

## Half-Year Report 2007



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## 1. Summary of key data

		2nd quarter		1. Jan. - 30. June	
		2007	2006	2007	2006
		TEUR	TEUR	TEUR	TEUR
total transaction value	per booking date	3,568	3,631	8,569	8,403
	per travel date	4,390	3,646	6,533	6,335
net sales		375	312	900	756
EBITDA		-595	-166	-867	-682
EBIT		-601	-180	-878	-709
consolidated net gain / loss		-836	-373	-1,344	83
net gain / net loss per share (in EUR)	basic	-0.78	-0.22	-1.26	0.05
	diluted	-0.26	-0.13	-0.40	0.03
operative cash flow		-278	-484	-738	-1,368
number of employees as per 30. June excl. management board		27	26	27	26

## 2. Introduction

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

positive earnings in our core business mean that we have now proven, over the course of four successive quarters, that our tour operator business is back on track again after our end-to-end restructuring, and that it is growing profitably.

We have established our subsidiary Direkt-Touristik AG on the market in a tour-de-force in just eight months. We believe that we have found truly excellent, reliable partners for our direct tour operator business in the form of Tchibo, Netto Discount and the Niedrig-Preis branches - one of EDEKA-Markt Minden-Hannover GmbH's sales channels. Of course the high investments in setting up Direkt-Touristik AG are also reflected in the figures and the necessary investments in products and marketing thus overshadow the entire pleasing positive growth in the Travel24.com's operations. The success of the new tour operator business is still hard to estimate just before the initial strategic alliances are about to go live, however we continue to believe that there will be clearly visible success this year.

The tour operator business via the travel24.com portal continues to be profitable although marketing expenses have been ramped up substantially. As a result of the excellent economic environment, we believe that this area will also once again enjoy significant revenue growth and make a positive contribution to earnings.

Yours,



Marc Maslaton  
CEO Travel24.com AG

Munich, August 2007

### 3. Business performance

#### Travel retail

The core business of the Travel24 Group is the sale of holidays. The portfolio covers all the major tour operators as well as over 50,000 hotels, more than 750 airlines with scheduled, charter and budget flights. Added to this are a daily selection of up to 12 million last-minute offers and the Dynamic Packaging offering. The program also includes additional offerings such as rental cars, insurance, etc. All travel services can be booked easily and comfortably online at [www.travel24.com](http://www.travel24.com) or using the toll-free booking hotline.

The buybye.de's new flight booking module "Sparmixer" went online in April. This module allows the "Kurzfristknaller" (mega last-minute offers) and also the "Frühbucherschnäppchen" (early booking special offers) offered by LTU and Air Berlin to be booked as a fly & drive package. A new feature is also the "Airline Kombi" (combined airlines), which means that all of the price advantages can be fully exploited.

Travel24.com's subsidiary Direkt-Touristik AG's sales of specific offers geared to the German market that can be individually combined got off to an excellent start. Direkt-Touristik AG successfully started its strategic alliance with the Tchibo Group and has been able to win the discount supermarket chain Netto as an additional prominent sales partner.

#### Internet

The look-to-book rate has increased significantly year-on-year from an average of 0.53% (0.6 million visits) to 0.58% (around 0.68 million visits). The number of page impressions from January to June totalled 7.1 million.

#### Marketing

The company has been able to conclude new premium certificate offers with Rheinische Post, Wohn-Center Spilger, MairDumont (Marco Polo travel guides), Sparkasse Hanau and Sparkasse Neuss thanks to its continued strategic alliance with TLC Marketing. A complete coupon book with coupons for EUR 25 to EUR 125 has been created for the insurance company MOMI.

A further key component of travel24.com's marketing activities is also its coupon activities in cooperation with well-known companies such as Panasonic. These events are well received by both contractual partners and customers alike, and also provide travel24.com with an offline presence.

**AUSPACKEN, EINSCHALTEN, EINPACKEN, ABSCHALTEN!**

**Panasonic** travel24.com  
Urlaub zum Greifen nah.

**€ 50.-**  
URLAUBSGUTSCHEIN!

Panasonic und Travel24.com geben Ihnen beim Kauf eines DIGA DVD Recorder DMR-EH575 einen 50 Euro Gutschein für Ihren nächsten Urlaub dazu!

Gutschein liegt der Verpackung bei. + Solange der Vorrat reicht! + Mehr Infos unter: [www.panasonic.de/travel24](http://www.panasonic.de/travel24)

## Investor relations

The shareholders approved all of the resolutions at the Ordinary General Meeting on 20 June 2007 in Munich's *Literaturhaus* with a majority of more than 99%. 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.

The Supervisory Board of Travel24.com AG continues to comprise five members: Mr. Martin Amrhein, Mr. Cristofor Henn and Alexander Graf von Gneisenau were re-elected for the period until the AGM 2010.

In the second quarter of 2007, Travel24.com AG's share capital was increased by converting a total of 30,000 convertible bonds from 2005, and now totals 1,085,745 shares.

## 4. Outlook

The Internet travel market is continuing to grow, and is changing constantly. Studies by PhoCusWright and Ulysses Web-Tourismus point out the growing importance of tour operators in online business. Substantially higher growth is forecast in this segment than for traditional online travel agents.

As a result, we have made massive investments in our new tour operator segment in the form of our subsidiary Direkt-Touristik AG. This expansion is already bearing fruit, and key strategic alliances have been concluded with major retail companies such as Tchibo, Netto and all of the Niedrig-Preis branches, one of EDEKA-Markt Minden-Hannover GmbH's sales channels. The combination of Internet based booking and processing with offline marketing by sales partners with an extensive reach, such as Netto-Discount, mean that we are anticipating higher sales from bookings in our tour operator business in the coming fiscal year after the introductory phase this year than our travel sales via our Internet portal. We are also enjoying increasing levels of interest from major retail chains in other European countries. Over the medium term, Direkt Touristik AG plans to establish itself as one of Europe's leading direct tour operators with its planned expansion within Europe.

In total, Travel24.com AG is forecasting a significant year-on-year increase in revenues this fiscal year - a year characterized by investment.

## 5. Consolidated interim financial statements as of 30 June 2007

### Consolidated balance sheet as of 30 June 2007 (IFRS)

	30. June 2007	31. Dec. 2006
<b>ASSETS</b>		
	TEUR	TEUR
<b>current assets</b>		
cash and cash equivalents	270	1,015
short-term investments / marketable securities		
trade accounts receivable	204	123
other accounts receivable and assets	659	370
<b>total current assets</b>	<b>1,133</b>	<b>1,508</b>
<b>non current assets</b>		
intangible assets	110	110
property, plant and equipment	42	48
investments	116	116
<b>total non current assets</b>	<b>269</b>	<b>274</b>
<b>total assets</b>	<b>1,402</b>	<b>1,782</b>

	30. June 2007	31. Dec. 2006
<b>LIABILITIES and SHAREHOLDERS' EQUITY</b>		
	TEUR	TEUR
<b>current liabilities</b>		
accrued expenses	253	335
trade accounts payable	1040	478
other current liabilities	166	158
<b>total current liabilities</b>	<b>1,458</b>	<b>971</b>
<b>non current liabilities</b>		
convertible bonds	6,370	5,964
<b>total non current liabilities</b>	<b>6,370</b>	<b>5,964</b>
<b>shareholders' equity</b>		
share capital	1,086	1,056
additional paid-in capital	981	943
remuneration from share options	0	0
accumulated deficit	-8,493	-7,152
<b>total shareholders' equity</b>	<b>-6,426</b>	<b>-5,153</b>
<b>total liabilities and shareholders' equity</b>	<b>1,402</b>	<b>1,782</b>

## Consolidated statement of income from 1 January to 30 June (IFRS)

	2nd quarter		1. January - 30. June	
	2007 TEUR	2006 TEUR	2007 TEUR	2006 TEUR
revenues	375	312	900	756
other operating income	57	368	118	562
personnel expenses	-216	-242	-602	-522
depreciation of property, plant and equipment and of intangible assets	-6	-13	-12	-27
other operating expenses	-810	-604	-1,282	-1,478
<b>operating loss</b>	<b>-601</b>	<b>-180</b>	<b>-878</b>	<b>-709</b>
interest income	3	3	6	1,208
interest expenses	-239	-196	-472	-417
<b>result before income taxes</b>	<b>-836</b>	<b>-373</b>	<b>-1,344</b>	<b>83</b>
income tax	0	0	0	0
<b>net income / loss</b>	<b>-836</b>	<b>-373</b>	<b>-1,344</b>	<b>83</b>

	2nd quarter				1. January - 30. June			
	2007		2006		2007		2006	
net loss per share	basic	diluted	basic	diluted	basic	diluted	basic	diluted
weighted average number of shares outstanding	1,072,078	3,221,290	1,743,943	3,029,665	1,063,912	3,321,290	1,707,597	3,002,214
<b>net loss (in TEUR)</b>	<b>-836</b>	<b>-836</b>	<b>-373</b>	<b>-373</b>	<b>-1,344</b>	<b>-1,344</b>	<b>83</b>	<b>83</b>
<b>per share (in EUR)</b>	<b>-0.78</b>	<b>-0.26</b>	<b>-0.22</b>	<b>-0.13</b>	<b>-1.26</b>	<b>-0.40</b>	<b>0.05</b>	<b>0.03</b>



## Consolidated cash flow statement from 1 January to 30 June

	1. Jan. - 30. June	
	2007	2006
	TEUR	TEUR
net income / net loss	-1,344	83
(+) depreciation and amortization	12	27
(+) financial result	466	381
(-) decrease in provisions	-82	-458
(+/-) gains (-) / losses (+) on the disposal of fixed assets	0	0
(+/-) gains (-) / losses (+) on the redemption of convertible bonds	0	-1,203
(+/-) change in net working capital	206	-214
(+) non-cash items	5	15
<b>net cash used in operating activities</b>	<b>-738</b>	<b>-1,368</b>
(-) purchase of property, plant and equipment	-6	-11
(+) proceeds from sale of equipment / repayment of loans	0	1
<b>net cash used in investing activities</b>	<b>-6</b>	<b>-11</b>
(+/-) accruals from the issuance of share capital	0	793
(+) payments on other financing instruments	0	761
(-) disbursements for the redemption of convertible bonds	0	0
(+) interest received	0	0
(-) interest paid	-1	-2
<b>net cash provided by / used in financing activities</b>	<b>-1</b>	<b>1,552</b>
<b>net decrease / increase in cash and cash equivalents</b>	<b>-745</b>	<b>173</b>
cash and cash equivalents at beginning of period	1,015	193
cash and cash equivalents at end of period	270	367

### 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.

## Consolidated statement of changes in equity from 1 January to 30 June

in TEUR, with the exception of figures per share

	number of shares issued	share capital: preference shares	share capital: ordinary shares	treasury stock	additional paid-in capital	remuneration from stock options	revaluation surplus	net loss	total
<b>as of 31. December 2005</b>	<b>1,609,584</b>	<b>0</b>	<b>1,610</b>	<b>0</b>	<b>1,788</b>	<b>-50</b>	<b>0</b>	<b>-8,756</b>	<b>-5,408</b>
capital increase for cash	150,000		150		255				405
equity cut & reverse share split									0
convertible bond warrants					319			143	462
expenses for procurement of equity *					-74				-74
capital increase through conversion of convertible bonds									0
issue of stock options and partial deferred expenses for remuneration from stock options					-10	25			15
net gain								83	83
<b>as of 30. June 2006</b>	<b>1,759,584</b>	<b>0</b>	<b>1,760</b>	<b>0</b>	<b>2,278</b>	<b>-25</b>	<b>0</b>	<b>-8,530</b>	<b>-4,517</b>
<b>as of 31. December 2006</b>	<b>1,055,745</b>	<b>0</b>	<b>1,056</b>	<b>0</b>	<b>943</b>	<b>0</b>	<b>0</b>	<b>-7,152</b>	<b>-5,153</b>
capital increase for cash									0
equity cut & reverse share split									0
convertible bond warrants									0
expenses for procurement of equity *									0
capital increase through conversion of convertible bonds	30,000		30		36				66
issue of stock options and partial deferred expenses for remuneration from stock options					3			2	5
net loss								-1,344	-1,344
<b>as of 30. June 2007</b>	<b>1,055,745</b>	<b>0</b>	<b>1,086</b>	<b>0</b>	<b>981</b>	<b>0</b>	<b>0</b>	<b>-8,493</b>	<b>-6,426</b>

\* 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 interim financial statements

### Information on general accounting and valuation principles

Travel24.com AG prepared its half-yearly financial report as at 30 June 2007 using the same accounting and valuation methods as were applied in the last consolidated financial statements as at 31 December 2006.

The consolidated interim financial statements and the group interim management report have neither been reviewed by auditors nor audited within the meaning of Section 317 of the *Handelsgesetzbuch* (HGB – German Commercial Code).

### Group of consolidated companies

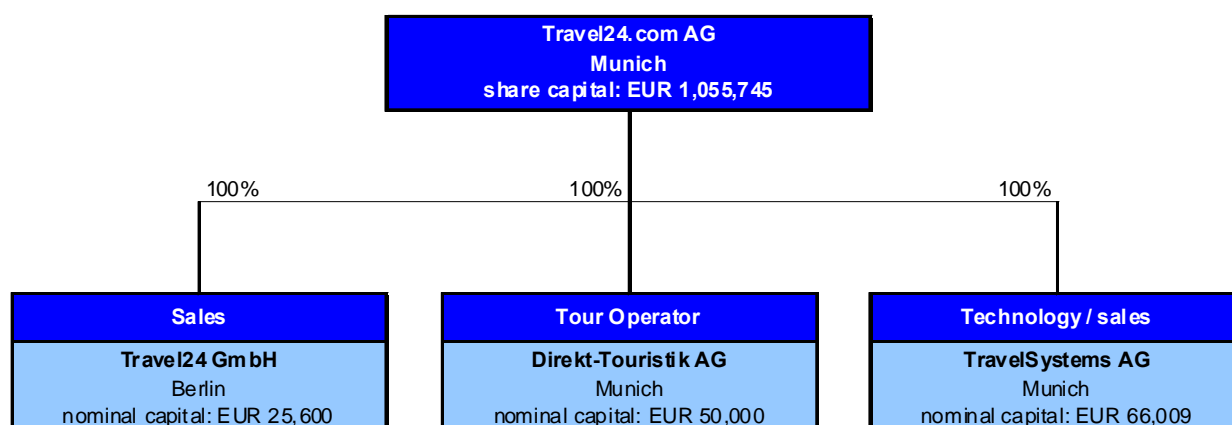
#### Consolidated companies

Direkt-Touristik AG, Munich  
Travel24 GmbH, Berlin  
Travel Systems AG, Munich

#### Interest held

100%  
100%  
100%

As of the balance-sheet date the group structure was as follows:



### Employees

As at 30 June 2007 Travel24.com AG had 27 employees (30 June 2006: 26), this corresponds to 15.8 FTEs on the balance sheet date (30 June 2006: 16.7; all figures excluding the Managing Board).

## Segment reporting

The companies included in Travel24.com AG's consolidated financial statements were active in various business areas. The individual segments generated their income from the following activities:

- a) Travel retail (Travel Marketing & Distribution)
- b) Development and operation of system components for Web-based information and reservation systems (Travel Technology)
- c) 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>
<b>a) Travel Marketing &amp; Distribution</b> Travel retail	<b>Travel24.com AG</b> , Munich <b>Travel24 GmbH</b> , Berlin <b>Travel Systems AG</b> , Munich
<b>b) Travel Technology</b> Development and operation of system components for Internet-based information and reservation systems	<b>Travel Systems AG</b> , Munich
<b>b) Direct Marketing Tour Operator</b> Operation and direct marketing of travel services	<b>Direkt-Touristik AG</b> , Munich

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

<b>segment presentation per 30. June 2007</b>	<b>Travel Marketing &amp; Distribution</b>	<b>Travel Technology</b>	<b>Direct Marketing Tour Operator</b>	<b>Eliminations</b>	<b>Travel24- Group</b>
	TEUR	TEUR	TEUR	TEUR	TEUR
revenues - trade	735	0	164	0	900
- intersegment	0	0	0	0	0
total revenues	735	0	164	0	900
operating result	94	0	-887	-86	-878
interest income					6
interest expenses					-472
net loss					-1,344
segment assets	1,158	0	318	-74	1,402
segment liabilities	833	0	592	-74	1,350
unassigned liabilities					108
consolidated liabilities	833	0	592	-74	1,458
capital expenditure	1	0	5	0	6
ordinary depreciation	10	0	1	0	12

<b>segment presentation per 30. June 2006</b>	<b>Travel Marketing &amp; Distribution</b>	<b>Travel Technology</b>	<b>Direct Marketing Tour Operator</b>	<b>Eliminations</b>	<b>Travel24- Group</b>
	TEUR	TEUR	TEUR	TEUR	TEUR
revenues - trade	731	25		0	756
- intersegment	0	0		0	0
total revenues	731	25		0	756
operating result	448	-144		-1,013	-709
interest income					1,208
interest expenses					-417
net loss					83
segment assets	2,042	116		-580	1,578
segment liabilities	900	40		-580	360
unassigned liabilities					886
consolidated liabilities	900	40		-580	1,245
capital expenditure	6	2		0	8
ordinary depreciation	20	7		0	27

## **6. Group interim management report**

### **6.1 Report on net worth, financial position and results of operations**

#### **Revenues**

In the first six months 2007 the retail travel revenue recorded upon receipt of bookings totalled EUR 8.6 million, up EUR 0.2 million (2.0%) from last year's level (prior-year period: EUR 8.4 million).

In the first six months of the current financial year, gross sales recorded per travel date, at EUR 6.5 million, show a decrease of EUR 0.2 million (3.1%).

Although the newly established Direct Marketing Tour Operator division only had a visible impact on consolidated revenues from the second quarter, on the whole the trend is primarily due to the pleasing revenues from the travel retail business.

#### **Results**

At an operating level, the trend observed in the first quarter continued through into the first six months: Travel retail activities recorded positive contribution margins, which covered the expenses allocated to these activities. As a result, the travel retail segment closed the first half of the year with positive EBIT.

This was offset by start-up losses in the Direct Marketing Tour Operator business, which reduced consolidated EBIT by TEUR -169 to TEUR -878 compared to the first half of 2006 (H1 2006 EBIT: TEUR -709).

It is not possible to fully compare the net loss for the period under review with the H1 2006 figure, as the net income in the first six months of 2006 as the buy-back of part of the convertible bond placed in 2003 impacted earnings in the amount of TEUR 1,203.

The substantial reduction in other operating income (TEUR 118) compared to the first six months of 2006 (TEUR 562) is primarily due to the reversal of provisions no longer required in 2006 in connection with the discontinuation of programming activities and the collection of receivables already written off and other non-period income.

The interest expenses from the convertible bonds in the amount of TEUR 471 impacted "Interest and similar expenses", which totalled TEUR 472 (H1 2006: TEUR 417). However, as already noted in prior periods, this effect did not affect liquidity.

The loss per share totalled EUR 1.26 (basic loss per share) or EUR 0.40 (diluted).

#### **Cash and cash equivalents**

The TEUR 745 reduction in liquidity in the first six months of 2007 to TEUR 270 is primarily due earnings, which were characterized by setting up and expanding direct marketing tour operator activities.

The cash and cash equivalents used in operations during the first half of the year totalled TEUR 738 and were thus down by TEUR 630 compared to the first half of 2006 (TEUR 1,368).

## Notes to the balance sheet

As of 30 June 2007, total assets were down by TEUR 380 to TEUR 1,402 compared to 31 December 2006.

The downturn in cash and cash equivalents was only partially compensated by increasing the other receivables and assets.

On the equity and liabilities side, trade payables increased in the first half of 2007 by TEUR 562 to TEUR 1,040, non-current liabilities increased, after taking into the count the conversion in May of 30,000 convertible bonds placed in 2005, by carrying the non-cash interest charges totalling TEUR 405 as a liability. During the same period, equity fell as a result of losses by around TEUR 1,273.

## Notes to the consolidated cash flow statement

The consolidated cash flow statement for the period under review starts with the net loss from the period under review. First of all, the net loss was adjusted for non-cash income and expenses. Then the changes in working capital were accounted for in the cash flow.

Net cash used in operating activities in the first six months of the current financial year amounted to EUR 0.7 million. The reduction in liquidity was mostly due to establishing a new division, which was initiated at the end of last year.

The cash flow from investing activities shows payments for investments in non-current assets. Investing activities had no significant effect on group liquidity.

The cash flow from financing activities in the first six months only takes into account the interest paid. The conversion in May 2007 of 30,000 convertible bonds placed in July 2005 did not impact group liquidity.

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

## 6.2 Report on forecasts and other statement on anticipated growth

The travel retail activities grew positively during the first six months of the current financial year, and are in line with the company's internal forecasts for both revenues and earnings. As a result, it is assumed that this trend will continue in the second half of the year.

The Direct Marketing Tour Operator segment, which was implemented in the last two months of financial year 2006 also recorded strong revenue growth in the second quarter of 2007. The growth rates recorded by this segment have continued into the third quarter as a result of the further expansion of sales channels and strategic alliance partners.

As a result of the delay in setting up a nationwide sales team encountered in the first quarter of the current financial year, it was possible to shift attaining the revenue targets the company has set itself for this segment into the coming year. This delay means that the start-up expenses for this division are offset by lower contribution margins than had originally been intended, with the result that there will only be a reduction in start-up losses in the second half of the year.

### 6.3 Opportunity and risk report

Please refer to Note 5 of the group management report to the annual financial statements as of 31 December 2006.

### 6.4 Related party transactions

There were no transactions with related parties that had a material impact on the companies net worth, financial position and results of operations during the first six months of 2007.

There were no changes to related party transactions that were reported in the last consolidated financial statements.

## 7. Securities held by the Managing and Supervisory Boards

As of the balance sheet date 30 June 2007 the shares and options held by members of the Managing Board and of the Supervisory Board under the employee participation program were as follows:

	<u>Shares</u>	<u>Options</u>
<b>Managing Board</b>		
Marc Maslaton	23,319	8,727
Philip Kohler	540	4,909
<b>Supervisory Board</b>		
Dr. Matthias Schüppen	0	
Martin Amrhein	7,981	
Cristofor Henn	0	
Alexander Kersting	0	
Alexander Graf Gneisenau	0	

As of 30 June 2007 the Company had issued a total of 466,825 stock options. The 250,000 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 of 216,825 options is due to employees and executives of Travel24.com AG and its subsidiaries and authorizes these persons to subscribe to a total of 140,953 shares of Travel24.com AG upon maturity.

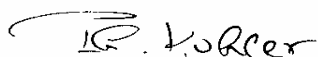


## 8. Declaration by the legal representatives

To the best of our knowledge, we declare that, according to the principles of proper consolidated interim reporting applied, the consolidated interim financial statements provide a true and fair view of the Group's net worth, financial position and results of operations, that the group interim management report presents the company's business including the results and the Group's position such as to provide a true and fair view and that the major opportunities and risks of the Group's anticipated growth for the remaining fiscal year are described.

Munich, August 2007

The Managing Board of Travel24.com AG



Philip Kohler



Marc Maslaton

## 9. Financial calendar

31 August 2007	Publication of Half-Year Report 2007
19 November 2007	Publication of Nine-Month Report Q3 / 2007
30 April 2008	Publication of Annual Report 2007

## 10. Publication details

### Publisher

Travel24.com AG  
Romanstraße 35  
D-80639 Munich, Germany

German Security Code Number (WKN): A0JRWD  
ISIN: DE000A0JRWD1

Phone: +49 - (0)89 - 25007 1000  
Fax: +49 - (0)89 - 25007 1021  
[www.travel24.com](http://www.travel24.com)

### Contact

#### Investor relations

Contact person: Sabine Fey  
[ir@travel24.com](mailto:ir@travel24.com)

#### Toll-free 24-hour booking and service hotline

0800 - 87283524 or 0800 - travel24  
[office@travel24.com](mailto:office@travel24.com)