

Interim Report for the First Half-Year 2005



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1. Summary of Key Data

		2. Quarter		1. January - 30. June	
		2005	2004	2005	2004
		€ 000	€ 000	€ 000	€ 000
total transaction value	per booking date	3,446	5,416	8,223	13,710
	per travel date	3,827	6,261	6,467	9,866
net sales		400	693	829	1,706
EBITDA		-308	-1,203	-1,005	-1,563
EBIT		-330	-1,238	-1,047	-1,636
consolidated net loss		-438	-1,294	-1,253	-1,774
net loss per share (in €)	basic	-0.03	-0.09	-0.08	-0.14
	diluted	-0.02	-0.07	-0.07	-0.10
operative cash flow		-56	-650	-331	-2,861
number of employees as per 30 June excl. management board		54	73	54	73

2. Introduction

**Dear Shareholders, Customers, Business Associates and Employees,
Dear Readers,**

At the Annual General Meeting of Travel24.com AG in Munich on 3 August 2005 the shareholders approved the capital reduction with a majority of 99.9%. This will enable the company to compensate for impairment losses and cover other losses. The € 13,636,400 reduction in capital to € 1,363,640 as recommended by the management was implemented by the consolidation of non-par value shares at a ratio of 11:1. The management was authorized, with the consent of the Supervisory Board, to settle the details of the capital decrease, including the consolidation.

At the end of July 1.2 million convertible bonds were successfully placed at a subscription price of € 3.00. These funds were employed for branding and marketing. For it is only our brand, good service and impressive schedule of products and services that can generate the necessary customer confidence, ensuring that they accept us as their navigator through the chaos of the catalogue worlds, while trusting us and the products we tender. It is important that we have this capital at our disposal to enable us to negotiate on equal terms with further investors.

Yours sincerely,



Marc Maslaton
CEO Travel24.com AG

Munich, August 2005

3. Business Performance

Travel Retail

The core function of Travel24.com AG is the sale of holidays. 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, motoring tours, wellness and sport specials and ancillary services such as rental cars, insurance, etc. All travel services can be booked simply and easily on the Website www.travel24.com or by telephone at the toll-free reservations hotline 0800-travel24 (0800-87283524).

Marketing

Currently Travel24.com AG has several projects at the implementation stage. However, the company does not wish to disclose any further details at the moment.

Internet hits

The look-to-book rate in the first half of 2005 increased to 0.25% (compared to 0.20% in the first half of 2004) and is thus well above the overall average of 0.20% for 2004.

In the first half of 2005 the number of page impressions stood at just under 24.6 million (same period last year: 69.2 million) and 1.2 million visits were counted (same period last year: 3.7 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 the essential tourism services on the travel agents' homepages and the portals' Internet platforms.

Over 1,000 travel agencies and 100 Internet portals use Buchungsmaschine modules together with the associated technical know-how. The comprehensive customer care provided by the online service centre as a fulfilment partner is also used by many non-tourism Internet portals.

In the second quarter of 2005 our subsidiary Buchungsmaschine AG took a further step in the direction of future-oriented booking technology. It is consistently endeavouring to align all booking modules to a standard platform in order to provide access to comprehensive booking information relevant to tour operators. The previous two hotel modules were successfully merged and converted to the new technology, the hotel search mask was given the familiar look and feel of the last-minute and package vacation modules. The usability and convenience of the booking modules are likewise being constantly perfected. In the past quarter, for example, the marker function was activated. The latter makes long-term vacation planning easier for the user and increases customer loyalty.

The second major change concerned the travel agents and portal customers of Buchungsmaschine AG. The latter all have access to the new search masks which proved successful at the Travel24.com site. Customers of Buchungsmaschine AG use an attractive Internet booking engine which they can integrate profitably into their own Websites.

Investor Relations

At the Annual General Meeting of Travel24.com AG on 3 August 2005 in Munich the shareholders present were supportive of the management's course and the discharge of the Management and Supervisory Boards for the 2004 financial year was carried by a large majority. Furthermore, the shareholders authorised the company to issue special dividend rights to a total nominal amount of up to € 15.0 million by 31 December 2007. The shareholders also approved the proposed amendments to the articles of association under the new UMAG (Integrity of Companies and Modernization of Stock Corporation Law), so that Travel24.com AG is well-prepared for the new requirements when the new law comes into force.

The shareholders approved the capital reduction with a majority of 99.99%. The purpose of this is to offset impairments and cover other losses. In order to effect the € 13,636,400 capital reduction to € 1,363,640 as recommended by the management it will be necessary to consolidate the non-par value shares at a ratio of 11:1. The Management was authorized, with the consent of the Supervisory Board, to settle the details of the capital decrease, including the consolidation.

Since the Annual General Meeting, in accordance with the articles of association the Supervisory Board of Travel24.com AG again comprises six members: Joachim Semrau, Dr Matthias Schüppen and Konstantin Graf von der Pahlen were re-elected for the period until the AGM 2006. Martin Amrhein (Frankfurt businessman) was appointed to the Supervisory Board as a new member. Having given advance notice at a board meeting of Travel24.com AG in June, Dr Armin Reiners had resigned from the Supervisory Board with immediate effect for personal reasons.

At the beginning of July the company announced that a convertible debenture comprising 1.2 million convertible bonds at a subscription price of € 3.00 each had been successfully placed with shareholders, to whom the convertible bonds were offered for subscription, as well as institutional investors. The company's liquid assets are thus secured in the medium term. The funds will be mainly used for marketing and branding purposes in order to further consolidate the brand.

4. Business Results

Turnover

Compared to the first half-year 2004, total retail travel bookings by date of receipt fell by € 5.5 million (40%) to € 8.2 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 sales activities in 2004. However, based on those activities which were continued in 2005, the decline in sales compared to the previous year reduces to € 4.3 million (35%).

The same applies to gross sales recorded by travel date, which fell by almost € 3.4 million (34%) to € 6.5 million in the first half of the current financial year. Limiting the comparison to the activities continued in 2005, the fall-off in sales amounts to € 1.8 million (23%).

Net Result

Compared to the same half of the previous year, the current reporting period - calculated according to IAS / IFRS accounting rules - showed a € 0.5 million reduction in the deficit to € 1.3 million.

Although the above decline in sales resulted in a € 0.4 million drop in gross receipts compared to the same period of the previous year, these must be weighed against savings of € 0.4 million in personnel costs and € 0.6 million in other operating expenses (including marketing and advertising expenditure).

At 8 cents (undiluted) and 7 cents (diluted) per share the loss was reduced to below last year's level. These key figures were calculated taking into account the shares newly issued in conjunction with the capital increases carried out at the end of 2004. 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.

The previous year's figures shown in the report in hand are not fully comparable to those of the half-year report published a year ago. This is mainly due to the conversion of the presentation method for the income statement from the cost of sales to the total cost type of accounting as of 31 December 2004.

At the profit and loss account level these related for the most part to reclassification between sales and other operating income (€ 0.1 million) and between extraordinary and other operating expenses (€ 0.6 million), although these had no effect on total earnings or on the deficit for the reporting period.

At the balance sheet level, the accrued commissions formed in conformance with IAS / IFRS accounting rules in the first half of 2004 and the corresponding liabilities of € 0.5 million were eliminated in the current previous year's presentation without an effect on net income, resulting in a cut in the balance sheet total to the above amount.

Liquid assets

The decline in liquidity to € 0.2 million as reported on 30 June 2005 is mainly attributable to the losses generated in the first half of 2005. Cash and cash equivalents injected from operating activities in the reporting period amounted to € 0.3 million.

Investments

Investments of € 11,192 requiring capitalisation were effected in the first six months of the current business year. This sum is offset by net profits of € 11,086 from the sale of assets and the repayment of loans.

Personnel

As of 30 June 2005 the Travel24.com Group employed 54 staff; this corresponds to 42.3 full-time employees as of the cut-off date for the quarter (all figures excluding board members).

5. Outlook

Besides an adjustment in the balance sheet structure, the capital reduction approved at the Annual General Meeting of Travel24.com AG on 3 August in Munich enabled the company to expedite negotiations with strategic partners and achieve a successful outcome. This goal is in the interests of the company and its shareholders alike.

6. Interim Consolidated Financial Statements as of 30 June 2005

Consolidated balance sheet as of 30 June 2005, figures according to IFRS

	30. June 2005	31. Dec. 2004
ASSETS	€ 000	€ 000
current assets		
cash and cash equivalents	223	614
short-term investments / marketable securities		
trade accounts receivable	31	92
other accounts receivable and assets	163	593
total current assets	416	1,299
non current assets		
intangible assets	611	611
property, plant and equipment	130	162
investments	194	203
total non current assets	935	976
total assets	1,351	2,275

	30. June 2005	31. Dec. 2004
LIABILITIES and SHAREHOLDERS' EQUITY	€ 000	€ 000
current liabilities		
accrued expenses	769	922
trade accounts payable	1,150	1,150
other current liabilities	455	164
total current liabilities	2,375	2,236
non current liabilities		
convertible bond	2,472	2,266
total non current liabilities	2,472	2,266
shareholders' equity		
share capital	15,000	15,000
additional paid-in capital	62,485	62,549
remuneration from share options	-102	-150
accumulated deficit	-80,879	-79,626
total shareholders' equity	-3,496	-2,227
total liabilities and shareholders' equity	1,351	2,275

Consolidated Statement of Income

from 1 January to 30 June, figures according to IFRS

	2. Quarter		1. Jan. - 30. June	
	2005 € 000	2004 € 000	2005 € 000	2004 € 000
revenues	400	693	829	1,706
other operating income	551	82	655	217
personnel expenses	-513	-700	-1,045	-1,433
depreciation of property, plant and equipment and of intangible assets	-22	-35	-42	-73
other operating expenses	-746	-1,278	-1,444	-2,053
operating loss	-330	-1,238	-1,047	-1,636
interest income	5	31	14	41
interest expenses	-113	-88	-221	-179
result before income taxes	-438	-1,294	-1,253	-1,774
income tax	0	0	0	0
net loss / income	-438	-1,294	-1,253	-1,774

	2. Quarter				1. January - 30. June			
	2005		2004		2005		2004	
net loss per share	basic	diluted	basic	diluted	basic	diluted	basic	diluted
weighted average number of shares outstanding	15,000,000	19,300,000	13,750,000	18,050,000	14,957,500	19,257,500	12,966,111	17,266,111
net loss (in € 000)	-438	-438	-1,294	-1,294	-1,253	-1,253	-1,774	-1,774
per share (in €)	-0.03	-0.02	-0.09	-0.07	-0.08	-0.07	-0.14	-0.10

Consolidated Cash Flow Statement from 1 January to 30 June

	1. Jan. - 30. June	
	2005	2004
	€ 000	€ 000
1. cash flows from operating activities:		
net loss	-1,253	-1,774
adjustments for:		
- depreciation and amortization	42	73
- financial result	206	138
- interest received	14	41
- interest paid	-14	-7
- decrease in provisions	-152	219
- losses on the disposal of fixed assets	0	0
- change in net working capital	782	-1,608
- non-cash items	44	57
net cash used in operating activities	-331	-2,861
2. cash flows from investing activities:		
- purchase of property, plant and equipment	-11	-28
- proceeds from sale of equipment / repayment of loans	11	40
net cash used in / provided by investing activities	0	12
3. cash flows from financing activities:		
- accruals from the issuance of share capital	-60	2,434
- payments on convertible bond	0	0
net cash provided by financing activities	-60	2,434
net decrease / increase in cash and cash equivalents	-391	-414
cash and cash equivalents at beginning of period	614	1,061
cash and cash equivalents at end of period	223	647
net decrease / increase in cash and cash equivalents	-391	-414

note:

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

Development of Group Shareholders' Equity from 1 January to 30 June

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
as of 31. Dec. 2003 (based on IFRS statements)	11,600,000	0	11,600	0	62,336	-303	0	-74,894	-1,261
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					-14	71			57
net loss								-1,774	-1,774
as of 30. June 2004	13,750,000	0	13,750	0	62,607	-231	0	-76,668	-543
as of 31. Dec. 2004	15,000,000	0	15,000	0	62,549	-150	0	-79,626	-2,227
capital increase for cash									0
expenses for procurement of equity *					-60				-60
purchase / disposal of treasury stock									0
issue of stock options and partial deferred expenses for remuneration from stock options					-4	48			44
net loss								-1,253	-1,253
as of 30. June 2005	15,000,000	0	15,000	0	62,485	-102	0	-80,879	-3,496

* 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 30 June 2005 decreased by € 0.9 million to € 1.4 million.

This is for the most part attributable to the € 0.4 million reduction in liquidity to € 0.02 million and the € 0.4 million decline in deferred income and other assets to € 0.2 million.

The long-term liabilities of almost € 2.5 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 € 0.3 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 30. 06. 2005	Travel Marketing & Distribution	Travel Technology	Eliminations	Travel24- Group
	€ 000	€ 000	€ 000	€ 000
revenues - trade	734	95	0	829
- intersegment	0	0	0	0
total revenues	734	95	0	829
operating result	-1,063	-212	22	-1,253
assets	3,731	130	-2,510	1,351
depreciation	26	16	0	42

segment presentation per 30. 06. 2004	Travel Marketing & Distribution	Travel Technology	Eliminations	Travel24- Group
	€ 000	€ 000	€ 000	€ 000
revenues - trade	1,551	155	0	1,706
- intersegment	28	0	-28	0
total revenues	1,580	155	-28	1,706
operating result	-1,737	-222	186	-1,774
assets	6,524	195	-2,769	3,950
depreciation	50	23	0	73

Cash flow from operating activities

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

Cash flow from investing activities

Investing activities in the period under review had no significant effect on group liquidity.

Cash flow from financing activities

There were no financing measures to be shown in the balance sheet in the second quarter of the current reporting year. The net cash outflow shown under this item is partly due to the costs incurred for the capital increase implemented in December 2004, which was in part not recorded until the first quarter of 2005, and to the convertible debenture with a total volume of € 3.6 million placed subsequent to the reporting date.

8. Securities held by the Managing and Supervisory Boards

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

As of 30 June 2005 the Company had issued a total of 384,000 stock options. Of these, as can be seen in the above table, 250,000 options are held by members of the Company's executive bodies. The remaining 134,000 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

16 June 2005

"There is a new selection of hot offers every day. What's more, the "Video hot offer" enables you to check whether the beds or the pool are really what you were expecting, even before you leave home ... The perfect place to book a package holiday or weekend in Paris. No site is better laid out or simpler."



13 May 2005

"Travel24.com is negotiating with three potential investors for an equity stake. The online travel agent needs an injection of capital to continue its business. Travel24.com announced that "an agreement had been reached on joint operations" with three interested parties.



15 April 2005

"At the end of March Travel24.com was awarded the TÜV Safer Shopping certification, which documents the security of transactions in eCommerce."



15.06.2005	Ad hoc notice: Rejection of rights issue between 6 and 20 May 2005
14.06.2005	Ad hoc notice: Travel24.com AG Supervisory Board reshuffled
02.06.2005	Ad hoc notice: Announced cooperation between Visa Europe Ltd. and Travel24.com AG fails to take off
18.05.2005	Visa Europe Services Inc. cooperates with Travel24.com AG
18.05.2005	Ad hoc notice: Visa Europe Services Inc. and Travel24.com AG sign agreement on VorteilVisa!
04.05.2005	Travel24.com AG rings in second round of talks
04.05.2005	Ad hoc notice: Travel24.com AG issues convertible bond

10. Financial Calendar

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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