

## Three-Month Report 2005



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## 1. Summary of key data

		1. Jan. - 31. March	
		2005	2004
		€ 000	€ 000
total transaction value	per booking date	4,777	8,294
	per travel date	2,640	3,604
net sales		428	1,013
EBITDA		-697	-360
EBIT		-717	-398
consolidated net loss		-815	-480
net loss per share (in €)	basic	-0.05	-0.04
	diluted	-0.04	-0.03
operative cash flow		-275	-2,211
number of employees as per 31. March excl. management board		57	75

## 2. Introduction

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

The certification of the Website [www.travel24.com](http://www.travel24.com) through the TÜV initiative [s@fer-shopping](http://s@fer-shopping) - an initiative for greater security in the Internet by TÜV Management Service business group TÜV Süddeutschland - has been completed and entitles Travel24.com to display the TÜV seal on its Website. The quality, security and transparency of our online products and services has been certified by an independent and reputable body. Our commitment to ongoing monitoring by TÜV and permanent technical development of our Website enables us to guarantee our customers the required security in the Internet together with a high degree of dependability.

In conjunction with the VorteilVisa! advantage programme of Visa Europe Services Inc., starting 1 June 2005 Travel24.com will be offering "sunny price-breakers": last minute specials and package deals by tour operators. In the coming months VorteilVisa! will be announced to over 11 million cardholders in Germany in the form of an extensive marketing programme. We anticipate a substantial increase in turnover from this cooperation, accompanied by a further rise in the awareness level of the Travel24.com brand.

Due to the conversion to the IAS/IFRS accounting rules, almost € 5.0 million in additional retail travel bookings by booking date was deferred in the first quarter of 2004 compared to the figure according to the US-GAAP accounting rules applied up to the end of 2003. Had the conversion from US-GAAP to IAS/IFRS not taken place, the previous year's figures would have been reduced to produce a slight increase in total sales for the current reporting period in a quarter-to-quarter comparison. Commissions for retail travel bookings by booking date produce a similar picture: Had the commission earnings not been deferred in either 2004 or 2005 due to the changed accounting rules, the results for the first quarters of 2004 and 2005 would have been at a comparable level.

Finally, a word on our own account: This year's Annual General Meeting is due to be held in Munich on 3 August 2005. On this occasion we would be delighted to see as many of our shareholders as possible.

Yours sincerely,



Marc Maslaton  
CEO Travel24.com AG

Munich, May 2005

### 3. Business performance

#### Travel retail

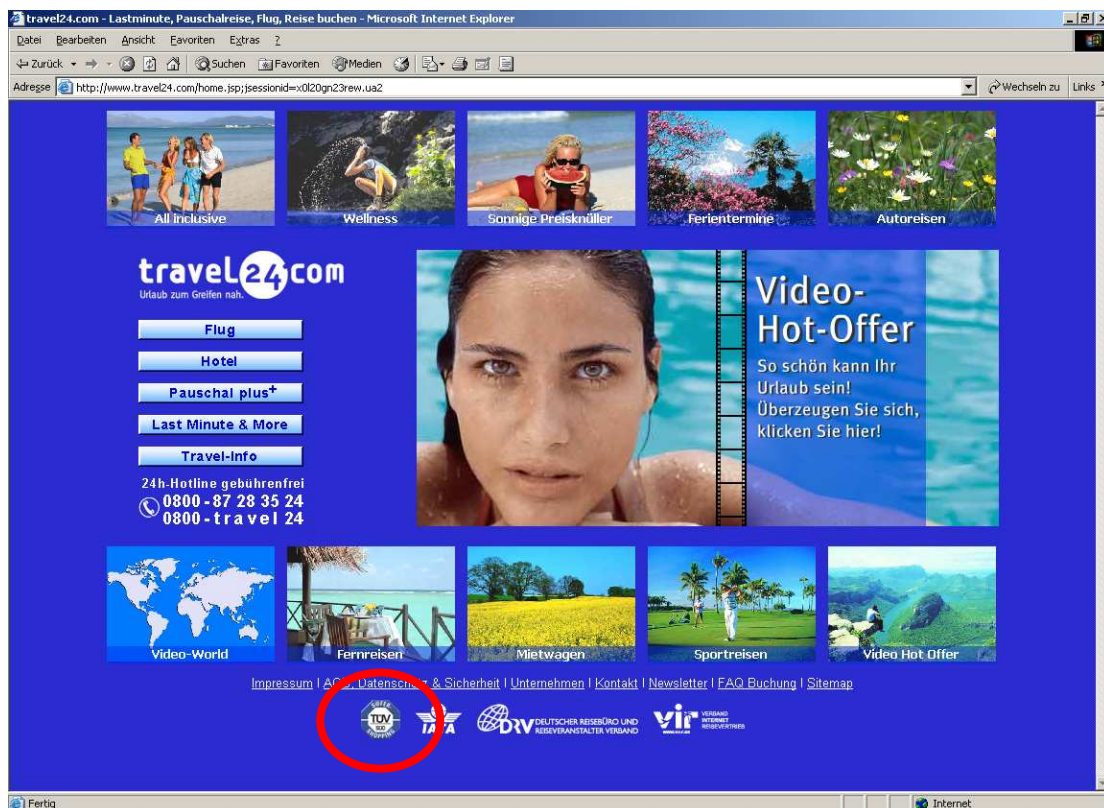
The core function of Travel24.com AG is the sale of holiday travel. Its range of products and services covers all the major tour operators as well as over 50,000 hotels and more than 750 scheduled airlines, charter and low-cost carriers. Added to this are up to 12 million last-minute offers, travel by car, wellness and sport specials and supplementary offers such as rental cars, insurance etc. All travel services can be booked simply and easily on the Website [www.travel24.com](http://www.travel24.com) or by telephone at the toll-free reservations hotline 0800-travel24 (0800-87283524).

#### Internet

The most important prerequisites for gaining the confidence of the consumer in the Internet are - and will remain - safety, transparency and simplicity of booking. Together with its partners in the Verband Internet Reisevertrieb (Association of Internet Travel Retailers, VIR), in November last year Travel24.com AG thus set itself the goal of making the Internet less intimidating to consumers. Consumer protection and customer orientation have top priority for the members of the VIR; it is thus one of their main tasks to educate people in the use of the latest technologies, further develop security standards in the Internet and subject the range of products and services to ongoing quality control.

Travel24.com AG was officially acknowledged for its commitment: Since April 2005 we have been a partner to s@fer-shopping™, an initiative for greater security in the Internet by TÜV Management Service, TÜV Group Southern Germany. Within this framework, Travel24.com AG received a commendation from TÜV for tested quality, security and transparency of its Internet services - and thus a high level of dependability.

#### The TÜV safer-shopping™ certification mark guarantees security and transparency

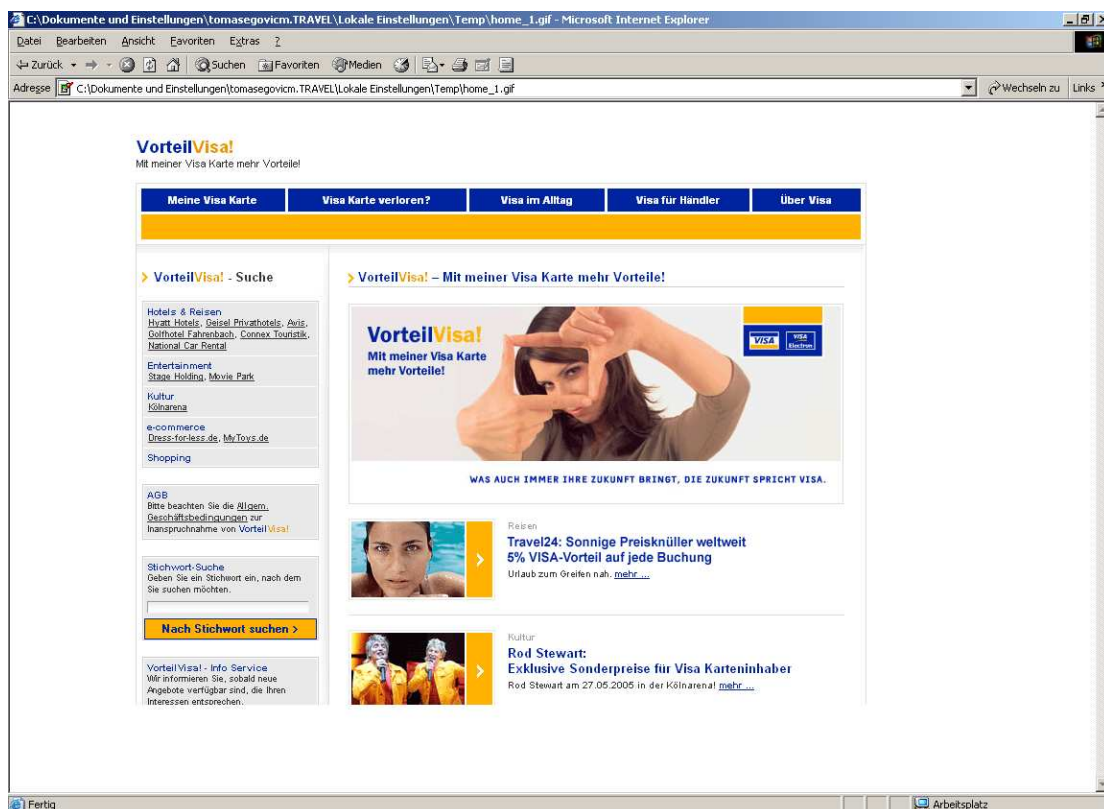


## Marketing

Travel24.com AG is pleased to have acquired a new and prominent associate in the online business: Visa - the world's largest card payment system. With the motto "VorteilVisa! - More benefits with my Visa card" in March 2005 Visa launched the Internet portal [www.vorteilvisa.de](http://www.vorteilvisa.de), which will in future be established as a destination website for Visa. This provides exclusive (advance) offers to Visa cardholders in conjunction with partners from the travel & hotels, entertainment, culture and shopping sectors. Travel24.com AG is its partner in the travel sector and the only online travel agent within this partner system.

With over 11 million Visa cards issued in Germany, besides the acquisition of new customers this new communications channel also promises a substantial increase in sales.

## Cooperation of Travel24.com and VorteilVisa!



## Internet hits

Due to the discontinuation of Travel24.com AG's involvement in the search engine marketing sector there has been a marked reduction in the number of visits and page impressions in the first three months of 2005. However, the look-to-book rate averaged 0.24%, an improvement over the figure of 0.22% for the first quarter of 2004 and substantially above the average of 0.20% for the 2004 financial year.

The number of page impressions was just under 13.1 million (2004: 32.9 million); almost 0.6 million visits were counted in the first quarter (2004: 1.7 million).

## Technology

The technical facilities of Travel24.com AG are provided primarily by its subsidiary Buchungsmaschine AG, Hamburg. The Internet travel company Buchungsmaschine AG also offers its systems to travel agencies, travel agency chains/cooperations and portals as a basis for commercially successful Web presentations. These are Internet and Intranet-based products which enable the implementation of all essential tourism services on the homepages of travel agents and Internet portals.

Many travel agencies and Internet portals use Buchungsmaschine AG modules together with the associated technical know-how. The comprehensive customer care service provided by the online service centre as a fulfilment partner is also used by many non-tourism Internet portals.

## Investor relations

In December 2004 Travel24.com AG carried out a further cash capital increase with the exclusion of subscription rights with the aim of improving its liquidity situation and strengthening its capital base. A total of 1.25 million shares were issued at a price of € 1.00 and these were admitted to trading and quotation at the Frankfurt Stock Exchange in April 2005. The share capital of Travel24.com AG increased to € 15,000,000 as a result of this issue.

In December last year the Supervisory and Management Boards of Travel24.com AG decided to commission an investment bank to seek a new strategic investor in order to increase the corporate value and thus shareholder value in the long term with the aid of a structured sales process. By January 2005 more than ten interested parties had already applied, and in-depth negotiations are now being held with these. Until May three companies had been shortlisted for further detailed talks about the possibility of joint operations. The next round of negotiations will be concerned with the structure and conditions a merger or participation. The Management Board will endeavour to exploit all alternatives provided within the scope of existing shareholders' resolutions in respect of authorised and contingent capital in order to achieve a powerful recapitalisation of the company together with a strategic partner. The Management Board of Travel24.com AG will, of course, inform the public as soon as the negotiations have resulted in tangible contracts.

At the beginning of May 2005 Travel24.com AG resolved to issue a convertible bond with an aggregate face value of up to € 1.2 million and offered the latter to its shareholders in the form of a rights issue at a ratio of 12.5:1. The convertible bond has a zero coupon and a term of three years. The conversion price is € 1.00 per share. It is proposed to introduce the convertible bond to dealing in the free market at a German stock exchange.

This year's Annual General Meeting is due to be held in Munich on 3 August 2005. On this occasion we would be delighted to see as many of our shareholders as possible.



## 4. Business results

### Sales

In a quarter-on-quarter comparison, total retail travel bookings by date of receipt fell by € 3.5 million (42%) to € 4.8 million. The main reasons for this were the restricted access to the Travel24 Website via search engines and the drastic cuts in advertising activities. A further reason for the decline in sales as disclosed in the balance sheet was the discontinuation of stationary marketing activities in 2004. However, based on those activities which were continued in 2005, the decline in sales compared to the previous year is reduced to € 2.8 million (38%).

The same applies to gross sales recorded by travel date, which fell by almost € 1.0 million (27%) to € 2.6 million in the first quarter of the current financial year. Limiting the comparison to the activities continued in 2005, the fall-off in sales amounts to € 0.4 million (13%).

### Results

Compared to the same quarter of the previous year the net loss for the current reporting period was - according to IAS/IFRS accounting regulations - increased by € 0.3 million to € 0.8 million. This decline in the net result is for the most attributable to a decrease in revenues.

Cost savings of € 0.2 million (28%) in personnel and € 0.1 (10%) in other operating expenses were unable to offset the € 0.6 million decline in income.

The loss per share was at the same level as the previous year at 5 Cent (basic) or 4 Cent (diluted). The new shares issued in conjunction with the capital increases at the end of 2004 were taken into account in the calculation of these key ratios. Overall, in a year-on-year comparison the number of shares issued by Travel24.com AG increased from 1,250,000 to 15,000,000. In addition, the calculation of diluted earnings per share took into account the new issue of 4,300,000 shares which would arise through the exercising of the conversion right for the bond issued in 2003.

### Cash and cash equivalents

The decline in liquidity to € 0.3 million as reported on 31 March 2005 is mainly attributable to the losses generated in the first quarter of 2005. Cash and cash equivalents used in operating activities in the reporting period amounted to € 0.3 million.

### Investments

In the first three months of the current financial year there were no notable investments requiring capitalisation.

### Personnel

As of 31 March 2005 the Travel24.com Group employed a workforce of 57; this corresponds to 43.9 full-time employees as at the cut-off date for the quarter (all figures excluding board members).



## 5. Outlook

Security, transparency and simplicity in Internet booking are among the overriding expectations expressed by customers. Over the past six months, Travel24.com has taken these issues to heart and its efforts have been rewarded with the TÜV *s@fer-shopping* seal. The laurels were gladly received, but we cannot rest on them. Travel24.com will strive daily to not only maintain the certified quality by permanent monitoring, but also to improve it.

Travel24.com AG welcomes the cooperation with Visa Europe Services, Inc. in conjunction with the VorteilVisa! advantage programme. Besides being a substantial stimulus to sales, over 11 million cardholders as potential Travel24.com customers in Germany alone mean an additional boost to the awareness level of the Travel24 brand.

## 6. Interim consolidated financial statements as of 31 March 2005

### Consolidated balance sheet as of 31 March 2005, figures according to IFRS

<b>ASSETS</b>	<b>31. March 2005</b>	<b>31. Dec. 2004</b>
	€ 000	€ 000
<b>current assets</b>		
cash and cash equivalents	300	614
short-term investments / marketable securities	22	92
trade accounts receivable	384	593
other accounts receivable and assets		
<b>total current assets</b>	<b>706</b>	<b>1,299</b>
<b>non current assets</b>		
intangible assets	611	611
property, plant and equipment	149	162
investments	205	203
<b>total non current assets</b>	<b>965</b>	<b>976</b>
<b>total assets</b>	<b>1,670</b>	<b>2,275</b>

<b>LIABILITIES and SHAREHOLDERS' EQUITY</b>	<b>31. March 2005</b>	<b>31. Dec. 2004</b>
	€ 000	€ 000
<b>current liabilities</b>		
accrued expenses	736	922
trade accounts payable	1,229	1,150
other current liabilities	386	164
<b>total current liabilities</b>	<b>2,351</b>	<b>2,236</b>
<b>non current liabilities</b>		
convertible bond	2,369	2,266
<b>total non current liabilities</b>	<b>2,369</b>	<b>2,266</b>
<b>shareholders' equity</b>		
share capital	15,000	15,000
additional paid-in capital	62,517	62,549
remuneration from share options	-126	-150
accumulated deficit	-80,441	-79,626
<b>total shareholders' equity</b>	<b>-3,050</b>	<b>-2,227</b>
<b>total liabilities and shareholders' equity</b>	<b>1,670</b>	<b>2,275</b>

**Consolidated statement of income**  
**from 1 January to 31 March, figures according to IFRS**

	1. Jan. - 31. March	
	2005 € 000	2004 € 000
revenues	428	1,013
other operating income	104	135
personnel expenses	-531	-733
depreciation of property, plant and equipment and of intangible assets	-20	-38
other operating expenses	-698	-775
<b>operating loss</b>	<b>-717</b>	<b>-398</b>
interest income	10	10
interest expenses	-107	-92
<b>result before income taxes</b>	<b>-815</b>	<b>-480</b>
income tax	0	0
<b>net loss / income</b>	<b>-815</b>	<b>-480</b>

	1. January - 31. March			
	2005		2004	
net loss per share	basic	diluted	basic	diluted
weighted average number of shares outstanding	14,915,000	19,215,000	12,182,222	16,482,222
<b>net loss (in € 000)</b>	<b>-815</b>	<b>-815</b>	<b>-480</b>	<b>-480</b>
<b>per share (in €)</b>	<b>-0.05</b>	<b>-0.04</b>	<b>-0.04</b>	<b>-0.03</b>

## Consolidated cash flow statement from 1 January to 31 March

	1. Jan. - 31. March	
	2005	2004
	€ 000	€ 000
<b>1. cash flows from operating activities:</b>		
net loss	-815	-480
adjustments for:		
- depreciation and amortization	20	38
- financial result	98	82
- interest received	10	10
- interest paid	-4	-5
- decrease in provisions	-186	-10
- losses on the disposal of fixed assets	0	0
- change in net working capital	579	-1,877
- non-cash items	23	31
<b>net cash used in operating activities</b>	<b>-275</b>	<b>-2,211</b>
<b>2. cash flows from investing activities:</b>		
- purchase of property, plant and equipment	-7	-21
- proceeds from sale of equipment / repayment of loans	-1	31
<b>net cash used in / provided by investing activities</b>	<b>-9</b>	<b>10</b>
<b>3. cash flows from financing activities:</b>		
- accruals from the issuance of share capital	-31	2,434
- payments on convertible bond	0	0
<b>net cash provided by financing activities</b>	<b>-31</b>	<b>2,434</b>
<b>net decrease / increase in cash and cash equivalents</b>	<b>-313</b>	<b>233</b>
cash and cash equivalents at beginning of period	614	1,061
cash and cash equivalents at end of period	300	1,295
<b>net decrease / increase in cash and cash equivalents</b>	<b>-313</b>	<b>233</b>

note:

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

## Consolidated development of shareholders' equity from 1 January to 31 March

in € 000, with the exception of figures per share

	number of shares issued	share capital: preference shares	share capital: ordinary shares	treasury stock	additional paid-in capital	remuneration from stock options	revaluation surplus	net loss	total
<b>as of 31. Dec. 2003</b> (based on IFRS statements)	<b>11,600,000</b>	<b>0</b>	<b>11,600</b>	<b>0</b>	<b>62,336</b>	<b>-303</b>	<b>0</b>	<b>-74,894</b>	<b>-1,261</b>
capital increase for cash (authorised capital approved in 2003)	2,150,000		2,150		465				2,615
expenses for procurement of equity *					-181				-181
purchase / disposal of treasury stock									0
issue of stock options and partial deferred expenses for remuneration from stock options					-3	35			31
net loss								-480	-480
<b>as of 31. March 2004</b>	<b>13,750,000</b>	<b>0</b>	<b>13,750</b>	<b>0</b>	<b>62,617</b>	<b>-268</b>	<b>0</b>	<b>-75,374</b>	<b>725</b>
<b>as of 31. Dec. 2004</b>	<b>15,000,000</b>	<b>0</b>	<b>15,000</b>	<b>0</b>	<b>62,549</b>	<b>-150</b>	<b>0</b>	<b>-79,626</b>	<b>-2,227</b>
capital increase for cash									0
expenses for procurement of equity *					-31				-31
purchase / disposal of treasury stock									0
issue of stock options and partial deferred expenses for remuneration from stock options					-1	24			23
net loss								-815	-815
<b>as of 31. March 2005</b>	<b>15,000,000</b>	<b>0</b>	<b>15,000</b>	<b>0</b>	<b>62,517</b>	<b>-126</b>	<b>0</b>	<b>-80,441</b>	<b>-3,050</b>

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

## 7. Notes to the interim financial statements

### Reporting entity

#### Consolidated companies

Travel24 GmbH, Hamburg  
Buchungsmaschine AG, Hamburg

#### Interest held

100%  
100%

### Notes to the balance sheet

Compared to 31 December 2004 the balance sheet total as of 31 March 2005 decreased by € 0.6 million to € 1.7 million.

This is for the most part attributable to the € 0.3 million reduction in cash and cash equivalents to € 0.3 million and the € 0.2 million decline in other assets to € 0.4 million.

The long-term liabilities of almost € 2.4 million shown in the balance sheet reflect solely the cash value of the convertible bond placed in 2003 as determined on the respective cut-off date, allowing for accumulated interest.

The increase of about € 0.2 million in other current liabilities in the reporting period compared to 31 December 2004 is attributable to accruals and deferrals related to the accounting changeover on 1 January 2004.

### Segment reporting

segment presentation per 31. 03. 2005	Travel Marketing & Distribution € 000	Travel Technology € 000	Eliminations € 000	Travel24- Group € 000
revenues - trade	381	48	0	428
- intersegment	0	0	0	0
total revenues	381	48	0	428
operating result	-719	-103	7	-815
assets	3,850	149	-2,328	1,670
depreciation	13	8	0	20

segment presentation per 31. 03. 2004	Travel Marketing & Distribution € 000	Travel Technology € 000	Eliminations € 000	Travel24- Group € 000
revenues - trade	955	58	0	1,013
- intersegment	17	0	-17	0
total revenues	972	58	-17	1,013
operating result	-766	-84	370	-480
assets	7,442	219	-2,607	5,055
depreciation	27	11	0	38

### Cash flow from operating activities

For the first three months of the current financial year, cash and cash equivalents used in operating activities amounted to € 0.3 million, because the drain on liquidity from the net loss for the reporting period was partly offset by compensatory changes in working capital - in particular, due to the reduction in other receivables.

### Cash flow from investments

Investing activities in the reporting period had no significant effect on Group liquidity.

### Cash flow from financing activities

No financing measures were carried out in the first quarter of the current reporting year. The cash outflow shown under this item relates to the expenses for the capital increase implemented in December 2004 and partly recorded in the first quarter of 2005.

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

	<u>Shares</u>	<u>Options</u>
<b>Management Board</b>		
Marc Maslaton	427,520	160,000
Philip Kohler	10,000	90,000
<b>Supervisory Board</b>		
Andrea Bahlsen	23,823	
Joachim Semrau	0	
Cristofor Henn	69,792	
Konstantin v. d. Pahlen	0	
Dr. Armin Reiners	0 <sup>1</sup>	
Dr. Matthias Schüppen	0	

<sup>1</sup> Dr Reiners holds 3,448 shares as trustee.

As of 31 March 2005 the Company had issued a total of 387,500 stock options. Of these, as may be seen above, 250,000 options are held by members of the Company's executive bodies, the remaining 137,500 options are held by employees and senior management at Travel24.com AG as well as at the fully-consolidated subsidiaries Travel24 GmbH and Buchungsmaschine AG.



## 9. Press comments and news

### 22. March 2005

"In the case of complaints, anyone who has booked his vacation at Expedia, Opodo, Ebookers or Travel24 can now turn to a free arbitration body ([www.reiseschiedsstelle.de](http://www.reiseschiedsstelle.de), phone 0611/9889340) for help. As a neutral mediator, legal expert Professor Ronald Schmid will make concrete suggestions on how to solve the conflict out of court."



### 4. March 2005

"The Travel24.com portal and Aermatis are set to launch their advanced customer loyalty programme Travel World. Aermatis, whose main activity is the development of bonus programmes for financial and insurance companies, has access to 44 million cardholders in Europe. Travel24.com will be adding the travel sector to Aermatis' sales portfolio."



### 17. January 2005

"According to company statements there are currently 14 parties interested in a takeover of the Munich-based online travel service Travel24.com. At the end of last year Germany's only publicly quoted online travel service had instructed an investment bank to sell the company. Several of the 14 interested parties have, apparently, already signed the necessary declaration of confidentiality."



### 14. January 2005

"More than just looking and booking – that's the motto of the major travel sites, first and foremost ... Travel24. On the clearly designed site you'll find editorials, travel booking, a route planner for Germany, Austria and Switzerland and a bulletin board for registered users. The wide selection of hotels includes plenty of pictures."



31.03.2005	Travel24.com AG: Figures better than at first glance
30.03.2005	Travel24.com AG receives TÜV seal for secure online shopping
25.02.2005	Ad hoc notice: Aermatis AG and Travel24.com AG launch Travel World
22.01.2005	It's springtime at Travel24.com!
15.01.2005	Travel24.com AG attracts strong interest for takeover

## 10. Financial calendar

31 May 2005	Publication of Three-Month Report 2005
3 August 2005	Annual General Meeting 2005
31 August 2005	Publication of Half-Year Report 2005
30 November 2005	Publication of Nine-Month Report 2005
31 March 2006	Publication of Annual Report 2005

## 11. Contact details

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