

Annual Report 2007



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1. Summary of key data

		1. Jan. - 31. Dec.	
		2007	2006
		TEUR	TEUR
total transaction value	per booking date	16,202	13,639
	per travel date	15,333	13,658
net sales		2,456	1,263
EBITDA		-2,286	59
EBIT		-2,310	16
consolidated net gain / loss		-3,221	-590
net gain /	basic	-1.54	-0.43
net loss per share (in EUR)	diluted	-0.53	-0.20
operative cash flow		-1.254	-1,405
number of employees as per 31. December excl. management board		24	27

2. Foreword by the Management Board

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

We have been issued with an unqualified auditor's opinion for this year's annual report for the first time since our 2003 annual report. We regret that publication has been delayed slightly. It was not possible to publish this report any earlier due to the Creditor's Meeting held in Munich on May 16. However, this meeting resulted in us being able to agree a postponement until July 2010 with all of the bearers of the convertible bonds in circulation. Now Travel24.com AG can fully focus on its tour operation and travel agency business in the coming two years.

Yours,



Marc Maslaton
CEO Travel24.com AG

Munich, June 2008

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. The Supervisory Board dealt in depth with the economic position and strategic development of the Company and its divisions.

Cooperation with the Management Board/Focus of the Supervisory Board's activities

The Supervisory Board has held ongoing discussions in its meetings with the Management Board on business development and the future strategic orientation of the Company. It has also regularly advised the Management Board in directing the Company and monitored the management. The Supervisory Board was directly involved in all decisions that were of fundamental importance to the Company.

In financial year 2007 seven joint meetings were held (four meetings were held at the Company's head office in Munich and three telephone conferences). Two meetings were held in Munich at the Company's offices in the first half of 2007, and a further two were held at the Company's offices in the second half of the year. None of the members of the Supervisory Board failed to attend less more than half of the Board's meetings in financial year 2007. The Supervisory Board did not form any committees in financial year 2007.

The Supervisory Board meetings dealt in particular with the Group's strategic orientation and its continued restructuring and reorganisation as well as its financing, in particular in view of the Company's difficult economic position. In each of the meetings the Management Board reported on proposed business policy, the Company's situation (including its risk situation), the course of business (sales figures) and in particular the current state of liquidity for the Company and its subsidiaries. It submitted key financial figures to the Supervisory Board. Deviations between the actual course of business and forecasts were discussed in detail with the Supervisory Board. The Management Board's reports were discussed in detail at the Supervisory Board meetings – both among the members of the Supervisory Board and also between the Supervisory Board and Management Board. The Supervisory Board was included in all decisions that were of fundamental importance for the Company, in particular working out the reorganisation concept being pursued by the Management Board. The Supervisory Board passed its resolutions based on in-depth information. In financial year 2007, the Supervisory Board focused in particular on financing as well as the continued negotiations between the Management Board and the subsidiaries' management with potential strategic partners or other cooperation partners (such as Tchibo, Netto and Edeka).

In the Supervisory Board meeting held in Munich in March 2007, the audited 2006 financial statements, which were then adopted. The auditor participated in this meeting, in which the Supervisory Board dealt with annual financial statements, consolidated financial statements and the compound management report. The auditor was also available to answer questions. In addition, the report of the Supervisory Board, the declaration of conformity and the corporate governance report were also discussed and passed. In addition, the Company's situation was analysed in the Supervisory Board meeting March 2007 (current divisions, potential for the future, new divisions). In its telephone conference in May 2007, the Supervisory Board agreed the proposed resolutions for the General Meeting in 2007. In its meetings in the Company's offices in June and August and in the telephone conference in November 2007, the Supervisory Board dealt in particular with special strategic issues, including the future positioning for the Group's operating business, in particular for the subsidiary Direkt-Touristik AG, as well as the Company's financial position. The Supervisory Board passed a resolution on the issue of convertible bonds in the telephone conferences in October and November and the meeting in Munich in December 2007. The meeting in December 2007 also focused on the Company's further forecasts and the Travel24 Group's budget for financial years 2008 to 2011.

Between meetings, the Management 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 Management Board. Where resolutions had to be passed in this regard (such as the resolutions to authorise the issue of convertible bonds), the Supervisory Board passed these resolutions during telephone conferences or as part of a larger-scale meeting in Munich. In addition, from the third quarter of the financial year, the Supervisory Board also requested reports from the Management Board according to Section 90 (3) of the *Aktiengesetz* (AktG – German Public Limited Companies Act). These reports included a monthly report on actual/forecast/previous year/best estimate figures and a liquidity analysis with corresponding comments by the Management Board within 10 days of the end of the month. The Management Board always presented its monthly reports in good time and in the subsequent meetings it discussed the reasons for differences between the actual business and the forecast figures and targets, in particular also for the subsidiaries.

In addition, the Chairman of the Supervisory Board had the Management Board inform it of the current business situation and financial position of the Company and its subsidiaries and on key transactions, and the Management Board also informed the Chairman of the Supervisory Board of such issues by itself. In these discussions, the Chairman of the Supervisory Board discussed any measures to be taken with the Management Board.

There were no conflicts of interests for members of the Management and Supervisory Boards that had to be disclosed to the Supervisory Board immediately and about which the General Meeting has to be informed. The Supervisory Board approved in advance the appointment of Sozietät Graf Kanitz, Schüppen & Partner, Rechtsanwälte Wirtschaftsprüfer Steuerberater, a firm of lawyers, tax advisers and auditors to which the Chairman of the Supervisory Board belongs, for legal consulting by passing an agreement on consulting activities/a remuneration agreement, and again separately approved the individual fee schedule for 2007.

Corporate Governance

The Supervisory Board constantly monitored the further development of the corporate governance standard. In the meeting on 16 April 2008, the Chairmen of the Management and Supervisory Boards reported on the changes to the recommendations by the German Corporate Governance Code Government Commission in the version dated 14 June 2007 which was published in the electronic Federal Gazette on 20 July 2007. In this meeting, the Management and Supervisory Boards issued the declaration of conformity according to Section 161 of the AktG. This declaration was made permanently accessible to shareholders on the Company's Web site.

Changes to the Supervisory Board

Cristofor-Guillem Henn, Martin Amrhein and Alexander Graf von Gneisenau, who already were members of the Supervisory Board (Alexander Graf von Gneisenau as a result of a court appointment since December 2006) and whose periods of office expired at the end of the General Meeting, were again elected as members of the Supervisory Board at the Annual General Meeting on 20 June 2007. Alexander Kersting and Alexander Graf von Gneisenau resigned from the Supervisory Board with effect from 4 February 2008 for personal reasons and in agreement with the Supervisory Board. The Supervisory Board would like to thank Mr. Kersting and Alexander Graf von Gneisenau for their cooperation. The Supervisory Board thus currently comprises three members. A proposal is to be made to the 2008 General Meeting to reduce the number of members of the Supervisory Board according to the Articles of Association to three in general.

2007 annual financial statements and consolidated financial statements

According to the vote by the General Meeting, the Supervisory Board appointed BDO Deutsche Warentreuhand AG, Wirtschaftsprüfungsgesellschaft, Munich, to audit the annual financial statements and consolidated financial statements of Travel24.com AG. The single-entity financial statements for the Aktiengesellschaft prepared by the Management Board according to the provisions of the *Handelsgesetzbuch* (HGB – German Commercial Code) and the consolidated financial statements according to International Financial Reporting Standards (IFRS) as these are to be applied in the EU, and the provisions of the German Commercial Code also to be applied as a supplement according to Section 315a of the HGB as well as the compounded management report and group management report, including the bookkeeping, were audited and issued with an unqualified auditor's opinion by BDO Deutsche Warentreuhand AG, Wirtschaftsprüfungsgesellschaft, Munich.

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 and consolidated financial statements (including the valuation options used) and the compounded management report, taking the audit reports by the (Group) auditor into account, and examined these documents critically. In particular, the Supervisory Board reviewed the management report to ensure that this is a realistic portrayal of the Company's situation and perspectives, and to ensure that it corresponds to the reports the Management Board already provided to the Supervisory Board during the course of the year. The Supervisory Board shares the Management Board's opinion. The documents were discussed in detail with the Management Board in the Supervisory Board meeting on 3 June 2008. The auditor also attended these discussions and reported on key audit results for both the Company and its subsidiaries, as well as the focus of the audit (such as valuation of securities issued as part of certification transactions, the group of consolidated companies, reviewing assets for impairment (IAS 36) and information in the notes, presentation of risk management targets and methods and the anticipated development, information on relationships with affiliated companies and related parties (IAS 24)) and provided supplementary information. After its own in-depth review of the documents, the Supervisory Board ascertained that the audit reports are in line with legal requirements and did not raise any objections. It approved the audit reports. The Supervisory Board accepted the (Group) auditor's information, discussed this with the auditor and the Management Board and ensured that this information is taken into account. Following an exhaustive discussion and inspection, the Supervisory Board endorsed the projections adopted by the Management Board. No objections were to be raised following the Supervisory Board's conclusive review of the audit, and the Supervisory Board approved the annual financial statements and consolidated financial statements prepared by the Supervisory Board. The annual financial statements 2007 of Travel24.com AG were thus approved according to Article 172 AktG.

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

3 June 2008

Dr. Matthias Schüppen
(Chairman of the Supervisory Board)

4. Business development

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 or using the toll-free booking hotline.

The sale of travel packages geared specifically to the German market - focusing on accommodation only without transport - by the subsidiary Direkt-Touristik AG, is continuing to enjoy exceptionally pleasing growth. It offers city breaks, wellness and family vacations, flights and skiing holidays with excellent value for money. Sales are supported offline by a 24-page travel catalog for Netto Marken-Discount. This is published quarterly and includes a selection of the most attractive travel packages. All of the offers can also be easily viewed on the new Web site www.netto-travel.de and can be booked online.

Internet

With approximately 1.33 million visits, the look-to-book rate in 2007 was at 0.57%. The number of page impressions for the past financial year amounted to 13.8 million.

Marketing

The continued strategic alliance with TLC Marketing brought repeat success in the form of market presence and bookings via various promotions for well-known companies such as Postbank, Milupa, Marco Polo, Philips, newspaper companies, banks and insurance companies.

At the start of the year, we launched an ASP-based solution for HTML newsletters. This allows newsletters or mailings to be easily prepared as part of analyses and optimizing dialog marketing, and thus also the evaluation of click behavior down to customer level. Dialog with Travel24 customers is now not only possible but can also be measured thanks to surveys and targeted direct mailings.

5. Investor relations

The shareholders approved all of the resolutions at the Ordinary General Meeting of Travel24.com AG on 20 June 2007 with a majority of more than 99%. The AGM also endorsed the course taken by the management, and the discharge of the Management and Supervisory Boards for the past financial year was carried by a large majority. In the past financial year the Supervisory Board of Travel24.com AG comprised five members: Mr. Martin Amrhein, Mr. Cristofor Henn and Alexander Graf von Gneisenau were re-elected for the period until the AGM 2010. As Mr. Kersting and Graf Gneisenau have resigned from their office in February 2008 the Supervisory Board now comprises three members.

At the start of October, the Company's Management and Supervisory Boards resolved to issue 150,000 new convertible bonds from the 2006/2009 bond. In order to further restructure the Company, VEM Aktienbank placed the issue with interested investors excluding subscription rights at a price of EUR 2.30. The issue was needed in order to provide additional impulses for growth for the travel event business at the subsidiary Direkt-Touristik AG, which had recently enjoyed strong growth.

In order to further restructure the Company, in December the Management and Supervisory Boards of Travel24.com AG resolved to issue a new convertible bond with a total issuing amount of up to EUR 500,000 excluding shareholders' subscription rights. The convertible bond does not bear interest and matures in March 2009. The issuing amount is EUR 2.00, the conversion prices corresponds to the issuing amount. In total, VEM Aktienbank AG was able to place all 250,000 new convertible bonds from the 2006/2009 bond with interested investors. The proceeds from the issue totalling EUR 0.5 million are to be used to further increase the direct tour operator business. The new funds are to be used to accelerate the systematic increase in the tour-operator business.

As a result of several conversions of convertible bonds from 2005, Travel24.com AG's share capital was increased by a total of EUR 560,000.00 in 2007 and totalled EUR 1,615,745.00 as of 31 December 2007.

6. Outlook

In the coming months we will focus in-depth on further expanding our sales activities in all areas, and continue to increase staff levels in this regard. Netto's acquisition of the Plus stores will provide Direkt-Touristik AG with a further boost. In June, the Tacco clothing chain will also include travel with Direkt-Touristik AG offers in its brochures.

On the whole, we believe that there will be further consolidation in the travel business for both agents and tour operators. In this connection, we will look for suitable partners in order to accelerate our own growth via acquisitions or mergers.

7. Consolidated key figures

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Consolidated management report and management report of Travel24.com AG, Munich

for the financial year from 1 January to 31 December 2007

1. General

Based on the total of 62.9 million German citizens who traveled on vacation in 2007, last financial year again shows that there is a stable, high level of demand for vacation, and that this figure is rising slightly. The vacation intensity of 74.8% is rising: In 2007 the Germany once again enjoyed extended travel. However, the traditional three-week vacation is now just thirteen days long. The stable demand is due to the vacation's high level of importance for consumers and the large percentage (58%) of regular holidaymakers. The issue of environmentally friendly vacations has also hit home with German tourists.

2. Economic environment

2.1 General development

The mood has continued to improve. After years of economic stagnation and a downturn in real wages, after "Hartz IV", the debate surrounding pensions and despite the reforms of VAT and healthcare, at present there is a fairly optimistic basic mood in Germany. Today, tourism is regarded as being one of the most important global growth drivers. Expectations were even surpassed in 2007: Almost 900 million tourist arrivals were counted around the world. This is up around 6% year-on-year (106% since 1990).

2.2 The tourism market

The German vacation travel market continues to be animated. Whereas demand was characterised by quantities increasing, now and over the past few years quality-based changes can be seen. The shift in structures in the stable overall market can be explained, above all, by German citizens' increasing travel experience and the demographic change. In addition, the German travel market is influenced by a constant stream of new offers for travel destinations and types of vacation. These are in line with the new travel philosophy for the economic use of time and money.

Climate change and tourism are interlinked in two ways. An intact environment is one of the most important underlying conditions for a tourist location. In addition, tourism also damages the environment, contributing to climate change. Tourists are increasingly being sensitized as a result of the numerous scientific reports on global warming. The central issue of what can be done for the environment and to protect the climate, without simultaneously bringing business and vacation travel to a standstill, reflects the new trend of environmentally aware travel.

The market is reacting with the introduction of a voluntary climate levy by customers, and is on the right track with an average contribution of EUR 33 per passenger and flight. Of course more persuasion is still required, although every fourth air passenger is already prepared to pay a voluntary contribution than to do without flying.

2.3 The online travel market

Germans are not only becoming more demanding as they become more experienced in traveling, they are also becoming more professional holidaymakers. They are proficient at finding their way through the jungle of opportunities for organizing and booking travel, which is becoming increasingly complex as a result of the Internet in particular, finding the right vacations for them. Last minute travel is enjoying a clear surge at 30.18%, with each last-minute tourist going on 1.25 trips in 2007 on average. This type of travel is ideally suited to the needs of our fast-moving and erratic society. Current and political events play their part as to the new creation and re-formation of individual travel preference patterns. As a result, so-called multi-optional customers are approached directly.

In particular the demographic changes among the users of online booking portals, and also the absolute figures clearly show that the online travel business has constantly increased its share of the overall travel market (2007: 19.4%).

62% of the population, including all age groups and social classes now have access to the Internet. Here too the trend toward 100% coverage is unbroken. The fact that the number of those booking online has grown faster than those just gathering information is very interesting.

That means that, in particular with regard to online bookings, we can certainly speak of a socialisation of this medium. It only makes sense that the Internet portals have been able to gain substantial ground, and that now every tenth trip is booked via an Internet travel portal. Those booking online are now not so much bargain hunters (only 15% of those between the age of 16 and 64 say that their primary booking conditions is "cheap and cheerful"), but they are much rather looking for quality.

2.4 Direct tourism sales

"Travel from the supermarket" has become increasingly widespread, going hand-in-hand with the creation and reformation of individual travel preference patterns. Direkt-Touristik AG covers this market segment. This company accounted for more than 10% of consolidated revenues in its first year, with a strong upwards tendency, confirming the group's strategy.

The products offer a new type of vacation and are the logical consequence of the new travel philosophy for the economic use of time and money. This market segment plays a major role in the enormous shift on the German vacation market, however it can only operate convincingly given the right foundations - excellent quality at reasonable prices. But it also calls for a tick more than that: "only" paying two-star prices but getting four-star quality.

Direct sales does without agency fees, confusing pricing and the need for in-depth advice, creating simple, easy-to-understand products that can be processed quickly. A well-trained travel team is also available for customers, providing them with direct support. In addition, all of the products can be booked online at the click of a mouse.

3. The Group's strategy

Travel24.com AG continues to be on the right track to meet consumers' changed behavior with its multibrand strategy. The Company is following the new travel philosophy for the economic use of time and money, thus approaching individual customer segments. At the same time, the Company has further expanded the development of its own Direkt-Touristik AG brand products. This has allowed a new group of customers to be acquired.

The market segments, such as exclusive and low-price, wellbeing, healthy and environmentally-friendly travel are served individually by corresponding brands. The types of travel which are now being born have one common factor: A trend to customisation. Holidaymakers continue to compare prices, and are increasingly becoming their own travel agent thanks to the Internet.

The individual market segments are thus reacting to customers' hybrid behavior: There is demand for exclusive travel and also for budget vacations, also combined with extraordinary service.

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 2007 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 8 persons on its payroll. The annual average was 7.1 full-time employees. This was equivalent to 4.2 full-time company employees on the effective date, or an annual average of 4.0 (all figures excluding management). There was also a 21% 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 placing a total of 400,000 convertible bonds with a gross issuing volume of EUR 0.8 million.

The net loss in the 2007 annual statement amounts to EUR 2.3 million and is mainly attributable to the following factors:

Grant in favor of Direkt-Touristik AG	approx. EUR 0.4 million
Expenses for consulting and similar services	approx. EUR 0.4 million
Expenses for IT and reservation systems	approx. EUR 0.2 million
Interest expenses	approx. EUR 0.4 million

4.2 Subsidiaries of the Travel24 Group

As a result of the successful continuation of sales and revenue control, and the constant improvement in its advice provided by Internet and on the telephone, Travel24 GmbH was able to increase its revenues by around 7% during the year under review. During the financial year, the Company generated net income of EUR 182,858.

We were able to record initial milestones by setting up and expanding nationwide marketing partnerships with well-known discount store chains via our newly formed subsidiary Direkt-Touristik AG. However, the across-the-board launch of our direct marketing concept and integrating its tourism products in our marketing partners' food and non-food stores required longer start-up periods than had originally been planned, with the result that these subsidiaries' start-up costs played a key role in the net loss in financial year 2007 in the amount of EUR 495,801.

After all activities were discontinued in 2006, Travel Systems AG was carried as an inactive shelf company in 2007. The net loss for the year amounts to EUR 17,884. The loss of EUR 2.7 million not covered by shareholders' equity is secured by a declaration of subordination by Travel24.com AG.

4.3 The Travel24 Group

The Group was able to record 12% year-on-year revenue growth, or 19% according to the travel and booking dates. Both the tour operator activities which are currently being set up as well as the existing travel agency business played a role. The consolidated net loss for the year of EUR 3.2 million is primarily due to financing the new direct tour operator business. In addition, in 2007 the non-cash interest expenses in connection with the convertible bonds issued in 2003, 2005, 2006 and 2007 also depressed earnings.

Operating business was primarily financed by the convertible bonds placed in the last quarter of 2007 with a total issuing volume of EUR 0.8 million.

Cash and cash equivalents available to the Company fell by EUR 504,500 to EUR 510,562. Cash and cash equivalents used for operating activities in 2007 amounted to EUR -1.3 million (previous year: EUR -1.4 million), whilst the cash flow used for investing activities and generated by financing activities totalled EUR 0.7 million (previous year: EUR 2.2 million).

On the balance sheet date Travel24 Group had 24 persons on its payroll (previous year: 27). The annual average was 26.0 full-time employees (previous year: 27.0). This was equivalent to 16.3 full-time Group employees on the effective date (prior year 15.0), or an annual average of 16.0 (previous year: 16.3; 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 Management 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 years. 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 2008, with the result that only those companies which expand their customer base and retain a substantial share of existing customers and which exercise influence on the margins of the products and services sold by them 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 corporate actions carried out in the past financial year enabled the continuation of business activities. The current balance sheet deficit of Travel24.com AG amounting to EUR 6,609 thousand is covered by the following factors:

- At the end of its term, the convertible bond placed in July 2003 contains, pursuant to Art. 2 Section 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 Art. 4 Section 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 Management Board believes that this loan should not be characterised as over-indebtedness.
- The value of Travel24 GmbH's customer base and of the "travel24" brand contains hidden reserves, which - irrespective of the qualification of the convertible bond – significantly compensate for the negative equity.

Furthermore, the Company is of the view that the new business division established in the past financial year will make its first positive contributions to liquidity in 2008.

The repayment of the convertible bonds due in 2008 and 2009 was postponed until July 2010 in the amount of EUR 4,417 thousand as a result of the creditors' meeting held on 16 May 2008.

The achievement of financial independence hinges on the successful implementation of the business concept approved by the Management 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

By way of a resolution by the Management and Supervisory Boards dated 27 March, 2008, and with further utilisation authorisation dated 28 June 2006, a non-interest bearing convertible bond with a total nominal amount of up to EUR 300,000 to be served by the existing authorised capital and due under the 2006 convertible bond program, comprising up to 300,000 mutually equal partial bearer profit-sharing rights with a nominal value of EUR 1.00 each was issued. This convertible bond was fully placed on 2 April 2008.

7. Disclosures pursuant to Art. 289 Section 4, 315 Section 4 HGB

7.1 The Company's share capital in the amount of EUR 1,615,745.00, pursuant to Art. 4 Section 2 of the Articles of Association, is divided into 1,615,745 no-par value shares. The shares are bearer shares. There are no separate share categories.

7.2 To the Company's knowledge, as of the given balance sheet date there were the no direct or indirect holdings in the capital exceeding 10% of voting rights.

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

7.4 In the event of changes to the Articles of Association, Art. 179 et seq. AktG must be observed. The General Meeting must resolve on any amendments to the Articles of Association (Art. 119 Section 1 No. 5, 179 Section 1 AktG). The Supervisory Board is authorised to resolve amendments to the Articles of Association that relate to formulations (Art. 12 Section 2 of the Articles of Association). Resolutions of the General Meeting are passed with a simple majority of votes cast, pursuant to Art. 17 Section 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 (Art. 179 (2) AktG), for capital increases (Art. 182 (1), 193 (1), 202 (2), 207 (2) AktG) and for capital reductions (Art. 222 (1) AktG).

7.5 The Management 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 EUR 5,474,960 (Authorised Capital). The

Management 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,
- 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, or
- 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 Management 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 Management Board may decide on a starting date for dividend rights that differs from that stipulated in Article 60 AktG.

The Authorised Capital allows the Management 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 EUR 900,000 through a contingent 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 Management 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. By way of a resolution by the shareholders' 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 in the amount of EUR 435,500 was cancelled and now exists pursuant to Art. 4 (5) of the Articles of Association in the amount of EUR 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 EUR 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 contingent capital increase exclusively serves to issue stock options, with the approval of or by the Supervisory Board, to the members of the Company's Management Board, the managing directors of affiliated companies within the meaning of Art. 15 AktG and to employees of the Company and its related companies in compliance with Art. 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 Management 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 contingent capital increase and implementation of the contingent capital increase itself with the approval of the Supervisory Board.

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. Of this total, 400,000 stock options which authorise the bearers to subscribe for 240,000 new no-par value bearer shares were terminated in the year under review. 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 EUR 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 Management Board was authorised, with the consent of the Supervisory Board, to issue no-par value bearer or registered convertible bonds valued at up to EUR 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 EUR 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 Management Board with the consent of the Supervisory Board.

The convertible bond was placed on 8 July 2003 at a nominal amount of EUR 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 Management Board bought back convertible bonds to a nominal value of EUR 2,150,000 for the Company in February 2006. Following this repurchase of convertible bonds at a nominal value of EUR 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 EUR 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 Management Board was authorised, with the consent of the Supervisory Board, to issue no-par value bearer or registered convertible bonds valued at up to EUR 1,200,000 until 31 December 2006 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 1,200,000 new shares of the Company, proportionately representing up to EUR 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 Management 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 Management 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.

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 Management 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 EUR 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 EUR 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 EUR 3.00 per fractional debenture. Following partial conversion, Contingent Capital IV still exists in the amount of EUR 394,056.

7.10 The Company's General Meeting of 3 August 2005 authorised the Management 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 EUR 15 million,

within the strict limitations of this resolution and of the profit-sharing right conditions to be stipulated by the Management 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 Management 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 Management 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 EUR 357,685, divided into up to 357,685 mutually equal partial bearer profit-sharing rights with a nominal value of EUR 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 EUR 1.00 within an exercise period into one issuer's no-par value bearer share (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 Management Board may decide, with the approval of the Supervisory Board, whether the new shares required to fulfill 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, Management 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 Management 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 EUR 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 EUR 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 Management 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 Management 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 of the Company, subject to the conditions set out by the Management 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 EUR 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 Management 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 Management Board, with the approval of the Supervisory Board, partially exercised the above authorisation and issued 800,000 convertible bonds. In October 2007 and in December 2007 the

Management Board, with the approval of the Supervisory Board, partially exercised the above authorisation and issued 150,000 and 250,000 convertible bonds, respectively.

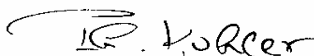
8. Information on capital management

Financing of the Company is exclusively from equity and convertible bonds and thus ensures a high degree of flexibility. The Company does not make use of further debt financing. Details on equity and the convertible bonds issued by the Company are shown in the Notes.

9. Outlook

In the coming months we will focus in-depth on further expanding our sales activities in all areas, and continue to increase staff levels in this regard. Netto's acquisition of the Plus stores will provide Direkt-Touristik AG with a further boost. In June, the Tacco clothing chain will also include travel with Direkt-Touristik AG offers in its brochures. On the whole, we believe that there will be further consolidation in the travel business for both agents and tour operators. In this connection, we will look for suitable partners in order to accelerate our own growth via acquisitions or mergers.

Munich, June 2008



Philip Kohler



Marc Maslaton

Consolidated financial statements 2007 of Travel24.com AG, Munich
Consolidated balance sheet of Travel24.com AG, Munich, as of 31 December 2007

ASSETS	note #	31. Dec. 2007	31. Dec. 2006
		TEUR	TEUR
current assets			
cash and cash equivalents	3	511	1,015
short-term investments / marketable securities			
trade accounts receivable	4	192	123
other accounts receivable and assets	5	461	370
total current assets		1,164	1,508
non current assets			
intangible assets	6 & 7	111	110
property, plant and equipment	6	31	48
investments	6	80	116
total non current assets		222	274
total assets		1,386	1,782

LIABILITIES and SHAREHOLDERS' EQUITY	note #	31. Dec. 2007	31. Dec. 2006
		TEUR	TEUR
current liabilities			
accrued expenses	8	346	335
trade accounts payable	9	1,372	478
convertible bonds	9 & 10.4	2,001	
other current liabilities	9	435	158
total current liabilities		4,154	971
non current liabilities			
convertible bonds	9 & 10.4	3,912	5,964
total non current liabilities		3,912	5,964
shareholders' equity			
share capital	10.1	1,616	1,056
additional paid-in capital		2,077	943
remuneration from share options	10.6	0	0
accumulated deficit		-10,373	-7,152
total shareholders' equity		-6,680	-5,153
total liabilities and shareholders' equity		1,386	1,782

**Consolidated income statement of Travel24.com AG, Munich
from 1 January to 31 December 2007**

	note #	1. January - 31. December	
		2007 TEUR	2006 TEUR
revenues	11	2,456	1,263
other operating income	12	258	2,836
purchases	13	-739	0
personnel expenses	14	-1,055	-1,009
depreciation of property, plant and equipment and of intangible assets	6	-23	-43
other operating expenses	15	-3,206	-3,031
operating loss		-2,309	16
interest income	16	11	213
interest expenses	16	-923	-819
result before income taxes		-3,221	-590
income tax	17	0	0
net income / loss		-3,221	-590

	1. January - 31. December			
	2007		2006	
net loss per share	basic	diluted	basic	diluted
weighted average number of shares outstanding	1,289,551	3,314,068	1,381,671	2,905,182
net loss (in TEUR)	-3,221	-3,221	-590	-590
per share (in EUR)	-2.50		-0.43	

Consolidated cash flow statement of Travel24.com AG, Munich from 1 January to 31 December 2007

	note #	1. Jan. - 30. Dec. 2007 TEUR	2006 TEUR
net income / net loss		-3,221	-590
(+) depreciation and amortization		23	43
(+) financial result		912	606
(-) decrease in provisions		11	-423
(+/-) gains (-) / losses (+) on the disposal of fixed assets		0	65
(+/-) gains (-) / losses (+) on the redemption of convertible bonds		0	-1,012
(+/-) change in net working capital		1,012	-157
(+) non-cash items		11	63
net cash used in operating activities		-1,254	-1,405
(-) purchase of property, plant and equipment		-9	-18
(+) proceeds from sale of equipment / repayment of loans		38	0
net cash generated through / used in investing activities		29	-18
(+/-) accruals from the issuance of share capital		135	347
(+) payments on other financing instruments		706	3,440
(-) disbursements for the redemption of convertible bonds		0	-1,740
(+) interest received		11	213
(-) interest paid		-133	-15
net cash provided by financing activities		721	2,245
net decrease / increase in cash and cash equivalents		-505	822
cash and cash equivalents at beginning of period		1,015	193
cash and cash equivalents at end of period		511	1,015

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 of Travel24.com AG, Munich 1 January to 31 December 2007

	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
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
capital increase through conversion of convertible bonds									0
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
as of 31. December 2006	1,055,745	0	1,056	0	943	0	0	-7,152	-5,153
capital increase for cash									0
equity cut & reverse share split									0
convertible bond warrants					138				138
expenses for procurement of equity *					-3				-3
capital increase through conversion of convertible bonds	560,000		560		988				1,548
issue of stock options and partial deferred expenses for remuneration from stock options					11				11
net loss								-3,221	-3,221
as of 31. December 2007	1,055,745	0	1,616	0	2,077	0	0	-10,373	-6,680

* 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 of Travel24.com AG, Munich

for the financial year from 1 January to 31 December 2007

1. Business purpose and group structure

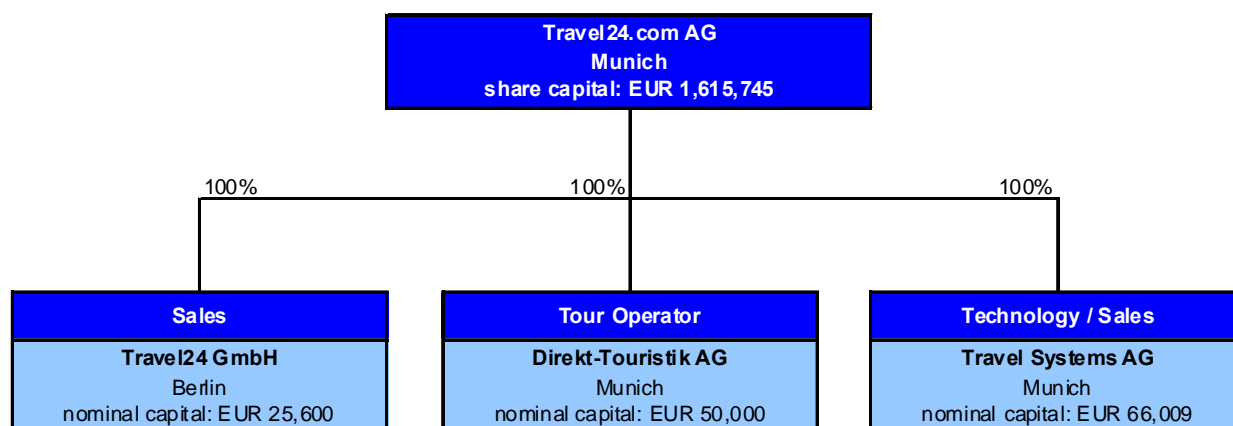
Travel24.com AG is the parent company of the Group of the same name and is a listed stock corporation under German law based in Munich. It was founded with the adoption of the Articles of Association on 22 February 1996 as Travel Systems AG and recorded in the commercial register at Munich Local Court 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 2007 the reporting entity consisted of the following subsidiaries:

	ownership share	subscribed capital	equity	net profit (loss) for the year	
		31.12.2007	31.12.2007	2007	2006
	%	TEUR	TEUR	TEUR	TEUR
Travel24 GmbH, Berlin	100	26	-214	183	132
Direkt-Touristik AG, München	100	50	-593	-496	-148
Travel Systems AG, München	100	66	-2,664	-18	169

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. The appropriate changes to articles of association were entered into the commercial register on 11 January 2007.

2. Summary of essential accounting and valuation principles

2.1 General

Travel24.com AG has prepared its consolidated financial statements for financial year 2007 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 Management Board is assuming that the parent company's existing balance sheet deficit of EUR 6,609 thousand is covered by the following factors:

- At the end of its term, the convertible bond placed in July 2003 contains, pursuant to Art. 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 Art. 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 Management Board believes that this loan should not be characterised as over-indebtedness.
- The value of Travel24 GmbH's customer base and 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 Management Board is of the view that the new business division established at the end of 2006 and built up during 2007 will make its first positive contributions to liquidity in 2008, allowing the Company to become financially independent.

The repayment of the convertible bonds due in 2008 and 2009 was postponed until July 2010 in the amount of EUR 4,417 thousand as a result of the creditors' meeting held on 16 May 2008.

The achievement of this goal hinges on the successful implementation of the business concept approved by the Management 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 EUR thousand/EUR 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 2007 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 2008. 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 Non-current 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 2007, 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. Own package tours are recognised when travellers commence their trips.

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

2.12 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 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	
	2007	2006
	TEUR	TEUR
cash, cheques and bank balances	400	865
term deposits up to 3 months	111	150
total cash and cash equivalents	511	1,015
term deposits over 3 months, as well as reserved deposits	0	0
total marketable securities	0	0
grand total	511	1,015

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	
	2007	2006
	TEUR	TEUR
Taxes:		
capital gains tax and surcharge (solidarity tax contribution)	4	2
sales tax	7	10
sub-total taxes	11	12
advance payments for travel services	372	300
performance bonds and deposits	22	22
debit balances of accounts payable	0	1
loans granted	3	3
other	53	32
sub-total other prepaid expenses & assets	450	358
grand total	461	370

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

6. Fixed assets

Fixed assets and investments as of 31 December 2007 are shown in the movement schedule on the following page:

Travel24.com AG - Group

development of fixed assets in the 2007 financial year

	acquisition and production costs					depreciation and amortization					residual book values	
	1.1.2007	additions	disposals	transfers	31.12.2007	1.1.2007	additions	disposals	transfers	31.12.2007	31.12.2007	31.12.2006
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
I. intangible assets												
1. software	7	3	5		5	6	1	4		3	2	1
2. Goodwill	6,527				6,527	6,418				6,418	109	109
	6,534	3	5	0	6,532	6,424	1	4	0	6,421	111	110
II. <u>tangible assets</u>												
other fixtures and fittings, tools and equipment	159	6	5	0	160	111	22	4	0	129	31	48
III financial assets												
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		36		77	0				0	77	113
	9,538	0	36	0	9,502	9,422	0	0	0	9,422	80	116
	16,231	9	46	0	16,194	15,957	23	8	0	15,972	222	274

7. Goodwill

Goodwill comprises the following:

	goodwill	write-down	accumulated depreciation	net book values	
		2007	31.12.2007	31.12.2007	31.12.2006
	TEUR	TEUR	TEUR	TEUR	TEUR
Direkt-Touristik AG	0	0	0	0	0
Travel Systems 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 2007. No need for value adjustment ensued from this.

For the purposes of the impairment test, the goodwill existing as of 31 December 2007 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 EUR 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 2006	appropriation	usage	dissolution	31. December 2007
	TEUR	TEUR	TEUR	TEUR	TEUR
legal disputes	60	12	49	1	22
personnel expenses	15	20	15	0	20
Supervisory Board remuneration	79	65	26	0	118
other	181	153	148	0	186
grand total	335	250	238	1	346

9. Liabilities

	with a residual term of		31. December	
	up to 1 year	1 to 5 years	2007	2006
	€ 000	€ 000	€ 000	€ 000
trade accounts payable	1,372	0	1,372	478
other current liabilities	435	0	435	158
convertible bonds	2,001	3,912	5,913	5,964

The convertible bonds recognise the convertible loans issued by the Company in 2003, 2005, 2006 and 2007 and the profit-sharing rights. The convertible bonds/profit-sharing rights were disclosed to the amount of the value received, allowing for option premiums and compounding according to the effective interest method.

All convertible bonds and profit-sharing right agreements allow for a conversion without further payment at a ratio of 1:1. 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, which was extended to July 2010 as a result of the creditors' meeting held on 16 May 2008. The convertible bonds issued in November 2006 and October and December 2007 are valid until March 2009. Here too, the respective terms have been extended to July 2010. The profit-sharing certificates placed at the start of 2006 mature in March 2009.

Collateral was furnished for the convertible bond 2003 in the form of liens. Trade payables are hedged in the amount of EUR 28 thousand by the surrender of fixed deposits.

Other current liabilities comprise the following:

	31. December	
	2007	2006
	TEUR	TEUR
social security; salaries & wages; wage and church tax	15	42
credit balances in accounts receivable	24	3
advance payments received	396	113
grand total	435	158

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 EUR 40.00 from EUR 15,000,000.00 to EUR 15,000,040.00 by issuing 40 new no-par value bearer shares, each representing EUR 1.00 of the share capital, at an issuing price of EUR 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 EUR 13,636,400 from EUR 15,000,040 to EUR 1,363,640 by a simplified procedure (Art. 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 EUR 1,609,584.00. These measures were entered in the commercial register on 4 May 2006.

Following the resolution of the Management 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 EUR 2.70 per share. The share capital thus totalled EUR 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 EUR 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 Art. 237 (3) No. 1 AktG by EUR 9.00 to EUR 1,759,575.00. For the purpose of compensating impairment of assets and offsetting losses, the Company's share capital was further reduced by EUR 703,830.00 to EUR 1,055,745.00 by a simplified procedure (Art. 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.

In May, July and August 2007, a total of 560,000 bonds from the convertible loan of 2007 were converted. Entry in the commercial register was made on 30 April 2008.

As of the balance sheet date, the share capital therefore totals EUR 1,615,745.00 (previous year EUR 1,055,745.00) and exclusively includes ordinary shares. These involve 1,615,745 no-par value bearer shares.

10.2 Authorised Capital

The Management 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 EUR 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 Management 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 Management 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 Management Board may decide on a starting date for dividend rights that differs from that stipulated in Article 60 AktG. The Supervisory Board is authorised to amend the wording of the Articles of Association according to the implementation of capital increases 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 EUR 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 EUR 1.00 of the share capital, at an issue price of EUR 1.00, Authorised Capital stood at EUR 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 EUR 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 Management Board to exclude subscription rights with the approval of the Supervisory Board when issuing shares from Authorised Capital. The Management 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 EUR 900,000 through a contingent 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 Management 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 financial year 2001, 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 shareholders' 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 EUR 435,500. Of the remaining options, in 2004 71,000, in 2005 36,750, in 2006 23,500 and in the course of the reporting year, a further 6,000 were cancelled, so that the number of issued subscription rights from the Contingent Capital I as of 31 December 2007 totalled 327,250.

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 EUR 910,500 by issuing up to 910,500 no-par value bearer shares (Contingent Capital II). The contingent capital increase exclusively serves to issue stock options, with the approval of or by the Supervisory Board, to the members of the Company's Management Board, the managing directors of affiliated companies within the meaning of Art. 15 AktG and to employees of the Company and its related companies in compliance with Art. 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 fulfillment 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 Management 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 contingent capital increase and implementation of the contingent 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. A law suit is pending for the termination of the employment relationship on which the agreement for the 400,000 stock options is based. This suit had a positive outcome in the first instance, with the result that it can be assumed that the stock options have been effectively terminated.

During the course of the year under review, a total of 400,000 stock options that authorise the holders to subscribe for 240,000 new, no-par value bearer shares, were terminated, with the result that the number of issued and not terminated subscription rights from Contingent Capital II totalled 227,625 on 31 December 2007, which authorise the holders to subscribe for 136,575 new, no-par value 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 EUR 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 Management Board was authorised, with the consent of the Supervisory Board, to issue no-par value bearer or registered convertible bonds valued at up to EUR 4,300,000 until 31 December 2004 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 EUR 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 Management Board with the consent of the Supervisory Board.

All shareholders have the right to subscribe. However, the Management 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 Art. 186 Section 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 Management 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 EUR 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 EUR 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 EUR 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 Management Board bought back convertible bonds to a nominal value of EUR 2,150,000 for the Company in February 2006. The purchase price for the repurchase of convertible bonds of EUR 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 EUR 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 EUR 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 Management Board was authorised, with the consent of the Supervisory Board, to issue no-par value bearer or registered convertible bonds valued at up to EUR 1,200,000 until 31 December 2006 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 1,200,000 new shares of the Company, proportionately representing up to EUR 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 Management 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 Management 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 pursuant to Articles 186 Section 3 (4), Section 4 (2), 221 Section 4 AktG (pursuant to Article 221 Section 4 (2) AktG, the provisions of Art. 186 Section 3 (4) apply analogously to the exclusion of subscription rights in the issue of convertible bonds) the issue price does not lie significantly below the theoretical market price of the convertible bonds determined by generally accepted investment mathematical principles and the shares to be issued in satisfaction of the conversion privileges pursuant to Art. 186 Section 3 (4) AktG do not exceed 10% of the share capital,
- 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 Management 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 EUR 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 EUR 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 EUR 3.00 per fractional debenture.

The Company's General Meeting of 3 August 2005 authorised the Management 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 EUR 15 million, within the strict limitations of this resolution and of the profit-sharing right conditions to be stipulated by the Management 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 Management 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 Management 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 EUR 357,685, divided into up to 357,685 mutually equal partial bearer profit-sharing rights with a nominal value of EUR 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 EUR 3.00 per partial subscription right. Furthermore, 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 EUR 1.00 within an exercise period into one issuer's no-par value bearer share (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 Management Board may decide, with the agreement of the Supervisory Board, whether the new shares required to fulfill 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, Management 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 EUR 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 Management 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 EUR 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 EUR 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 Management 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 Management 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 of the Company, subject to the conditions set out by the Management 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 EUR 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 Management 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 Management 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 EUR 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 EUR 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 EUR 2.50. This is in the Company's interests, as it is currently still in a reorganisation phase.

In October 2007, with the approval of the Supervisory Board, a further 150,000 convertible bonds from the 2006 convertible bond program were issued excluding shareholders' subscription rights at a subscription price of EUR 2.30. In December 2007 - also with the approval of the Supervisory Board and excluding shareholders' subscription rights - a further tranche comprising 250,000 convertible bonds was issued from this convertible bond program at a subscription price of EUR 2.00.

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 EUR 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, taxation, transfer rights, 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, 3,000 options of this tranche were terminated, and as of 31 December 2007 85,250 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 EUR 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, taxation, transfer rights, 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, 3,000 options of this second tranche were terminated, so that 242,000 of the shares issued in 2003 were still in circulation as of 31 December 2007.

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 EUR 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, taxation, transfer rights, etc.) are laid down in the framework contract for this stock option program. During the past financial year, 400,000 stock options from this stock option program were terminated, which authorise to subscribe for 240,000 shares after the capital decrease, with the result that there were still 227,625 of the options issued and not terminated in 2006 were still in circulation as of December 31, 2007 which authorise to subscribe for 136,575 shares. A law suit is pending for the termination of the employment relationship on which the agreement for the 400,000 stock options is based. This suit had a positive outcome in the first instance, with the result that it can be assumed that the stock options have been effectively terminated.

10.6 Employee Participation Programme

The market value 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		stock option plan 2000
			issued 2003	issued 2001	
risk-free interest		3,75%	5%	5%	5%
volatility		82.7%	145.23%	50%	50%
estimated fluctuation		0%	0%	0%	0%
mean expected term		7.0 years	2.91 years	3.4 years	3.7 years
market value per option		EUR 1.57	EUR 0.97	EUR 0.65575	EUR 13.76
number of out- standing options per	31. Dec. 2007*	227,625	242,000	85,250	0
	31. Dec. 2006	627,625	245,000	88,250	0
expense booked (in EUR 000)	2007	11	0	0	0
	2006	29	34	0	0

* taking into account the cancellation of 400,000 stock options; legal action regarding the cancellation is pending

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

	2007	2007	2006	2006
	number of weighted average issued options	Ø strike Price EUR	number of weighted average issued options	Ø strike Price EUR
as of 1. January	960,875	2.30	356,750	1.33
granted *	0	-	627,625	2.81
exercised	0	-	0	-
terminated **	-406,000	2.79	-23,500	1.33
as of 31. Dec.	554,875	1.94	960,875	2.30

* in addition to 172,375 virtual stock options which entitle to take up 103,425 shares

** taking into account the cancellation of 400,000 stock options; legal action regarding the cancellation is pending

11. Sales revenues

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

	2007	2006
	TEUR	TEUR
travel sales commission	1,500	1,235
gross sales from tour operator activities	956	0
other revenues	0	28
grand total	2,456	1,263

12. Other operating income

Other operating income comprises the following:

	2007 TEUR	2006 TEUR
reversal of accruals and deferred liabilities	1	204
rental income	17	7
income from the retirement of debentures	0	1,243
VAT refund	0	742
other income	240	640
grand total	258	2,836

The income disclosed in 2007 is mostly due to the refund of advertising costs.

13. Cost of materials

The newly added expenses for materials are due exclusively to the purchase of third-party tourism services used to compile Direkt-Touristik AG's product offering.

14. Personnel expenses

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

	2007 TEUR	2006 TEUR
salaries and wages	941	898
payroll deductions	114	111
grand total	1,055	1,009

15. Other operating expenses

Other operating expenses comprise the following:

	2007 TEUR	2006 TEUR
occupancy costs	104	123
IT / communication	317	286
marketing expenses / advertisement / commission transfer	1,453	909
investor relations	59	56
car and travel expenses	185	75
legal and consultancy fees, accounting expenses, legal disputes	822	743
supervisory board fees	65	57
insurance, dues, contributions	92	103
losses on the disposal of fixed assets	2	64
bad debt loss, allowance	24	58
redemption of participation rights	0	230
other expenses	83	327
grand total	3,206	3,031

16. Net interest income/loss

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

	2007	2006
	TEUR	TEUR
interest on convertible bond	-790	-804
other interest expense	-133	-15
interest income on VAT refund	0	200
other interest income	11	13
financial result	-912	-606

17. 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.

Due to recognition and valuation differences for individual liability items, unbalanced deferred tax liabilities of EUR 319 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 tax loss carryforwards in excess of this. Since these deferred tax assets will probably be unusable to a large extent, they were fully written down.

Based on a 30% tax rate (previous year: 40%), the accrued, vested income tax losses carried forward (corporation and trade tax) in the amount of EUR 98,100 thousand would lead to deferred tax assets totalling approx. EUR 29,000 thousand as of 31 December 2007.

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	
	2007	2006	2007	2006
	EUR 000	EUR 000	EUR 000	EUR 000
trade accounts payable	0	0	75	74
convertible bond	0	0	164	429
tax-deductible loss carryforward	240	503	0	0
	240	503	240	503
net balance	-240	-503	-240	-503
	0	0	0	0

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

18. Segment information

The companies on the reporting entity of Travel24.com AG are active in various business areas. The individual segments generated their income from 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 , Munich

Segment information by business division:

segment presentation for 2007	Travel Marketing & Distribution	Travel Technology	Direct Marketing Tour Operator	Eliminations	Travel24- Group
	TEUR	TEUR	TEUR	TEUR	TEUR
revenues - trade	1,500	0	956	0	2,456
- intersegment	0	0	0	0	0
total revenues	1,500	0	956	0	2,456
operating result	-1,853	0	-496	39	-2,310
interest income					11
interest expenses					-923
net loss					-3,221
segment assets	887	0	498		1,385
segment liabilities	1,061	0	1,092		2,153
unassigned liabilities					
consolidated liabilities					2,153
capital expenditure	4	0	6	0	9
ordinary depreciation	21	0	3	0	23

segment presentation for 2006	Travel Marketing & Distribution	Travel Technology	Direct Marketing Tour Operator	Eliminations	Travel24- Group
	TEUR	TEUR	TEUR	TEUR	TEUR
revenues - trade	1,261	0	2	0	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					
consolidated liabilities					971
capital expenditure	14	0	4		18
ordinary depreciation	43	0	0		43

There are no geographic segments within the Travel24.com Group, because the Group's business units operate only on a national basis.

19. 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). Taking the regulations included in IAS 33 paragraphs 38 et seq into account, the following table shows the diluted earnings per share which differs from the basic earnings per share.

The ratios for earnings per share are as follows:

net loss per share	1. January - 31. December			
	2007		2006	
	basic	diluted	basic	diluted
weighted average number of shares outstanding	1,289,551	3,314,068	1,381,671	2,905,182
net loss (in TEUR)	-3,221	-3,221	-590	-590
per share (in EUR)	-2.50		-0.43	

20. Contingent liabilities and other financial commitments

As of 31 December 2007 the following obligations existed:

	2008	2009	2010	2011	2012
	TEUR	TEUR	TEUR	TEUR	TEUR
office rent	98	98	98	98	98
services / consulting fees	680	679	679	679	679
licenses / software systems	109	113	108	108	108
grand total	888	890	885	885	885

21. 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.

22. 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.

23. 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.

24. Employees

The average number of employees was 26 (previous year 27). As of 31 December 2007, 24 persons were employed (previous year: 27).

25. Contingent payables/receivables

There are no contingent payables or receivables.

26. 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 Christofo Henn purchased convertible bonds with a nominal value of EUR 2,150 thousand under the terms described under Point 10.4. On the balance sheet date the entitlements were valued at EUR 2,001 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 EUR 102 thousand in 2007. The business was conducted under the usual conditions for outside parties.

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

27. Management Board and Supervisory Board

In financial year 2007 the members of the **Management 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 held a Supervisory Board post at Travel Systems AG and was appointed to the Management Board of the new subsidiary Direkt-Touristik AG. He resigned from his office as a member of Direkt-Touristik AG's Management Board as of December 14, 2007.

The members of the Management Board received a total remuneration (as was the case the previous year, these were exclusively fixed payments) of EUR 303 thousand (previous year EUR 367 thousand) for fulfilling their roles in the parent company and in the subsidiaries. The Company has refrained from specifying the detailed individual breakdown of Management Board members' earnings pursuant to Art. 314 Section 2.2 HGB in conjunction with Art.286 Section 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	
▪ Cristofor Henn	Finance Director, rtd.	Palma de Mallorca, Spain	
▪ Alexander Kersting	Merchant	Frankfurt	(until 4 February 2008)
▪ Alexander Graf v. Gneisenau	Merchant	Munich	(until 4 February 2008)

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

Expenses of EUR 65 thousand were incurred for the Supervisory Board of Travel24.com AG in the year under review (previous year: EUR 54 thousand).

As of the balance sheet date 31 December 2007 the shares and options held by members of the Management and Supervisory Boards under the employee participation program were as follows:

	<u>Shares</u>	<u>Options</u>
Management Board		
Marc Maslaton	23,319	160,000 authorise to subscribe for 8,727 shares
Philip Kohler	540	90,000 authorise to subscribe for 4,909 shares

Supervisory Board

Dr. Matthias Schüppen	0
Martin Amrhein	7,981
Cristofor Henn	0
Alexander Kersting	0
Alexander Graf Gneisenau	0

As of 31 December 2007 the Company had issued a total of 554,875 stock options not terminated which authorise to subscribe for 154,425 shares. 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 304,875 options (which authorise to subscribe for 140,789 shares) relates to employees and senior staff of Travel24.com AG and of subsidiaries.

28. Auditors' fees

The fee for the auditor of the consolidated financial statements was recorded as an expense in the group financial year 2007. Including the reimbursement of expenses, it consisted of

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

29. Other disclosures

Travel24.com AG's consolidated financial statements and group management report are published in the electronic federal gazette.

30. 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.

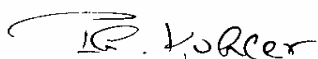
The Management Board and Supervisory Board of Travel24.com AG hereby declare, pursuant to Art. 161 AktG, that the recommendations published by the Federal Justice Ministry on 4 July 2003 in the official section of the electronic version of the Federal Gazette of the "Government Commission on the German Corporate Governance Code" in the version of 12 June 2006 since the last declaration of conformity until 20 July 2007 and as from 21 July 2007, the recommendations of the "Government Commission on the German Corporate Governance Code" in the version of 14 June 2007 notified on 20 July 2007 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.

30. Declaration by the legal representatives

To the best of our knowledge, we declare that, according to the principles of proper consolidated reporting applied, the consolidated financial statements provide a true and fair view of the Group's net worth, financial position and results of operations, that the consolidated 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 financial year are described.

Munich, June 2008



Philip Kohler



Marc Maslaton

Auditor's opinion

"We have audited the consolidated financial statements of Travel24.com AG, Munich, comprising the balance sheet, income statement, statement of changes in shareholders' equity, cash flow statement and notes to the financial statements as well as the group management report for the fiscal year from 1 January to 31 December 2007. The preparation of the consolidated financial statements and the group management report in accordance with the IFRS, as adopted by the EU, and the additional requirements of commercial law pursuant to Section 315a (1) of the HGB (German Commercial Code) are the responsibility of the Company's legal representatives. Our responsibility is to express an opinion, based on our audit, on the consolidated financial statements and on the group management report.

We conducted our audit in accordance with Section 317 of the HGB and in compliance with the principles of proper auditing adopted by the Institut der Wirtschaftsprüfer (IDW). These standards require that we plan and perform the audit to obtain reasonable assurance on whether the consolidated financial statements (based on the applicable accounting standards) and the management report for both the company and the entire Group are free of material misrepresentations and present a true and fair of the net worth, financial position and results of the company. The process of defining the audit procedures takes account of knowledge about the business activities and the economic and legal environment of the company, as well as expectations of possible errors. The conduct of an audit includes examining the effectiveness of the company's internal accounting-related control systems and, on a sample basis, evidence supporting the information contained within the consolidated financial statements as well as in the management report for both the company and the entire Group. 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 single-entity and Group management report. We are confident that our audit provides a sufficiently sound basis on which to make an assessment.

Our audit led to no objections.

In our opinion, based on the results of our audit, the consolidated financial statements comply with IFRSs as these are to be applied in the EU and the supplementary provisions of the HGB as stipulated by Section 315a (1) of the HGB, and convey a true and fair view of the group's financial position and results of operations. The single-entity and Group management report is in line with the consolidated financial statements, provides an accurate picture of the group's situation and accurately reflects the opportunities and risks of future growth.

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

We prepared the above report on the audit of the consolidated financial statements and the Group management report for the fiscal year from 1 January 2007 to 31 December 2007 for Travel24.com AG, Munich, in accordance with statutory provisions and the principles of proper reporting for audits of consolidated financial statements.

Munich, 30 May 2008

**BDO Deutsche Warentreuhand
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft**

**Bartuschka
Wirtschaftsprüfer**

**Stephan
Wirtschaftsprüfer**

8. Key Corporate Announcements 2007

28.02.2007	Ad hoc disclosure: Travel24.com AG records positive results in 2006 - fourth quarter with operating profits
12.03.2007	Ad hoc disclosure: Direkt-Touristik AG announces co-operation with Tchibo - successful start to tour operator activities heralds large sales potential
02.04.2007	Travel24.com records positive EBIT - strong revenue growth from entry into tour operator business expected
10.04.2007	Travel24.com: Double checking with Germany's TÜV is better
29.05.2007	Travel24.com AG: Q1 2007 once again with profitable operations - Strategic alliances with leading retail chains about to be concluded
06.06.2007	Last Minute is so yesterday - travel24.com overtakes competitors with new price concept! 14-day vacation in the South Seas including flight just EUR 999? travel24.com makes it possible as an E-MAIL ONLY OFFER!
20.06.2007	Ad hoc disclosure: Travel24.com AG: Direkt-Touristik AG reports extensive co-operation with retail discount chain Netto
21.06.2007	Travel24.com AG: All resolutions approved by General Meeting
08.08.2007	Ad hoc disclosure: Travel24.com AG concludes extensive co-operation with EDEKA
04.10.2007	Ad hoc disclosure: Travel24.com AG issues convertible bonds
11.10.2007	Travel24.com AG reports successful placement of convertible bond to expand its tour-operator division
08.11.2007	Ad hoc disclosure: Travel24.com AG again issues convertible bonds
19.11.2007	Travel24.com AG: Increasing revenues and investments
17.11.2007	Ad hoc disclosure: Travel24.com AG issues further convertible bonds
27.12.2007	Travel24.com AG reports successful placement of convertible bond

9. Financial calendar

19 May 2008	Publication of Nine-Month Report Q1 / 2008
29 August 2008	Annual General Meeting
29 August 2008	Publication of Half-Year Report 2008
19 November 2008	Publication of Nine-Month Report Q3 / 2008
30 April 2009	Publication of Annual Report 2008

10. Publication details

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