

Annual Report 2000



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1. Summary of Key Data

| In DM million | 2000 | 1999 |
|--|--------------|--------------|
| Net sales | 50,7 | 2,6 |
| Result from ordinary activities | -48,0 | -4,9 |
| Result before taxes on income | -67,0 | -4,9 |
| Consolidated net loss | -67,0 | -4,9 |
| Operative cash flow | -23,0 | -4,0 |
| Employees as of 31 December | 222 | 42 |
| Earnings per share | -7,84 | -1,99 |
| Travel bookings turnover (for information only) | 230 | 20 |

2. Foreword by the Managing Board

Dear Shareholders,
Dear friends and colleagues,

The year 2000 was a year of expansion and successful operations.

Our successful initial public offering in March 2000 marks the beginning of a new era for our company. Since our widely noted appearance on the Neuer Markt in Frankfurt with an initial offering which was 32 times oversubscribed we are no longer the Travel24.com AG you knew before our flotation.

- Whereas travel sales revenue of DM 100 million was anticipated prior to the IPO, with the organic growth in sales and interests acquired the actual volume for the year 2000 overall amounted to more than DM 230 million (1039% growth compared with the DM 20.2 million achieved in 1999).
- Whereas at that time Travel24.com AG was an almost unknown brand name, in the year 2000 we were able to achieve an increase of more than 363% in page impressions compared to the previous year and according to surveys we attained a degree of familiarity of 40% of the market.
- Whereas in March 2000 we only had an agency in the Munich region, today we also have representatives in Hamburg, Norderstedt, Palma de Mallorca, Venlo and Amsterdam.

We were able to exceed the set operational targets and our establishment as an integrated eTravel concern with international activities is foreseeable. With the interests acquired in Aeroworld Fernreisen GmbH and Buchungsmaschine AG, as well as the foreign acquisition of Munckhof Business Travel (Netherlands) and Eurosun S.A. (Spain), together with DM 65 million in liquid assets (as of 31 December 2000) and an equity ratio of 64.48% a solid basis has been formed for further expansion with selected partners in the tourism, media and technology sectors in various countries.

We in the Managing Board will make every effort to ensure that our successful operations in 2000 and our strategic goals are soon reflected in the share price on the Neuer Markt.

With a strong team of employees and a powerful network of subsidiaries we intend to continue our expansion course at a European level in the year 2001. The first multinational franchise concept in the tourism sector will enable us to quickly ascend to a profitable position in the major European target markets.

Times will continue to change. We are shaping the future.

Yours sincerely,



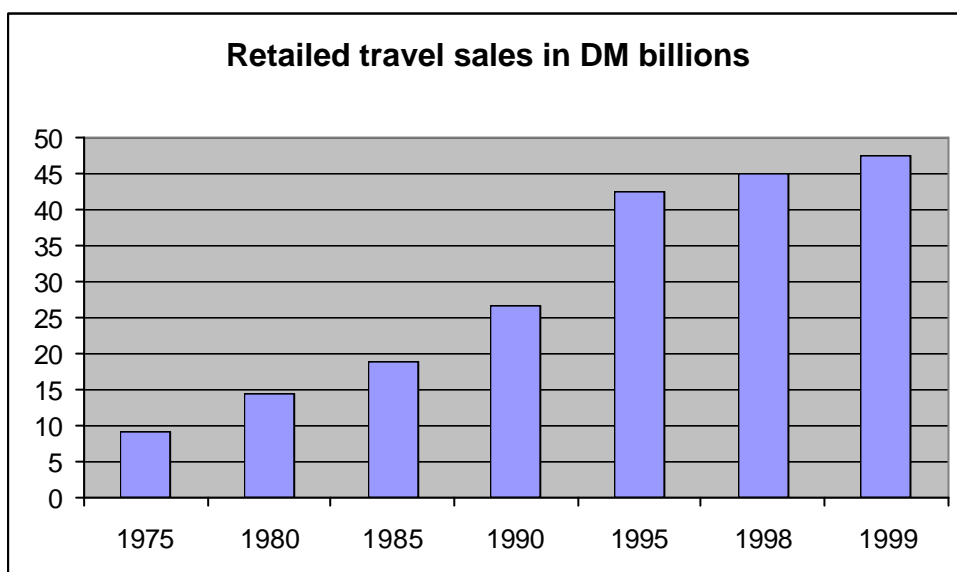
Marc Maslaton
CEO Travel24.com AG

3. The travel market and its growth

Many people in the western industrialised countries compensate for stress and their increasingly hectic lifestyles by recuperating in peace and quiet during their holidays. The growth seen in recent years will continue in the coming years, benefiting all the companies active in the tourism industry - from operators through to retailers.

The tour operator market in the 1999/2000 tourism year (1 November 1999 to 31 October 2000) grew by 6.9% in terms of sales and 5% in terms of travellers. For the period up to and including 2003, annual average growth of roughly 2% - 5% is expected.

Sales in the travel retail market (all sales outlets) rose as follows (DM billions):



(Source: Deutscher Reisebüro Verband e.V., Frankfurt am Main)

Following double-figure growth in the 70's, 80's and the beginning of the 90's (the result of additional sales in the new German states) a degree of saturation was reached in the mid-90's. In the subsequent years up to 1998 sales continued to grow but only at an average annual rate of 1.9%. The German travel market (operators and retailers) continues to enjoy high-level growth. The amount that Germans spent on travel rose by 7% in 2000 to DM 49 billion.

In Germany in the 1999/2000 tourism year sales of holidays and business trips totalled DM 33.5 billion and DM 13.9 billion respectively (source: Deutscher Reisebüro Verband e.V.). Most popular are foreign holidays. Nowadays only 31% of Germans prefer to spend their holidays in Germany, although the figure was as high as 43% just ten years ago. There is no end in sight to this trend. And past experience shows that economic developments such as oil crises, increased energy costs, a strong US dollar and a weak euro all had no major impact on Germans' travel decisions.

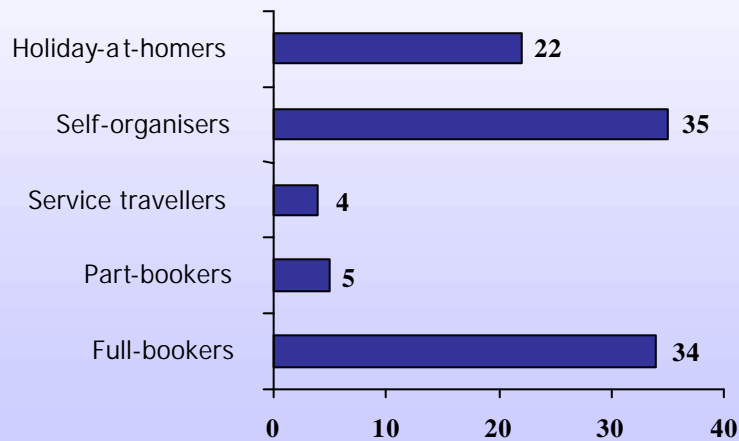
In 2000 the average holiday lasted 12.1 days. 16% of Germans spent their holiday in Spain, 9% in Italy and 7% in Austria. Turkey and Greece took fourth and fifth places respectively with 5% each.

These destinations - along with long-haul travel - will retain their popularity in 2001.

With regard to form of travel, customised and package tourism are well balanced. As a mass product travel is now offered in such an individualised and diverse range of alternatives that it has kept pace with the greatly increased demands of the target group and fully satisfies the personal needs of the customers.

Germans' holiday preferences

Between package and customised travel (%)



Quelle: Umfrage Nov. 2000 / BAT Freizeitforschungsinstitut

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Travel24.com AG is well equipped to respond to this growth: by specialising on the package sector and expanding in Spain the company offers both the favourite type of travel and the preferred destination.

4. Group strategy and group positioning

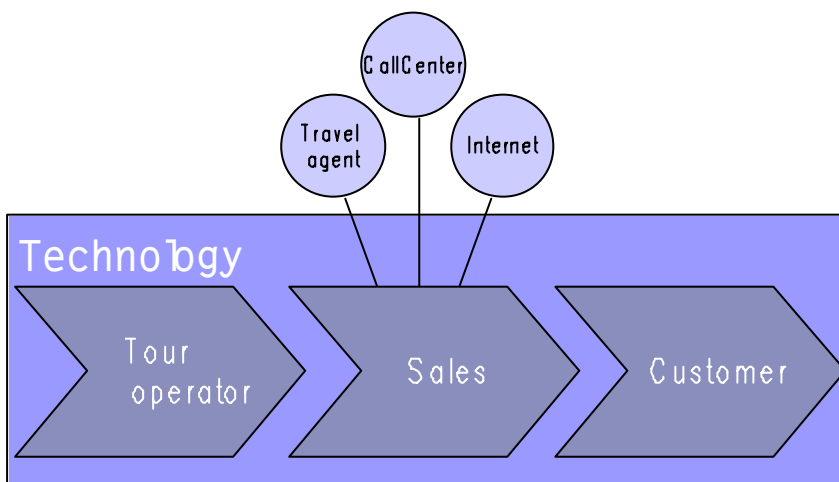
Control of value creation chain: product, sales and technology

In 2000, Travel24.com AG succeeded in taking control of practically the entire value creation chain of product, sales and technology in tourism. The technology and tourism acquisitions in Germany and abroad played a major role here.

They mean that the individual tourism services such as hotels, flights, transfers etc can be offered more cheaply, their presentation made clearer and more transparent and they can be marketed more flexibly than was previously possible.

As a virtual tour operator Travel24.com AG can combine all these services in original ways, mixing and matching the different elements.

All along the tourism value creation chain - from organising tours, processing services and providing technical solutions for booking procedures through to creating new multimedia sales possibilities - the Travel24.com group has positioned itself as an integrated, independent, pan-European eTravel group.



The strategy has consistently been pursued as acquisitions were made and the existing resources expanded, as can be seen from the following organisational chart.

Group organisational chart

| Technology | Products | Marketing |
|---|--|---|
| <p>Buchungsmaschine AG System development & marketing</p> | <p>Aeroworld GmbH</p> <ul style="list-style-type: none"> • Product procurement & bundling • Creation & distribution of catalogue/offers | <p>Travel24.com AG Marketing Services</p> |
| <p>xsnet GmbH</p> <ul style="list-style-type: none"> • HTML application development • Web design • Content Management | <p>Travel24 GmbH Groups Incentives Conventions (GIC)</p> | <p>Aeroworld GmbH Offline sales (airport locations)</p> |
| | | <p>Travel24 GmbH</p> <ul style="list-style-type: none"> • Offline sales • Online sales |
| | | <p>Munckhof / Travel24 Netherlands</p> <ul style="list-style-type: none"> • Offline sales • Online sales |
| | | <p>EuroSun S.A. Product procurement (offline sales)</p> |

5. Overview of Travel24.com group companies

The Travel24.com group regards itself as an integrated tourism group which trades independently and autonomously on the market. The following central functions are carried out by Travel24.com AG:

- Management and organisation
- Strategy and internationalisation
- Finances and reporting
- Marketing and sales

In addition to its central functions Travel24.com AG services the following market segments in collaboration with its subsidiaries:

- Travel retail
- Tour operator
- Technology

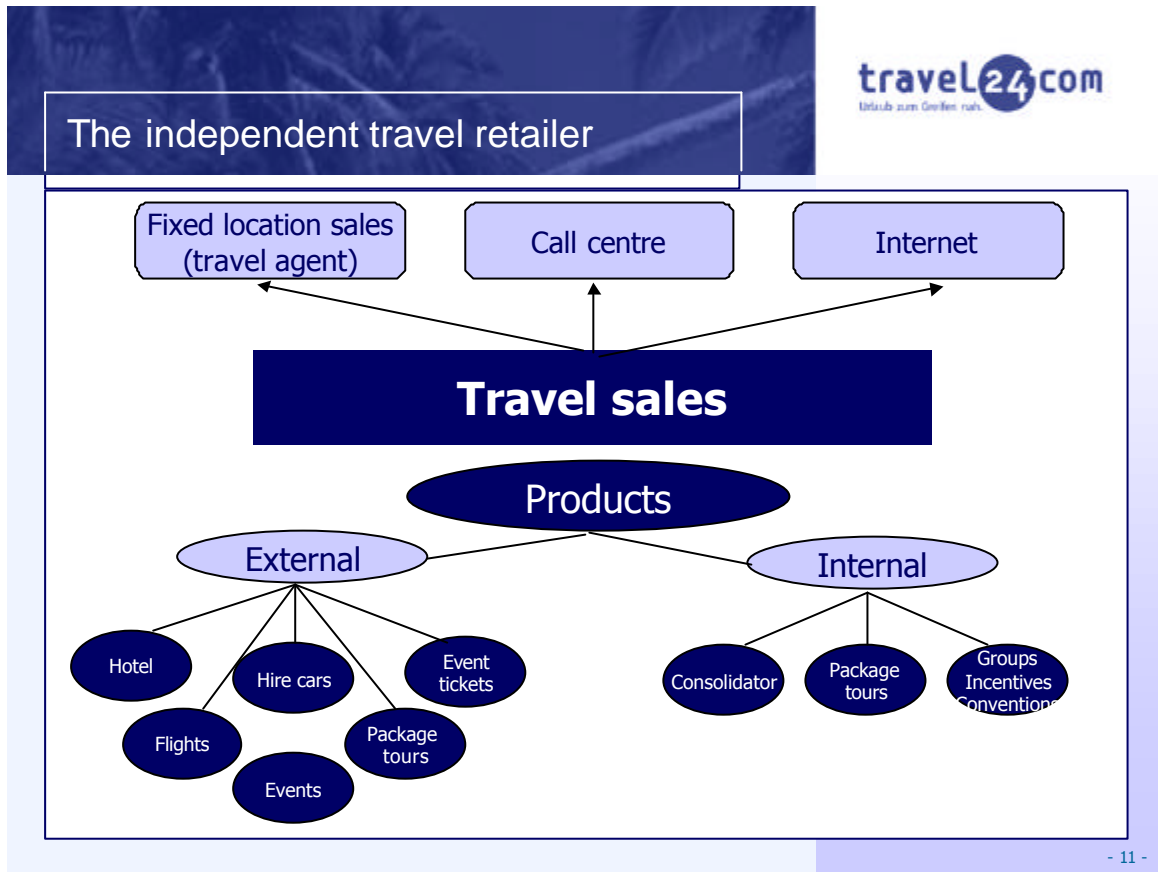
- [Travel retail](#)

The sales channels of the travel industry are undergoing a period of great change. The new media, the Internet and call centres, are gaining a great deal in significance here. This is why the group is pressing ahead with its plans to establish the online travel portal Travel24.com to ensure that it is able to claim a share of this rapid growth for its itself. Today the company is already offering a range of products which meets customers' needs in terms of up-to-the-minute and comprehensive content and user-friendly booking, information and comparison systems. The telephone has been consistently developed in line with the Internet possibilities and accessibility for customers. In addition to its own call centres in Eching, Palma and Hamburg, experienced teleworkers in the form of well-qualified tourism experts are available to take customers' calls 24 hours a day, 7 days a week. The service quality which can be achieved via the Internet and telephone is also highly regarded by customers of the group's own travel agencies in Munich Airport, Eching and in Hamburg. Alongside these fixed-location national travel agencies the group also has subsidiaries in Spain (Eurosun) and the Netherlands (Munckhof).

All the units involved in travel retail sell their own products and events and also function as a sales partner to sell the external products of many other operators. In this way the company can optimally fulfil the customers' wishes as an independent and neutral retailer.

The following companies in the group are active in travel retail:

- Travel24.com AG
- Travel24 GmbH
- Munckhof
- Eurosun
- Aeroworld



– **Tour operators**

The group provides a comprehensive range of customised travel products in the form of travel components (hotels, flights, hire cars, events etc.) which customers can use to put together their own customised holiday. The subsidiary Aeroworld has been organising package tours to long-haul destinations such as Asia or the Caribbean for many years now. The "consolidator" business and the newly established event and group travel capacity in the group mean that individual holidaymakers can choose from a full range of products. Here the Travel24.com group provides its sales partners with all the relevant travel products and the services necessary for their fulfilment. Besides the group's internal sales channels the Aeroworld products in particular are also distributed online and via printed catalogues in over 8,000 travel agencies.

The following companies function as tour operators in the group:

- Travel24 GmbH
- Aeroworld

- Technology

The solutions and services developed in the group are based on modern software and hardware technologies. The core competencies include:

- Internet applications
- Data base links
- Workflow processes
- Design and implementation of websites
- Call centre solutions
- Booking and reservation systems
- Support and maintenance
- Intranet and Internet solutions

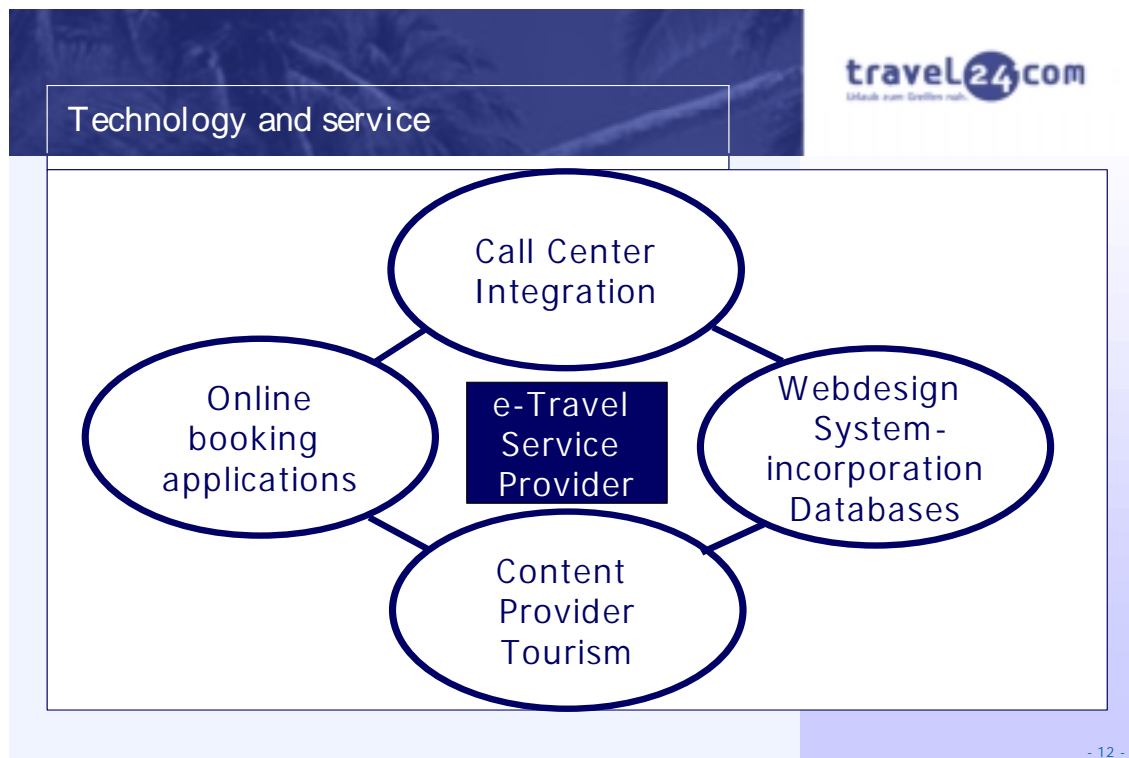
Consulting, programming, integration and support services are offered in the form of projects alongside these main business areas.

The expansion of the technical infrastructure, in the form of optimised integration of Internet, intranet and call centres, flexibly takes customers' wishes into account and makes a low-level cost structure possible through automatic processes within the group. This means that a considerable amount of the group's capacity will be taken up with internal projects for some time to come, meaning in turn that some projects with external customers will have to be delayed for the time being.

The business-to-business tourism software solutions developed by Buchungsmaschine AG are actively being marketed and are already in use in over 2,000 travel agencies.

The following companies in the group work in technology:

- xsnet GmbH
- Buchungsmaschine AG

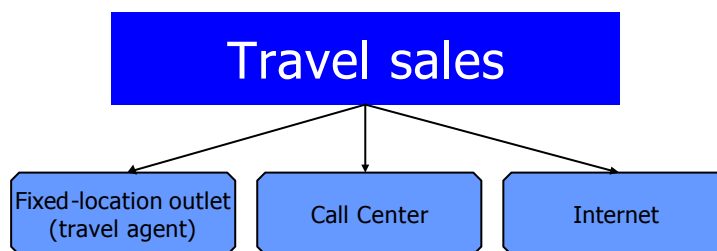


6. Range of services provided by Travel24.com group

The independent travel retailer

Travel24.com AG seamlessly links the new sales platform of the Internet with teleworkers and the conventional sales channel of the travel agent thereby creating a solid bridge between the new and old economies.

The latest technology allows customers to alternate between these two worlds. From online to offline and back again; making the selections themselves or relying on the help of the trained travel advisers in the group's own call centre and also in their travel agency.



In its website at www.travel24.com the company operates an electronic market place which aims to present all the travel elements in optimised form to its end customers. For Internet users, the travel information and the subsequent reservation of the service will be straightforward, logical, comparable and, above all, cheaper.

By controlling the three core competencies of eTravel - content, fulfilment and technology - Travel24.com AG has secured a position for itself as the leading German travel portal with promising long-term prospects.

- Content

Content determines the quality of a website and correspondingly the acceptance on the part of customers.

25,000 high-grade websites, 40,000 international links, high-quality in-house contributions providing daily news, special topics, special offers and close collaboration with the leading travel magazine GLOBO have made the Travel24.com AG website the leader in the market.

At the heart of the content is the search engine. Travel24.com AG uses this to offer its own optimised travel-based web catalogue to its customers: selected and content-checked Internet addresses, categorised and linked in a database with the holiday destinations. This way, customers can obtain specific information all about their favourite holiday destination and book the holiday directly in just a few steps.

- Fulfilment

Reserving and booking made easy - Travel24.com AG is a prime example of how to fulfil this basic Internet requirement:

Customers are presented with a range of over five million package holidays, hotels and flights every day. Specially developed modules such as "Tourfinder", "Last Minute Package holidays", "Short-term Package Holidays " and "Last Minute Charter" take them directly to what they are looking for. Real-time availability data, price comparisons between the different organisers - all the necessary information is to hand at the click of a button.

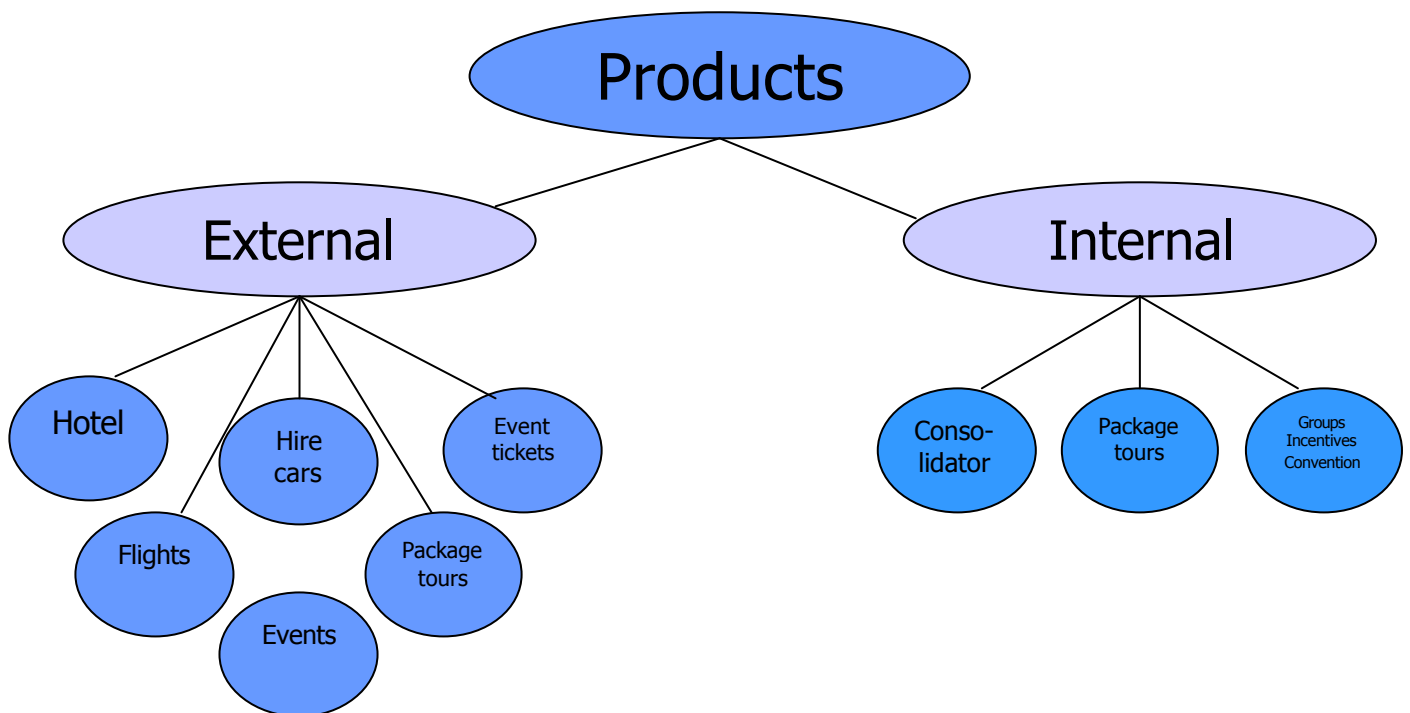
If customers have questions, trained travel advisors are available. 24 hours a day, online as video advisers, by telephone hotline or in the form of a special free call-back service at an agreed time.

The linking of all the communication media means that the customer is taken full care of at each step.

- Technology

Multimedia information and booking systems, tailored precisely to meet the needs of the market, the industry and above all the target group's wishes determine the all important "look-to-book" ratio.

It is only rapid access to all data, simple navigation and direct links which lead to the all-important booking.



In addition to the sale of products from the destinations Travel24.com AG also sells the products offered by conventional travel organisers. The company has sales licenses from all the major operators in the German market such as Airtours, Condor, DERTOUR, FTI Touristik, Hapag Lloyd, NUR-Touristik and the TUI-Group.

The company makes use of a large number of national and international business links to sell external products. Domestic products from the home market are being added to the range of services especially as part of the global expansion. Travel24.com AG is therefore continually expanding its network of contacts and business relations. The products sold by the company include the package holidays of many well-known operators. Travel24.com AG is therefore not bound to a particular group and works together with the TUI-Group, Kreuzer Touristik, Neckermann, Jahn Reisen, Tjaereborg, LTU, ITS and FTI Touristik.

Our partners



The range offered by Travel24.com AG includes flights from approximately 750 airlines and roughly 70,000 hotels.

The company also sells scheduled IATA and NON-IATA (negotiated fare) flights plus charter flights. For this the company has access to all CRS-booked flights and airlines world-wide. As an IATA agent the company is entitled to issue all flight tickets itself and to bill for them. An IATA ticket entitles the traveller to use various airlines at a fixed price. This gives the customer greater flexibility and is therefore mainly used by business travellers.

In addition to scheduled flights the company also retails all flights of such well-known charter companies as Condor, LTU or Hapag Lloyd from Germany and neighbouring countries. These are flights which are chartered by tour operators and which fly at fixed dates generally as package tours. Free quotas are also traded here, so-called "flight-only sales".

Travel24.com AG has direct access to roughly 70,000 hotels and hotel chains which can be booked directly online via existing reservation systems such as Buchungsmaschine or Amadeus/Lufthansa.

Hire cars are offered in every destination throughout the world by the Company. It mostly offers cars from the largest providers in the world namely AVIS, Hertz, Europcar, Budget, Sixt and holiday autos.

Travel24.com AG retails admission tickets to nearly all cultural and sport events world-wide for its customers.

The use of modern communications media and innovative technology means that Travel24.com AG can shorten a customer's search for his or her ideal holiday. Website visitors are offered a travel search engine, individualised travel suggestions, travel reports, country information and a free telephone call to the Call Centre. Travel advice, reservations and all associated services are offered twenty four hours a day, seven days a week.

Travel24.com AG customers are offered a comprehensive range of travel services via the hotline (01805 252560).

Besides call centres in Eching, Hamburg and Palma there are also independent, home-based sales representatives who assist customers with all their holiday needs. These teleworkers are top specialists with many years of experience in all areas of the travel industry who sell tours on commission on behalf of Travel24 GmbH. In addition to telephone enquiries our teleworkers also respond to emails or enquiries about travel offers on our homepage. Giving expert advice and making tour bookings are major aspects of their core competence. Other elements include giving price comparisons and carrying out needs analyses. In contrast to conversations held in a conventional travel agency the teleworkers have time to concentrate solely on one particular customer as they are not interrupted by any other calls.

The teleworkers' workstations are equipped with all the major booking systems. Customers receive specific information on tour offers, flights, hotels, railway, hire cars and travel confirmations. Teleworkers have access to all the bookings made - only then is it possible to guarantee the high standard of service, even in cases where customers have been in contact with two different staff members.

Since the start of 2001 the use of ACD (automatic call distribution) means that our customers are now taken even better care of. The system permits computer-optimised distribution of the calls to the teleworkers. ACD forwards calls directly to the same contact person with whom previous trips were booked.

To assist the teleworkers Travel24.com AG has additional 24 hour call centres in Eching, Hamburg, Düsseldorf and Palma de Mallorca. This gives the customer comprehensive service before, during and after the holiday.

Completing the list of distribution channels and providing further proof of the company's customer orientation, there are also fixed-location sales outlets. This is because 98% of all package tours are still booked directly from the operator or via a travel agency. This percentage will fall drastically in the next few years (to about 65% in 2004) yet Travel24.com AG sees no reason to ignore this major source of income and consequently also offers its travel products offline: in Lufthansa City Centres, Aeroworld centres, in AUDI AG implant travel agencies, in one of the 8,000 Aeroworld outlets or in a conventional travel agency.

Multiple sales channels and especially the telephone and Internet is particularly well received by customers today. People frequently obtain the information they need from the web and then turn to the telephone to make the booking. It is therefore important that well-qualified travel specialists can provide advice by mail or telephone and assist customers in making their holiday decision and bookings.

Customers can easily and efficiently obtain detailed information on travel products and prices, on the availability of the chosen destination and on arrival, transport, meals, preTravel, shopping and weather without having to visit or call different travel agents. Customers can decide at home from a practically unlimited number of travel products which are arranged logically in response to the details entered. They can then also book their holiday, once chosen.

After entering particular travel details such as home and destination locations, start and finish dates plus number of travellers the customer is given a comprehensive list of available holidays. The customer sees a list of available travel products in order of price on the screen, featuring the name of the tour operator. By clicking on individual items of information in this list the user can obtain detailed information on the location of the suggested hotel and a description of the hotel with photos. Once the Internet users have decided on a particular product they can then make the booking online. If they then require additional information on such topics as arrival, transport, meals, preTravel arrangements, shopping and weather they can obtain these free of charge 24 hours a day via a telephone hotline. This obviates the need for customers to visit the travel agent, to get hold of and study confusing travel brochures issued by a large number of different tour operators and does away with the need to make tricky comparisons between these offers. They can plan and book their holiday around the clock, even on Sundays and national holidays, using a clearly organised and comprehensive online information and booking system.

New markets have been opened up, developed from the existing centres in Germany, as eTravel does not recognise national borders.

Internationalisation

In 2000, Travel24.com AG succeeded in expanding in Europe in its core business of tourism. By bringing in experienced service providers in the Netherlands and Spain the Internet presence in these countries will be developed and implemented in 2001. The new subsidiaries, Eurosun S.A. in Spain and Munckhof Business Travel BV in the Netherlands, both hold all the major distribution licences in their domestic markets allowing Travel24.com to implement travel sales and open up the Internet market while taking special national circumstances into account.

In Spain alone the acquisition has opened up a potential market of 48.2 million travellers corresponding to sales of DM 55 billion. In the Netherlands the market potential covers 10.1 million travellers generating annual sales of 17.3 billion guilders.

Locations 2000



In 2000, as part of its international expansion plans, Travel24.com AG took the first step towards the most important destination for Germans - Spain. This strategic step represents a significant move as the company has optimised its value creation chain as a result. The subsidiary companies in Spain are:

Eurosun S.A., Palma de Mallorca/Spain

Eurosun S.A., a wholly-owned subsidiary of Travel24.com AG, was acquired in Q3 2000, backdated to 1 January 2000. The main business areas of Eurosun S.A. are fulfilment, travel retail, operation of incentive trips, travel agency sales (especially flight tickets) and contracting. Contracting, in particular, gives Travel24.com AG the possibility to arrange hotel, agent and hire care contracts in Spain and Portugal via Eurosun S.A. Eurosun S.A.'s travel retail division owns all the relevant licenses for Spain (IATA, travel organiser, travel insurance etc.). Sales are conducted via the website which was set up in spring 2000 in conjunction with the Unidad Editorial publishing houses, the publisher of Spain's second largest daily newspaper, "El Mundo".

Eurosun S.A.'s partners include the association of Spanish travel agents and numerous airlines.

In parallel to acquiring Eurosun S.A., the Spanish subsidiary

Travel24.SA, Palma de Mallorca /Spain

was founded in 2000. It has three core business units: Application Service Providing, ComCenter and the distribution of Aeroworld Fernreisen GmbH's operator products in Spain.

In the B2B segment Travel24.SA is responsible for selling the reservation modules of the subsidiary Buchungsmaschine AG as service applications. Customers, travel agents and portals are offered a package of solutions whereby both package tours and flights can be sold via the Internet. This will enable Spanish sales outlets to make direct bookings via the Internet. Spain represents an exceptionally good sales market for this product as, in contrast to Germany, no uniform reservation system exists there.

In spring 2001 an international 24 hour ComCenter with 40 work places was opened. The ComCenter employs multilingual tourism experts to carry out IP-based communication tasks for the group and other external customers and from the summer of 2001 it will be offering 24 hour customer care in the form of a virtual tour guide. This means that Travel24.com AG will be offering a high standard of service not only before and after, but now also during the holiday. This represents a significant leap ahead of the service offered currently by other tourism providers.

Travel24.SA itself has partnerships with the Barceló group and the second largest Spanish publishing house, Unidad Editorial. The travel content on its website at www.elmundo.es is in part supplied by Travel24.SA.

The optimised range of services offered by Travel24.SA and Eurosun S.A. means that Travel24.com AG is now able to cover the entire value creation chain including retail, fulfilment, customer service and care and also the production of tourism services in Spain.

Munckhof

With its 95.25% stake in the Netherlands-based Munckhof Business Travel Venlo BV, Travel24.com AG opened the door to the Dutch travel market in 2000. The company now trades under the name of Travel24.com, based in Venlo, the Netherlands.

Travel24.com AG holds all the important sales licences in the Netherlands and has three offices in Venlo, Amsterdam and Roermond. The business units are Corporate Travel, Consolidator, Leisure Travel and eCommerce.

With its years of experience and extensive knowledge of the market Travel24.BV has a number of major Dutch corporations amongst its clients and has successfully established itself in Corporate Travel alongside the international business travel providers.

Especially in the sectors Leisure Travel and eCommerce the former Munckhof Business Travel has long been a major provider. Through its own Call Centre it can offer the highest standards of service. By combining content, fulfilment, technology and production, Travel24.com can offer a comprehensive range of services which it provides in collaboration with its partners. The synergies with Travel24.com AG led to a "look and feel" website being set up for the Dutch market in the spring of 2001. All information can now be called up both in German and Dutch with a single, uniform corporate identity.

The system, which has proven its worth in Germany, and the integrated booking modules have given the Dutch Travel24.com a clear technological lead over the local eTravel competitors, largely national players.

Outlook

Setting up a properly functioning infrastructure in a foreign country consumes a great deal of time and money. For this reason Travel24.com AG is planning to take a new route to conquer the European market.

The main thrust is to create a comprehensive range of services for the European travel industry.

The existing B2C business in the German and Dutch markets is the basis for a comprehensive range offered to potential partners abroad. All the major elements of the value creation chain in the travel industry are covered as is already the case in Germany. The entire process from the generation of the holiday through to the purchase by the end customer via the Internet will be covered by Travel24.com AG both commercially and technically and offered to partner companies in the leading European travel markets. For this, Travel24.com AG will make use of its well established and successful subsidiaries with their particular strengths to achieve its goals: the contacts and infrastructure of the travel organiser Aeroworld Fernreisen GmbH, the innovative technology of Buchungsmaschine AG and the know-how of xsnet GmbH.

The new foreign partners, which themselves have many years of experience in the tourism industry, will be integrated in the Travel24.com organisation by means of a specially developed franchise model. They can then make full or partial use of the services offered by the Travel24.com group.

The geographical expansion strategy of Travel24.com AG involves concentrating initially on the core markets in Northwest Europe. During the course of 2001 the target German-speaking markets of Austria and Switzerland will be added.



The following chart shows the rapid changes and the enormous potential which are predicted for the Internet, eCommerce and eTravel:

The Internet and its growth

The Internet has developed even more quickly than predicted to become the largest communication platform in the world. In many countries the number of Internet users doubled last year.

In the USA, growth has slowed to normal levels. In 2000 48.9% of all households were online. However, in Europe and above all in Germany, even the boldest predictions were exceeded:

In 1998 there were 1.6 million users, in 1999 the figure had risen to 4.5 million and in 2000, 12 million men and women are estimated to have access to the Internet in Germany.

The latest survey carried out by GfK in December 2000, though, shows that 24.2 million Germans are already using the new medium. This represents 46%, i.e. just under half of all Germans between the ages of 14 and 69.

eCommerce and its growth

Whereas at the beginning of 2000 euphoric predictions were being made about the growth of global eCommerce sales, by the middle of the year the estimates were being revised downwards. Nevertheless, eCommerce remained the economic segment with the fastest growth rates. At over 100%, the growth rates show how much opportunity lies in this nascent market.

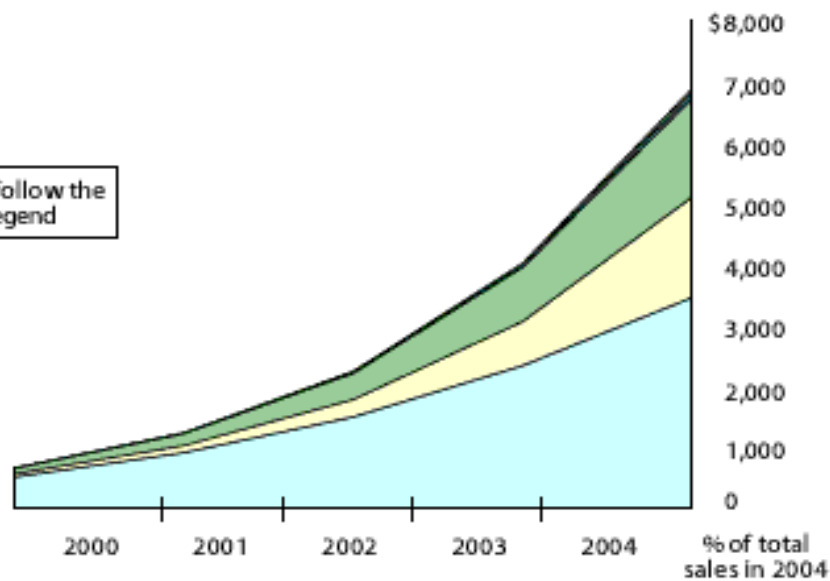
The USA, the pioneer eCommerce market, has already posted sales figures of USD 38 billion and 73.1% of US Internet users already make use of online shopping. In Europe, too, the growth predictions show a clear increase in the use and acceptance of the new medium. By 2004 total sales of USD 1.5 billion are expected for Europe.

eCommerce sales in Germany grew at the same rate as the number of Internet users in 2000. 13.5 million Germans, representing 56% of all Internet users, use the web for making purchases and account for sales of DM 28.57 billion. (The special "securities/shares" segment, accounting for over DM 110 billion online sales, is not included in this figure.)

Improved security standards for payments and legally valid signatures for online transactions will stimulate further growth in Internet commerce in the future.

- Rest of world
- Latin America
- Western Europe
- Asia Pacific
- North America

Regions in the graph follow the same order as in the legend



| | 2000 | 2001 | 2002 | 2003 | 2004 | % of total sales in 2004 |
|------------------------------|----------------|------------------|------------------|------------------|------------------|--------------------------|
| Total (billions US\$) | \$657.0 | \$1,233.6 | \$2,231.2 | \$3,979.7 | \$6,789.8 | 8.6% |
| North America | \$509.3 | \$908.6 | \$1,495.2 | \$2,339.0 | \$3,456.4 | 12.8% |
| United States | \$488.7 | \$864.1 | \$1,411.3 | \$2,817.2 | \$3,189.0 | 13.3% |
| Canada | \$17.4 | \$38.0 | \$68.0 | \$109.6 | \$160.3 | 9.2% |
| Mexico | \$3.2 | \$6.6 | \$15.9 | \$42.3 | \$107.0 | 8.4% |
| Asia Pacific | \$53.7 | \$117.2 | \$286.6 | \$724.2 | \$1,649.8 | 8.0% |
| Japan | \$31.9 | \$64.4 | \$146.8 | \$363.6 | \$880.3 | 8.4% |
| Australia | \$5.6 | \$14.0 | \$36.9 | \$96.7 | \$207.6 | 16.4% |
| Korea, Republic of | \$5.6 | \$14.1 | \$39.3 | \$100.5 | \$205.7 | 16.4% |
| Taiwan | \$4.1 | \$10.7 | \$30.0 | \$80.6 | \$175.8 | 16.4% |
| All other | \$6.5 | \$14.0 | \$60.6 | \$130.5 | \$197.1 | 2.7% |
| Western Europe | \$87.4 | \$194.8 | \$422.1 | \$853.3 | \$1,533.2 | 6.0% |
| Germany | \$20.6 | \$46.4 | \$102.0 | \$211.1 | \$386.5 | 6.5% |
| United Kingdom | \$17.2 | \$38.5 | \$83.2 | \$165.6 | \$288.8 | 7.1% |
| France | \$9.9 | \$22.1 | \$49.1 | \$104.8 | \$206.4 | 5.0% |
| Italy | \$7.2 | \$15.6 | \$33.8 | \$71.4 | \$142.4 | 4.3% |
| Netherlands | \$6.5 | \$14.4 | \$30.7 | \$59.5 | \$98.3 | 9.2% |
| All other | \$25.9 | \$57.7 | \$123.4 | \$240.8 | \$410.8 | 6.0% |
| Latin America | \$3.6 | \$6.8 | \$13.7 | \$31.8 | \$81.8 | 2.4% |
| Rest of world | \$3.2 | \$6.2 | \$13.5 | \$31.5 | \$68.6 | 2.4% |

(Totals may not equal sum of rows due to rounding)

Source: Forrester Research, Inc.

eTravel and its growth

In terms of units sold, books are still the best-sellers in the Internet. In terms of value, however, travel has overtaken all other segments.

1.3 million users spent DM 4.26 billion on holidays last year. An additional 1.5 million booked hotels to the value of DM 4.06 and one million users bought flight tickets for DM 3.19 billion.

In the future 5.4 million Germans - representing just under 10% of the population between the ages of 14 and 69 - intend to book their travel services online.

The figures are similar across Europe.

This growth represents a solid commercial basis for Travel24.com AG as it is not only the German market which the company is interested in, but also the markets of other European countries. Following the expansion into Spain and the Netherlands, which has already been completed, the plans are to penetrate other target European markets in 2001 and 2002.

Prospects for eTravel and our online travel portal

Booking travel services via the Internet allows you to experience your holiday before you go. More than any other medium the World Wide Web offers the opportunity to bring to life the world of the holiday in all its many facets.

Travel24.com AG offers its customers a completely new and multimedia dimension in travel: with destination videos, 360° panoramas of hotels and their surroundings, views of the rooms, swimming pool and sports facilities, current weather reports, maps, footpaths, shopping guides, events etc.

In order better to satisfy the customers' increased demand for information, the next major step is the migration of all content into a content management system. The multiple linking of all content establishes a parallel connection for the first time between all the information and booking areas, linking them automatically.

In addition to making navigation as simple as possible the visual design of the website will also change. Booking holidays will become a multimedia experience through the use of more emotive menus with optically gentler forms, music, panorama pictures and videos.

To increase customer loyalty and to enable travellers to exchange experiences, a community area will be set up - the Travel Café. There holiday-makers can discuss current issues and will be encouraged to give their views on various aspects.

Booking will be made even easier through additional modules which will be integrated on the website in the first half of 2001. The applications developed by our subsidiary Buchungsmaschine AG for charter flights, special offers and package tours with automatic calculation of discounts for children will allow customers to obtain offers which are even more specifically tailored to their individual needs.

The success of Travel24.com AG's expansion is also reflected in the Internet.

In 2001 further companies will join the group of partners who are already using the group's content and fulfilment services. The launch of the Dutch and English Travel24.com pages during the course of this year will see the implementation of the internationalisation process.

The constant further development of the functions, content, appearance and navigation of the www.travel24.com website has met with the approval, not only of our customers but also of industry insiders. Top rankings in regular surveys are clear proof of this.



2000 Test winner in **Computerbild** June 2000



2000 Test winner in **PC Shopping** September 2000

2000 **eBusiness** September 2000: Travel24.com scored 926 out of a possible total of 1000. The top Internet addresses and their ratings were given.



2000 Test winner in **fww** November 2000



2000 Test winner in **Online Today** December 2000



2001 Winner of **Golden TV Movie Award 2000** in the Advertising category in January 2001



2001 Test winner in **Tomorrow**, March 2001



2001 Best travel site in **Amica**, March 2001

2001 Website of the week in **Presstext Austria**, March 2001



2001 **Website of the week** in pte.online, **March 2001**



2001 Best travel site in **Laura**, April 2001

Brand and brand claim

Travel24.com AG offers its customers every possible multimedia opportunity to obtain the clearest impression of any holiday they choose. Even before the trip itself.

This is because Travel24.com AG puts the emphasis on the holiday itself, brings it to life in advance and creates a platform on which customers can make their own ideas reality.

Travel24.com – the name says it all:

The logo conveys unmistakably, clearly and efficiently the brand products, the brand promise and contact address of Travel24.com AG.

The claim "Travel24.com – holiday at your fingertips" conveys the purpose of the brand, gives the customer a clear promise while getting across the emotive components of the brand.

The key brand visual, "the hand" as an active part of the cursor and familiar computer symbol for content, action and interaction, is the perfect graphic representation of " holiday at your fingertips ".

Brand goals

Attracting new customers through rapid establishment of brand awareness and brand image. Gaining customer loyalty through superior anchoring of brand content and creation of distinct brand profile to that of competitors.

Brand campaign

The campaign gets across the brand promise of "holiday at your fingertips" in an eye-catching and distinct form.

It communicates its message simply and quickly as an online platform.

And it is highly effective due to its emotive appeal which it uses to communicate the rational aspects of the services offered.

Campaign strategy

The media goal of "maximum coverage in the target group with maximum contact density" informs the integrated campaign strategy, i.e. synergistic interlinking of TV, print and online advertising.

TV: attention and coverage

TV advertising yes - but not in competition with roughly 6,000 other brands and products. Rather, the adverts are placed within the programming content outside the overcrowded commercial breaks: here they are more closely associated with the programme itself!

- As an exclusive partner to Pro7 which offers an innovative splitscreen format, running the commercial alongside the TV programme itself before the conventional commercial break.
- As exclusive sponsors of the ARD and ZDF's Olympics competition.
- With RTL as the promoter of the top-rated TV programme in Germany, "Who wants to be a millionaire" with Günther Jauch.

Print: content and profile

Double-page adverts in the best-selling general and special interest publications (Stern, Spiegel, Focus, Geo, Globo, Max, Tomorrow, Online Today, TV-Spielfilm, TV-Movie, TV Today, fit for fun etc.) are the ideal platform for communicating the image aspects and brand content.

Online: credibility and trust

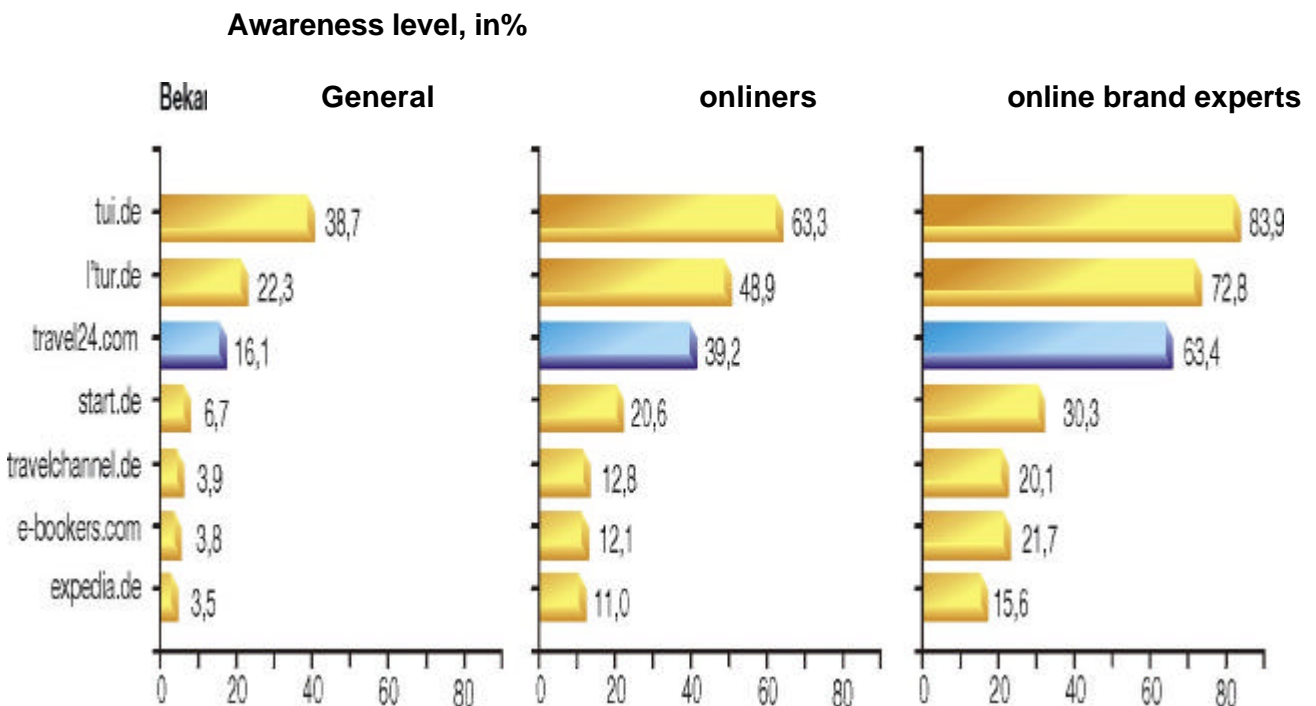
Attractive and innovative advertising forms such as pop-ups, superstitials etc. in environments which have a close affinity to the brand and target-group (bigbrother-haus, spiegel-online, max, prosieben, rtl, focus-online, finanztreff etc.) plus links to the most attractive and frequently visited sites give customers constant access to the range and services of Travel24.com AG. The multimedia networking with the TV and print advertising carriers are firm evidence of the company's marketing competence.

Brand status/brand success

The page impressions on www.travel24.com rose by 363% to 3.3 million per month in the 2000 financial year.

The brand target of 30% supported awareness in the first year was not merely reached but far exceeded. Just six months after the start of the campaign almost 40% of the target group (Internet users) were familiar with the name of Travel24.com:

16% of the total population (men and women between ages of 14 and 59, base 46 million),
39% of onliners (Internet users, base 16.2 million) and
63% of online brand experts (Internet users with eCommerce experience, base roughly 9 million).



The flexible travel organiser

The company has been able to put together its own product portfolio as the result of its management's vast experience in the tourism industry and the resulting contacts. In partnership with local organisers, hotels, hire car companies etc. it tailors its travel products to suit the market in all its target areas.

The group provides a comprehensive range of customised holiday products which the customers then use as mix and match holiday elements (hotel, flight, hire car, events etc.) to put together their own individual holiday. The subsidiary Aeroworld has been organising package tours to long-haul destinations such as Asia or the Caribbean for many years now. The "consolidator" business and the newly established event and group travel capacity in the group mean that individual holidaymakers can choose from a full range of products. Alongside the tourism products the Travel24.com group provides all its sales partners with all the necessary services for fulfilment. Outside the group's internal sales channels the Aeroworld products are sold online and via printed catalogues through over 8,000 travel agents.

The company also offers its own packaging whereby the services of individual travel organisers are combined to suit the wishes of particular customers. The flights offered by all the well-known scheduled and charter airlines are combined with specific country arrangements such as accommodation, tours and hire cars. The travel packages put together by Travel24.com AG for its individual customers are of particular value for regions and quality grades in which there are no or only few package deals.

Travel24.com AG is the first virtual organiser to offer mix and match travel components. All the individual elements such as flights, hotel rooms, transfers and hire cars can be booked separately. This gives the customers the opportunity to put together their own ideal holiday. With no fixed outbound and inbound flight dates, tailored precisely to match a personal budget.

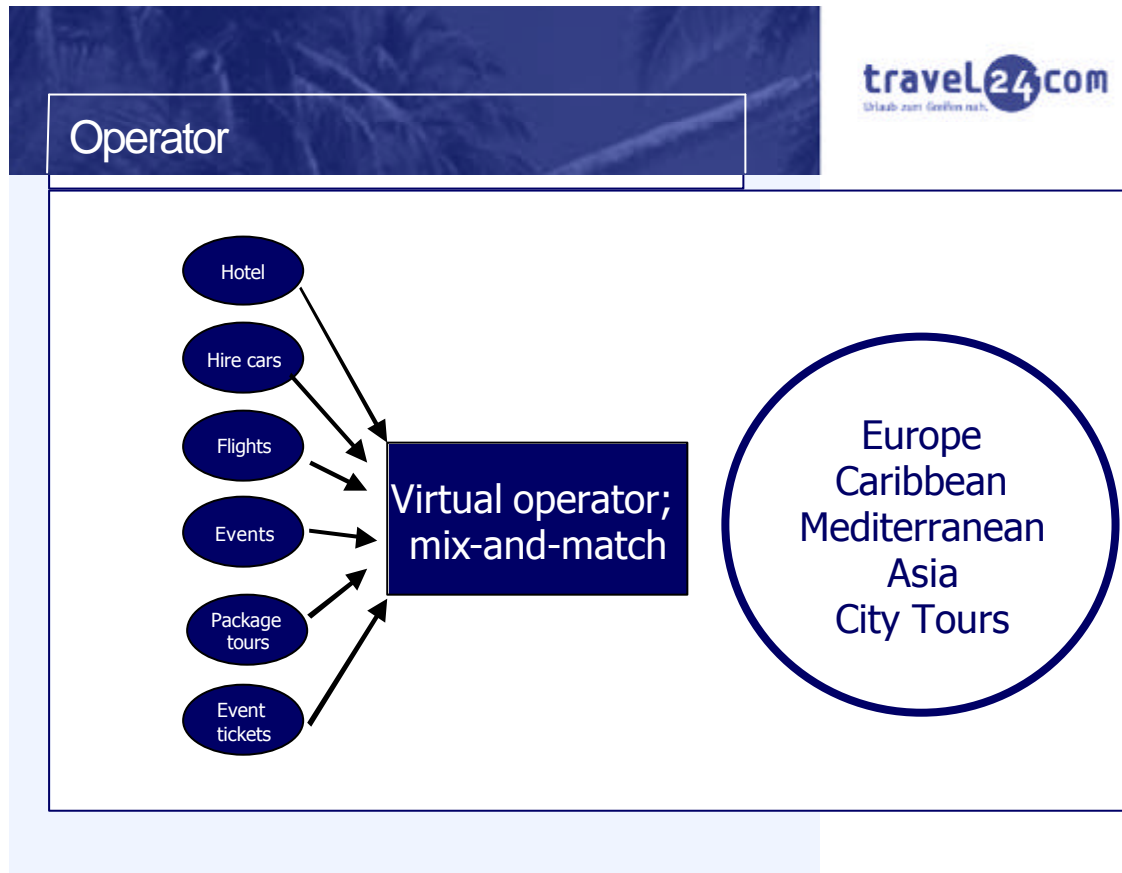
Such unbundling of travel services, the transparency of the individual products, the flexible booking procedure and the highly competitive price have all become possible due to the Internet: individual, fast, direct and low-price - with no middlemen involved.

Travel24.com AG also offers an extra service from its special Groups, Incentives + Conventions unit. Besides developing, organising and running individual and unusual activity and fun programmes for groups of ten people or more the range also includes travel arrangements to and from trade fairs and conventions plus the planning of seminars and congresses. Its customers include the Elephant Seven advertising agency, the city of Munich plus insurance, pharmaceutical and consulting companies.

This product strategy allows us to offer the following advantages to customers:

- Individually organised holidays at fair prices
- Possibility to react quickly to market trends
- Use of special quotas and special offers

The Travel24.com group has positioned itself as a fair and reliable holiday partner.



The highly competent technology partner for eTravel

The third highly promising business unit offers innovative technology for fast and reliable navigation, simple operation, direct booking and secure data.

Travel24.com AG is meeting the demands of the market in full by developing and implementing user-friendly software solutions.

Based squarely on customer needs, the company exploits its tourism know-how in all the solutions it offers, incorporating convergence of the Internet, mobile communication, telephony and TV. The solutions and services developed in the group are based on modern software and hardware technologies. The core competencies include:

- Internet applications
- Data base links
- Workflow processes
- Design and implementation of websites
- Call centre solutions
- Booking and reservation systems
- Support and maintenance
- Intranet and Internet solutions

In addition to these main business areas projects are set up offering consulting, programming, integration and support services.

The expansion of the technical infrastructure is based on optimised integration of the Internet, intranet and call centres. This infrastructure responds flexibly to customers' wishes and permits a low cost structure for the group due to the automated processes. This will continue to occupy the group's capacities for some time with internal projects.

The business-to-business tourism software solutions developed by Buchungsmaschine AG are actively being marketed and are already in use in over 2,000 travel agencies.

Travel products with immediate availability checks, price comparisons and customised holiday products are just three new developments which can now be called up on the www.travel24.com website. These new services have been installed in conjunction with Buchungsmaschine AG, Norderstedt.

Internet Travel Company Buchungsmaschine AG, with offices in Norderstedt, Cologne and Frankfurt, was founded in September 1999 by its Chairman of the Board Jens Henze. The company offers travel agents and portals intelligent systems as the basis for economically successful Internet trading. These are Internet and intranet-based products which enable travel agents and Internet platforms to implement all essential tourism services.

This allows clients to open up innovative sales and marketing channels to tap into new customer groups. Standards such as multi-operator systems, online booking and fast transmission speeds provide the basis for economic success.

Customers are offered a comprehensive range of services. The core product is a last minute, remaining seat and short-term charter flight database containing over 3.5 million regularly updated offers which can be called up directly from the particular service provider. Special mention should be made of the online price comparison system Tourfinder which compares the products of over 130 German-speaking tour operators thereby cutting out the long search and booking processes both for the end customer and the travel agent.

Recent changes include a multiple operator holiday apartment database which currently contains roughly 25,000 apartments from the leading providers in Scandinavia and a scheduled flight database based on the published, consolidator and negotiated fares of all major airlines.

In 2000, DM 58 million of sales and 66 million pageviews were generated by the B2B applications of Buchungsmaschine AG. DM 26 million of this was accounted for by 37,000 flight tickets and DM 32 million by 15,310 bookings via the Last Minute and Tourfinder modules. In the 2001 business year the number of product users is expected to increase further, generating corresponding increases in sales. Over 2,000 travel agents are currently using the services of Buchungsmaschine AG whereas in the middle of 2000 the figure was only 1,400. This makes Buchungsmaschine AG one of the market leaders in its segment in Germany.

In the future Buchungsmaschine AG will offer all eTravel-related services. All the processes in the value creation chain from data collection and representation through to booking and billing will then be covered. As a link between the operators and the end customer Buchungsmaschine AG is positioned as a versatile and low-cost application service provider for the tourism industry and offers support for multimedia selling within travel agencies.

By acquiring Buchungsmaschine AG, Travel24.com AG will be able to tap into new markets even more quickly and at lower cost. The Norderstedt-based company is an important partner for Travel24.com AG in terms of optimising its own customer service.

Any tourism sales outlet can make use of the new potential opened up by the medium of the Internet and offer this service to its existing customers. Extensive sources of information and booking possibilities are available which require very simple handling, with none of the problems associated with all the confusing codes and abbreviations.



A selection of Buchungsmaschine AG's partners:



www.hegenloh.de



www.nix-wie-weg.de



www.uniglobe.de



www.ratio-reisen.de

over 50 portals in addition to Travel24.com AG including



www.ffh.de



www.atrada.de



www.cityweb.de

However, as a full-service provider the technical support offered by the Travel24.com group goes far beyond online booking applications.

For example, Munich-based xsnet Gesellschaft für Multimediale Informationssysteme mbH creates websites based on its own and external content. The www.travel24.com website has been refined continually by expert technicians and programmers since 1999.



xsnet GmbH has positioned itself in the market as an expert for the development and provision of technologies and new ideas. The young company concentrates above all on managing content and implementing procurement processes. New and existing ideas can be integrated in customers' existing IT environments through the use of the latest open technologies. xsnet GmbH has developed its own solutions specially for content management. This content is then made available to other partners via this system.

xsnet GmbH is responsible for Travel 24.com AG's entire web presence. In partnership with the specialist departments the technology and content of the website is continually being developed and updated. The key areas of the work are developing the technology for easy and intuitive access to the website's content on the one hand and context-sensitive links to the various booking tools on the other. These links give the user access to a wide range of information on the current tour offers through direct connections to a wide range of extensive country and holiday data.

The travel information and booking possibilities are not only deployed in the www.travel24.com website. Numerous agreements with other online partners also permit access to data, if required within their respective website frames (co-branded). xsnet GmbH provides this content for the Travel24 website and other partners and takes responsibility for the technical implementation of the partner websites.

xsnet GmbH can, at short notice, take on board a wide variety of highly specific customer demands and use existing in-house modules (content management system, eProcurement systems, eCommerce package solutions) to drastically shorten the implementation time and processes of new projects. These tasks are mainly performed by xsnet's own employees in the project management, programming, graphics and technical administration departments. The founder and managing director, Andreas Kluge, also has access to a pool of freelancers and other external resources meaning that all the clients' wishes can be implemented on schedule. The rapid and flexible implementation of clients' individual wishes is one of xsnet GmbH's great strengths.

The range of services offered by xsnet GmbH allows Travel24.com AG to draw on highly competent specialists from a wide range of disciplines. Joint project teams are set up to put applications onto the website which are up-to-date, technically sophisticated and tailored to meet the needs of the tourism industry.

Outlook for eTravel technology

An important cornerstone for any Internet company is its technology. This can decide whether a company is able to survive in the market long-term. Right from the beginning Travel24.com AG's philosophy has been to make the technology as independent and customer-friendly as possible. In order to achieve a high degree of independence the first step was to make the website as efficient and up-to-date as possible. The take-over of xsnet GmbH, which is responsible for implementing the website, meant that the company had created a solid basis for future developments. The highly proficient team of Internet experts means that it is possible to make changes within a short space of time, to generate context-sensitive content and to slot it logically into the rest of the content.

There are various reservation systems which are used in the tourism industry to book travel services. Trained staff in the sales outlets use these reservation systems daily using abstract codes. Buchungsmaschine AG succeeded in making this reservation method more transparent and user-friendly for end customers. The customer service is also continually being improved. With the acquisition of Buchungsmaschine AG Travel24.com AG can now make efficient use of this know-how for its own service via the website and also benefit from other sales channels in the growing eTravel market. The booking possibilities on the www.travel24.com website have been considerably improved by the Buchungsmaschine AG applications and the constant addition of new applications means that we can give our customers an even higher standard of service.

The ever-increasing customer demands are taken into account with regard to the processing of customer inquiries. In the "Free advice" service our customers are called by our travel advisors at a chosen time. Our call centre capacity has also been considerably extended by the addition of the Palma de Mallorca centre.

With its acquisitions in the technology sector Travel24.com AG has been given a high degree of synergistic potential and is now in a position to achieve improved customer satisfaction through consistently improving its service both in the online and offline sectors.

These services are constantly being further developed and increasingly marketed nationally and internationally. The technological lead and the bundling of the appropriate tourism know-how means that the company will have a clear advantage over the competition and much greater financial value in the future.

7. Together we are strong: co-operation partners

Travel24.com AG has roughly 90 online and offline partnerships through which travel services and content can be offered. The partnerships cover many different parts of industry such as the Internet sector, telecommunications, finance, insurance, media, leisure and content, including many of the top 150 companies in Germany.

The partnerships also serve to support Travel24.com AG's brand-building as the logo and parts of the corporate design are integrated into most of the partnerships.

The range of services offered to our partners varies, ranging from Internet and intranet placements through to the setting up of in-house travel agencies (implants). This means that the customer structure of Travel24.com AG is constantly being expanded.



ComCenter 24

In the growth communications services market ComCenter24 offers tourism and I&C clients a wide range of services from new customer recruitment and customer care through to customer loyalty schemes. In addition, all customers of online providers and electronic market places are offered support in using their services.

In partnership with ComCenter24, services have already been optimised at Travel24.com AG, including the customer care platform involving our local telephone staff, the expansion of telephone capacity on the service hotline and the establishment and start-up of our international service centre in Mallorca.

ComCenter24 uses IP technology to run the entire telephone, data and tour booking communication including multimedia content specially for Travel24.com AG, securely and at low cost. The technology is a major step towards optimising customer care in the travel industry and towards guaranteeing a high standard of service.



Pluscard

Travel24.com AG provides Pluscard, the Sparkasse credit card processing system, with a travel service which includes the websites of the Sparkasse banks belonging to Pluscard. This gives Travel24.com AG a sales channel in 250 Pluscard Sparkassen throughout Germany.



Lufthansa AirPlus

Lufthansa AirPlus is a leading international provider of card systems and Internet-based B2B solutions. The company's customers include almost 90% of the top German companies and nearly half of the top 500 west European companies. Travel24.com AG provides its travel services to the redesigned AirPlus portal which Lufthansa AirPlus has set up for its customers.



Tiscalinet

Together with its subsidiaries the Italian Internet provider is now the largest provider in Europe. The travel services of Travel24.com AG are featured on the homepage.



Viag Interkom

On the group's www.genion.de and www.planet-interkom.de sites Travel24.com provides a wide range of tourism services in the form of offers and content.



Super Illu

With a circulation of just under 600,000 and population coverage of 18.2% the magazine Super Illu, published by Burda-Verlag, is the leading purchased magazine in the new German states. The partnership with Travel24.com AG gives the readers access to the complete range of travel services in the Internet and establishes a link in the print edition by use of the Travel24.com logo.

Selection of other online partnerships:



anzen-Verlag –
.finanzen.net



PrimusOnline.de
Shoppingportal Primus online –
.primus-online.de



Internetportal GMX –
.gmx.de



Merconic

Merconic is an intranet brokerage agency which offers complete intranet solutions covering all services. As its travel partner Travel24.com AG provides travel services for Merconic customers in its intranet, e.g. PricewaterhouseCoopers and Intershop.

NetEmbassy

NetEmbassy is a provider of employee service solutions which offers wide-ranging intranet solutions to its clients. Travel24.com AG is integrated in various areas as the travel partner for such clients as Roland Berger & Partner, Pro7, Compaq, Cap Gemini, Ernst&Young and Advance Bank.



Audi AG

Travel24.com AG is the exclusive travel service provider for the Ingolstadt-based car-maker. The 55,000 Audi employees can book various travel services in the intranet or in the travel agent implant.

Hubert Burda Media Gruppe

Burda offers a range of different tourist services via its intranet service for its 3,000 employees.



GLOBO Das Reisemagazin

Published by Rignierverlag in Switzerland this successful, twelve-year old travel magazine has a circulation of 100,000 and is one of the most successful publications in this segment. Under the partnership agreement Travel24.com AG informs the Globo readers about current offers and supplements the Globo website.

Travel24.com AG's successful range of existing partnerships represents an excellent opportunity for companies to offer travel services via a highly competent partner. The fully automatic operation and the inclusion of services which have the partners' own look and feel plays a major role. The high level of acceptance means that Travel24.com AG will attract further co-operation partners in 2001 and significantly increase its customer base.

In addition to Internet-based partnerships Travel24.com AG plans to extend the co-operation with companies on the basis of intranets, extranets, print media and travel agency implants in 2001.

8. Growth strategy

The aim is to raise the profile of the products, the technology and distribution plus specific partnerships and internationalisation of the brand.

Internationalisation

From a strong position in the core market of Germany the company has already begun to expand in Europe. Travel24.com AG plans rapid expansion in Europe making use of a local presence for customer care, marketing partnerships and product procurement. The control and development required for this is organised centrally. Central management functions are being set up and suitable Internet technologies developed. Long-term employee loyalty is promoted through the creation of a stock option program and targeted staff training opportunities.

The company is establishing a local presence internationally by means of its own national companies or by setting up franchise systems, depending on the local situation.

Expansion as virtual tour operator

The step towards becoming a virtual operator means that Travel24.com AG must expand its business units and have almost full control of the travel value creation chain.

Certain destinations or accommodation types are hardly ever included in the package tour product ranges due to the tourism structure in Germany. For cost reasons fixed quotas in large hotels and areas which already have a tourism infrastructure are preferred. This is because of the high cost of producing travel brochure pages.

The Internet gives smaller types of accommodation or developing tourist areas the possibility to market themselves effectively. As a virtual operator Travel24.com AG works together with precisely such exclusive partners and offers their services in a comparative and low-cost format.

The main benefit for customers is the flexibility in terms of dates. Both the length of the holiday and the dates of travel can be set taking the customer's personal wishes into account. This means that the customer is not bound by the fixed quotas and travel dates of the tour operator. All tour services can be combined as individual mix-and-match elements.

Further development of innovative technology

The high speed of technical development is improving the possibilities for use and presentation in the Internet. This decentralised market place will develop into individuals' first port of call for all needs.

The most precious commodity is the attention of the consumer. For this reason Travel24.com is focussing on the benefit for each particular consumer. The motto is: "anytime, anywhere, any device" and the aim is to provide customers with maximum service. Convenience, security and trust are indispensable here.

The future of the Internet lies in combining content and information, community and commerce in a way which is individually tailored to the needs of the particular customer. The aim is to offer travellers maximum convenience.

In the tourism industry future developments will mean context-sensitive bookings, using direct marketing techniques which take customers' interests and wishes into account in a targeted and time-specific manner. Customised packages can be put together for particular customers by means of a comprehensive customer database with a needs structure based on extensive criteria. The new dimension in customer care will not, however, be restricted to the period before the holiday, rather it will also include the periods during and after. Access to the information and contact with highly competent travel experts is of great importance during the holiday itself. Holidaymakers can then be taken maximum care of with mobile information services and 24 hour service in each phase. This also applies to non tour-specific product offers in the form of a meta shopping basket.

Travel24.com AG's existing telephone, Internet and video advisor services will be adapted constantly to accommodate technological developments. The range of services already offered is second to none in Germany. The technology partnerships with companies such as Siemens and Viag Interkom mean that Travel24.com AG can benefit directly from the latest developments.

Expanding sales possibilities

Sales possibilities via fixed-location travel agent outlets will diminish in comparison to future technological solutions.

In the future it will be common to book tours over the phone or via the Internet. New technical developments and the use of other media will accelerate the trend towards independent booking of tour services.

Practically every household will soon be online when access is possible via the mains grid or TV connections. From this point consumers will surf the Internet as a matter of course and obtain information. Today it is already possible to reach employees directly at their workstation via the company intranet.

Travel24.com AG already uses multiple sales solutions via the following channels: Internet, intranets, call centres, fixed-location travel agents, implants, direct mailing, below-the-line activities, SMS, WAP, PDA etc. This means that the current sales opportunities and approaches towards contacting customers are being exploited in full.

Convergence of the sales media of TV, radio and Internet will open up new opportunities in the future. Travel24.com AG is ready and waiting.

9. Employees

Thank-you to all who have helped.

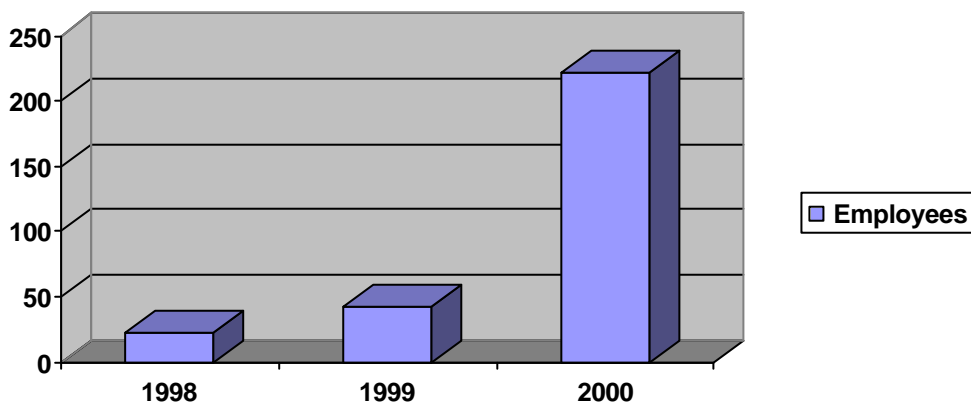
In 2000 the Travel24.com AG employees rose to meet many new challenges and they, along with the IPO in the spring, played a major role in ensuring that the subsidiaries were integrated effectively into the group structure.

Travel24.com AG is now no longer only a German, rather a European company in which language barriers have easily been surmounted thanks to the employees' commitment. As a multicultural travel group we demand a high degree of flexibility from our employees and are most grateful that they put in so much excellent work to ensure the group's success in the past, present and future.

Allow us therefore to take this opportunity to express our gratitude. Thank you to all whose commitment has helped us become one of the leading Internet tour providers in Germany and win numerous awards.

Growth of employees

In 2000 the number of Travel24.com AG's employees grew considerably from 42 to 222. This is due partly to the organic growth of the business and partly to the acquisitions at home and abroad.



Outlook

With the departments and employee structures it has already established, the Travel24.com group has created a firm basis for reaching or exceeding the targets set for 2001.

10. Investor Relations

Investor Relations as an information service

- Every day we receive countless messages from all over the world
- Every day we are bombarded with thousands of new reports from news services and the Internet
- Every day we read over a hundred comments in different newspapers
- Every day TV and radio reports are offered to us

These days, given the constant deluge of information, it is not easy as an investor to retain an overview and to decide what is important and what impact a particular item of information will have in the future.

As a personal information service provider for all existing and potential investors, customers and partners, we would like to give you our perspective on the growth of the company and the share price as part of our investor relations service.

In March 2000 we were enthusiastically welcomed by the financial community. The issue price set by the company and the banks was based on the market rates of comparable companies (peer group) at the time and included an attractive discount to stimulate subscription. The subscription offer was taken up by private and institutional investors alike, leading to the share being 32 times oversubscribed. Investors wanted to invest over DM 5.5 billion in Travel24.com AG.

The downturn of the Neuer Markt and NASDAQ exchanges was not predicted either by private investors, the financial "professionals" or the management. Everyone was optimistically following the developments of the New Economy and the growth of the stock markets.

Since then the economic conditions surrounding the stock markets have drastically changed. Negative reports including sales and profit warnings, revised ad hoc announcements or bankruptcy petitions have done lasting damage to investor confidence. Fluctuations in the price of oil and the euro and the rise in short-term interest rates have done nothing to improve matters. The news coming out of the USA has also had anything but a stabilising effect on share prices, where confusion over the presidential election was followed by fears of an economic downturn which have completely overwhelmed investors who were already jittery following the drop in NASDAQ prices. In addition to these economic factors, the changes in the possibility to offset speculative losses led to a one-off tax-induced special effect which impacted negatively especially in Q4 on share prices in the Neuer Markt.

Our Internet, eCommerce and eTravel segment was particularly badly hit. Our individual strengths and the successes throughout the company as a whole are undervalued. Frequently all the companies within a particular segment are tarred with the same brush, with no distinctions made between the individual strengths and weaknesses. In comparison to other eCommerce sectors, the fact that eTravel has no problems with storage costs, distribution and delivery is not always appreciated. Travel is ideally suited to the Internet medium.

Against such a background it is therefore vital that everyone is kept informed about what is happening in the company. What has happened since the IPO? What is our company's position today? What does the business plan look like?

Travel24.com AG managed to exceed the operative goals it had set itself. By taking over the tour operator and consolidator Aeroworld Fernreisen GmbH, the tourism application service provider Buchungsmaschine AG, the Spanish Eurosun Viajes S.A. and the Dutch Munckhof Business Travel Venlo BV the company has laid solid foundations for further expansion with selected tourism, media and technology partners in various countries. The new subsidiaries mean that Travel24.com AG is now represented in the Netherlands and Spain as well as in Germany. New perspectives have been created in all areas.

With 222 employees, high-level brand awareness, the leading Internet booking technology and motivated partners a great deal of substance has been added to the company which is only partly visible from the balance sheet, the subsidiary companies and the retailed travel sales figure of over DM 230 million. Travel24.com AG is rapidly on the way to establishing itself as an international and profitable Internet-based tourism group.

The position it has already achieved in the rapidly growing eTravel market and the basis for expansion achieved with its highly qualified employees and strong partners mean that we can look forward with optimism to the future.

We are working hard to ensure that the strategic and operative successes are reflected in the share price in the future.

We are working towards a successful future for investors, employees, customers and partners. We would like to keep you posted on a regular basis so that you can gain your own impression of your Travel24.com AG.

Take advantage of this service!

Invest in the most wonderful time of the year.
Travel24.com AG. The holiday share in the Neuer Markt.

Your
Investor Relations Team

11. Consolidated management report and management report of Travel24.com AG

Munich, as of 31 December 2000

The flotation of Travel24.com AG on the stock exchange in the month of March resulted in 2000 being a special year. From the point of view of shareholders the turbulent and altogether negative development of the stock market and in particular the Neuer Markt in Frankfurt was certainly formative. Like many others, Travel24.com AG shares were unable to elude this trend. Following the issue price of EUR 29.00, as of the balance sheet date the share price stood at EUR 4.30. Like the majority of companies quoted on the Neuer Markt, Travel24.com AG suffered under the volatile conditions on the stock markets. Even though the Travel24.com AG share price fell by about 85% in 2000, this price decline was comparable to that of similar companies (peer group).

The Managing Board is working on the assumption that Travel24 shares will perform well in the future and that the company will gain a strong position in the fast-growing eTravel market. It is proposed to further consolidate the level of brand awareness already achieved in the tourism sector, particularly in the dynamic eTravel market, and lead the company to the appropriate financial success. Available qualified staff, liquid assets generated by the IPO and our competent partners will form the foundation for this future success.

For Travel24.com AG the year 2000 was marked by acquisitions and the necessary integration of the newly acquired companies. The integration of these companies into the value-added chain is one of the main goals the Managing Board has set itself.

1. Economic environment

Target markets and market opportunities

The European holiday travel market

The holiday travel market continues to grow. Sales in the package tour segment of the European market amounted to more than DM 90 billion. About 50% of this was generated on the core market of Travel24.com AG in Germany. Currently 99% of this business is being handled by the established travel agents; we estimate that still only 1% of travel bookings are made via the Internet.

Studies by Forrester Research and Jupiter Communications show that major growth can be anticipated in online travel sales by the year 2003. Already in 2002 it is estimated that about 10% of all travel will be booked over the Internet. This represents an increase of about DM 3 billion to DM 11.2 billion (Source: Iter Personai Cosmos). The package tour portion of this business is expected to increase from 0.3% in 1999 to 6.2% in 2003.

According to a GfK survey, in Germany approx. 24.2 million people used the Internet in the year 2000, which is equivalent to approx. 46% of the population aged between 14 and 69. New developments in the electronics industry and increasing perfection in security systems have led to a constant growth in the number of Internet users. Technical innovations provide ever faster, easier and cheaper access to the Internet. This is accompanied by a constant improvement in the quality of Internet content. Particularly for these reasons a further increase in Internet user numbers is forecast. The Internet will thus established itself as a mass medium.

The total number of Internet accesses in Europe will continue to grow at a fast rate. It is anticipated that in Germany, Benelux, United Kingdom and Scandinavia – the main tourism

source countries – in the next few years there will be an Internet access in virtually every home.

Mainly due to the Internet as a potential source of information, today's holiday maker is more experienced and knowledgeable than ever before. In 1999 German travellers made approx. 2 million bookings over the Internet (Source: Fremden-Verkehrs-Wirtschaft International). In future they will exert an influence on the market by way of their buying behaviour. They see the travel retailer as an agent who can offer them a choice of alternative vacations, enabling them to make a direct comparison. The Internet is currently the only medium which fulfils these requirements.

Germany as the core market

Germany represents the core market of Travel24.com. The market which is most relevant for the company as a tour operator and travel retailer is the holiday travel market.

In the tourism year 1999/2000 in Germany holiday travel bookings were made to the value of DM 33.5 billion and business travel to the value of DM 13.9 billion (Source: Deutscher Reisebüro Verband e.V.).

The German market is experiencing a period of growth. In the tourism year 1999/2000 (from 1 November 1999 to 31 October 2000) the market for tour operators expanded by 6.9% based on turnover and 5% based on the number of participants. An average growth of approx. 2–5% p.a. is expected for the period until 2003.

Combined sales growth in DM billion for all travel market retail outlets was as follows: 1975 (9.2), 1980 (14.4), 1985 (19.0), 1990 (26.8), 1995 (42.4), 1998 (44.9) 1999 (47.4) (Source: Deutscher Reisebüro Verband e.V., Frankfurt am Main). Following double-figure growth in the 70's, 80's and the beginning of the 90's (the result of additional sales in the new German states) a degree of saturation was reached in the mid-90's. In the subsequent years up to 1998 sales continued to grow but only at an average annual rate of 1.9%.

Changes in classic travel sales

Up until now tour operators have used stationary travel agencies ("bricks and mortar type") as a traditional sales channel, and over the past few years most of them have invested heavily in the latter. Today more than 60% of the 20,530 registered travel agents are affiliated to or co-operate with a tour operator (Source: DRV). Due to the deep-rooted structures a changeover to online business, which shortens the value-added chain, would not appear to be easy.

2. The group's strategy

All along the tourism value creation chain - from organising tours, processing services and providing technical solutions for booking procedures through to creating new multimedia sales possibilities - the Travel24.com group has positioned itself as an integrated, independent, pan-European eTravel group. Emphasis will thus be placed on the following activities:

2.1 Brand establishment and customer satisfaction

The level of brand awareness and preference already achieved is to be further consolidated by means of the media TV, print and Internet. The company should become more real and tangible.

2.2 Technological development

With the company's own staff and in co-operation with partners, progress is to be made in the technological development of a customer-friendly and Internet-based booking platform. Similarly, the convergence of the Internet, telephone and travel agencies as marketing channels is to be portrayed by integrating various tourist operators and information.

2.3 Internationalisation

To supplement its operations in the core market Germany and in the Netherlands and Spain via subsidiaries, Travel24.com AG is proposing to develop further markets, initially in Europe.

With a unique combination of content, fulfilment, products and technology the company will endeavour to satisfy the needs and wishes of travellers for comprehensive information, a complete range of products, simple user prompting in the Internet and yet a personal style of consultation. The concept of Travel24.com is to create an online platform which offers the services normally provided by a travel agency in the most efficient, convenient and fastest manner possible, thereby exploiting all the advantages of the Internet for the benefit of the customer.

The company intends to rapidly increase user numbers with a selective branding policy, in order to achieve a share of up to 5% of the European market within a short time.

Travel24.com AG plans rapid expansion in Europe making use of a local presence for customer care, marketing partnerships and product procurement. The control and development required for this is organised centrally. Central management functions are being set up and suitable Internet technologies developed. The staff is to be integrated into the process by way of a stock option program. Due to the current market trends, however, the exercising prices are outside a realistic market value. Employees are to be familiarised with current system improvements in the form of ongoing vocational training.

The company is establishing a local presence internationally by means of its own national companies or by setting up franchise systems, depending on the local situation.

3. Course of business

The most significant event for the company was its IPO, brought forward to 15 March 2000. The shares in Travel24.com AG offered on the Neuer Markt with the aid of underwriters were 32 times oversubscribed. Issuing proceeds totalled about DM 135 million. The funds generated by the IPO were allocated to developing the brand and expanding our business activities. As of the balance sheet date Travel24.com AG disposes of an equity ratio of just over 80%.

The Group's liquid assets have grown as follows:

| | |
|--|------------------------------|
| Liquidity as of 1 January 2000: | approx. DM 10 million |
| Proceeds of the IPO: | approx. DM 135 million |
| Expenses for the initial public offering: | approx. DM 18 million |
| Brand build-up / Marketing: | approx. DM 18 million |
| Involvement in travelbyus.com Ltd., Toronto / Canada | approx. DM 18 million |
| Company acquisitions: | approx. DM 16 million |
| Current expenses: | approx. DM 9 million |
| Liquidity as of 31 December 2000: | approx. DM 66 million |

The following investments and acquisitions were effected in the financial year 2000:

- Aeroworld Fernreisen GmbH, Hamburg
- Buchungsmaschine AG, Norderstedt
- Munckhof Business Travel B.V., Venlo
- Eurosun S.A., Palma de Mallorca

With the exception of the Netherlands travel retailer, in which Travel24.com AG now has a 95.95% holding, all the above acquisitions were effected on the basis of a 100% share takeover.

In addition, a minority holding of under 5% was acquired in travelbyus.com Ltd. of Toronto (Canada) and covered by Travel24.com loans. The objective of the commitment with travelbyus.com Ltd., was the exchange of technology and a closer transatlantic alliance as a result of the complementary nature of the business models of both companies. The implementation of these objectives has, however, been postponed due to the financial difficulties currently being experienced by travelbyus.com Ltd.

Based on current knowledge, in the preparation of the annual financial statements Travel24.com AG has made adjustments amounting to about DM 24.6 million to allow for risks involved with acquisition costs, loans to affiliated companies and its involvement in travelbyus.com Ltd. The Managing Board anticipates that following integration of the acquired companies and reorientation of their business policies the Group will move into the profit zone. In particular, due to the complementarity of the acquired companies within a combined group the Managing Board is anticipating synergistic effects and a strong position in the overall market.

Business development AG & group

In the financial year 2000 major investments amounting to about DM 18 million were made in the marketing and brand development sectors. Market research shows that Travel 24.com AG is the fourth largest online travel brand in the online travel market and that the brand enjoys an awareness level of more than 40% (Source: Stern Trend Profile; Pro 7). In this connection several prizes have been awarded to advertising campaigns launched by Travel24.com AG. The company will continue to expand the brand awareness level in 2001 and build on its successes to date, with the aim of addressing the emotionality associated with travel by direct approach and by way of alliances.

A further area of investment was in the continued development of technical expertise in website design and management, content management and booking tools.

The total travel sales turnover and revenue from the company's own package tours as shown in the group profit and loss account amounted to about DM 50 million in 2000. Against the background of proposed automation of booking procedures, the high returns in the Web sector represented a substantial increase compared with the previous year. Almost 4 million visits to the website have been recorded. The targeted conversion rate (look-to-book) of 0.1% of automated and 0.2% assisted bookings has been achieved, although the total number of visits did not meet our expectations. Since the overall "look-to-book" rate for some websites in the USA is almost 1.5% and our company is placing considerable emphasis on communication with the customer through our website, we anticipate a marked increase in this rate in the future. In 2003 we expect to have reached the same level as the USA.

It has been necessary to recruit more staff to meet constantly growing demands on Travel24.com AG. In particular, employees qualified in the fields of investor relations, content management and general administration have been added to the workforce.

In the past financial year the company has financed itself exclusively from its own resources. Borrowed capital was not considered in the year 2000. Liquid assets held by the combined group as of the balance sheet date amounted to DM66 million and in the opinion of the Managing Board upon completion of the three-year plan this to be sufficient to cover capital requirements in the medium-term.

The shortfall in the annual statement of Travel24.com AG amounts to about DM75.4 million and is mainly attributable to the following factors:

- Immediate write-off of the travelbyus holding: approx. DM 18 million
- Expenses for the initial public offering: approx. DM 18 million
- Brand build-up / Marketing: approx. DM 18 million
- Write-off on other acquisitions: approx. DM 6.6 million
- Other operating expenses: approx. DM 9 million

4. Risk report

The year 2000 was marked by a number of company takeovers, whose profitable integration into the combined group will play a major role in the continued success of Travel24.com AG. In the financial year 2000 the Group suffered operating losses. In all probability this situation will continue to persist in the medium-term and lead to a negative cash flow in future.

The development of new products and expansion of existing services to satisfy the needs of the market necessitate substantial personnel deployment and the allocation of financial resources for investment in software and systems. The ability to grow mainly depends on the future quality and provision of personnel and systems.

Against the background of takeovers in the past year, the Group's 3-year plan has been newly drawn up and the liquidity requirements determined. To cover future capital requirements, negotiations are currently being held with investors who are in a position to provide further financing by way of a convertible bond.

In order to seize opportunities, as well as to identify, control and avoid risks, in the coming year the Managing Board intends to implement a risk management scheme in accordance with legal and corporate requirements. The seizing of opportunities and the identification, control and minimisation of risks are central elements of corporate management at group and operating segment level. Essentially all operating segments are subject to general corporate and sectoral risks. Flexible adaptation of the organisational structures to the changes taking place and the recruitment of qualified staff to implement the integrative measures are a prerequisite for the integration of all affiliated companies. Flexibility is also a prerequisite for the adaptation of business models to the reorganisation which may be required or to the sales patterns and margin structures which predominate in the market, in order to prevail in the respective competitive situation.

On the balance sheet date the company was involved in a total of five legal disputes; as of April 2001 only three proceedings are still unsettled. Adequate provision was made to cover all possible risks ensuing from these disputes.

The online market is subject to permanent technological change. In the field of new technologies Internet/Intranet in conjunction with multimedia are among the main growth sectors. The electronic business sector is mainly characterised by the frequent introduction of new products and services as well as the ongoing development of industrial standards. As a consequence of the increasing proliferation of technical requirements, the Travel24.com Group

will need to step up its investment in research and development in the coming years. The Travel24.com Group anticipates that its future success will hinge considerably on its ability to improve existing products and to introduce or acquire new services as necessary in order to keep pace with technological change.

Costly advertising measures for achieving the sales targets and brand imaging will be required in future. The existing level of brand awareness must be further consolidated with the aid of dedicated campaigns and focused allocation of advertising tools in order to increase their effectiveness. Margin deterioration is possible in future due to the behaviour of competitors and competitive risks.

As of the balance sheet date the Group consisted of the majority of the companies acquired in the previous year, both in terms of the number of consolidated companies and the scope of business. The effective merger of these business units and their integration into the Travel24.com Group will be critical for the success of the Group and the exploitation of synergies between the different corporate activities.

The risks involved in future internationalisation will be minimised by means of a franchise concept, which will at the same time enable the continued European expansion with greatly reduced financial outlay in comparison to the established and development of company-owned marketing organisations.

Although the management is convinced of the company's long-term development prospects, certain corporate risks ensue from existing and future holdings and investments. In this area the main risks are related to market positioning, the development of eCommerce in general and the integration of strategic alliance partners. Although talks aimed at setting up a joint venture between Lufthansa Systems GmbH and Buchungsmaschine AG were broken off in April 2001, Travel24.com AG is currently engaged in negotiations with a number of other potential partners in a variety of industries. The goal of these joint ventures is to expand the Group's travel customer base and to increase the competitiveness of the products and services offered by Travel24.com AG and its subsidiaries.

This comprehensive information and communications platform is being established by the company itself with outside support. Major areas of development include the setting up of an integrated booking platform for online tourism products and a cross-media communications structure. Interruptions or delays in course of technical implementation cannot be ruled out.

5. Outlook

Strategic alliances gain in importance. Networking within the Internet-based industry is becoming increasingly important. We anticipate further consolidation in the industry. The establishment of a franchise system for expanding brand presence in Europe is being pursued on an international scale.

The Internet continues to grow at a breathtaking pace. The reduction of online transaction costs fosters the evolution of new business models which will change existing economic processes throughout.

The traveller requires:

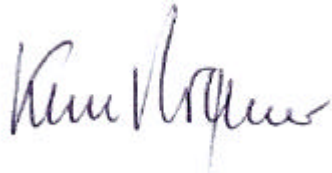
- comprehensive and accurate information,
- a wide choice of global, high-quality travel alternatives,
- a neutral means of comparing products,
- trouble-free direct online booking, and
- 24-hour customer service, 365 days a year

In order for the company to gain an optimum position with regard to customer requirements it will endeavour to reinforce its status in the individual operating segments. The Travel24.com Group will continue to grow internally and externally in the financial year 2001; a major portion of external growth will be achieved through the implementation of a franchise concept.


Munich, April 2001



Marc Maslaton



Knut Wehner



Philip Kohler

12. Consolidated financial statements

Consolidated assets

| <u>ASS</u> <u>ETS</u> | Note Consolidated financial statements | 31.12.00 <u>DM</u> | 31.12.99 <u>DM</u> |
|--|---|-----------------------|-----------------------|
| <u>CURRENT ASSETS</u> | | | |
| Liquid funds and marketable securities | 4 | 65,708,897 | 4,250,695 |
| Accounts receivable, net after valuation adjustments of DM 3,623,000 and DM 76,000 as of 31.12.2000 and 1999 | 5 | 3,153,620 | 375,960 |
| Prepaid expenses and other assets | 6 | <u>12,531,172</u> | <u>449,426</u> |
| Current assets total | | <u>81,393,689</u> | <u>5,076,081</u> |
| <u>FIXED ASSETS</u> | | | |
| Intangible fixed assets | | | |
| Goodwill, net after accumulated depreciation of DM 6,724,000 and DM 110,000 as of 31.12.2000 and 1999 | 7 | 17,983,982 | 1,131,615 |
| Tangible assets, net after accumulated depreciation of DM 3,678,000 and DM 398,000 as of 31.12.2000 and 1999 | 8 | 5,626,076 | 531,483 |
| Financial assets, net after accumulated amortisation of DM 20,143,000 and DM 0 as of 31.12.2000 and 1999 | 9 | <u>1,641,156</u> | <u>5,391</u> |
| Fixed assets total | | <u>25,251,214</u> | <u>1,668,489</u> |
| Assets total | | <u>106,644,903</u> | <u>6,744,570</u> |

Consolidated liabilities

LIABILITIES

| | Note Consolidated financial statements | 31.12.00 | 31.12.99 |
|---|--|--------------------|------------------|
| | | DM | DM |
| <u>SHORT-TERM LIABILITIES</u> | | | |
| Liabilities due to banks | 10 | 3,892,258 | 3,191 |
| Advance payments received | | 2,957,693 | 0 |
| Trade accounts payable | | 8,848,292 | 1,122,875 |
| Other liabilities | 11 | 10,402,462 | 292,123 |
| Tax provisions | | 1,429,469 | 66,911 |
| Other provisions | 12 | 10,308,481 | 937,042 |
| Short-term liabilities total | | <u>37,838,655</u> | <u>2,422,142</u> |
| <u>OUTSIDE INTERESTS IN SHAREHOLDERS' EQUITY</u> | | | |
| | | <u>43,391</u> | <u>0</u> |
| <u>SHAREHOLDERS' EQUITY</u> | | | |
| | 13 | | |
| Capital stock – ordinary shares | | 18,775,968 | 1,813,451 |
| Own shares | | (282,074) | 0 |
| Capital reserve | | 122,877,000 | 8,079,042 |
| Remuneration from stock options | | (205,742) | 0 |
| Reserve for new valuation | | 152,214 | 0 |
| Consolidated balance-sheet loss | | (72,554,509) | (5,570,065) |
| Shareholders' equity total | | <u>68,762,857</u> | <u>4,322,428</u> |
| Shareholders' equity and liabilities total | | <u>106,644,903</u> | <u>6,744,570</u> |

Consolidated profit and loss account

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2000

| | Note Consolidated financial statements | 2000 <u>DM</u> | 1999 <u>DM</u> |
|---|---|---------------------|--------------------|
| Net sales | | 50,710,016 | 2,621,310 |
| Cost of sales | | <u>(39,490,580)</u> | <u>(1,308,846)</u> |
| Gross profit | | <u>11,219,436</u> | <u>1,312,464</u> |
| Operating expenses | | | |
| Selling expenses | | (40,098,562) | (3,358,881) |
| General and administrative expenses | | (11,360,586) | (2,522,033) |
| Depreciation of fixed assets | | (1,132,506) | (186,719) |
| Depreciation of goodwill | 14 | <u>(6,617,519)</u> | <u>(107,952)</u> |
| Operating expenses total | | <u>(59,209,173)</u> | <u>(6,175,585)</u> |
| Operating result | | <u>(47,989,737)</u> | <u>(4,863,121)</u> |
| Other operating income/expenses | | (1,710,309) | 57,370 |
| Interest income | | 2,766,063 | 18,978 |
| Interest expenses | | (624,050) | (88,663) |
| Result from ordinary activities before taxes on earnings | | <u>(47,558,033)</u> | <u>(4,875,436)</u> |
| Extraordinary result | | | |
| Extraordinary amortisation of financial assets | 15 | (19,398,760) | 0 |
| Result before taxes on earnings | | <u>(66,956,793)</u> | <u>(4,875,436)</u> |
| Taxes on earnings | 16 | (24,861) | (66,911) |
| Minority shares in result | | <u>(2,790)</u> | <u>0</u> |
| Net loss for the year | | <u>(66,984,444)</u> | <u>(4,942,347)</u> |

Consolidated cash flow

| | 2000 TDM | 1999 TDM |
|---|-------------|-------------|
| 1. Cash flows from operating activities: | | |
| Net income | (66,984) | (4,942) |
| Adjustments | | |
| - Depreciation of tangible assets | 1,132 | 187 |
| - Depreciation of goodwill | 6,618 | 108 |
| - Depreciation of financial assets | 19,771 | 0 |
| - Increase / (decrease) in outside interests in shareholders' equity | 43 | 0 |
| - Changes in operating assets and liabilities | | |
| Accounts receivable | (2,778) | 352 |
| Advance payments received | 2,958 | 0 |
| Trade accounts payable | 7,725 | 153 |
| Prepaid expenses and other assets | (12,082) | 247 |
| Other liabilities | 10,110 | (1,058) |
| Tax provisions | 1,363 | 67 |
| Other provisions | 9,372 | 854 |
| - Remuneration from stock options | (206) | 0 |
| - Loss / (gains) from asset disposals | (9) | 0 |
| Net cash used in operating activities | (22,967) | (4,032) |
| 2. Cash flows from investment activities: | | |
| - Sale of assets | 168 | 0 |
| - Additions to tangible assets | (6,360) | (312) |
| - Additions to intangible fixed assets | (23,497) | (404) |
| - Additions to financial assets | (21,406) | 0 |
| Net cash used in investment activities: | (51,095) | (716) |
| 3. Cash flows from financing activities: | | |
| - Income from issue of shares | 131,761 | 8,676 |
| - Purchase of own shares | (282) | 0 |
| - Transfers from net loss | 0 | 361 |
| - Increase / (decrease) in reserve for new valuation | 152 | 0 |
| Net cash provided by financing activities | 131,631 | 9,037 |
| (Decrease) / increase in cash and cash equivalents | 57,569 | 4,289 |
| Cash and cash equivalents at the beginning of the reporting period | 4,248 | (41) |
| Cash and cash equivalents at the end of the reporting period | 61,817 | 4,248 |
| (Decrease) / increase in cash and cash equivalents | 57,569 | 4,289 |

Memo items:

| | | |
|------------------------|-------|----|
| Interest payments | 624 | 89 |
| Taxes on earnings paid | 1,102 | 0 |

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 as well as the bank loans and overdrafts carried on the balance sheet under liabilities.

13. Notes to the consolidated financial statements (US-GAAP)

1. Business activity and group structure

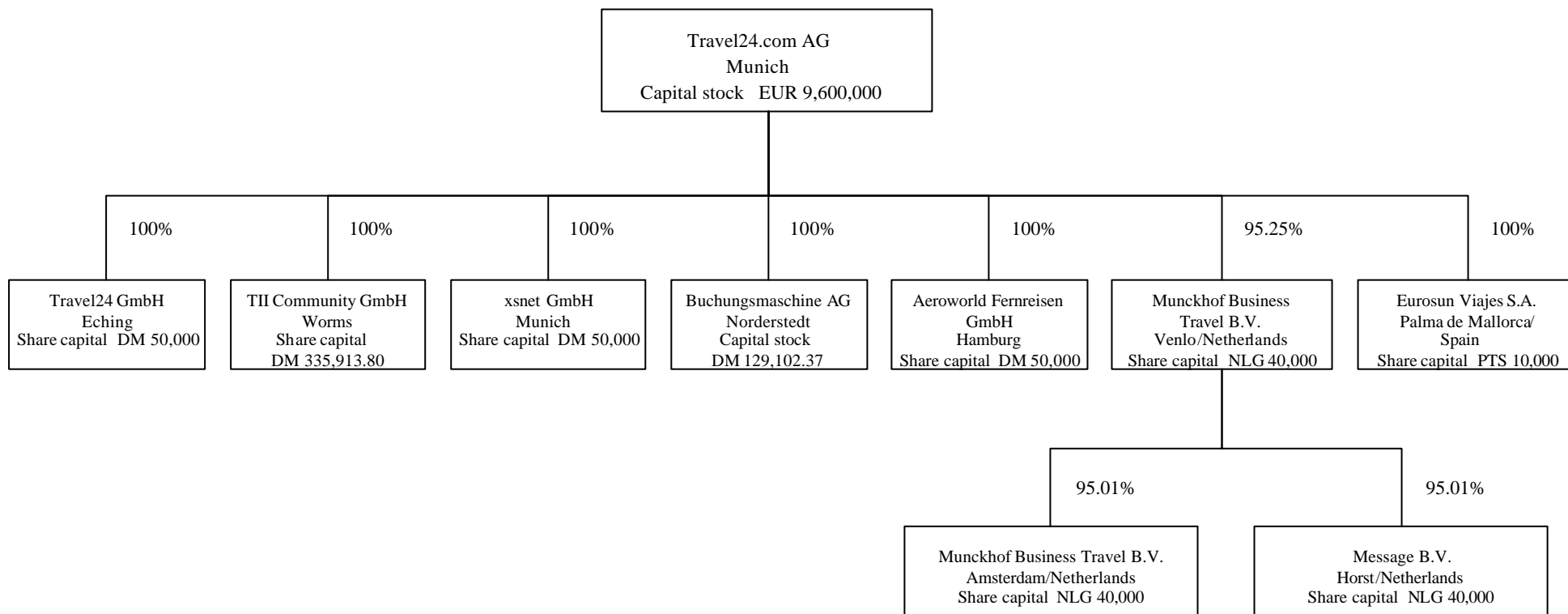
Travel24.com AG, Munich (previously: Travel Systems AG) – hereinafter also referred to as "Company" – was founded with the adoption of the articles of association on 22 February 1996 and entered on the Commercial Register in Munich on 27 February 1996. With the resolution adopted by the general meeting on 14 February 2000 the name of the Company was changed to "Travel 24.com AG" (entry on the Commercial Register on 24 February 2000). Since 15 March 2000 the shares in the Company have been listed on Neuer Markt of Deutsche Börse AG in Frankfurt am Main.

The subject matter of Travel24.com AG is tour operation and the retail of travel services, and in particular through the use of state-of-the-art communication media such as call centres and online services. Furthermore, the Company develops and operates system components for Internet information and reservation systems.

The following subsidiaries are owned by Travel24.com AG:

| | Shareholding | Subscribed capital | Shareholders' equity | Net profit (loss) for the year | |
|--|--------------|--------------------------|--------------------------|--------------------------------|--------------------|
| | _____ % | <u>31.12.2000</u> TDM | <u>31.12.2000</u> TDM | <u>2000</u> TDM | <u>1999</u> TDM |
| Travel 24 GmbH, Eching (previously LAC Travel Line GmbH) | 100% | 50 | (1,237) | 0 | (1,162) |
| TII Community GmbH, Worms | 100% | 336 | (1,769) | (875) | (1,044) |
| xsnet, Gesellschaft für Multimediale Informationssysteme mbH, Munich | 100% | 50 | 6 | (95) | 57 |
| Buchungsmaschine AG, Norderstedt | 100% | 129 | 176 | (2,722) | -- |
| Aeroworld Fernreisen GmbH, Hamburg | 100% | 50 | (6,007) | (12,268) | -- |
| Munckhof Business Travel B. V., Venlo / Netherlands | 95.25% | 35 | 727 | (61) | -- |
| Eurosun Viajes S. A. Palma de Mallorca / Spain | 100% | 118 | 939 | (14) | -- |
| Munckhof Business Travel B.V., Amsterdam / Netherlands | 90.5% | 35 | 118 | 73 | -- |
| Message B.V., Horst / Netherlands | 90.5% | 35 | 18 | (13) | -- |

The Group structure as of 31 December 2000 is as



- With the agreements from 2 June 1998 / 21 August 1998 all the shares in Travel24 GmbH with a nominal value of DM 50,000 were purchased.

The subject matter of the company is the operation of travel agencies, the organisation and retail sale of holidays as well as the associated services.

- With the agreement from 11 June 1999 Travel24.com AG purchased all the shares in TII Community GmbH.

The subject matter of the company is the development of information systems and games for storage in modern media, and in particular the Internet, as well as services of all kinds in connection with telecommunications services, and in particular consulting services and brokerage activities in the area of hardware and software in the telecommunications segment. The business operations of TII Community GmbH were taken over and continued by Travel24.com AG as of 1 January 2001.

- xsnet Gesellschaft für Multimediale Informationssysteme mbH was purchased as of 18 August 1999.

The subject matter of xsnet Gesellschaft für Multimediale Informationssysteme mbH is the development and marketing of multimedia data and programs of all kinds such as audio, video, graphics, animation and databases for online and offline systems as well as training and consulting, and the leasing and marketing of hardware and software of all kinds.

- With the stock contribution agreement from 16/17/18 August 2000 Travel24.com AG purchased a total of 73.003% of the shares (48,189 non-par-value common stock shares) in Buchungsmaschine AG, endowed with profit entitlement as of 1 January 2000 against the transfer of non-par-value bearer common stock shares in Travel24.com AG as well as a cash payment (settlement of fractions). The remaining 26.997% of the shares (17,820 non-par-value common stock shares) were acquired by Travel24.com AG through the exercising of an option agreement from 16/17 August 2000, likewise against the transfer of non-par-value bearer common stock shares in Travel24.com AG as well as a cash payment (settlement of fractions). The 872,606 shares in Travel24.com AG to be transferred are issued from the authorised capital II, with the exclusion of subscription rights on the part of the existing shareholders, at an issue price of EUR 1 per share. The Managing Board of Travel24.com AG has adopted a resolution to increase the capital stock by EUR 872,606, from EUR 9,600,000 to EUR 10,472,606. The capital increase and the admission of the shares to trading on the stock exchange have not yet been entered on the Commercial Register.

The subject matter of Buchungsmaschine AG is the development, training and marketing of software and hardware, the creation of databases on tourist services for corporate and private business partners, the integration of reservation systems and IT systems for tourist companies, the processing of tourist services, the operation of online services and web hosting, as well as the sale of other services of all kinds.

- As a result of the two separate agreements from 30 June 2000 on the transfer of business shares, Travel24.com AG purchased all the shares in Aeroworld Fernreisen GmbH. In return there was a transfer of non-par-value bearer common stock shares in Travel24.com AG and a cash payment. In accordance with the supplementary agreement from 14/20 November 2000 the transfer of common stock shares was converted in full to a cash payment obligation with the effect that the full purchase price became a cash payment obligation.

The subject matter of Aeroworld Fernreisen GmbH is the operation of a travel agency and tourist company, in particular the organisation of holidays, the take-over of agencies in the tourist sector, as well as airline and shipping companies, and other tourist companies and hotels, as well as the associated transactions which do not require any form of consent.

- With the agreement from 13 July 2000 Travel24.com AG bought a total of 95.25% of the shares in Munckhof Business Travel Venlo B.V., against the transfer of non-par-value bearer common stock shares in Travel24.com AG and a cash payment.

The subject matter of Munckhof Business Travel Venlo B.V. is the operation of a travel agency and tourist company.

Munckhof Business Travel Venlo B.V. has two other subsidiaries. The subject matter of Munckhof Business Travel Amsterdam B.V. is the operation of a travel agency and tourist company; the subject matter of Message B.V. is the operation of a marketing office as well as the organisation of events.

- Furthermore, on 8 September 2000 Travel24.com AG bought all the shares in Eurosun Viajes, S.A., Palma de Mallorca / Spain, against a cash payment. The subject matter of Eurosun Viajes, S.A. is the operation of a travel agency and tourist company.

After the completion of the company acquisitions in the 2000 financial year the business activities of the group comprise the following segments:

- Travel Marketing & Distribution

Retail sales of package tours and travel product components, i.e. the marketing of flights, hotels and hire cars for private and business travellers. The services are offered through

- stationary sales locations (travel agencies, sales outlets at airports etc.)
- as well as through call centres with integrated external workstations
- and through the Internet and the Intranets of various key accounts.

This segment is represented by Travel24 GmbH, the Munckhof Group in the Netherlands as well as the Spanish company Eurosun Viajes, S.A.

- Travel Products

The purchase and organisation of package tours and tour operation for private and business travellers.

This business segment is taken care of by Aeroworld Fernreisen.

- Technology

This segment comprises the following services/products:

- Application service provider for Internet and Intranet-based booking applications for the B2B sector in the tourist sector through Buchungsmaschine AG.

- Internet travel platform from TII Community GmbH, on which information, offers, advertising and edited links (Web catalogues) to its travel information and offerings are compiled in a systematic manner.

As of 1 January 2001 the Internet travel platform will be operated by Travel24.com AG.

- E-business and Internet solutions to customer specifications and the design of integrated websites as well as the development and implementation of web-based content; furthermore, xsnet Gesellschaft für Multimediale Informationssysteme mbH specialises in the implementation of processes in purchasing in different IT environments whereby the emphasis is on the integration of databases to the Internet and the integration of customers and suppliers in the business processes.

2. Summary of essential accounting and valuation principles

2.1 Basis of the presentation

The consolidated financial statements of Travel24.com AG as of 31 December 2000 were prepared in accordance with United States Generally Accepted Accounting Principles (US-GAAP). The provisions valid on the balance-sheet date have been applied.

The consolidated financial statements comprise the annual financial statements of Travel24.com AG and its subsidiaries. All the essential transactions and balances between the companies on the reporting entity have been eliminated.

The consolidated financial statements are consolidated financial statements with a discharging effect as defined in Art. 292 a HGB (German Commercial Code).

The consolidated financial statements for the previous year comprise the annual financial statements of Travel24.com AG and its subsidiaries Travel24 GmbH, TII Community GmbH and xsnet Gesellschaft für Multimediale Informationssysteme mbH. The consolidated financial statements for the previous year were prepared as pro forma financial statements which took into account the business activities of TII Community GmbH and xsnet Gesellschaft für Multimediale Informationssysteme mbH for the entire 1999 financial year; these companies were purchased in 1999.

2.2 Use of estimates

The preparation of the consolidated financial statements in compliance with generally accepted accounting principles requires that the management make certain estimates and assumptions relating to the reporting of assets and liabilities, to the disclosure of contingent assets and liabilities as of the balance-sheet date, and to the earnings and expenses in the reporting period. The actual results could differ from these estimates.

2.3 Liquid funds

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

2.4 Tangible assets

Tangible assets are stated at their acquisition costs. Computer facilities, software, operating and office equipment are depreciated using the straight-line method over an estimated useful economic life of three to ten years. The depreciation of leasehold improvements is performed over the corresponding lease period or its useful economic life. In this respect the shorter of these two periods is applied. In the event of the closure or sale of depreciable assets, the acquisition costs and requisite depreciation are recorded as a disposal and the corresponding gain or loss expensed.

2.5 Long-term assets

Long-term assets are audited with a view to a decrease in value if events or a change in circumstances indicate that the book value of an asset no longer corresponds to its actual value. If the sum of the expected future non-discounted cash flows is less than the book value of the asset, a loss is posted to the amount of the difference between the market value and the book value of the asset.

2.6 Goodwill

Goodwill from the acquisition of companies is subject to scheduled depreciation in accordance with the straight-line method over a period of five years from the point in time of the acquisition; in the case of Aeroworld Fernreisen GmbH this period is ten years. Furthermore, unscheduled depreciation is performed so as to take into account the goodwill falling below the continued book value as a result of current developments.

2.7 Recognition of sales

Sales revenues from travel retail (commissions) as well as from tour operations (package tour sales) are booked as of the holiday date. Payments received from customers prior to this date and payments for travel services are expensed as advance payments on the balance sheet. Sales revenues from application service providing are booked monthly with the provision of the service.

2.8 Taxes on income and earnings (Taxes on earnings)

The company states deferred taxes using the asset and liability method. Using this method deferred taxes are recorded on the differences between the value carried on the balance sheet to German accounting provisions and the respective fiscal basis for calculating assets and liabilities; the taxes are recorded using the estimated rates of taxation for the years in which differences will be balanced out. The effects of a change in tax rates on the deferred taxes are expensed in the results for the period in which the change takes place. Furthermore, the necessary valuation adjustments are performed so as to state deferred tax assets at the sum likely to be realised.

2.9 Stock-based remuneration

With a view to the accounting of the existing stock option plan, the Company applies the provisions of the Accounting Principles Board ("APB") Opinion No. 25, Accounting for Stock Issued to Employees, and Statement No. 123 of the Financial Accounting Standards Board (SFAS 123), as well as the corresponding interpretations. Accordingly expenses for the issue of stock options are calculated as the difference between the fair value of the shares at the time the options were granted and the sum which the employee has to pay to purchase the share. The expenses for this remuneration in the form of stock options are recorded as operating expenses in the period in which the associated work is performed.

2.10 Earnings per share

The earnings or loss per share (undiluted) are calculated on the basis of the weighted average number of outstanding ordinary shares in the reporting period. The diluted loss per share is calculated on the basis of the weighted average number of outstanding ordinary shares in the reporting period plus any equity-related rights. The latter occur from stock options and stock subscription rights (taking into account the Company's own shares). Insofar as the equity-related rights do not have a diluting effect, these are excluded from the calculation.

2.11 Translation of foreign currencies

Annual financial statements prepared in a foreign currency by companies included in the reporting entity are translated to DM. Assets and debts are translated at the reporting date rate, earnings and expenses at the annual average rate. Differences arising from translations are carried as a separate item in the shareholders' equity and remain there until the subsidiary concerned is sold or is dissolved in full or part.

2.12 Financial instruments

The balance-sheet value of financial instruments such as liquid funds and cash equivalents, accounts receivable and liabilities essentially corresponds to their market value due to their short-term nature. The Company does not hold any financial instruments for the purposes of trading.

2.13 Major differences to accounting to HGB

The major differences to accounting to HGB (German Commercial Code) concern the following points:

- Offsetting of equity capital procurement costs against the capital reserve with no effect on operating result
- Amendment of the value of the unit trusts to the market value ("fair value") with corresponding effect on net income
- Valuation of the stock option program under the provisions of US-GAAP (APB 25, SFAS 123)
- Statement and valuation adjustment of deferred items for deferred taxes on the above differences and on existing loss carryforwards

3. Company purchases in the 2000 financial year

3.1 Periods of business activity covered and acquisition costs

| <u>Name</u> | <u>Period for which the result from the business activity was included in the consolidated financial statements</u> | <u>Acquisition costs and number of shares issued/ to be issued</u> |
|--|---|--|
| Buchungsmaschine AG | 18.8. - 31.12.2000 | DM 6,400,000 plus 872,606 shares in Travel24.com AG |
| Aeroworld Fernreisen | 1.7 - 31.12.2000 | DM 9,490,000 |
| Munckhof Business Travel B. V. and subsidiaries | 14.7. - 31.12.2000 | DM 2,987,000 plus 18,516 shares in Travel 24.com AG |
| Eurosun Viajes S. A. | 8.9. - 31.12.2000 | DM 470,000 |

We would also refer to the comments in Section 1.

3.2 Goodwill

The goodwill of the purchased companies included in the reporting entity and the requisite depreciation is as follows:

| Name | Goodwill DM '000 | Service life years | Accumulated depreciation 31.12.2000 DM '000 | Net book values | | Depreciation 2000 | |
|---|---------------------|--------------------------|--|-----------------------|-----------------------|----------------------|-----------------------------|
| | | | | 31.12.2000 DM '000 | 31.12.1999 DM '000 | scheduled DM '000 | unsch- eduled DM '000 |
| Buchungsmaschine AG | 12,040 | 5 | 803 | 11,237 | 0 | 803 | 0 |
| Aeroworld Fernreisen GmbH | 8,094 | 10 | 4,745 | 3,349 | 0 | 405 | 4,340 |
| Munckhof Business Travel B.V. | 2,984 | 5 | 298 | 2,686 | 0 | 298 | 0 |
| TII Community GmbH | 567 | 5 | 567 | 0 | 593 | 113 | 454 |
| Travel24 GmbH | 530 | 5 | 212 | 318 | 424 | 106 | 0 |
| Eurosun Viajes SA | 378 | 5 | 76 | 302 | 0 | 76 | 0 |
| xsnet Gesellschaft für multimediale Informations- systeme mbH | 115 | 5 | 23 | 92 | 115 | 23 | 0 |
| | <u>24,708</u> | | <u>6,724</u> | <u>17,984</u> | <u>1,132</u> | <u>1,824</u> | <u>4,794</u> |

The unscheduled depreciation of the goodwill at Aeroworld Fernreisen GmbH was conducted against the background of a lower company value as a result of the clear deterioration in the earnings.

3.3 Pro forma information

If the company acquisitions in the 2000 financial year had been taken into account as of the commencement of the 2000 financial year the following key ratios would have resulted:

| | <u>DM '000</u> |
|--------------------------------------|----------------|
| Net sales | 102,307 |
| Result before extraordinary items | -48,744 |
| Result for the year | -73,064 |
| Earnings per share | -8.56 |

A comparative statement on a pro forma basis in which the inclusion of the companies purchased in the 2000 financial year is simulated for the comparative period for 1999, was not prepared as no meaningful information was available.

4. Liquid funds and securities

The stated sum of DM 65,709,000 comprises current accounts, term accounts and time deposits with banks, as well as cash equivalents with a term of less than three months. The portion of DM 56,619,000 due to Travel24.com AG results in particular from the initial public offering completed on 15 March 2000.

As of 31 December 2000 DM 22,228,000 was invested in a growth fund and DM 9,616,000 in Euro floaters. The statement of these funds is at the fair value. The difference of DM 246,000 between the acquisition costs and the fair value was offset against the shareholders' equity without any effect on the net operating result.

5. Accounts receivable

Accounts receivable are comprised as follows:

| | <u>31.12.2000</u> DM '000 | <u>31.12.1999</u> DM '000 |
|-----------------------|------------------------------|------------------------------|
| Receivables gross | 6,777 | 452 |
| Valuation adjustments | <u>-3,623</u> | <u>-76</u> |
| | <u><u>3,154</u></u> | <u><u>376</u></u> |

6. Prepaid expenses and other assets

The item is comprised as follows:

| | <u>31.12.2000</u> DM '000 | <u>31.12.1999</u> DM '000 |
|--|------------------------------|------------------------------|
| Tax claims: | | |
| Corporation tax and solidarity surcharge | 939 | 60 |
| Trade tax | 232 | 0 |
| Turnover tax | <u>5,368</u> | <u>333</u> |
| | 6,539 | 393 |
| Advance payments for flights 2001 | 1,668 | 0 |
| Airline kickbacks for previous years | 1,344 | 0 |
| Bonds and deposits | 827 | 2 |
| Interest | 992 | 0 |
| Deficit settlement cooperation partners | 239 | 0 |
| Creditors in debit | 217 | 0 |
| Commission | 197 | 0 |
| Other | <u>508</u> | <u>54</u> |
| | <u>5,992</u> | <u>56</u> |
| | <u>12,531</u> | <u>449</u> |

7. Intangible fixed assets

| | <u>31.12.2000</u> DM '000 | <u>31.12.1999</u> DM '000 |
|--------------------------|------------------------------|------------------------------|
| Goodwill, gross | 24,708 | 1,242 |
| Accumulated depreciation | <u>-6,724</u> | <u>-110</u> |
| | <u>17,984</u> | <u>1,132</u> |

We would also refer to comment 3.2.

8. Tangible assets

| | <u>31.12.2000</u> DM '000 | <u>31.12.1999</u> DM '000 |
|--------------------------|------------------------------|------------------------------|
| Acquisition costs | 9,304 | 929 |
| Accumulated depreciation | <u>-3,678</u> | <u>-398</u> |
| | <u>5,626</u> | <u>531</u> |

9. Financial assets

This item as of 31 December 2000 is comprised as follows:

| | <u>Shareholdings</u> DM '000 | <u>Loans</u> DM '000 | <u>Total</u> DM '000 |
|--|---------------------------------|-------------------------|-------------------------|
| travelbyus.com Ltd., Toronto (Canada) | | | |
| - Acquisition costs | 10,433 | 7,995 | 18,428 |
| - Accumulated valuation adjustments | <u>-10,433</u> | <u>-7,995</u> | <u>-18,428</u> |
| | <u>0</u> | <u>0</u> | <u>0</u> |
| 4students AG, Augsburg | | | |
| - Acquisition costs | 971 | 0 | 971 |
| - Accumulated valuation adjustments | <u>-971</u> | <u>0</u> | <u>-971</u> |
| | <u>0</u> | <u>0</u> | <u>0</u> |
| Lufthansa City Center Reisebüropartner GmbH, Frankfurt am Main | | | |
| - Acquisition costs | 6 | 0 | 6 |
| - Accumulated valuation adjustments | <u>0</u> | <u>0</u> | <u>0</u> |
| | <u>6</u> | <u>0</u> | <u>6</u> |
| Amadeus Holiday Samui Co. Ltd. Koh Samui (Thailand) | | | |
| - Acquisition costs | 27 | 0 | 27 |
| - Accumulated valuation adjustments | <u>0</u> | <u>0</u> | <u>0</u> |
| | <u>27</u> | <u>0</u> | <u>27</u> |
| Amadeus Holiday Phuket Co. Ltd. Phuket (Thailand) | | | |
| - Acquisition costs | 37 | 0 | 37 |
| - Accumulated valuation adjustments | <u>0</u> | <u>0</u> | <u>0</u> |
| | <u>37</u> | <u>0</u> | <u>37</u> |
| Other loans | | | |
| - Acquisition costs | 0 | 2,315 | 2,315 |
| - Accumulated valuation adjustments | <u>0</u> | <u>-744</u> | <u>-744</u> |
| | <u>0</u> | <u>1,571</u> | <u>1,571</u> |
| Net total | <u>70</u> | <u>1,571</u> | <u>1,641</u> |

Devaluations totalling DM 20,143,000 were performed on the acquisition costs of the shareholdings and loans as a result of risk aspects following findings during the preparation of the annual financial statements.

The objective of the commitment with travelbyus.com Ltd. was the exchange of technology and a closer transatlantic alliance as a result of the complementary nature of the business models of both companies. The implementation of these objectives has been postponed in the meantime. As a result of the financial difficulties on the part of travelbyus.com Ltd. the value of the shareholding and the loans totalling DM 18,428,000 have been adjusted in full.

As of 31 December 1999 this item solely concerned the shareholding in Lufthansa City Center Reisebüropartner GmbH, Frankfurt am Main.

10. Liabilities due to banks

This item comprises short-term current account liabilities.

11. Other liabilities

| | <u>31.12.2000</u> | <u>31.12.1999</u> |
|---|-------------------|-------------------|
| | DM '000 | DM '000 |
| Tax liabilities: | | |
| Corporation tax and solidarity surcharge | 36 | 0 |
| Trade tax | 91 | 0 |
| Turnover tax | 380 | 73 |
| Income tax and church tax | <u>335</u> | <u>81</u> |
| | 842 | 154 |
| Social security contributions | 282 | 92 |
| Creditors in debit | 399 | 0 |
| Purchase price obligations subsidiaries | | |
| - Buchungsmaschine AG | 3.135 | 0 |
| - Aeroworld Fernreisen GmbH | 3.500 | 0 |
| - Munckhof Business Travel B.V. | 1.432 | 0 |
| - Eurosun Viajes S.A. | 70 | 0 |
| Liabilities to managing directors of subsidiaries | 0 | 10 |
| Dividend liability to former partners | 222 | 0 |
| Others | <u>520</u> | <u>36</u> |
| | <u>9,560</u> | <u>138</u> |
| | <u>10,402</u> | <u>292</u> |

12. Other provisions

The other provisions are comprised as follows:

| | <u>31.12.2000</u> | <u>31.12.1999</u> |
|---------------------------|-------------------|-------------------|
| | DM '000 | DM '000 |
| Legal disputes | 2,395 | 0 |
| Outstanding invoices | 2,120 | 81 |
| Severance payments | 1,198 | 0 |
| Competition | 1,115 | 0 |
| Legal and consulting fees | 1,087 | 350 |
| Personnel costs | 746 | 209 |
| Cancellation fees | 528 | 0 |
| Commissions | 257 | 0 |
| Bonuses | 0 | 237 |
| Others | <u>862</u> | <u>60</u> |
| | <u>10,308</u> | <u>937</u> |

13. Shareholders' equity

The shareholders' equity developed as follows:

| | Number of shares issued | Capital stock Preferential shares | Capital stock Ordinary shares | Own shares | Capital reserve | Remuneration from share options | New valua- tion reserve | Cons. net loss | Total |
|---|-------------------------------|---|-------------------------------------|---------------|--------------------|---------------------------------------|-------------------------------|----------------------|---------|
| | | DM '000 | DM '000 | DM '000 | DM '000 | DM '000 | DM '000 | DM '000 | DM '000 |
| As of 1.1.1998 | 800 | 250 | 1,083 | | 939 | | | -697 | 1,575 |
| Expenses for procurement of equity | | | | | -86 | | | 0 | -86 |
| Adjustment from capital consolidation | | | | | | | | 281 | 281 |
| Withdrawal from capital reserve | | | | | -970 | | | 970 | 0 |
| Consolidated net loss 1998 | | | | | | | | -1,542 | -1,542 |
| As of 31.12.1998 | 800 | 250 | 1,083 | 0 | -117 | 0 | 0 | -988 | 228 |
| Conversion of preferential shares into ordinary shares and conversion into no-par common stock shares | 292,000 | -250 | 250 | | | | | 0 | 0 |
| Expenses for procurement of equity | | | | | -1,558 | | | 0 | -1,558 |
| Capital increase from cash conts. and conts. in kind from 27.8./30.8.1999 | 370,923 | | 480 | | 9,767 | | | 0 | 10,247 |
| Adjustment from capital consolidation | | | | | | | | 360 | 360 |
| Withdrawal from capital reserve | | | | | -13 | | | 0 | -13 |
| Consolidated net loss 1999 | | | | | | | | -4,942 | -4,942 |
| As of 31.12.1999 | 663,723 | 0 | 1,813 | 0 | 8,079 | 0 | 0 | -5,570 | 4,322 |
| Capital increase from business funds from 14.2.2000 | | | 4,054 | | -4,054 | | | 0 | 0 |
| Capital increase from cash conts. and re-division of share with res. from 14.2.2000 and initial public offering | 8,936,277 | | 12,909 | | 131,432 | | | 0 | 144,341 |
| Issue of stock options | | | | | 262 | -206 | | | 56 |
| Expenses for procurement of equity (gross) 1) | | | | | -17,228 | | | 0 | -17,228 |
| Contribution when buying subsidiaries and granting shares | | | | | 4,386 | | | | 4,386 |
| Purchase of own shares | | | | -282 | | | | 0 | -282 |
| Fair value valuation of securities | | | | | | | 152 | | 152 |
| Consolidated net loss 2000 | | | | | | | | -66,984 | -66,984 |
| As of 31.12.2000 | 9,600,000 | 0 | 18,776 | -282 | 122,877 | -206 | 152 | -72,554 | 68,763 |

1) As a result of the accounting assumption that loss carryforwards will not be used for fiscal purposes, the expenses for equity procurement were offset to the full amount of the gross sum. Thus there is no reduction in the apportionable taxes on income.

13.1 Share capital

As of 1 January 2000 the share capital amounted to EUR 927,202.68 (DM 1,813,450.83) and comprised 663,723 non-par-value common stock shares.

Within the framework of the ordinary general meeting on 14 February 2000 a resolution was adopted to increase the share capital of the Company under the provisions of the Stock Corporation Act on a capital increase from business funds (Art. 207 ff. AktG) by EUR 2,072,797.32, from EUR 927,202.68 to EUR 3,000,000, through the transformation of a corresponding sum of the capital reserve. In addition, the share capital was re-divided so that one common stock share represented an arithmetical portion of one Euro of the share capital.

With the resolution from 14 February 2000 the share capital of the Company – after the entry of the capital increase from business funds and after the entry of the re-division of the shares – was increased by up to EUR 6,782,000, to EUR 9,782,000, against cash contributions through the issue of up to 4,200,000 new no-par-value registered shares and through the issue of up to 2,582,000 new no-par-value bearer shares. The issue price for each share was 1 Euro, the total issue price for the shares was therefore up to EUR 6,782,000.

Commerzbank Aktiengesellschaft was entitled to subscribe to the new shares. The bearer shares subscribed by Commerzbank Aktiengesellschaft were placed on Neuer Markt within the framework of an initial public offering and the issue proceeds transferred to the Company. The shares were issued at the price of EUR 29.

The resolutions adopted at the ordinary general meeting on 14 February 2000 were entered on the Commercial Register on 24 February 2000 and on 8 March 2000 at Munich Local Court. The 4,200,000 new registered shares were subscribed by the existing shareholders; all other subscription rights on the part of the shareholders were excluded. Bearer shares and registered shares are endowed with the same rights. The cash capital increase of up to EUR 6,782,000 was conducted to a sum of EUR 4,200,000 and was entered on the Commercial Register at Munich Local Court on 24 February 2000.

The capital increase of EUR 2,400,000 as a result of the initial public offering was entered on the Commercial Register at Munich Local Court on 8 March 2000.

The share capital as of 31 December 2000 was EUR 9,600,000. It was divided into 5.4 million no-par-value bearer shares and 4.2 million registered shares.

At the extraordinary general meeting on 12 December 2000 a resolution was adopted to transform the 4.2 million registered shares in the Company into bearer shares. The resolution on the transformation was entered on the Commercial Register at Munich Local Court on 6 February 2001.

13.2 Authorised capital

The Managing Board was authorised on 9 July 1999 for the period through to 9 July 2004, subject to the consent of the Supervisory Board, to increase the share capital by EUR 340,861.25 through one or more issues of new no-par-value bearer shares against cash contributions or contributions in kind (Authorised Capital I).

The Managing Board was authorised on 14 February 2000 for the period through to 13 February 2005, subject to the consent of the Supervisory Board, to increase the share capital by EUR 4,450,000 through one or more issues of new no-par-value bearer shares against cash contributions or contributions in kind (Authorised Capital II).

Furthermore, at the extraordinary general meeting on 12 December 2000 the Managing Board was authorised for the period through to 12 December 2005, subject to the consent of the Supervisory Board, to increase the share capital of the Company by EUR 3,000,000 through one or more issues of new no-par-value bearer shares against cash contributions or contributions in kind (Authorised Capital III).

In order to fulfil the purchase agreement obligations from the purchase of shares in Buchungsmaschine AG the Managing Board of Travel24.com AG adopted a resolution to increase the share capital by EUR 872,606, from EUR 9,600,000 to EUR 10,472,606. The 872,606 shares in Travel24.com to be transferred are to be issued from the authorised capital with the exclusion of the subscription rights of the current shareholders at an issue price of

EUR 1 per share. The entry of the capital increase and the admission of the shares to stock exchange trading on the Commercial Register has not yet been conducted.

13.3 Contingent capital and stock option program

The share capital of the Company has been increased by a nominal sum of EUR 299,999.97 through a contingent capital increase (Contingent Capital). The contingent capital increase is only conducted to the extent that the holders of stock options exercise the option rights which have been issued by the Company's Managing Board on the basis of the authorisation from the general meeting on 14 February 2000 with the consent of the Supervisory Board or have been issued by the Supervisory Board. The Managing Board is authorised to issue options on up to 360,000 shares to beneficiaries with the consent of the Supervisory Board.

On the basis of the authority from the general meeting of the Company on 14 February 2000 subscription rights (option rights) may be offered to the staff, senior employees and members of the management of the Company and of affiliated companies.

The design of the Company's Stock Option Program 2000 allows options to be exercised within seven years of their issue. Options may be exercised after two years at the earliest (exercise barrier). The number of options which may be exercised is staggered (40% after 2 years, 60% after 3 years, 80% after 4 years, and 100% after 5 years). The basis price is the issue price per share upon the initial public offering (EUR 29). The option rights may not be exercised until the 10-day average of closing prices in Xetra trading 10 days prior to the annual general meeting for the year in which the option is exercised has risen by 15% p.a. over the issue price. Further regulations on exercise periods, disposal rights, termination possibilities and taxation have been laid down within the framework of the stock option program.

A total of 9,720 such option rights were issued in the year 2000. The market value of the options granted in 2000 was estimated at the point in time the commitment was made using the provisions of US-GAAP (APB 25, SFAS 123) with the aid of the Black-Scholes model. The Financial Accounting Standards Board, Statement No. 123, Accounting for Stock-Based Compensation (SFAS 123) was issued in October 1995. Under SFAS 123 companies may post stock-based remuneration using either the new provisions of SFAS 123 or the old provisions of APB Opinion No. 25. In the event that the provisions of APB 25 are applied, additional pro forma details are required in the notes to the annual financial statements showing the figures that would have resulted if the reporting had been to SFAS 123. The company has opted to report to APB 25, which in accordance with SFAS 123 merely foresees the disclosure of the pro forma figures in addition to the details to APB 25 in the notes.

Under the above regulations the expenses for the issue of these stock options are measured as the difference between the fair value of the shares on the date the options are granted and the sum which the employee has to pay to buy the share. The expenses for this remuneration in the form of stock options are recorded as operating expenses in the period in which the associated work is performed.

The assumptions used in this respect, and the resulting fair value are as follows:

| | |
|---------------------------|-----------|
| - Risk-free interest rate | 5% |
| - Volatility | 50% |
| - Fluctuation | 0% |
| - Mean expected term | 3.7 years |
| - Dividend yield | 0% |

In accordance with the investment mathematics expertise, the options each have a fair value of EUR 13.76. The fair value of the options already issued (9,720 options) amounts to a total of EUR 133,747.

The number of outstanding and exercisable options developed as follows:

| | <u>shares</u> | <u>weighted average strike price (in euro)</u> |
|--|---------------|--|
| outstanding options as of 1 January 2000 | 0 | 0.00 |
| granted | 9,720 | 29.00 |
| notice given | <u>0</u> | <u>0.00</u> |
| outstanding options as of 31 December 2000 | 9,720 | 29.00 |
| exercisable options as of 31 December 2000 | 0 | 0.00 |

In the course of the 2000 financial year 37 employees with option right agreements left the Company. The resulting option rights (a total of 3,060 options) are still shown as outstanding options as the individual option right agreements have to be terminated separately.

13.4 Own shares

In accordance with the resolution adopted by the general meeting on 12 December 2000 Travel24.com AG was authorised to purchase its own shares in accordance with § 71 AktG.

As a result of this authorisation the Company purchased the following shares in 3 tranches on 28 December 2000:

| Number of shares (number) | Price (EUR) | Sum (EUR) | Sum (TDM) | Portion of share capital (%) |
|------------------------------|----------------|-------------------|--------------|---------------------------------|
| 18,972 | 3.48 | 66,022.56 | 129 | 0.20% |
| 20,000 | 3.27 | 65,400.00 | 128 | 0.21% |
| 3,450 | 3.71 | 12,799.50 | 25 | 0.04% |
| Total: 42,422 | 3.40 | 144,222.06 | 282 | 0.45% |

14. Depreciation of goodwill

The item comprises DM 4,794,000 in unscheduled depreciation and DM 1,824,000 in scheduled depreciation.

15. Außerordentliches Ergebnis

The extraordinary result includes a sum of DM 19,399,000 from unscheduled amortisation of financial assets. This sum comprises DM 18,428,000 from the shareholding in and loans to travelbyus.com Ltd., Toronto / Canada, and DM 971,000 from the shareholding in 4students AG, Augsburg.

16. Taxes on earnings

With the application of the rates of trade earnings tax and corporation tax valid for the year 2000 the tax burden (gain) is derived as follows from the result before taxes:

| | <u>2000</u> DM '000 | <u>1999</u> DM '000 |
|---|------------------------|------------------------|
| Tax gain on the basis of the result before taxes on earnings | 35,487 | 2,584 |
| Transition statement: | | |
| Effect of non-deductible depreciation of goodwill | -3,508 | -59 |
| Effect of consolidated valuation adjustments | 1,029 | 0 |
| Costs of initial public offering | 9,130 | 0 |
| Effect of non-German tax rates | -13 | 0 |
| Effect of changes in German tax rates due to tax reform (to date 53%, in future 38%) with regard to deferral costs for deferred taxes | -12,658 | 0 |
| Change in valuation adjustment on deferred tax assets for fiscal loss carryforwards | -29,492 | -2,592 |
| | <u><u>-25</u></u> | <u><u>-67</u></u> |

Due to the uncertainty of realising deferred taxes as a result of the limited past business activities, the lack of profitability to date, and taking into account the fluctuation in the annual results, deferred tax assets of DM 29,492,000 have been written down in full.

17. Segment information

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

- b) Organisation of travel services and tour operations (Travel Products)
- c) Travel retail (Travel Marketing & Distribution)
- d) Development and operation of systems components for Internet information and reservation systems (Travel Technology)

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

| <u>Business division</u> | <u>Company</u> |
|--|---|
| a) Travel Products Organisation and arrangement of travel services | Aeroworld Fernreisen GmbH, Hamburg |
| b) Travel Marketing & Distribution Travel retail | Travel24.com AG Travel 24 GmbH, Eching Eurosun Viajes S. A. Palma de Mallorca / Spain Munckhof Business Travel B. V., Venlo / Netherlands Munckhof Business Travel B.V., Amsterdam / Netherlands Message B.V., Horst / Netherlands |
| c) Travel Technology Development and operation of system components for Internet-based information information and reservation systems | Buchungsmaschine AG, Norderstedt TII Community GmbH, Worms xsnet Gesellschaft für Multimediale Informationssysteme mbH |

Of the sales of DM 50,710,000 posted in compliance with US-GAAP ca. 97.8% were attained by domestic companies and ca. 2.2% by foreign companies.

Segment information by business divisions:

| | <u>Travel Products</u> DM '000 | <u>Travel Marketing & Distribution</u> DM '000 | <u>Travel Technology</u> DM '000 | <u>Elimi- nations</u> DM '000 | <u>Travel24 Group</u> DM '000 |
|-------------------|---------------------------------------|---|---|--------------------------------------|--------------------------------------|
| External sales | 44,441 | 5,207 | 1,062 | 0 | 50,710 |
| Intra-group sales | 0 | 0 | 3,462 | -3,462 | 0 |
| Total sales | 44,441 | 5,207 | 4,524 | -3,462 | 50,710 |
| Operating result | -12,080 | -34,253 | -3,576 | 2,351 | -47,558 |
| Assets | 13,630 | 101,727 | 5,151 | -13,863 | 106,645 |
| Depreciation | 5,025 | 753 | 1,972 | 0 | 7,750 |

18. Earnings per share

The earnings / loss per share (undiluted) are calculated from the weighted average number of outstanding ordinary shares in the reporting period. The diluted loss per share is calculated from the weighted average number of outstanding ordinary shares in the reporting period and the equity-related rights. The latter comprise stock options and stock subscription rights (taking into account the company's own shares).

The ratios for the earnings per share are determined as follows:

| | <u>2000</u> | <u>1999</u> |
|--|-------------|-------------|
| Undiluted earnings per share | | |
| Undiluted weighted average number of shares in circulation during the period | 8,540,984 | 2,482,858 |
| Result from business activity (after taxes) | -48,017,388 | -4,942,347 |
| Operating result per share (DM) | -5.62 | -1.99 |
| Extraordinary result | -19,398,760 | 0 |
| Extraordinary earnings per share | -2.27 | 0.00 |
| Consolidated result for the period after taxes (DM) | -66,984,444 | -4,942,347 |
| Earnings per share (DM) | -7.84 | -1.99 |
| Diluted earnings per share | | |
| Diluted weighted average number of shares in circulation during the period | 8,548,497 | 2,482,858 |
| Result from business activity (after taxes) | -48,017,388 | -4,942,347 |
| Operating result per share (DM) | -5.62 | -1.99 |
| Extraordinary result | -19,398,760 | 0 |
| Extraordinary earnings per share | -2.27 | 0.00 |
| Consolidated result for the period after taxes (DM) | -66,984,444 | -4,942,347 |
| Earnings per share (DM) | -7.84 | -1.99 |

19. Contingent liabilities and other financial obligations

As of 31 December there were the following obligations:

| | <u>due 2001</u> | <u>due 2002</u> | <u>due 2006</u> |
|---------------------------------------|-----------------|-----------------|-----------------|
| | DM '000 | to 2005 | and later |
| | DM '000 | DM '000 | DM |
| Rents | 1,741 | 4,642 | 356 |
| IT | 204 | 694 | 125 |
| Leasing (cars) | 291 | 395 | 0 |
| Services (telephony/data transfer) | 175 | 116 | 15 |
| Others | 32 | 90 | 0 |
| | <u>2,443</u> | <u>5,937</u> | <u>496</u> |

Guarantees to the amount of some DM 5.2 million in favour of the Company have been given by Commerzbank AG for rental and company purchase agreements. The guarantees are deposited on fixed-term accounts at Commerzbank AG. Furthermore, Commerzbank AG has

assumed IATA guarantees in favour of Travel 24 GmbH and Aeroworld Fernreisen GmbH to the amount of ca. DM 6.5 million. These are also deposited on fixed-term accounts at Commerzbank AG.

In accordance with purchase agreements from 16/17 August and 21 September 2000 a part of the purchase price for the shares in Buchungsmaschine AG is to be covered by the issue of new shares covered by the authorised capital II of Travel24.com AG. According to the supplementary agreement from 18 April 2001, the 872,606 shares in Travel24.com AG are to be transferred to the sellers of Buchungsmaschine AG by 15 May. The requisite steps for the admission of the newly issued shares on Neuer Markt have been initiated. If the measures have not been completed to deadline by 15 May 2001, the sellers of the shares in Buchungsmaschine AG are entitled to a cash payment of EUR 15 per share. It is possible for Travel24.com AG to deliver shares not yet admitted to trading for a transitional period and to issue the seller with an equal number of loaned shares already admitted to trading. This would reduce the risk of a cash payment obligation.

20. Events after the balance-sheet date

The purchase of 51% of the shares in Carsting GmbH, conducted on 11 September 2000, was reversed on 11 April 2001 with a notarial recording. In the course of this reversal, a significant portion of the assets of Carsting GmbH were transferred to xsnet Gesellschaft für Multimediale Informationssysteme mbH – a wholly-owned subsidiary of Travel24.com AG; in return, the subsidiary of Travel24.com AG is assuming all the liabilities on the part of Carsting GmbH towards Travel24.com AG.

The annual financial statements of Carsting GmbH as of 31 December 2000 were not included in the preparation of the consolidated financial statements of Travel24.com AG as the reversal of the purchase had already been agreed upon orally when the statements were prepared and the reversal of the purchase of the shares in Carsting GmbH was completed with a notarial recording on 11 April 2001. Taking into account the estimated value of the assets assumed by xsnet Gesellschaft für Multimediale Informationssysteme mbH in 2001, a valuation adjustment of DM 867,000 was performed on the valuation of the loans by Travel24.com AG to Carsting GmbH.

A number of co-operation and joint venture agreements have been concluded by Travel24.com AG to aid market positioning and the development of Internet eCommerce in general. The joint venture negotiations with Lufthansa Systems GmbH were broken off in April 2001.

21. Litigation

As of 31 December 2000 Travel24.com AG was involved in a total of five legal disputes. In April 2001 three cases were still pending. Provisions have been formed to cover all the resulting risks.

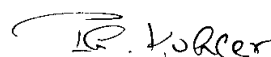
Munich, April 2001



Marc Maslaton



Knut Wehner



Philip Kohler

14. Annual financial statements of Travel24.com AG

Balance sheet Travel24.com AG

ASSETS

| | <u>31.12.2000</u> | <u>31.12.1999</u> |
|--|-------------------|-------------------|
| | DM | DM |
| <u>FIXED ASSETS</u> | | |
| Intangible fixed assets | | |
| Concessions, industrial property rights and similar rights and values | 891,643 | 77,599 |
| Advance payments | <u>2.176.000</u> | <u>0</u> |
| | <u>3.067.643</u> | <u>77.599</u> |
| Tangible fixed assets | | |
| Other facilities, operating and office equipment | 851,866 | 82,874 |
| Financial assets | | |
| Shares in affiliated companies | 18,497,791 | 1,061,580 |
| Loans to affiliated companies | 0 | 1,039,000 |
| Investments | 2 | 0 |
| Other loans | <u>712.100</u> | <u>0</u> |
| | <u>19.209.893</u> | <u>2.100.580</u> |
| | <u>23.129.402</u> | <u>2.261.053</u> |
| <u>CURRENT ASSETS</u> | | |
| Accounts receivable and other assets | | |
| Due from affiliated companies | 5,746,384 | 1,431,826 |
| Due from companies with which the company is linked by virtue of participating interests | 255,606 | 0 |
| Other assets | <u>5.892.585</u> | <u>170.744</u> |
| | <u>11.894.575</u> | <u>1.602.571</u> |
| Securities | | |
| Own shares | 282,074 | 0 |
| Other securities | <u>37.918.912</u> | <u>0</u> |
| | <u>38.200.986</u> | <u>0</u> |
| Cash in hand, on deposit with Deutsche Bundesbank, balances with banks, and cheques | <u>18.454.852</u> | <u>3.972.985</u> |
| | <u>68.550.413</u> | <u>5.575.555</u> |
| <u>PREPAID EXPENSES</u> | <u>61.369</u> | <u>743</u> |
| | <u>91.741.184</u> | <u>7.837.351</u> |

Balance sheet Travel24.com AG

LIABILITIES

| | <u>31.12.2000</u> | <u>31.12.1999</u> |
|--|--------------------|-------------------|
| | DM | DM |
| <u>SHAREHOLDERS' EQUITY</u> | | |
| Share capital | 18,775,968 | 1,813,451 |
| Capital reserve | 137,670,123 | 10,292,386 |
| Revenue reserves | | |
| Reserve for own shares | 282,074 | 0 |
| Net accumulated losses | <u>-80,949,738</u> | <u>-5,313,890</u> |
| | <u>75,778,427</u> | <u>6,791,947</u> |
| <u>PROVISIONS</u> | | |
| Other provisions | 5,011,802 | 684,041 |
| <u>LIABILITIES</u> | | |
| Trade accounts payable | 2,497,790 | 263,279 |
| Liabilities due to affiliated companies | 0 | 37,734 |
| Other liabilities | 8,453,165 | 60,351 |
| - thereof from taxes: DM 197,906 (1999: DM 24,241) | | |
| - thereof from social security DM 55,711 (1999: DM 14,583) | | |
| | <u>10,950,955</u> | <u>361,363</u> |
| | <u>91,741,184</u> | <u>7,837,351</u> |

Profit and loss account Travel24.com AG

| | 2000 | 1999 |
|--|-------------|------------|
| | DM | DM |
| Net sales | 42,526 | 45,973 |
| Other operating income | 593,853 | 151,166 |
| Personnel expenses | | |
| Wages and salaries | -2,786,177 | -308,180 |
| Social security and pension costs | -401,027 | -31,421 |
| | -3,187,204 | -339,601 |
| Depreciation | | |
| Depreciation of intangible fixed assets and tangible assets | -435,538 | -27,727 |
| Amortisation of current assets insofar as this exceeds the customary amortisation at the stock corporation | -3,572,950 | 0 |
| | -4,008,488 | -27,727 |
| Other operating expenses | -30,586,314 | -738,767 |
| Other interest and similar income | 4,053,473 | 48,780 |
| Amortisation of financial assets | -24,516,859 | 0 |
| Interest and similar expenses | -516,685 | -16,483 |
| Result from ordinary activities | -58,125,698 | -876,658 |
| Extraordinary expenses | -17,227,681 | -231,114 |
| Extraordinary result | -17,227,681 | -231,114 |
| Other taxes | -395 | -490 |
| Loss for the year | -75,353,774 | -1,108,263 |
| Loss carryforward | -5,313,890 | -4,205,627 |
| Transfer to reserve for own shares | -282,074 | 0 |
| Net loss for the year | -80,949,738 | -5,313,890 |

Cash Flow Travel24.com AG

| | 2000 | 1999 |
|---|--------------------|-------------------|
| | DM | DM |
| Annual result before extraordinary items and taxes on earnings (and interest expenses) | -57,609,408 | -860,665 |
| Depreciation / write-up of fixed assets | 24,952,397 | 27,727 |
| Increase / decrease in provisions | 4,327,761 | -536,859 |
| Other expenses / income affecting earnings | | |
| Profit / loss from the disposal of fixed assets | | |
| Increase / decrease in inventories, accounts receivable and other assets which are not attributable to investment or financing activities | -10,352,631 | -1,232,508 |
| Increase / decrease in trade accounts payable and other liabilities which are not attributable to investment or financing activities | 10,589,591.60 | -291,526 |
| Cash inflow / outflow from extraordinary items | -17,227,681 | -231,114 |
| Interest payments | -516,685 | -16,483 |
| Taxes on income and earnings | | |
| <u>Net cash used in operating activities</u> | -45,836,655 | -3,141,429 |
| Cash inflow from disposal of tangible fixed assets / intangible fixed assets | | |
| Cash outflow from investments in fixed assets / intangible fixed assets | -4,194,575 | -111,603 |
| Cash inflow from disposal of financial assets | 1,039,000 | |
| Cash outflow from investments in financial assets | -20,146,364 | -745,000 |
| Cash inflow / outflow from the purchase and sale of consolidated companies and other companies | -22,518,808 | |
| <u>Net cash used in investment activities</u> | -45,820,747 | -856,603 |
| Cash inflow from transfers of shareholders' equity | 144,340,254 | |
| Payments to company owners | | |
| Cash inflow from issue of bonds and (financial) loans | | |
| Cash outflow from the redemption of bonds and (financial) loans | | -1,600,000 |
| <u>Net cash provided by financing activities</u> | 144,340,254 | -1,600,000 |
| <u>Change in cash and cash equivalents</u> | 52,682,852 | -5,598,032 |
| Changes in cash and cash equivalents from changes in exchange rates, the reporting entity and valuations | | |
| Cash and cash equivalents at the beginning of the financial year | 3,972,985 | 9,571,017 |
| Cash and cash equivalents at the end of the financial year | 56,655,837 | 3,972,985 |
| <u>Composition of the cash and cash equivalents at the end of the financial year</u> | | |
| Securities held as current assets | 38,200,986 | |
| Cash | 18,454,852 | 3,972,985 |
| Liabilities to banks due at all times | | |

15. Notes to the annual financial statements of Travel24.com AG

for the financial year 1. from 1 January to 31 December 2000

1. General comments

Travel24.com AG, Munich (previously: Travel Systems AG) – hereinafter also referred to as "Company" – was founded with the adoption of the articles of association on 22 February 1996 and entered on the Commercial Register in Munich on 27 February 1996. With the resolution adopted by the general meeting on 14 February 2000 the name of the Company was changed to "Travel 24.com AG" (entry on the Commercial Register on 24 February 2000). Since 15 March 2000 the shares in the Company have been listed on Neuer Markt of Deutsche Börse AG in Frankfurt am Main.

The subject matter of Travel24.com AG is tour operation and the retail of travel services, and in particular through the use of state-of-the-art communication media such as call centres and online services. Furthermore, the Company develops and operates system components for Internet information and reservation systems.

The annual financial statements of the Company as of 31 December 2000 have been prepared in compliance with the accounting provisions of the German Commercial Code (HGB) and the supplementary provisions of the Stock Corporation Act (AktG). The profit and loss account has been prepared in accordance with the type of expenditure format.

Travel24.com AG is a small stock corporation as defined in Art. 267 Section 1 HGB. The Company is, however, obliged to conduct an audit because, in accordance with Art. 267 Section 3 HGB, it avails of an organised market as defined in Art. 2 Section 5 of the Securities Trading Act.

As the parent company, the Company prepares consolidated financial statements with a discharging effect, as defined in Art. 292 a HGB, in compliance with the provisions of United States Generally Accepted Accounting Principles (US-GAAP).

2. Selected accounting and valuation principles

Purchased intangible fixed assets are stated at cost minus scheduled depreciation. Scheduled depreciation is performed using the straight-line method on the basis of a useful life of 3 to 5 years. Permanent devaluations are taken into account through unscheduled depreciation.

Tangible assets are stated at acquisition or production costs minus scheduled depreciation. Scheduled depreciation is performed using the straight-line method on the basis of a useful life of 3 to 10 years. Low-value assets with a purchase price of up to DM 800.00 are written off in full in the year of acquisition.

Financial assets are stated at the lower of cost or market value. Sustained devaluations are taken into account through unscheduled depreciation.

Accounts receivable and other assets are stated at their nominal value. Immediate valuation adjustments are performed on doubtful receivables associated with discernible risks, unrecoverable receivables are written off. The principle of lower of cost or market has been observed.

Liquid funds are stated at their nominal value.

The subscribed capital corresponds to the nominal sum of EUR 9,600,000.00 laid down in the articles of association and entered on the Commercial Register.

The other provisions are formed for all discernible risks and uncertain liabilities to the amount necessary in accordance with commercial prudence.

Liabilities are stated at the re-payment sum. Insofar as the current values exceed the re-payment sums, the liabilities are stated at the higher current value. Discounting in accordance with Art. 5 EStG (Income Tax Act) was not necessary.

3. Comments on the balance sheet

3.1 Fixed assets

The fixed-asset movement schedule based on the acquisition and production costs of the assets is shown below:

| | Acquisition/production costs | | | | | Accumulated depreciation | | | | Book values | |
|--|------------------------------|----------------------|----------------------|-------------|----------------------|--------------------------|----------------------|-------------|----------------------|---------------------|----------------------|
| | 01.01.00 | Additions | Transfer | Retirements | 31.12.00 | 01.01.00 | Additions | Retirements | 31.12.00 | 31.12.99 | 31.12.00 |
| | DM | DM | DM | DM | DM | DM | DM | DM | DM | DM | DM |
| INTANGIBLE FIXED ASSETS | | | | | | | | | | | |
| Goodwill | 0,00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Advance payments | 0.00 | 2,176,000.00 | 0.00 | 0.00 | 2,176,000.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2,176,000.00 |
| Software | 136,926.00 | 988,819.20 | 0.00 | 0.00 | 1,125,745.20 | 59,327.00 | 174,775.00 | 0.00 | 234,102.00 | 77,599.00 | 891,643.20 |
| | 136,926.00 | 3,164,819.20 | 0.00 | 0.00 | 3,301,745.20 | 59,327.00 | 174,775.00 | 0.00 | 234,102.00 | 77,599.00 | 3,067,643.20 |
| TANGIBLE ASSETS | | | | | | | | | | | |
| Other facilities, operating and office equipment | 164,777.00 | 1,029,755.67 | 0.00 | 0.00 | 1,194,532.67 | 81,903.00 | 260,763.37 | 0.00 | 342,666.37 | 82,874.00 | 851,866.30 |
| | 164,777.00 | 1,029,755.67 | 0.00 | 0.00 | 1,194,532.67 | 81,903.00 | 260,763.37 | 0.00 | 342,666.37 | 82,874.00 | 851,866.30 |
| Financial assets | | | | | | | | | | | |
| Shares in affiliated companies | 1,061,580.13 | 22,518,807.82 | 0.00 | 0.00 | 23,580,387.95 | 0.00 | 5,082,597.81 | 0.00 | 5,082,597.81 | 1,061,580.13 | 18,497,790.14 |
| Loans to affiliated companies | 1,039,000.00 | 0.00 | -1,039,000.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1,039,000.00 | 0.00 |
| Investments | 0.00 | 11,439,746.27 | 0.00 | 0.00 | 11,439,746.27 | 0.00 | 11,439,744.27 | 0.00 | 11,439,744.27 | 0.00 | 2.00 |
| Loans to companies through participating interests | 0.00 | 7,994,517.70 | 0.00 | 0.00 | 7,994,517.70 | 0.00 | 7,994,516.70 | 0.00 | 7,994,516.70 | 0.00 | 1.00 |
| Other loans | 0.00 | 712,100.00 | 0.00 | 0.00 | 712,100.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 712,100.00 |
| | 2,100,580.13 | 42,665,171.79 | -1,039,000.00 | 0.00 | 43,726,751.92 | 0.00 | 24,516,858.78 | 0.00 | 24,516,858.78 | 2,100,580.13 | 19,209,893.14 |
| TOTAL: | 2,402,283.13 | 46,859,746.66 | -1,039,000.00 | 0.00 | 48,223,029.79 | 141,230.00 | 24,952,397.15 | 0.00 | 25,093,627.15 | 2,261,053.13 | 23,129,402.64 |

3.2 Financial assets

The shareholdings in affiliated companies are comprised as follows:

| | Shareholding % | Subscribed capital | Shareholders' equity | Net profit (loss) for the year | |
|---|-------------------|--------------------|----------------------|-----------------------------------|-------------|
| | | 31.12.2000 TDM | 31.12.2000 TDM | 2000 TDM | 1999 TDM |
| Travel 24 GmbH, Eching | 100% | 50 | (1,237) | 0 | (1,162) |
| TII Community GmbH, Worms | 100% | 336 | (1,769) | (875) | (1,044) |
| xsnet, Gesellschaft für Multimediale Informationssysteme mbH, Munich | 100% | 50 | 6 | (95) | 57 |
| Buchungsmaschine AG, Norderstedt | 100% | 129 | 176 | (2,722) | (230) |
| Aeroworld Fernreisen GmbH, Hamburg | 100% | 50 | (6,007) | (12,268) | 2,694 |
| Munckhof Business Travel B. V., Venlo / Netherlands | 95.25% | 35 | 607 | 222 | 245 |
| Eurosun Viajes S. A., Palma de Mallorca / Spain | 100% | 118 | 939 | (14) | (58) |

Munckhof Business Travel B.V., Venlo / Netherlands holds 95.01% of the shares in Munckhof Business Travel Amsterdam B.V., Amsterdam / Netherlands, and 95.01% of the shares in Message B.V., Horst / Netherlands.

The following companies are posted among the investments

- travelbyus.com ltd., Toronto (Canada) 1.9%
- 4students AG, Augsburg, Germany 4.1%

Both shareholdings are valued at DM 1.00 given the risks and current status.

3.3 Accounts receivable and other assets

All the accounts receivable and other assets have a term of less than one year.

3.4 Shareholders' equity

(all the details on the company's capital are stated in EUR for the purposes of comparability)

3.4.1. Share capital

As of 1 January 2000 the share capital amounted to EUR 927,202.68 (DM 1,813,450.83) and comprised 663,723 no-par-value common stock shares.

Within the framework of the ordinary general meeting on 14 February 2000 a resolution was adopted to increase the share capital of the Company under the provisions of the Stock Corporation Act on a capital increase from business funds (Art. 207 ff. AktG) by EUR 2,072,797.32, from EUR 927,202.68 to EUR 3,000,000, through the transformation of a corresponding sum of the capital reserve. In addition, the share capital was re-divided so that one common stock share represented an arithmetical portion of one euro of the share capital.

With the resolution from 14 February 2000 the share capital of the Company – after the entry of the capital increase from business funds and after the entry of the re-division of the shares – was increased by up to EUR 6,782,000, to EUR 9,782,000, against cash contributions through the issue of up to 4,200,000 new no-par-value registered shares and through the issue of up to 2,582,000 new no-par-value bearer shares. The issue price for each share was 1 Euro, the total issue price for the shares was therefore up to EUR 6,782,000.

Commerzbank Aktiengesellschaft was entitled to subscribe to the new shares. The bearer shares subscribed by Commerzbank Aktiengesellschaft were placed on Neuer Markt within the framework of an initial public offering and the issue proceeds transferred to the Company. The shares were issued at the price of EUR 29.

The resolutions adopted at the ordinary general meeting on 14 February 2000 were entered on the Commercial Register on 24 February 2000 and on 8 March 2000 at Munich Local Court. The 4,200,000 new registered shares were subscribed by the existing shareholders; all other subscription rights on the part of the shareholders were excluded. Bearer shares and registered shares are endowed with the same rights. The cash capital increase of up to EUR 6,782,000 was conducted to a sum of EUR 4,200,000 and was entered on the Commercial Register at Munich Local Court on 24 February 2000.

The capital increase of EUR 2,400,000 as a result of the initial public offering was entered on the Commercial Register at Munich Local Court on 8 March 2000.

The share capital as of 31 December 2000 was EUR 9,600,000. It was divided into 5.4 million no-par-value bearer shares and 4.2 million registered shares.

At the extraordinary general meeting on 12 December 2000 a resolution was adopted to transform the 4.2 million registered shares in the Company into bearer shares. The resolution on the transformation was entered on the Commercial Register at Munich Local Court on 6 February 2001.

3.4.2. Authorised capital

The Managing Board was authorised on 9 July 1999 for the period through to 9 July 2004, subject to the consent of the Supervisory Board, to increase the share capital by EUR 340,861.25 through one or more issues of new no-par-value bearer shares against cash contributions or contributions in kind (Authorised Capital I).

The Managing Board was authorised on 14 February 2000 for the period through to 13 February 2005, subject to the consent of the Supervisory Board, to increase the share capital by EUR 4,450,000 through one or more issues of new no-par-value bearer shares against cash contributions or contributions in kind (Authorised Capital II).

Furthermore, at the extraordinary general meeting on 12 December 2000 the Managing Board was authorised for the period through to 12 December 2005, subject to the consent of the Supervisory Board, to increase the share capital of the Company by EUR 3,000,000 through one or more issues of new no-par-value bearer shares against cash contributions or contributions in kind (Authorised Capital III).

3.4.3. Contingent capital and stock option program

The share capital of the Company has been increased by a nominal sum of EUR 299,999.97 through a contingent capital increase (Contingent Capital). The contingent capital increase is only conducted to the extent that the holders of stock options exercise the option rights which have been issued by the Company's Managing Board on the basis of the authorisation from the general meeting on 14 February 2000 with the consent of the Supervisory Board or have been issued by the Supervisory Board.

On the basis of the authority from the general meeting of the Company on 14 February 2000 subscription rights (option rights) were offered to the staff, senior employees and members of the management of the Company and of affiliated companies. A total of 9,720 such option rights were issued in the year 2000.

3.4.4. Capital reserve

The capital reserve developed as follows in the financial year:

| | EUR |
|---|----------------------|
| Capital reserve as of 31 December 1999 | 5,262,413.45 |
| • Transformation of the capital reserve into subscribed capital in accordance with the resolution adopted by the general meeting dated 14 February 2000 | -2,072,797.32 |
| • Issue of a total of 2.4 million bearer shares at an issue price of EUR 29 | <u>67,200,000.00</u> |
| Capital reserve as of 31 December 2000 | 70,389,616.13 |

3.4.5. Revenue reserve (reserve for own shares)

In accordance with the resolution adopted by the general meeting on 12 December 2000 Travel24.com AG was authorised to purchase its own shares in accordance with § 71 AktG. As a result of this authorisation the Company purchased the following shares in 3 tranches on 28 December 2000:

| | Number of shares (number) | Price (EUR) | Price (EUR) | Portion of share capital (%) |
|---------------|------------------------------|----------------|-------------------|---------------------------------|
| | 18,972 | 3.48 | 66,022.56 | 0.20% |
| | 20,000 | 3.27 | 65,400.00 | 0.21% |
| | 3,450 | 3.71 | 12,799.50 | 0.04% |
| Total: | 42,422 | 3.40 | 144,222.06 | 0.45% |

EUR 144,222.06 was transferred to the reserve for the Company's own shares in the year under review.

3.5 Provisions

The development and composition of the other provisions as of 31 December 2000 may be seen in the following statement of provisions:

| | As of 01.01.2000 | Depletion | Reversal | Addition | As of 31.12.2000 |
|---------------------------------|---------------------|-------------------|-------------------|---------------------|---------------------|
| | DM | DM | DM | DM | DM |
| Legal, consulting | | | | | |
| auditing costs | 260,000.00 | 180,000.00 | 80,000.00 | 470,000.00 | 470,000.00 |
| Outstanding holiday entitlement | 65,400.00 | 65,400.00 | 0.00 | 189,837.77 | 189,837.77 |
| Outstanding invoices | 64,321.00 | 64,321.00 | 0.00 | 1,160,000.00 | 1,160,000.00 |
| Supervisory Board remuneration | 20,000.00 | 0.00 | 20,000.00 | 36,000.00 | 36,000.00 |
| Competition | 0.00 | 0.00 | 0.00 | 1,115,000.00 | 1,115,000.00 |
| Legal disputes | 0.00 | 0.00 | 0.00 | 1,970,351.57 | 1,970,351.57 |
| Bonuses | 237,000.00 | 0.00 | 237,000.00 | 0.00 | 0.00 |
| Others | 37,319.88 | 20,858.81 | 4,461.07 | 58,612.44 | 70,612.44 |
| | <u>684,040.88</u> | <u>330,579.81</u> | <u>341,461.07</u> | <u>4,999,801.78</u> | <u>5,011,801.78</u> |

3.6 Liabilities

All the liabilities have a term of less than one year.

4. Comments on the profit and loss account

4.1 Other operating income

The other operating income essentially includes income from the reversal of provisions to the amount of DM 342,000, as well as income from the further invoicing of costs to the amount of DM 228,000.

4.2 Amortisation of financial assets

The following amortisation of financial assets was performed in the course of the year 2000:

| | <u>DM</u> |
|--------------------------------------|-------------------|
| travelbyus.com Ltd., Toronto/ Canada | |
| - Investment | 10,432,666 |
| - Loans | 7,994,517 |
| 4students AG, Augsburg | 971,577 |
| Aeroworld Fernreisen GmbH, Hamburg | 4,745,000 |
| TII Community GmbH, Worms | 337,598 |
| Others | 35,501 |
| | <u>24,516,859</u> |

4.3 Extraordinary expenses and income

The extraordinary expenses concern costs in connection with the Company's initial public offering. These are legal, consulting and advertising expenses (DM 10,316,000), as well as the placement commission for the consortium bank (DM 6,912,000).

5. Other disclosures

5.1 Contingent liabilities, other risks and long-term obligations

In order to avoid posting negative net assets in a debt status the company issued letters of comfort as of 31 December 2000 for the following companies:

- Aeroworld Fernreisen GmbH
- TII Community GmbH
- Travel 24 GmbH
- xsnet GmbH

Obligations from leasing and rental agreements amount to ca. DM 632,000 per annum.

Guarantees to the amount of some DM 5.2 million in favour of the Company have been given by Commerzbank AG for rental and company purchase agreements. The guarantees are deposited on fixed-term accounts at Commerzbank AG. Furthermore, Commerzbank AG has assumed IATA guarantees in favour of Travel 24 GmbH and Aeroworld Fernreisen GmbH to the amount of ca. DM 6.5 million. These are also deposited on fixed-term accounts at Commerzbank AG.

In accordance with purchase agreements from 16/17 August and 21 September 2000 a part of the purchase price for the shares in Buchungsmaschine AG is to be covered by the issue of new shares covered by the authorised capital II of Travel24.com AG. According to the supplementary agreement from 18 April 2001, the 872,606 shares in Travel24.com AG are to be transferred to the sellers of Buchungsmaschine AG by 15 May. The requisite steps for the admission of the newly issued shares on Neuer Markt have been initiated. If the measures have not been completed to deadline by 15 May 2001, the sellers of the shares in Buchungsmaschine AG are entitled to a cash payment of EUR 15 per share. It is possible for Travel24.com AG to deliver shares not yet admitted to trading for a transitional period and to issue the seller with an equal number of loaned shares already admitted to trading. This would reduce the risk of a cash payment obligation.

The purchase of 51% of the shares in Carsting GmbH, Munich, conducted on 11 September 2000, was reversed on 11 April 2001 with a notarial recording. In the course of this reversal, a significant portion of the assets of Carsting GmbH were transferred to xsnet GmbH – a wholly-owned subsidiary of Travel24.com AG; in return the subsidiary of Travel24.com AG is assuming all the liabilities on the part of Carsting GmbH towards Travel24.com AG.

5.2 Average number of employees during the financial year

On an annual average a total of 15 staff were employed by the company (excluding board members) in the 2000 calendar year.

5.3 Executive bodies of the Company

The members of the **Managing Board** of the Company are:

| | | | |
|---------------------|------------------------|----------------|----------------------------------|
| - Mr Marc Maslaton | Merchant | Munich | (Chairman) |
| - Mr Joachim Semrau | Merchant | Munich | (until 19 April 2001) |
| - Mr Knut Wehner | Merchant | Düsseldorf | |
| - Mr André Derksen | Merchant | Frankfurt/Main | (until 31 March 2001) |
| - Mr Philip Kohler | Merchant | Berlin | (as of 1 April 2001) |
| - Mr Georg Hammer | Business Administrator | Pinneberg | (from 1 Sep 2000 to 20 Nov 2000) |

The total remuneration of the Managing Board of Travel24.com AG in the year 2000 amounted to DM 1,531,600. The members of the Managing Board were not members of any other executive bodies in the year 2000.

In accordance with Art. 95 AktG (in conjunction with Art. 8 of the articles of association) the Company has a **Supervisory Board** which originally comprised 3 members and which was increased to include an additional 3 members, to a total of 6 members, at the extraordinary general meeting on 12 December 2000; the members of the Supervisory Board of the Company are:

| | | | |
|---------------------------|----------------------|------------|---------------------------------------|
| - Ms Andrea Wessels | Lawyer | Munich | (Chairperson) |
| - Mr Jens Götting | Merchant | Marne | (until 14 February 2000) |
| - Mr Dieter Worms | Merchant | Marne | (as of 14 Feb 2000 until 06 Apr 2001) |
| - Prof. Dr. Klaus Frank | University professor | Heppenheim | (until 06 April 2001) |
| - Mr Joachim Semrau | Merchant | Munich | (as of 19 April 2001) |
| - Mr Hans Joachim Richter | Merchant | Lausanne | (as of 19 April 2001) |
| - Dr. Hellmut K. Albrecht | Merchant | Munich | (as of 19 April 2001) |

Two additional positions on the Supervisory Board are still to be filled.

The term of office of the members of the Supervisory Board ends with the termination of the annual general meeting which adopts a resolution on the discharge for the fourth financial year after the commencement of the term of office.

Dr. Hellmut K. Albrecht holds positions on the executive bodies of the companies Friedrich Grohe AG & Co. KG, EKO Stahl GmbH, Probeam KGaA, and Kerr Inc. (USA). Mr Hans Joachim Richter holds positions on the executive bodies of the companies Heberlein AG and Kinowelt AG.

The remuneration of the Supervisory Board is – in accordance with the resolutions to be adopted at the annual general meeting on 25 June 2001 – to be EUR 5,000 per member of the Supervisory Board for the financial years 2000 and 2001. In addition, as of the 2001 financial year each member of the Supervisory Board is to receive EUR 2,000 for each day on which there is a meeting and which he or she has attended.

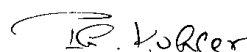
Munich, April 2001



Marc Maslaton



Knut Wehner



Philip Kohler

16. Audit Opinion

Travel24.com AG

Following the result of our audit of the annual financial statements for the 2000 financial year we have granted the following unqualified audit opinion as of 23 April 2001:

"We have audited the annual financial statements of Travel24.com AG, as well as the accounting and management report of the Company, for the financial year ending on 31 December 2000. The accounting and preparation of the annual financial statements and management report in accordance with German commercial provisions and the supplementary regulations of the articles of association are the responsibility of the legal representatives of the Company. It is our responsibility, on the basis of our audit, to express an opinion on the annual financial statements, including the accounting and the management report.

We conducted our audit of the annual financial statements in accordance with Art. 317 of the German Commercial Code, taking into consideration the generally accepted auditing principles laid down by Institut der Wirtschaftsprüfer (IDW, German Institute of Auditors). Accordingly, the audit is to be planned and performed so that any material misstatements and violations which may have a significant impact on the presentation of a true and fair view of the net worth, financial position and earnings as conveyed by the annual financial statements in accordance with generally accepted accounting principles and by the management report, may be recognised. In determining the scope of the audit, findings on the business activity and on the business and legal environment of the Company, as well as possible expected errors, have been taken into consideration. Within the framework of the audit the efficacy of the internal controlling system as well as vouchers for the details in the annual financial statements and management report have primarily been evaluated on the basis of random samples. The audit covers the applied accounting principles, as well as an appraisal of the essential estimates made by the legal representatives and an appraisal of the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonably secure basis for our opinion.

Our audit did not lead to any objections.

In our opinion, the annual financial statements present fairly, in all material respects, a true and fair view of the net worth, financial position, earnings and cash flows of the Company. The management report presents an accurate view of the position of the company and accurately presents the risks from future developments.

Without qualifying this evaluation, we would point out that the continued existence of the Company and the overcoming of the loss situation are essentially dependent on the integration of the acquired companies and the implementation of the corporate planning. Corresponding measures have, according to the Managing Board of the Company, already been initiated to secure the Company's financing in the year 2001."

Munich, 23 April 2001

Haarmann, Hemmelrath & Partner GmbH
Wirtschaftsprüfungsgesellschaft (Chartered Accountants)
Steuerberatungsgesellschaft

signed Zelger
Wirtschaftsprüfer

signed ppa. Göbel
Wirtschaftsprüfer

Travel24.com Konzern

We have audited the consolidated financial statements prepared by Travel24.com AG, comprising the balance sheet, profit and loss account, statement of changes in shareholders' equity, statement of cash flows, and notes, for the financial year from 1 January 2000 to 31 December 2000. The preparation and content of the consolidated financial statements are the responsibility of the legal representatives of the Company. It is our responsibility, on the basis of our audit, to express an opinion on whether the consolidated financial statements comply with US Generally Accepted Accounting Principles (US-GAAP).

We conducted our audit of the consolidated financial statements in accordance with German accounting provisions and in compliance with the generally accepted auditing principles laid down by Institut der Wirtschaftsprüfer (IDW, German Institute of Auditors). Accordingly, the audit is to be planned and performed so that any material misstatements in the consolidated financial statements may be recognised. Within the framework of the audit vouchers for the details in the consolidated financial statements have primarily been evaluated on the basis of random samples. The audit covers an evaluation of the applied accounting principles, as well as an appraisal of the essential estimates made by the legal representatives and the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonably secure basis for our opinion.

With the exception of the following qualification our audit did not lead to any objections: whether and to what extent it can be ensured that the consolidated accounting in the year under review has been conducted properly cannot be evaluated by us on a definite basis as the financial affairs and accounting of Aeroworld Fernreisen GmbH are associated with organisational and technical problems, which, although they have been identified in terms of their content, cannot actually yet be remedied. The correct presentation of these consolidated financial statements is not impacted with the exception that the correct reporting of net sales and production costs is not guaranteed to a sufficient degree, without however this having an impact on the gross result from sales and the annual result.

In our opinion, the consolidated financial statements present fairly, with this qualification, a true and fair view of the net worth, financial position, earnings and cash flows of the Group for the financial year in compliance with US-GAAP.

Furthermore, we confirm that the consolidated financial statements and the consolidated management report for the financial year from 1 January to 31 December 2000 fulfil the prerequisites to discharge the Company from the preparation of consolidated financial statements and a consolidated management report under German law. The audit of the necessary harmonisation of the consolidated accounting with the 7th EU Directive required for discharge from consolidated accounting to German law has been conducted by us on the basis of the interpretation of the guideline by the Contact Committee for Accounting Directives of the European Commission.

We would point out that the continued existence of the Company and the overcoming of the loss situation are essentially dependent on the integration of the companies acquired in 2000 and the implementation of the corporate planning. Corresponding measures have, according to the legal representatives, already been initiated to secure the company's financing in the year 2001."

Munich, 26 April 2001

Haarmann, Hemmelrath & Partner GmbH
Wirtschaftsprüfungsgesellschaft (Chartered Accountants)
Steuerberatungsgesellschaft

Zelger
Wirtschaftsprüfer

ppa. Göbel
Wirtschaftsprüfer

17. Report by the Supervisory Board

The Supervisory Board has performed its statutory tasks and those prescribed by the articles of association in the year under review, and monitored the management of the Company. It has held ongoing discussions with the Managing Board on the business position and the further strategic orientation of the Company. Furthermore, there were five joint meetings in the course of the 2000 financial year.

The subject matter of the meetings was, above all, the preparation and implementation of the initial public offering and the planned acquisitions. The Supervisory Board is convinced that the strategy of the Company is adequate to meet the challenges of the market and also fulfils the prerequisites for the planned corporate goals.

The annual financial statements of Travel24.com AG in accordance with the German Commercial Code have been audited by Haarmann, Hemmelrath & Partner GmbH, Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, represented here by Messrs. Zelger and Göbel, in accordance with the principles of the IDW on the generally accepted auditing principles. The audit did not lead to any objections, with the effect that the annual financial statements have been granted an unqualified audit opinion in accordance with Art. 322 Section 1 HGB.

The Supervisory Board has examined the annual financial statements and management report in details and raised no objections. The auditors participated at this meeting. The Supervisory Board has approved the audit result presented by the auditors, and established that these have raised no objections. The Company is a "small" stock corporation as defined in Art. 267 Section 1 HGB. A stock corporation, however, is always regarded as large if it avails of an organised market as defined in Art. 2 Section 5 of the Securities Trading Act through securities which it has issued as defined in Art. 2 Section 1 Sentence 1 of the Securities Trading Act. This means that the Company is obliged to conduct an audit.

The Supervisory Board has recommended that the auditor for the current 2001 financial year be elected by the general meeting in line with the valid provisions on statutory audits. The Supervisory Board approves the annual financial statements prepared by the Managing Board. The Supervisory Board and Managing Board are in agreement that the net loss for the year to German commercial law posted in the annual financial statements as of 31 December 2000 of Travel24.com AG amounting to DM 75,353,774 be carried forward to new account. Subject to this condition the annual financial statements are established.

The initial public offering in the 2000 financial year made great demands on the management and employees. We would like to take this opportunity to thank the members of the Managing Board, the business partners and all the employees of the Travel24.com Group for the successful co-operation.

April 2001



Andrea Wessels
Supervisory Board

Milestones

| | |
|------|---|
| 1996 | Formation |
| 1998 | Purchase of LAC Travel Line GmbH, Eching |
| 1999 | Purchase of TII Community GmbH, Worms |
| 1999 | Purchase of xsnet, Gesellschaft für Multimediale Informationssysteme mbH |
| 2000 | First listing on Neuer Markt in Frankfurt on 15 March 2000 |
| 2000 | Purchase of Aeroworld Fernreisen GmbH, Hamburg |
| 2000 | 100% shareholding in Buchungsmaschine AG, Norderstedt |
| 2000 | 95.25% shareholding in Munckhof Business Travel Venlo BV, Venlo/Netherlands |
| 2000 | 100% shareholding in Eurosun S.A., Palma de Mallorca/Spain |

Awards 2000

| | |
|----------------|--|
| June 2000 | Test winner Computerbild |
| September 2000 | Test winner PC Shopping |
| September 2000 | eBusiness: Travel24.com received 926 out of a possible 1000 points. The test listed the best 100 Internet sites with the corresponding evaluation. |
| November 2000 | Test winner fvw |
| December 2000 | Test winner Online Today |
| January 2001 | Winner of Golden TV Movie Award 2000 in the Advertising category |
| March 2001 | Test winner Tomorrow |
| March 2001 | Best travel website in Amica |
| March 2001 | Website of the week in Presstext Austria |
| March 2001 | Website of the week in pte.online |
| April 2001 | Best travel website in Laura |

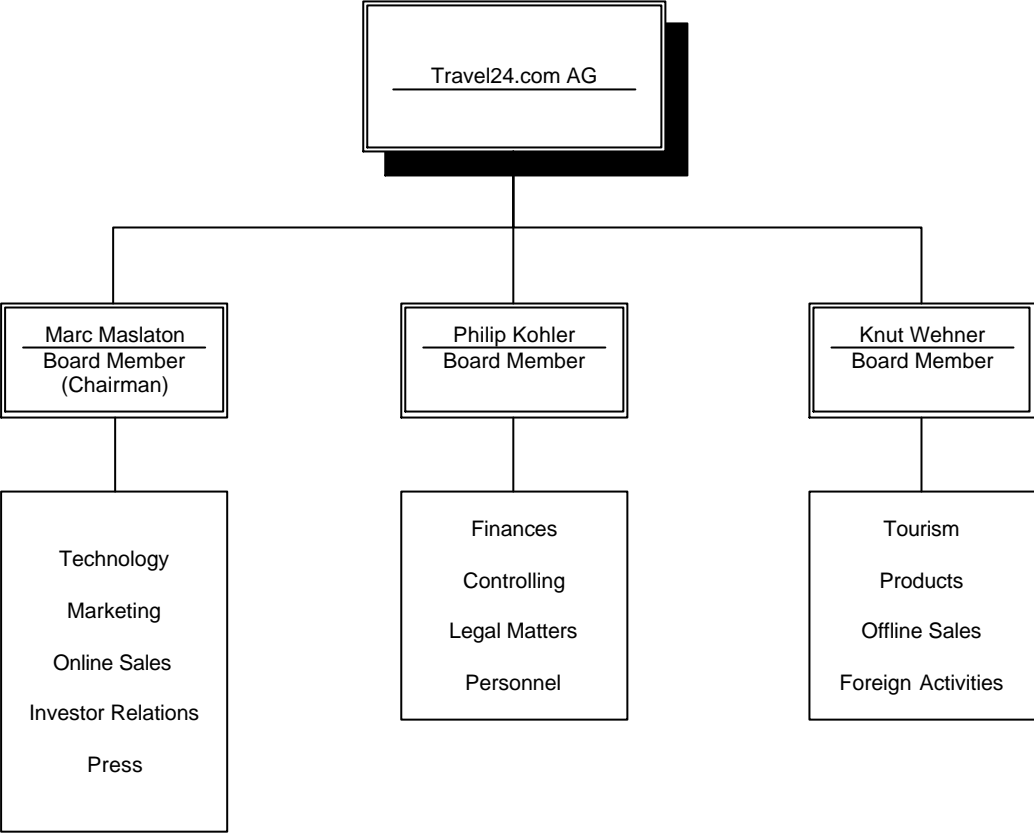
Financial calendar

| | |
|-------------------|--------------------------------|
| 02.05.2001 | Balance sheet press conference |
| 02.05.2001 | DVFA analyst conference |
| 30.05.2001 | Three-month report 2001 |
| 25.06.2001 | Annual general meeting, Munich |
| 28.08.2001 | Half-year report 2001 |
| 28.11.2001 | Nine-month report 2001 |

Corporate announcements

| | |
|------------|---|
| 04.02.2000 | Travel24.com AG plans IPO on Neuer Markt |
| 29.02.2000 | Commerzbank, Banque Nationale de Paris and Virtuelles Emissionshaus underwrite the initial public offering of Travel24.com AG |
| 30.03.2000 | Travel24.com agrees upon exclusive sales co-operations with PLUSCARD and ÖRAG |
| 18.05.2000 | Travel24.com launches brand campaign in all media |
| 25.05.2000 | Travel24.COM AG and TRAVELBYUS.COM LTD. announce Letter of Intent for an extensive strategic partnership |
| 29.05.2000 | Travel24.com develops an "event package" together with Audi for those people collecting their new car personally from the factory |
| 20.06.2000 | Travel24.com: ComputerBild test winner |
| 03.07.2000 | Travel24.com takes over Aeroworld and increases sales targets for the current year |
| 25.07.2000 | Travel24.com and Super Illu: Online travel agency with a wide offering and extensive advice section |
| 16.08.2000 | Travel24.com and the savings bank Sparkasse zu Lübeck offer travel service to credit card customers |
| 17.08.2000 | Travel24.com: Internet booking simplified considerably |
| 18.08.2000 | Travel24.com AG takes over BUCHUNGSMASCHINE AG – profit turnaround will be reached earlier than expected |
| 31.08.2000 | Increase in sales - Break-even will be reached even more quickly |
| 12.09.2000 | Travel24.com AG: One of the fastest pages on the Internet – even more extensive service following re-launch |
| 28.11.2000 | Ascending to new heights with a 323% increase in sales revenue |
| 25.01.2001 | Travel 24.com buys its own shares |
| 16.02.2001 | Travel24.com wins TV Movie Award |
| 21.02.2001 | Travel24.com AG and Dino entertainment AG co-operate |
| 01.03.2001 | Travel24.com AG: Customised package tours |
| 12.03.2001 | Travel24.com AG: 3 test winners in one week |
| 16.03.2001 | Former Metro controller to become CFO of Travel24.com AG |
| 09.04.2001 | Travel24.com AG: Changes on the Supervisory Board |
| 12.04.2001 | Travel24.com AG and Lufthansa Systems Group GmbH: Joint venture waived by common consent |

Organisational chart of the AG



Impressum

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