnership Graf Kanitz, Schüppen & Partner, Rechtsanwälte Wirtschaftsprüfer Steuerberater, with which Supervisory Board member Dr. Matthias Schüppen is closely associated, provided legal consultation and representation for Travel24.com AG. With the approval of the Supervisory Board, it received total fees of € 76 thousand in 2006. The business was conducted under the usual conditions for outside parties.

The remuneration of the Directors is listed under a separate item.

26. Management Board and Supervisory Board

In financial year 2006 the members of the **Managing Board** of the parent company were:

- | | | |
|--------------------|------------------------------|-------------------|
| ▪ Mr Marc Maslaton | Marketing, Sales, Technology | Munich (Chairman) |
| ▪ Mr Philip Kohler | Finance, Accounting, HR | Starnberg |

At the same time, Mr Marc Maslaton was Director of Travel Systems AG and Managing Director of Travel24 GmbH. Mr Philip Kohler was appointed to the Managing Board of the new subsidiary Direkt-Touristik AG and holds a Supervisory Board post at Travel Systems AG.

The members of the Managing Board received a total remuneration (as was the case the previous year, these were exclusively fixed payments) of € 367 thousand (previous year € 361 thousand) for fulfilling their roles in the parent company and in the subsidiaries. The Company has refrained from specifying the detailed individual breakdown of Managing Board members' earnings pursuant to Section 314 (2.2) HGB in conjunction with Section 286 (5) HGB, because the General Meeting of 28 June 2006 resolved, with a majority of 99.88%, not to disclose the details demanded for financial years 2006 to 2010 both in the annual and consolidated financial statements.

Pursuant to Article 95 AktG (in conjunction with Article 8 of the Articles of Association), the parent company's Supervisory Board comprises six members.

The members of the Supervisory Board are:

▪ Dr. Matthias Schüppen	Lawyer	Stuttgart	(Chairman)
▪ Martin Amrhein	Banker	Frankfurt	
▪ Christofo Henn	Director of Fin., rtd.	Palma de Mallorca, Spain	
▪ Alexander Kersting	Merchant	Frankfurt	(since 28 June 2006)
▪ Alexander Graf v. Gneisenau	Merchant	Munich	(since 18 December 2006)
▪ Joachim Semrau	Merchant	Munich	(until 28 June 2006)
▪ Andrea Bahlsen	Lawyer	Meilen, Switzerland	(until 31 July 2006)
▪ Konstantin Graf von der Pahlen	Advert. Salesman	Munich	(until 25 October 2006)

Cristofo Henn holds further positions with the executive bodies of Grubargés Inversión Hotelera S.A. and Barceló Crestline Corp. Dr. Matthias Schüppen is Supervisory Board member at ACCERA Venture Partners AG. Mr Alexander Kersting is member of the Supervisory Board of informica.de AG.

During the year under review, expenses of € 54 thousand (previous year: € 48 thousand) were incurred for the Supervisory Board of Travel24.com AG.

As of the balance sheet date 31 December 2006 the shares and options held by members of the Managing and Supervisory Boards under the employee participation program were as follows:

	<u>Shares</u>	<u>Options</u>
Managing Board		
Marc Maslaton	23,319	8,727
Philip Kohler	542	4,909
Supervisory Board		
Dr. Matthias Schüppen	0	
Martin Amrhein	7,981	
Cristofo Henn	0	
Alexander Kersting	0	
Alexander Graf Gneisenau	0	

As of 31 December 2006 the Company had issued a total of 709,825 stock options. The options applying from this to the Company's executive bodies authorised them to subscribe for 13,636 shares in Travel24.com AG as per the figures provided above. The balance in the amount of 459,825 options relates to employees and senior staff of Travel24.com AG and of subsidiaries.

27. Auditors' fees

The fee for the auditor of the consolidated financial statements, Allgemeine Treuhand- und Revisionsgesellschaft Rheinland mbH Wirtschaftsprüfungsgesellschaft, Düsseldorf, was recorded as an expense in the Group financial year 2006. Including the reimbursement of expenses, it consisted of

- a) Annual audits €55 thousand (previous year €54 thousand),
- b) other confirmatory and evaluation services €0 thousand (previous year €0 thousand),
- c) tax consultancy services €0 thousand (previous year €0 thousand),
- d) Other services rendered to the parent Company or its subsidiaries €0 thousand (previous year: €0 thousand)

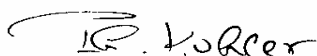
28. Corporate governance report / Declaration of compliance with the Corporate Governance Code

Corporate governance represents a standard that applies to all areas of the Company. Transparent reporting and a management course aligned to the interests of the shareholders is a constituent part of corporate policy; responsible cooperation in a climate of trust is a sound basis for corporate activities.

The Managing Board and Supervisory Board of Travel24.com AG hereby declare, pursuant to Section 161 AktG, that the recommendations published by the Federal Justice Ministry on 4 July 2003 in the official section of the electronic version of the Federal Gazette of the "Government Commission on the German Corporate Governance Code" in the version of 2 June 2005 since the declaration of conformity until 24 July 2006 and as from 25 July 2006, the recommendations of the "Government Commission on the German Corporate Governance Code" in the version of 12 June 2006 notified on 24 July 2006 in the electronic version of the Federal Gazette have been and are complied with, and what recommendations have not been or are not being applied.

This declaration and pertaining explanations has been made permanently accessible online to shareholders on the homepage of Travel24.com AG at www.travel24.com and will be renewed on an annual basis.

Munich, March 2007



Philip Kohler



Marc Maslaton

Auditor's opinion

“Auditor's report

We have audited the consolidated financial statements prepared by Travel24.com AG, Munich, comprising the balance sheet, income statement, statement of changes in equity, cash flow statement and notes, together with the group management report for the financial year from 1 January to 31 December 2006. The preparation of the consolidated financial statements and the consolidated management report in accordance with the IFRS, as adopted by the EU, and the additional requirements of commercial law pursuant to Article 315a Section 1 HGB (German Commercial Code) are the responsibility of the Company's Managing Board. Our responsibility is to express an opinion on the consolidated financial statements and on the consolidated management report based on our audit. We were also charged with evaluating whether the consolidated financial statements comply overall with IFRS.

We conducted our audit of the consolidated financial statements in accordance with Article 317 HGB and generally accepted standards for the audit of financial statements promulgated by the German Institut der Wirtschaftsprüfer (Institute of Public Auditors, IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the Group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company's legal representative, as well as evaluating the overall presentation of the consolidated financial statements and the Group management report. We believe that our audit provides a reasonable basis for our opinion.

With the exception of the following qualification our audit did not lead to any objections:

The liabilities of Travel24.com AG, the Parent Company included in the consolidated financial statements, exceed its assets by € 6,017 thousand. € 1,757 thousand of the current account deficit is covered by the Company's entitlement to demand the conversion to shares (right of tender) of the convertible bond issued in financial year 2003 on the final due date. The Company's Managing Board believes that, regardless of the qualification of the convertible bond, because of the brand right “travel24” the Company possesses hidden assets in an amount that justifies accounting under an assumption of the Company's continued existence (going concern). On the basis of findings acquired during the audit, together with information currently available to us, we are unable to judge the accuracy of the Managing Board's valuation of the trademark rights and the related prediction for the future of the Company. In the event that the assumption of continuation of the Company's activities proves to be unfounded, provisions must be formed for liquidation costs.

Subject to this qualification, we are satisfied that according to the findings of the audit the consolidated financial statements were prepared in compliance with the IFRS, as applicable in the EU, and the additional requirements under commercial law pursuant to Article 315a Section 1 HGB (German Commercial Code), and give a true and fair representation of the net worth, financial position and earnings of the Company. The consolidated management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.”

Without qualifying this opinion, we draw attention to the remarks contained in Section 5 (Risk report) of the combined single-entity and consolidated management report. Here we explain that the Company's continued liquidity depends on the successful implementation of the Managing Board's business concept.”

Düsseldorf, 29 March 2007

Allgemeine Treuhand- und Revisionsgesellschaft mbH Rheinland Wirtschaftsprüfungsgesellschaft

Reiner Distel
Wirtschaftsprüfer (German Public Auditor)

Marcus Peter
Wirtschaftsprüfer (German Public Auditor)

8. Key corporate announcements 2006

06.02.2006	Ad hoc disclosure: Balance sheet adjustment sought
13.02.2006	Ad hoc disclosure: Repurchase complete
22.02.2006	Ad hoc disclosure: Issue of profit-sharing rights capital
24.02.2006	Ad hoc disclosure: Cash capital increase
08.03.2006	Ad hoc disclosure: Travel24.com AG will round off 2006 in a positive position
09.03.2006	Ad hoc disclosure: Profit-sharing certificates placed
28.03.2006	Ad hoc disclosure: Publication of the balance sheet postponed
19.05.2006	Ad hoc disclosure: Capital reduction
29.05.2006	travel24.com: I know it - like it - book it
30.05.2006	Ad hoc disclosure: Positive quarterly results
28.06.2006	Ad hoc disclosure: Changes on the Supervisory Board
28.06.2006	General Meeting approves all proposals
31.08.2006	Ad hoc disclosure: Six month figures 2006
31.08.2006	Travel24.com AG shows improvement in results
29.09.2006	Ad hoc disclosure: Changes on the Supervisory Board
18.10.2006	Ad hoc disclosure: Positive operating result in the third quarter 2006
23.10.2006	Ad hoc disclosure: Travel24.com AG receives tax refund - liquidity injection of EUR 1 million significantly improves the Company's financial position
30.10.2006	Ad hoc disclosure: Travel24.com issues convertible bond as a basis for further expansion of business
08.11.2006	Ad hoc disclosure: Travel24.com AG assumes business concept of direct-touristik AG Schweiz and forms subsidiary as a direct tour operator - enormous sales potential with unique business model
27.11.2006	Ad hoc disclosure: Issue successfully completed, convertible loan placed at a volume of € 2 million
29.11.2006	Ad hoc disclosure: Travel24.com AG repurchase profit-sharing certificates
18.12.2006	Ad hoc disclosure: New member on the Supervisory Board

9. Financial calendar

02. April 2007	Financials' press conference and analysts' conference
02. April 2007	Publication of Annual Report 2006
31. May 2007	Publication of Three-Month Report 2007
20. June 2007	Annual General Meeting
31. August 2007	Publication of Six-Month Report 2007
19. November 2007	Publication of Nine-Month Report 2007
30. April 2008	Publication of Annual Report 2007

10. Publication details

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