

## Half-Year Financial Report 2008



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## 1. Summary of key data

		2nd quarter		1. Jan. - 30. June	
		2008	2007	2008	2007
		TEUR	TEUR	TEUR	TEUR
total transaction value	per booking date	3,853	3,568	9,548	8,569
	per travel date	4,618	4,390	7,694	6,533
net sales		1,156	375	2,386	900
EBITDA		-506	-595	-612	-867
EBIT		-511	-601	-622	-878
consolidated net gain / loss		-723	-836	-1,025	-1,344
net gain / net loss per share (in EUR)	basic	-0.44	-0.78	-0.63	-1.26
	diluted				
operative cash flow		-295	-278	-527	-738
number of employees as per 30. June excl. management board		25	27	25	27

## 2. Foreword

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

In the first six months of 2008 there was significant growth in the retail business of Travel24.com AG compared to the corresponding period of the previous year. However, we cannot be fully satisfied with the development of our direct tour operations, as we were anticipating faster growth. The secure alliance of our partner Netto with the Plus Group will generate further growth in bookings for direkt-touristik AG and other sales partners are now also well on the way to becoming profitable. Since we are seeing an increase in the number of households whose income is below half the average income in Germany, we will continue to position our subsidiary direkt-touristik AG as a direct, low-budget operator and expand this sector.

Yours



Marc Maslaton  
CEO Travel24.com AG

Munich, August 2008

## 3. 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](http://www.travel24.com) or using the toll-free booking hotline.

### Internet

In the first six months there has been an increase in visits compared to the same period of the previous year from 679,170 to 859,062. The number of page impressions for the first six months increased over the previous year from 2,223,846 to 9,331,268. In general, the number of hits at online travel portals is increasing. The quick-to-find online offerings have played a major role in this growth. These offerings provide a wide range of interactive information on vacation destinations and, of course, the ever increasing offering of interactive portals.

In May this year the [travel24.com](http://travel24.com) homepage received a makeover. The website is now more emotional and features more pictures. The range of products and services has been supplemented by travel agents. This service is being used intensively by our customers.

### Marketing

Sales - both online and offline - of the individual package tours geared specifically to the German market that are offered by direkt-touristik AG are continuing to enjoy positive growth. The sales basis has been successfully expanded in this direction. The portfolio includes holidays representing good value for money. The number of offline bookings, which is driven by the 24-page travel catalog published each quarter, is significantly higher than online bookings. This is in line with expectations and the customers' profiles. The trend to earth-bound travel continued in the second quarter. The air travel sector has received a strong boost in the past few months, mainly due to the build-up of Turkey products. In the [travel24.com](http://travel24.com) retailing segment, in contrast, there has been a revival in the desire to travel coastal destinations, particularly in the south. City breaks and low country holidays have increased at a much slower rate than mountain holidays.

During the European Football Championships [travel24.com](http://travel24.com) organised a prize drawing over several weeks together with sales partner ueltje. To encourage customer loyalty the company also carried out a successful promotion campaign called "Vacation Money". This resulted in a further increase in short-term bookings in July.

### Investor relations

In April of the current financial year the convertible bond was fully placed with interested investors in Germany and abroad. A total of 300,000 bearer convertible bonds were issued, each with a nominal amount of EUR 1.00. The convertible bond matures in 2009.

On 16 May 2008 a meeting took place of the creditors of the Travel24.com AG zero coupon convertible bonds from 2005/2008. This meeting agreed to extend the term of the convertible bond due this year until 14 July 2010. This was agreed with a majority vote and, at the same time, the Company was able to agree an interest-free extension of the term to 20 July 2010 with all of the other holders of convertible bonds currently issued with a total claim of around EUR 3.5 million.

The total number of voting rights of Travel24.com AG at the end of June 2008 stood at 1,618,514.

## 4. Outlook

The travel24.com website is growing in pace with the market for online bookings. In this sector we are striving to further boost growth by entering into a cooperation with a suitable online company. We are confident that the changes capital situation provides optimum prerequisites for this.

For the next few years all experts are forecasting an increase in the number of people obliged to take low budget vacations due to their extremely low income. Our attention will thus be focused on direct tour operations. An expansion in both manpower and geographical terms is proposed. We hope to exploit existing market opportunities with the continued expansion of our direkt-touristik AG sales team in neighbouring European countries. Preparations are already under way for our first sales base in Austria. With these measures and the expansion of existing sales (takeover of Plus markets by Netto) we anticipate an increase in sales of over 100% in the coming year.

## 5. Consolidated interim financial statements as of 30 June 2008

### Consolidated balance sheet as of 30 June 2008 (IFRS)

<b>ASSETS</b>	<b>30. June 2008</b>	<b>31. Dec. 2007</b>
	TEUR	TEUR
<b>current assets</b>		
cash and cash equivalents	330	511
short-term investments / marketable securities	255	192
trade accounts receivable	749	461
other accounts receivable and assets		
<b>total current assets</b>	<b>1,334</b>	<b>1,164</b>
<b>non current assets</b>		
intangible assets	110	111
property, plant and equipment	27	31
investments	44	80
<b>total non current assets</b>	<b>182</b>	<b>222</b>
<b>total assets</b>	<b>1,515</b>	<b>1,386</b>

<b>LIABILITIES and SHAREHOLDERS' EQUITY</b>	<b>30. June 2008</b>	<b>31. Dec. 2007</b>
	TEUR	TEUR
<b>current liabilities</b>		
accrued expenses	180	346
trade accounts payable	1,641	1,372
convertible bonds	2,150	2,001
other current liabilities	762	435
<b>total current liabilities</b>	<b>4,734</b>	<b>4,154</b>
<b>non current liabilities</b>		
convertible bonds	4,441	3,912
<b>total non current liabilities</b>	<b>4,441</b>	<b>3,912</b>
<b>shareholders' equity</b>		
share capital	1,619	1,616
additional paid-in capital	2,120	2,077
remuneration from share options	0	0
accumulated deficit	-11,398	-10,373
<b>total shareholders' equity</b>	<b>-7,659</b>	<b>-6,680</b>
<b>total liabilities and shareholders' equity</b>	<b>1,515</b>	<b>1,386</b>

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

	2nd quarter		1. January - 30. June	
	2008 TEUR	2007 TEUR	2008 TEUR	2007 TEUR
revenues	1,156	375	2,386	900
other operating income	92	57	277	118
purchases	-710	0	-1,323	0
personnel expenses	-256	-216	-520	-602
depreciation of property, plant and equipment and of intangible assets	-5	-6	-10	-12
other operating expenses	-788	-810	-1,432	-1,282
<b>operating loss</b>	<b>-511</b>	<b>-601</b>	<b>-622</b>	<b>-878</b>
interest income	3	3	17	6
interest expenses	-215	-239	-420	-472
<b>result before income taxes</b>	<b>-723</b>	<b>-836</b>	<b>-1,025</b>	<b>-1,344</b>
income tax	0	0	0	0
<b>net income / loss</b>	<b>-723</b>	<b>-836</b>	<b>-1,025</b>	<b>-1,344</b>

	2nd quarter				1. January - 30. June			
	2008		2007		2008		2007	
net loss per share	basic	diluted	basic	diluted	basic	diluted	basic	diluted
weighted average number of shares outstanding	1,617,283	3,920,963	1,072,078	3,221,290	1,616,514	3,775,963	1,063,912	3,321,290
<b>net loss (in TEUR)</b>	<b>-723</b>	<b>-723</b>	<b>-836</b>	<b>-836</b>	<b>-1,025</b>	<b>-1,025</b>	<b>-1,344</b>	<b>-1,344</b>
<b>per share (in EUR)</b>	<b>-0.45</b>		<b>-0.78</b>		<b>-0.63</b>		<b>-1.26</b>	



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

	1. Jan. - 30. June	
	2008 TEUR	2007 TEUR
net income / net loss	-1,025	-1,344
(+) depreciation and amortization	10	12
(+) financial result	403	466
(-) decrease in provisions	-165	-82
(+/-) gains (-) / losses (+) on the disposal of fixed assets	0	0
(+/-) change in net working capital	245	206
(+) non-cash items	5	5
<b>net cash used in operating activities</b>	<b>-527</b>	<b>-738</b>
(-) purchase of property, plant and equipment	-5	-6
(+) proceeds from sale of equipment / repayment of loans	36	0
<b>net cash generated through / used in investing activities</b>	<b>31</b>	<b>-6</b>
(+/-) accruals from the issuance of share capital	37	0
(+) payments on other financing instruments	263	0
(+) interest received	17	0
(-) interest paid	-1	-1
<b>net cash provided by financing activities</b>	<b>316</b>	<b>-1</b>
<b>net decrease / increase in cash and cash equivalents</b>	<b>-181</b>	<b>-745</b>
cash and cash equivalents at beginning of period	511	1,015
cash and cash equivalents at end of period	330	270

note:

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

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

in EUR 000, with the exception of figures per share

	number of shares issued	share capital: preference shares	share capital: ordinary shares	treasury stock	additional paid-in capital	remuneration from stock options	revaluation surplus	net loss	total
<b>as of 31. December 2006</b>	<b>1,055,745</b>	<b>0</b>	<b>1,056</b>	<b>0</b>	<b>943</b>	<b>0</b>	<b>0</b>	<b>-7,152</b>	<b>-5,153</b>
capital increase for cash									0
equity cut & reverse share split									0
convertible bond warrants									0
expenses for procurement of equity *									0
capital increase through conversion of convertible bonds	30,000		30		36				66
issue of stock options and partial deferred expenses for remuneration from stock options					3			2	5
net loss								-1,344	-1,344
<b>as of 30. June 2007</b>	<b>1,085,745</b>	<b>0</b>	<b>1,086</b>	<b>0</b>	<b>981</b>	<b>0</b>	<b>0</b>	<b>-8,493</b>	<b>-6,426</b>
<b>as of 31. December 2007</b>	<b>1,615,745</b>	<b>0</b>	<b>1,616</b>	<b>0</b>	<b>2,077</b>	<b>0</b>	<b>0</b>	<b>-10,373</b>	<b>-6,680</b>
capital increase for cash									0
equity cut & reverse share split									0
convertible bond warrants					37				37
expenses for procurement of equity *									0
capital increase through conversion of convertible bonds	2,769		3		1				4
issue of stock options and partial deferred expenses for remuneration from stock options					5				5
net loss								-1,025	-1,025
<b>as of 30. June 2008</b>	<b>1,618,514</b>	<b>0</b>	<b>1,619</b>	<b>0</b>	<b>2,120</b>	<b>0</b>	<b>0</b>	<b>-11,398</b>	<b>-7,659</b>

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

## Notes to the consolidated interim financial statements

### Information on general accounting and valuation principles

Travel24.com AG prepared its half-yearly financial report as at 30 June 2008 using the same accounting and valuation methods as were applied in the last consolidated financial statements as at 31 December 2007.

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

### Group of consolidated companies

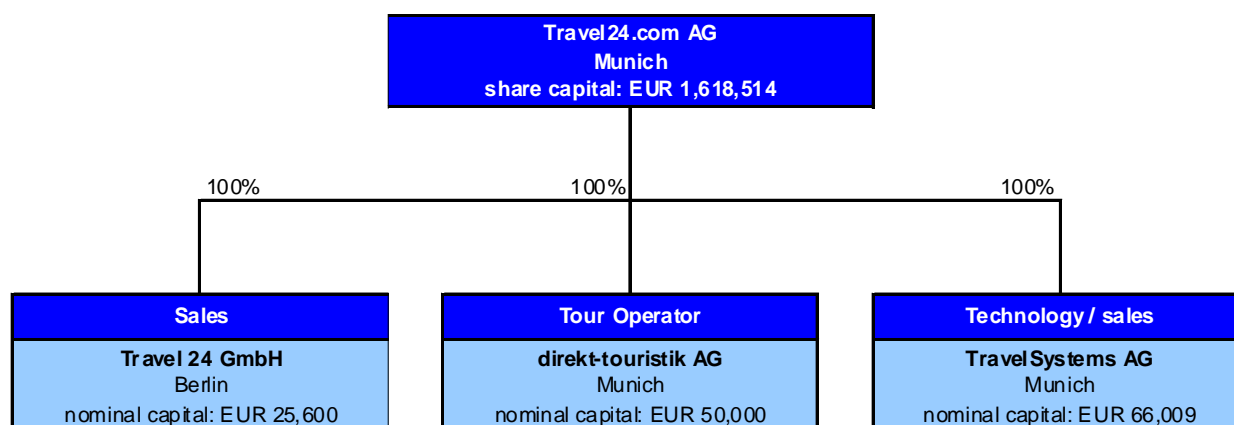
#### Consolidated companies

direkt-touristik AG, Munich  
Travel24 GmbH, Berlin  
Travel Systems AG, Munich

#### Interest held

100%  
100%  
100%

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



### Employees

As at 30 June 2008 Travel24.com AG had 25 employees (30 June 2007: 27), this corresponds to 19.3 FTEs on the balance sheet date (30 June 2007: 15.8; all figures excluding the Managing Board).

## Segment reporting

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:

- a) Travel retail (Travel Marketing & Distribution)
- b) Development and operation of system components for Web-based information and reservation systems (Travel Technology)
- c) Operation and direct marketing of travel services (Direct Marketing Tour Operator)

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

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

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

<b>segment presentation per 30. June 2008</b>	Travel Marketing & Distribution	Travel Technology	Direct Marketing Tour Operator	Eliminations	Travel24- Group
	TEUR	TEUR	TEUR	TEUR	TEUR
revenues - trade	750	0	1,636	0	2,386
- intersegment	0	0	0	0	0
total revenues	750	0	1,636	0	2,386
operating result	-352	0	-270	0	-622
interest income					17
interest expenses					-420
net loss					-1,025
segment assets	785	0	730	0	1,515
segment liabilities	987	0	1,597	0	2,584
unassigned liabilities					0
consolidated liabilities	987	0	1,597	0	2,584
capital expenditure	5	0	0	0	5
ordinary depreciation	8	0	1	0	10

<b>segment presentation per 30. June 2007</b>	Travel Marketing & Distribution	Travel Technology	Direct Marketing Tour Operator	Eliminations	Travel24- Group
	€ 000	€ 000	€ 000	€ 000	€ 000
revenues - trade	735	0	164	0	900
- intersegment	0	0	0	0	0
total revenues	735	0	164	0	900
operating result	94	0	-887	-86	-878
interest income					6
interest expenses					-472
net loss					-1,344
segment assets	1,158	0	318	-74	1,402
segment liabilities	833	0	592	-74	1,350
unassigned liabilities					108
consolidated liabilities	833	0	592	-74	1,458
capital expenditure	1	0	5	0	6
ordinary depreciation	10	0	1	0	12

## **6. Consolidated interim management report**

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

#### **Revenue**

In the first six months 2008 the retail travel revenue recorded upon receipt of bookings totalled EUR 8.6 million, up EUR 1.0 million (11.4%) from last year's level (prior-year period: EUR 8.6 million).

In the first six months of the current financial year, gross sales recorded per travel date, at EUR 7.7 million, show an increase of EUR 1.2 million (17.8%).

Whereas the contribution to sales revenue from stationary travel retailing agencies remained below expectations, both Internet and telephone-supported gross sales and the growing demand for products of the direct operator were conducive to an encouraging trend in turnover.

#### **Results**

The losses disclosed in the travel retailing segment resulted exclusively from the overheads attributable to this business segment. After eliminating these expenses generated in the parent company, travel retailing activities showed a profit of almost EUR 0.75 million from operating activities.

The start-up losses from direct tour operations were substantially curtailed, resulting in a reduction in losses of EUR 0.617 million at the operative level compared to EUR -0.27 million compared to the same period of the previous year.

There was also an improvement in the shortfall from the reporting period by EUR 0.319 million (24%) attributable to increased turnover and the resulting broader contribution margin.

The interest expenses from the convertible bonds in the amount of EUR 419 thousand impacted "Interest and similar expenses", which totalled EUR 420 thousand (H1 2007: EUR 472 thousand). However, as already noted in prior periods, this effect did not affect liquidity.

The basic loss per share amounts to EUR 0.63.

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

The EUR 0.181 million decline in liquidity in the first six months of 2008 to EUR 0.330 million is mainly attributable - as already mentioned in previous quarters - to the continued expansion of direct tour operations.

The cash and cash equivalents used in operations during the first half of the year totalled EUR 527 thousand and were thus down by EUR 210 thousand compared to the first half of 2007 (EUR 738 thousand). A portion of the cash flow used here was covered by the convertible bonds placed at the start of the second quarter with a total volume of EUR 0.30 million.

## Notes to the balance sheet

As of 30 June 2008, total assets were down by EUR 130 thousand to EUR 1,515 thousand compared to 31 December 2007.

The EUR 0.181 million decline in cash and cash equivalents was offset by an above-average increase of EUR 0.351 million in other receivables and assets (from the increased business volume). Due to the repayment of loans in the second quarter there was a decline of EUR 0.36 million to EUR 0.44 million in the total disclosed under financial assets.

On the liabilities side trade payables together with other current liabilities increased by EUR 0.596 million in the first six months of 2008 to EUR 2.403 million. The total volume of convertible bonds increased by EUR 0.678 million. This was attributable to non-cash interest expenses carried as a liability in the amount of EUR 0.419 million on the one hand and to the placement of a further convertible bond at the beginning of the second quarter on the other hand.

Redemption of the latter resulted in a EUR 0.165 million reduction in reserves to EUR 0.180 million.

During the same period, equity fell as a result of losses by around EUR 979 thousand.

## Notes to the consolidated cash flow statement

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

Net cash used in operating activities in the first six months of the current financial year amounted to EUR 527 million. The drain on liquidity was mainly attributable to the continued expansion of tour operation activities.

The cash flow from investing activities shows payments for investments in non-current assets. The repayment of loans granted by Travel24.com AG played a major role in the cash inflow in the first six months. Investing activities had no significant effect on group liquidity.

Cash flow from financing activities in the reporting period takes into account the convertible bond with a total volume of EUR 0.30 million placed at the beginning of the second quarter. The conversion in June 2008 of 2,769 convertible bonds placed in July 2005 did not impact group liquidity.

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

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

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

The direct tour operating segment implemented in the course of last year exhibited strong growth in the second quarter of 2008. The rates of increase achieved here are clear evidence of the growing acceptance of these tour operator products in the direct marketing channels opened up for them.

Although there are positive trends to be recognised in the development of new activities in 2008, the sustained expansion of this segment is contingent on further consolidation of our sales revenue and customer basis.

## **6.3 Opportunity and risk report**

Please refer to Note 5 of the consolidated management report to the annual financial statements as of 31 December 2007.

## **6.4 Related party transactions**

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

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



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

As of the balance sheet date 30 June 2008 the shares and options held by members of the Managing Board and of the Supervisory Board under the employee participation program were as follows:

	<u>Shares</u>	<u>Options</u>
<b>Managing Board</b>		
Marc Maslaton	23,319	160,000 with subscription rights for 8,727 shares
Philip Kohler	540	90,000 with subscription rights for 4,909 shares
<b>Supervisory Board</b>		
Dr. Matthias Schüppen	0	
Martin Amrhein	7,981	
Cristofor Henn	0	

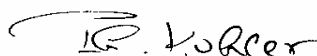
The Company had issued a total of 554,875 non-terminated stock options as of 30 June 2008, which authorise the holders to subscribe for 154,425 shares. The options applying from this to the company's executive bodies authorised them to subscribe for 13,636 shares in Travel24.com AG as per the figures provided above. The balance of 304,875 options that authorise the holders to subscribe for 140,789 shares, is due to employees and executives at Travel24.com AG and at subsidiaries.

## 8. Declaration by the legal representatives

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

Munich, August 2008

The Managing Board of Travel24.com AG



Philip Kohler



Marc Maslaton

## 9. Financial calendar

29 August 2008	Publication of Half-Year Report 2008
29 August 2008	Annual general meeting 2008 in Munich
19 November 2008	Publication of Q3 Financial Report / 2008
30 April 2009	Publication of the Annual Financial Report 2008
30 April 2009	Balance sheet press conference
30 April 2009	Analysts' Conference

## 10. Publication details

### **Publisher**

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