

Interim Report for the First Half-Year 2003



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1. Summary of key data

	1 January - 30 June	
	2003	2002
	€ 000	€ 000
total transaction value	10,172	10,104
Revenues	1,714	2,032
EBITDA	(704)	(4,476)
EBIT	(796)	(4,691)
Consolidated net loss for the period	(783)	(4,661)
Earnings per share (in €)	(0.08)	(0.46)
Operative cash flow	(998)	(4,363)
Employees (number as per 30.06.)	72	77

2. Introduction

Dear Shareholders, Clients, Employees and Business Partners,

We were able to conclude the second quarter of 2003 with a profit. This was attributable to an increase in online sales. Even though the tourist industry is still weathering a crisis and fixed-location travel agencies see themselves confronted with a continued decline in bookings, the online travel market has been experiencing further growth. Travel24.com is participating in this growth, due to the strong position of its brand on the one hand and to improved booking applications and the redesigned homepage on the other.

Our subsidiary Buchungsmaschine AG, one of the market leaders in the field of programming and marketing of tourist booking technology, is likewise shaping up well, as an increasing number of travel and non-travel companies wishing to penetrate the online travel market are turning to our booking technology.

The Annual General Meeting in Munich on 21 August 2003 was an important event. The acts of the Managing and Supervisory Boards were ratified by an overwhelming majority. At this point I would like to thank you for the confidence you have placed in us.

Your



Marc Maslaton
CEO Travel24.com AG

Munich, August 2003

3. Business development

Travel retail

Travel24.com retails tours and individual tourism modules. Customers can put together their personal vacation from a wide range of independent products. Renowned tour operators, airlines, rental cars, hotels, scheduled flights, charter and last-minute holidays, wellness, sports and diving vacations, cruises, camping grounds, ferries, admission tickets and much more can be booked through Travel24.com. Travel information rounds off the range of products and services. Sales are made online, by telephone or in a travel agency.

Internet

At the end of May the www.travel24.com homepage was given a relaunch. The objectives: Clear arrangement, simple navigation and the very latest products. This is supported by tidy optics and crisp colour accents. The customer can use the “tabs” to navigate faster than ever before to the individual product groups and thus to the booking stage. On the technical side, the opportunity to continuously input new last-minute offers means that the products are guaranteed to be current. The relaunch has already been met with a positive echo by the press. In a test of major last-minute portals *Reise&Preise* magazine (3/2003, p. 90ff) judged Travel24.com to be: “the most clearly laid out page to be tested, simple searching”.

A search agent has likewise been integrated: each afternoon last-minute offers corresponding to individual search profiles are sent to customers via e-mail. This service is a winner with our customers. Destinations such as the Balearic Islands, Turkey and Greece are the most popular, and Tunisia is once again among the top ten vacation regions.

The ticket sales segment was extended to include exclusive access to last-minute vacancies. The supplier is Topevents24, our alliance partner for Tickets&Events. Since July online discounts have also been available for Legoland admission tickets.

The trend towards earthbound tours continues and in response Travel24.com has expanded its online selection of holiday homes in cooperation with E-Domizil. Customers may now choose from a wide range of holiday homes offered by E-Domizil, Novasol and Euro Relais.

Internet hits

The traffic volume at our Website continues at a high level. Both page impressions (24.1m) and visits (almost 2.2m) held their ground in the first six months of 2003 compared to the same period last year. On a quarterly basis, page impressions in 2003 (11.2m) increased by almost 5% compared to the same quarter of the previous year. The average length of stay was 14 minutes.

Brand recognition

As a strong online brand in the travel segment - a high-interest product - Travel24.com is an attractive alliance partner for a variety of promotions. Marketing campaigns of Travel24.com AG are focused on familiar offline brands with high target-group affinity for maximum image impact at the point of sale (PoS). Together with such brands, in the second quarter Travel24.com generated over 100 million contacts exclusively through travel sponsoring via classic media (radio, posters, print) as well as PoS promotions (flyers, competition cards, dispensers, etc.). The number of people entering the various competitions - in each case the grand prize was a holiday provided by Travel24.com - totalled more than 33,000. The alliance partners included the beverage label *deit* (food retailers' promotion “Dream away and win”; “Wegträumen + gewinnen”), Garant Schuh + Mode AG (shoe retailer's promotion “We'll send you on holiday”; “Wir schicken Sie in den Urlaub”) as well as Leibniz, Minolta, Tom Tailor and Lenscare with the joint cross-marketing campaign “I'm packing my bags” (“Ich packe meinen Koffer”).

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In Kooperation mit **travel24.com**
Urlaub zum Greifen nah.

nimm's **deit**

Travel24.com is regarded by the print media as one of the best-known and pre-eminent travel portals. Particularly special offers (wellness, cruises, etc.) on the Webpages meet with a very positive echo. In June Travel24.com provided *Focus* magazine with ten exclusive bookable tours for the cover story "Vacation 2003: Let's get away now". The vacations available included the Chateau d'Embry in France and the Corrievarkie hunting lodge in Scotland.

Technology

Our subsidiary Buchungsmaschine AG supplies the technology for Travel24.com AG. The merger of the IT departments of Travel24.com AG and Buchungsmaschine AG within the scope of restructuring resulted in major synergistic effects.

Furthermore, Buchungsmaschine AG serves its own customer base. In addition to many travel agencies this includes portals such as freenet.de. Among others, in the second quarter the student portal unister-reisen.de was acquired as a new customer.

The new products Last Minute Module, Shop Window Tool and GIF Factory are provided to travel agencies and portals. The Last Minute Module contains last-minute and short-term holidays (up to twelve weeks before the departure date) and a last-minute charter flight database. Tour operator data is updated several times a day, ensuring that only the very latest products are offered. Offer recommendation, marker function, call centre queries, individual layout design, search agent, etc. increase the level of convenience in the search for travel products.

A shop window tool in which selected last-minute holidays are automatically displayed in a customised layout can also be integrated. The GIF Factory simplifies the advertising options for Buchungsmaschine AG customers. An individual GIF file (standard advertising form) of each offering is automatically generated, permitting easier embedding than before in the pages of advertising partners.

In the second half-year the long-term charter flight database and Tourfinder will be completely revamped.

Press comments

Super Illu

Wednesday, 18 June 2003

"A special feature of Travel24.com: You can also book cruises and wellness holidays. These are supplemented by weather reports and route planners."



Computer Bild

Monday, 16 June 2003

"100 new Internet addresses: www.travel24.com – have last-minute offers sent to you by e-mail."



Chip

Thursday, 5 June 2003

"Large travel agency with strong package holiday segment. Attractive look, regularly updated deals, large choice, camping sites can be booked within Europe, rental cars anywhere in the world."



Computer Bild

Monday, 19 May 2003

"100 new Internet addresses: www.travel24.com – Cruise and ferry reservations now possible."



Super TV

Thursday, 15 May 2003

"Put together your own holiday. Fast, reliable – and at a bargain price: Travellers can configure their own personal dream vacation, piece by piece, via the Internet. Portals such as Travel24.com seek out the best deals from a database containing all available scheduled and charter flights – and find suitable hotels as well."



Börse online

Thursday, 15 May 2003

"Surf tips for keen travellers: www.travel24.com – Listed online travel agency: air travel, rental cars, holiday accommodation, package and last-minute deals. New: Cruises."



Focus Money

Thursday, 8 May 2003

"Those who wish to organise their own itineraries will find just what they want at online travel portals. They can compare prices for air travel, hotels and rental cars and find the cheapest rates. The best address: www.travel24.com."



Capital

Wednesday, 20 April 2003

"The latest trend: Vacation planning by the modular concept. Portals such as Travel24.com seek out the best deals from a database containing all available scheduled and charter flights." Customers can then put together their ideal holiday package: hotel rooms, rental car, gourmet restaurants, sports event, wellness."



Fliegen & Sparen

Friday, 11 April 2003

"Test airline tickets online – Travel24.com sets great score by service: If you wish, you can ask the company to call you back, thus saving phone charges."



4. Business performance

eTravel

In the past few years Travel24.com AG has often been criticised for its optimistic assessment of the eTravel market. This positive market assessment is proving to be accurate. According to a study by PhoCus Wright, in 2002 Europe-wide eTravel sales totalled € 7.57 billion. The forecast for 2005 is € 27.5 billion. Germans contributed approx. 11% to this figure. A study by Ulysses Management Consulting showed that one in five euros in eCommerce is spent on Web tourism for online travel. This makes the tourist industry the largest online sales motor, ahead of clothing and computers. The German Institute of Economic Research (Deutsches Institut für Wirtschaftsforschung, DIW) emphasises the significance of the Internet as an economic factor. Virtual travel services have considerable growth potential and brand recognition plays an important role in the development of sales. Its degree of familiarity and ongoing improvements to booking applications enable Travel24.com to participate in this growth.

Sales

In the first six months of the current financial year travel bookings turnover amounted to € 10.2m. This was slightly above the previous year's figure adjusted for discontinued activities. A crucial factor to be taken into account in the comparison with the previous year's figures were the effects of war in Iraq and the SARS epidemic. This was reflected in the stagnation or partial fall-off in business volume at the expense of fixed-location marketing channels as well as a continued shift in sales in favour of online travel services.

This trend likewise extends to net sales, even though the loss of commissions suffered in the fixed-location segment in the second quarter of the current financial year was not fully absorbed by the growth in online activities. Here again, it should be noted that the figures were adjusted to account for discontinued activities and changes in the reporting entity.

Net result

Compared to the same period of the previous year, in the first half year of the current financial year the consolidated net loss was cut by € 3.9m to € -0.8m. The € 2.0m cut in general and administrative costs to € 1.3m as well as the reduction in shortfalls from discontinued activities from € 1.4m to € 0.1m were instrumental in reducing the disclosed overall losses.

Parallel to this, losses at EBIT (€ -0.8m; corresponding period of 2002: € -4.7m) and EBITDA level (€ -0.7m; corresponding period of 2002: € -4.5m) were cut by more than 80% compared to the respective figures for the first six months of 2002.

Travel24.com AG's loss per share amounts to € -0.08 in the first half of the current financial year, thus remaining at about the same level as in the first quarter - due to the balanced results achieved in the second quarter of 2003. In the first half of 2002 the loss per share was € -0.46, of which € -0.27 was attributable to the loss shown in the second quarter of the previous year.

Costs

The reduction in costs achieved in the first quarter compared to the same period of the previous year continued in the second quarter of 2003. Overall costs were once again reduced by € 2.9m to slightly below € 3.0m in comparison to the first half-year 2002 and in the second quarter a cut in costs of almost € 0.3m to € 1.3m was achieved in comparison to the previous quarter of the current financial year - simultaneous with an increase in efficiency of marketing expenses (based on average advertising costs calculated per booking).

Liquidity

Liquid assets of € 0.8m reported as of 30 June 2003 were only slightly less than on 31 March 2003. Cash used in operating activities was covered by long-term borrowing.

Compared to the same period of the previous year, in the first half of 2003 there was a € 3.4m reduction in liquid assets used to finance business operations to slightly below € 1.0m.

Investments

There were no notable investments which required capitalisation in the first half of 2003.

Personnel

As of 30 June 2003 the Travel24.com Group had 72 persons on its payroll, which corresponds to 63.2 full-time employees on the cutoff date for the quarter (figures do not include management board).

5. Outlook

Travel24.com has used the past few months to improve its Internet presentation and the technology behind it. Increased sales and falling costs have generated a positive second quarter. By focusing on online travel retailing and the creation of booking technologies as its core activities, Travel24.com will continue to profit from the continued growth in the eTravel market. Its goal is to become a profitable enterprise in the long-term and further expand its current market share of over three per cent.

The issue of convertible bonds to a total nominal value of € 4.3m will make a major contribution to the financing of the company's activities and achievement of the above-stated goals.

6. Interim consolidated financial statements as of 30 June 2003

Consolidated balance sheet as of 30 June 2003, figures according to US-GAAP

ASSETS	30 June 2003 € 000	31 Dec. 2002 € 000
Current assets		
Liquid funds and short-term investments / marketable securities	759	939
Trade accounts receivable	330	424
Prepaid expenses and other current assets	594	272
Total current assets	1,683	1,635
Non-current assets		
Property, plant and equipment	136	175
Intangible assets	195	243
Goodwill	609	609
Investments capitalised by the equity method	617	617
Loans	339	345
Other non-current assets	3	3
Total non-current assets	1,899	1,993
Total assets	3,582	3,628

LIABILITIES	30 June 2003 € 000	31 Dec. 2002 € 000
Current liabilities		
Short-term debt and current portion of long-term debt (liabilities due to banks)	0	17
Trade accounts payable	1,201	994
Provisions	2,040	2,748
Other current liabilities	783	333
Total current liabilities	4,024	4,092
Non-current liabilities		
Long-term debt	805	0
Capital lease obligations, less current portion	0	0
Deferred revenues	0	0
Deferred taxes	0	0
Pension accrual	0	0
Total non-current liabilities	805	0
Minority interest	0	0
Shareholders' equity		
Subscribed capital	10,473	10,473
Additional paid-in capital	62,299	62,655
Treasury stock	0	(356)
Remuneration from stock options	(58)	(58)
Consolidated balance sheet loss	(73,961)	(73,178)
Total shareholders' equity	(1,247)	(464)
Total liabilities and shareholders' equity	3,582	3,628

Consolidated income statement from 1 January to 30 June 2003, figures to US-GAAP

	2nd quarter		1 January - 30 June	
	2003 € 000	2002 € 000	2003 € 000	2002 € 000
Revenues	867	1,261	1,714	2,032
Cost of revenues	(97)	(122)	(202)	(266)
Net profit on sales	770	1,140	1,512	1,765
Operating expenses				
Selling and marketing expenses	(672)	(1,171)	(1,479)	(2,289)
General and administrative expenses	(571)	(2,439)	(1,294)	(3,296)
Amortisation of goodwill	0	0	0	(35)
Depreciation of tangible assets (and intangible assets)	(43)	(90)	(92)	(180)
Total operating expenses	(1,287)	(3,699)	(2,865)	(5,801)
Operating income/loss	(517)	(2,559)	(1,353)	(4,036)
Other income / expenses				
Interest income / expenses	8	4	11	32
Income / expenses accounted for by the equity method	0	32	0	32
Other income / expenses	514	389	692	279
Total other income / expenses	522	425	703	343
Result from ordinary activities before income taxes and discontinued operations	5	(2,134)	(650)	(3,693)
Taxes on income	(0)	(1)	2	(1)
Extraordinary income / expenses	0	392	0	392
Result from ordinary activities before discontinued operations	5	(1,743)	(648)	(3,302)
Shortfall from discontinued operations	0	(980)	(135)	(1,359)
Net loss for the reporting period	5	(2,723)	(783)	(4,661)

Earnings per share	2nd quarter		1 January - 30 June	
	2003 € 000	2002 € 000	2003 € 000	2002 € 000
Weighted average number of shares outstanding (basic / diluted; number of shares)	10,390,419	10,267,981	10,382,200	10,182,647
Earnings per share (basic / diluted, in €)	0.00	(0.27)	(0.08)	(0.46)
Earnings per share (before discontinued operations; in €)	0.00	(0.17)	(0.06)	(0.32)
Distribution paid	0	0	0	0

Consolidated cash flow statement from 1 January to 30 June

	1 January - 30 June	
	2003 € 000	2002 € 000
1. Cash flow from operating activities:		
Net loss for the reporting period	(783)	(4,661)
Adjustments to reconcile net loss to cash flow from operating activities:		
- Depreciation	92	215
- Increase / decrease in deferred income and valuation adjustments	(708)	(61)
- Profit / loss from the disposal of fixed assets (in the prev. year by changes of the reporting entity)	0	161
- Change in current assets	430	(18)
Cash flow used in operating activities	(969)	(4,363)
2. Cash flow from investing activities:		
- Additions to fixed assets	(6)	0
- Sale of assets	7	0
Cash flow used in investing activities:	1	0
3. Cash flow from financing activities:		
- Inpayment from taking up short- or long-term loans	805	0
Cash flow provided by financing activities	805	0
Decrease in cash and cash equivalents	(163)	(4,363)
Cash and cash equivalents at the beginning of the rep. period	922	6,455
Cash and cash equivalents at the end of the reporting period	759	2,092

Note:

In this cash flow statement "Cash and cash equivalents" are defined as "net available liquid assets", i.e. the funds include liquid assets declared in the balance sheet and deposit liabilities shown in the balance sheet under liabilities due to banks.

Consolidated development of shareholders' equity from 1 January to 30 June

(in € 000, with the exception of number of shares)

	Number of issued shares	Share capital Preferential shares	Share capital Ordinary shares	Own shares (Treasury stock)	Additional paid-in capital	Remuneration from stock options	Revaluation reserve	Consolidated net loss	Total
As per 31.12.2001	10,472,606	0	10,473	(1,383)	63,572	(232)	0	(66,198)	6,232
Capital increase against contribution in kind (from Authorised Capital II)									
Net purchase of own shares									
Issue of stock options and partial deferred expenses for remuneration from stock options									
Creditor compensation by way of shares				238					238
Fair value valuation of securities									
Retroactive correction of contribution when buying subsidiaries									
Net loss for the year								(4,661)	(4,661)
As per 30.06.2002	10,472,606	0	10,473	(1,145)	63,572	(232)	0	(70,859)	1,808
As per 31.12.2002	10,472,606	0	10,473	(356)	62,655	(58)	0	(73,178)	(464)
Capital increase against contribution in kind (from Authorised Capital II)									
Net purchase of own shares									
Issue of stock options and partial deferred expenses for remuneration from stock options				356	(356)				0
Creditor compensation by way of shares									
Fair value valuation of securities									
Retroactive correction of contribution when buying subsidiaries and granting shares									
Net loss for the year								(783)	(783)
As per 30.06.2003	10,472,606	0	10,473	0	62,299	(58)	0	(73,961)	(1,247)

7. Notes on the interim financial statements

Reporting entity

Consolidated companies	Interest held
Travel24 GmbH, Eching	100%
Buchungsmaschine AG, Hamburg	100%
xsnet Gesellschaft für Multimediale Informationssysteme mbH, Munich	100%
Tii Community GmbH, Munich	100%
Consolidated at equity	
Munckhof Business Travel B.V., Venlo/Netherlands	49%

Basis of presentation

The consolidated financial statements for the half-year report 2003 were prepared in accordance with US-GAAP accounting principles. The income statement has been prepared in accordance with the operational format. Due to the suspension, disposal or discontinuance of individual activities and business operations, pursuant to US-GAAP it was necessary to adjust the previous year's figures shown in the accounts to account for changes in the reporting entity. The results of discontinued operations and their effects are shown separately.

Notes to the balance sheet

In comparison with 31 December 2002, the balance sheet total has remained more or less constant, showing a € 0.05m decrease to € 3.58m. By utilising or reversing € 0.7m in provisions, the total as of 31 December 2002 was reduced to € 2.0m. In the same period trade accounts payable and other current liabilities increased by € 0.7m to € 2.0m.

In the past six months of 2003 Travel 24.com AG was for the main part financed through equity capital or directly from funds raised in the initial public offering. Operations were additionally funded by a loan of € 0.8m.

Deferred taxes were not taken into account. As a result of the conservative 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.

Segment reporting

segment presentation per 30 June 2003	Travel Marketing & Distribution	Travel Technology	Eliminations	Travel24- Group
	€ 000	€ 000	€ 000	€ 000
revenues - trade	994	720		1,714
- intersegment	0	1	(1)	0
total revenues	994	721	(1)	1,714
operating result	(704)	54		(650)
assets	6,849	904	(4,171)	3,582
depreciation	56	36		92

segment presentation per 30 June 2002	Travel Marketing & Distribution	Travel Technology	Eliminations	Travel24- Group
	€ 000	€ 000	€ 000	€ 000
revenues - trade	1,419	613		2,032
- intersegment	216	257	(473)	0
total revenues	1,635	870	(473)	2,032
operating result	(5,298)	(994)	2,599	(3,693)
assets	14,089	1,303	(6,540)	8,853
depreciation	94	122	(2)	215

Earnings per share

The net income/loss per share figure is calculated by dividing the result of the period under review by the weighted average number of the shares issued.

Earnings per share	2nd quarter		1 January - 30 June	
	2003	2002	2003	2002
	€	€	€	€
Weighted average number of shares outstanding (basic / diluted; number of shares)	10,390,419	10,267,981	10,382,200	10,182,647
Earnings per share (basic / diluted, in €)	0.00	(0.27)	(0.08)	(0.46)
Earnings per share (before discontinued operations; in €)	0.00	(0.17)	(0.06)	(0.32)
Distribution paid	0	0	0	0

Cash flow from operating activities

In the first six months of the current financial year cash flow from operating activities came to just less than € -1.0m. Cash taken from operating activities was covered mainly by long-term borrowing.

Cash flow from investing activities

Investing activities in the first half of 2003 had no significant effect on Group liquidity.

Cash flow from financing activities

In the first half of 2003 the raising of a long-term loan generated an € 0.8m influx of funds to Travel24.com AG.

Own shares (Treasury stock)

Pursuant to a resolution adopted by the extraordinary shareholders' meeting on 12 December 2000, Travel24.com AG was authorised to purchase its own shares in accordance with Art. 71 AktG (German Stock Corporation Act). In the first half of 2003 the company acquired none of its own shares; the complete holding of 98,625 unregistered shares reported as of 31 March 2003 was sold in the second quarter of the current financial year. As of 30 June 2003 Travel24.com AG thus held none of its own shares.

8. Securities held by the Managing Board and Supervisory Board

	Shares	Options
Managing Board		
Marc Maslaton	317,520	
Philip Kohler		30,000
Supervisory Board		
Andrea Wessels Bahlse	23,823	
Joachim Semrau	0 ¹	
Christof-Guillem Henn	135,074	
Dr. Armin Reiners	0 ²	
Hans-Joachim Richter	0	
Knut Wehner	86,673 ³	6,000

¹ Portfolio incl. trust cross-holdings: 43,000 shares

² Dr Reiners holds 3,448 shares as trustee.

³ Figure excluding shares held in trust by third parties: 43,673 shares

As of 30 June 2003 the company had issued a total of 151,130 share options. According to the above presentation, 36,000 options were issued to executive bodies of the company and the balance of 115,130 options was issued to employees and senior executives of Travel24.com AG and the fully consolidated subsidiaries Travel24 GmbH and Buchungsmaschine AG.

9. Calendar

28 November 2003	Publication of Nine-Month Report 2003
31 March 2004	Publication of Annual Report 2003
01 June 2004	Publication of Three-Month Report 2004
31 August 2004	Publication of Half-Year Report 2004
30 November 2004	Publication of Nine-Month Report 2004

10. Imprint

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