

## Three-Month Report 2006



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## 1. Summary of key data

		1. Jan. - 31. March	
		2006	2005
		€ 000	€ 000
total transaction value	per booking date	4,772	4,777
	per travel date	2,689	2,640
net sales		444	428
EBITDA		-515	-697
EBIT		-529	-717
consolidated net gain / loss		456	-815
net gain / net loss	basic	0.27	-0.60
per share (in €)	diluted	0.15	-0.47
operative cash flow		-884	-271
number of employees as per 31. March excl. management board		33	57

## 2. Introduction

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

Please allow me here in the introduction to repeat my model calculation from the Annual Report 2005:

We know that we have about 18,000 shareholders. If each of them were to generate a booking value of only € 1,200 - either for themselves or for friends - this would create revenue of over € 20 million for the Company. In other words, each shareholder has the potential to influence the value of our shares - just think about it.

Having finally relinquished our own technical development of the IBE (Internet Booking Engine) in March 2006, as announced in the Annual Report 2005, we now expect to reach break-even based on the good balance sheet figures we are now showing for the current year. We have expanded our financial scope thanks to a cash capital increase in February of this year, and we have strengthened our capital basis through the placement of profit-sharing certificates in March. This puts us back on a growth course.

We continue to count with confidence on your booking, and the bookings of your friends and relatives, so that we achieve not just break even, but a truly POSITIVE result. We look forward to seeing you at [www.travel24.com](http://www.travel24.com)! Or simply call us on our toll-free 24-hour booking hotline: 0800-87 28 35 24!

Travel24.com AG's Annual General Meeting will be held on 28 June 2006 in the Literaturhaus, Munich. We would be delighted to see as many of our shareholders there as possible.

And always remember: you help determine the VALUE of our shares!

Yours



Marc Maslaton  
CEO Travel24.com AG

Munich, May 2006

### 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 a daily selection of up to 12 million last-minute offers, motoring tours, wellness & sport specials and Dynamic Packaging. The program also includes additional offerings 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 (0800-87 28 35 24 or 0800-travel24).

#### Internet hits

In the first three months of 2006, the 'look-to-book' rate, i.e. the ratio of all visits to [www.travel24.com](http://www.travel24.com) to all of the bookings made there, continued to improve and is now at an average of 0.33% compared with 0.24% in the first quarter of 2005.

The number of page impressions from January to March 2006 was more than 9.4 million (Q1/2005: 13.1 million); 0.4 million visits were counted (Q1/2005: 0.6 million).

#### Technology

On 8 March 2006, Travel24.com AG stopped all investment in its own booking technology and from now on, is using the booking technology of a third-party provider for its own Internet site and for its related partner sites and portals.

#### Marketing

A new and very satisfying cooperation has developed in the context of our comprehensive data mining over recent months. Customers of Travel24.com receive an innovative legal protection insurance for the holidays they book from one of the world's leading legal protection insurance companies, ARAG AG. Every customer booking his or her holiday through Travel24.com is automatically given the legal protection package "ARAG URLAUB: SICHER!" for a travel period of two months, at no extra charge. In this way, Travel24.com offers its customers true added value when compared with other travel companies.

Travel24.com continues to have various other projects at the implementation stage. However, the Company does not wish to disclose any further details at the moment.

#### Internet

Travel24.com's new homepage has been live since March 2006. With a new face, and a familiar "soothing blue", the company has again adapted to meet the greater needs of online travel-hunters. Consistently pursuing emotional components, the new website has a page design that places an even greater emphasis on clarity and customer-friendliness.

The new simple and clear website is divided into two areas: on the one hand, a conventional search area, and on the other, the 'rummage' area, where undecided holidaymakers can find ideas and inspiration. Of course, we have also provided our extensive travel info with online catalogues, country information, route planners and much more.

## Emotionality and clarity - the new voyage of discovery at Travel24.com

travel24.com: Lastminute, Pauschalreise, Flug, Urlaub buchen - Microsoft Internet Explorer

Adresse http://www.travel24.com/index.php

24h gebührenfrei  
0800 - 87 28 35 24  
0800 - travel24

**Linienflug** Weltweit fliegen mit allen Airlines

**Charterflug** Die günstigen Ferienflieger

**Last Minute & Pauschal** Urlaub im Preisvergleich Katalogreisen & Specials

**Flug-Hotel-Mix** Individuell & flexibel selbst kombinieren

**Hotel** Eigenanreise nah und fern

**Schnellsuche**

Charterflug  
Last Minute & Pauschal  
Flug/Hotel-Mix  
Hotel

Abflughafen: beliebig  
Reiseziel: <Alle Reiseziele>  
Region: <Alle Regionen>  
Anreise: 1. April 06  
Abreise: 24. April 06  
Reisedauer: beliebig  
Kategorie: beliebig  
Reisende: 2 Erw. Kinder

Erweiterte Suche >>> Angebote suchen >>>

**Erst mal stöbern**

All Inclusive  
Ski  
Wellness  
Preisknüller

Fernreisen  
Frühbucher  
Luxusreisen  
Family

**Travel-Info**

**Geprüft und sicher**

**Skipass inklusive**

**Sonne & Meer**

**Lastminute-Hotels**

**Der Frühling ist da!**

**Mallorca**  
Geminis  
★★★  
6 Tage - Halbpension  
Doppelzimmer

Die Insel ruft - ob Wellness, Sport oder einfach nur Erholung. Hier finden Sie Urlaub für alle Sinne. In nur etwa zwei Flugstunden erreichen Sie eine der schönsten und beliebtesten Inseln im Mittelmeer. Hier wohnt der Frühling...

ab 254,- €

**Mexiko**

**Traumstrände & mehr...**  
Caribbean Paradise Resort & Spa  
★★★  
14 Tage - Frühstück  
Doppelzimmer

Urlaub zwischen Karibik, Maya-Tempeln und feurigen Tacos. Kilometerlange, feine Sandstrände und die landschaftliche Vielfalt stehen für einen traumhaften Urlaub.

ab 976,- €

**Ostern steht vor der Tür...**

**Osterferien**  
Kristal  
★★★  
7 Tage - Frühstück  
Doppelzimmer

Ei, Ei, Ei...

Ostern steht vor der Tür und so werden Sie zum Schokohäsen: Reisen suchen & buchen! Es gibt noch sonnige Verstecke.

ab 357,- €

**Achtung Frühbucher: Jetzt bis zu 40% sparen!**

**Inseltraum**

**Malediven**  
Eriyadu Island Resort  
★★★  
14 Tage - Halbpension  
Doppelzimmer

Kommen Sie mit und erleben Sie den puren Inseltraum. Urlaub an herrlichen, korallenweißen Sandstränden. Ob Schnorcheln, Baden oder einfach zum Entspannen - hier finden Sie Urlaub in paradiesischer Umgebung.

ab 1211,- €

Impressum | AGB | Datenschutz & Sicherheit | Reiserecht | Unternehmen | Kontakt | Angebote

## Investor relations

In February 2006, the Managing Board and Supervisory Board of Travel24.com AG resolved to buy back up to €0.78 million convertible bonds from the convertible loan with the ISIN DE000A0JCCE3 from 2003. Loans were bought back for €2.15 million, the purchase price was financed by direct resale at adjusted conditions. Travel24.com AG has thus recorded extraordinary earnings totalling €1.1 million. The repurchase has reduced liabilities by €2.15 million. Furthermore, this measure has produced a sustained reduction in interest expenses of €0.3 million per year.

In February 2006, Travel24.com AG also issued profit-sharing rights capital at a nominal value of up to €357,685 with a total amount advanced of up to €1,073,055. The securities have a term of 3 years. The shareholders were entitled to purchase, for each 4.5 shares in Travel24.com AG, 1 interest-free profit-sharing certificate at a nominal value of €1.00 at an amount advanced of €3.00. All profit-sharing rights were placed at a nominal value of €357,685. As a result, a further €1,073,055 has accrued to the Company to finance its ongoing activities.

To further strengthen its financial muscle, Travel24.com AG's Managing Board resolved at the end of February 2006, with the approval of the Supervisory Board, to perform a cash capital increase, with subscription rights being excluded, of 150,000 shares to a new total of 1,759,584 shares. The shares were issued at a price of €2.70. The issue was underwritten by investors and managed by VEM Aktienbank, Munich. Application has been made for entry into the Commercial Register and admission of the new shares.

This brought the share capital as of 31 March 2006 to €1,759,584.00.

On 28 June 2006, Travel24.com AG's Annual General Meeting will be held in the Literaturhaus, Munich. On this occasion we would be delighted to see as many of our shareholders as possible.

## 4. Business results

### Sales

Total transaction value per booking date reached € 4.8 million and approximated last year's levels.

With € 2.7 million in the first three months of current business year, total transaction value per travel date posted a slight increase by € 49 thousand (2%).

### Result

Earnings for the first three months of the current financial year amount to € 0.5 million and are attributable to the partial repurchase of the convertible bond placed in the summer of 2003 that was implemented in January and February. This measure means that the Company has taken back 50% of the first loan it issued with a total nominal volume of € 4.3 million. The unrealised profit thus generated amounts to € 1.2 million.

At an operating level, the slight growth in the business and agency volume had a disproportionate positive effect on the net sales recorded in the income statement, which increased by € 16 thousand (4%) to € 444 thousand in the first quarter. Other operating income also recorded a disproportionate increase. At € 194 thousand, this almost doubled compared with the prior-year level.

Inversely, personnel expenses of € 279 thousand halved compared with the comparable prior-year period. However, this rationalisation effect was partially compensated by a growth of € 176 thousand in other operating expenses, in keeping with the growth in externally-procured services.

Within the reporting line "interest expenses" amounting to € 221 thousand, interest expenses relating to convertible bonds impacted earnings to the amount of € 189 thousand, caused by the progressive carrying of interest as a liability under IFRS for all loans and similar financing instruments issued by the company. However, as already noted in the prior periods, this effect remained liquidity-neutral.

After taking into account the book profit in conjunction with the repurchase of part of the convertible bond, earnings per share amounted to 27 cent (basic earnings per share) or 15 cent (diluted). The calculation of these key figures incorporated the newly-issued certificates in the context of the 130,000 convertible bonds issued in February, and the newly-issued 150,000 shares in the same period.

### Cash and cash equivalents

The growth in cash and cash equivalents reported as of 31 March 2006 of € 676 thousand to € 869 thousand is attributable to the financial instruments placed in the first few months (convertible bonds and profit-sharing rights), as well as to the increased share capital. Cash and cash equivalents used in operating activities in the reporting period amounted to € 0.9 million.

### Investments

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

## Personnel

As of 31 March 2006 the Travel24.com Group employed 33 staff; this corresponds to 21.7 full-time employees as of the cut-off date for the quarter (all figures excluding board members). These figures include 9 full-time employees that had received notice of dismissal as at the quarter-end. After deducting software engineers made redundant through the discontinuation of software development activities, staff decreases to 24, corresponding to 12.7 full-time employees.

## 5. Outlook

We continue to expect an increase in Internet bookings. Furthermore, given the generally improving economic situation, we expect our markets to grow by 5% this year. According to recent surveys, fewer than 20% of all bookings are made on the Internet: This is a sobering figure, given that it has been five years since holidays were first marketed using this medium. For this reason, we also decided to revise our forecasts accordingly and anticipate that by 2010, 30-35% of all tourist sales will be generated on the Internet.

On the product side, everywhere we are seeing a sharper boundary between premium and mass products. We will reflect this in our brand policy and meet the demands of the respective client groups with a coherent concept - amongst others by establishing "Travel24" as a premium brand. Current examinations of our visitor and customer structure have also shown us that around half of all users merely use the Internet as a source of information, and then book elsewhere.

These considerations have caused us to fundamentally revise our strategy and work out a new approach for Travel24.com AG. Discussions currently underway are geared towards comprehensively implementing the new course we have set. We will inform you of this in detail at our Annual General Meeting on 28 June.

Our earnings per share of €0.27 in this quarter, the business development to date in the second quarter and our planning for the remainder of the year, allow us to look to the future and move forward with confidence. We anticipate total sales for the year of approximately €20 million and earnings per share of €0.40.

## Interim consolidated financial statements as of 31 March 2006

### Consolidated balance sheet as of 31 March 2006, figures according to IFRS

	31. March 2006	31. Dec. 2005
<b>ASSETS</b>	€ 000	€ 000
<b>current assets</b>		
cash and cash equivalents	869	193
short-term investments / marketable securities		
trade accounts receivable	447	170
other accounts receivable and assets	527	632
<b>total current assets</b>	<b>1,842</b>	<b>996</b>
<b>non current assets</b>		
intangible assets	111	112
property, plant and equipment	123	136
investments	118	116
<b>total non current assets</b>	<b>352</b>	<b>364</b>
<b>total assets</b>	<b>2,194</b>	<b>1,360</b>

	31. March 2006	31. Dec. 2005
<b>LIABILITIES and SHAREHOLDERS' EQUITY</b>	€ 000	€ 000
<b>current liabilities</b>		
accrued expenses	570	758
trade accounts payable	890	871
other current liabilities	219	232
<b>total current liabilities</b>	<b>1,679</b>	<b>1,861</b>
<b>non current liabilities</b>		
convertible bonds	4,654	4,907
<b>total non current liabilities</b>	<b>4,654</b>	<b>4,907</b>
<b>shareholders' equity</b>		
share capital	1,760	1,610
additional paid-in capital	2,296	1,788
remuneration from share options	-37	-50
accumulated deficit	-8,157	-8,756
<b>total shareholders' equity</b>	<b>-4,139</b>	<b>-5,408</b>
<b>total liabilities and shareholders' equity</b>	<b>2,194</b>	<b>1,360</b>

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

	1. January - 31. March	
	2006 € 000	2005 € 000
revenues	444	428
other operating income	194	104
personnel expenses	-279	-531
depreciation of property, plant and equipment and of intangible assets	-14	-20
other operating expenses	-874	-698
<b>operating loss</b>	<b>-529</b>	<b>-717</b>
interest income	1,205	10
interest expenses	-221	-107
<b>result before income taxes</b>	<b>456</b>	<b>-815</b>
income tax	0	0
<b>net income / loss</b>	<b>456</b>	<b>-815</b>

	1. January - 31. March			
	2006		2005	
net loss per share	basic	diluted	basic	diluted
weighted average number of shares outstanding	1,671,251	2,974,762	1,355,909	1,746,819
<b>net loss (in € 000)</b>	456	456	-815	-815
<b>per share (in €)</b>	0.27	0.15	-0.60	-0.47

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

	1. Jan. - 31. March	
	2006 € 000	2005 € 000
net income / net loss	456	-815
(+) depreciation and amortization	14	20
(+) financial result	188	98
(-) decrease in provisions	-188	-186
(+/-) gains (-) / losses (+) on the redemption of convertible bonds	-1,203	0
(+/-) change in net working capital	-162	589
(+) non-cash items	11	23
<b>net cash used in operating activities</b>	<b>-884</b>	<b>-271</b>
(-) purchase of property, plant and equipment	-2	-7
(+) proceeds from sale of equipment / repayment of loans	0	-1
<b>net cash used in investing activities</b>	<b>-2</b>	<b>-9</b>
(+/-) accruals from the issuance of share capital cash used for procurement of equity	802	-31
(+) payments on other financing instruments	0,761	0
(-) interest paid	-1	-4
<b>net cash provided by / used in financing activities</b>	<b>1,562</b>	<b>-34</b>
<b>net decrease / increase in cash and cash equivalents</b>	<b>676</b>	<b>-314</b>
cash and cash equivalents at beginning of period	193	614
cash and cash equivalents at end of period	869	300

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. December 2004</b>	<b>15,000,000</b>	<b>0</b>	<b>15,000</b>	<b>0</b>	<b>62,840</b>	<b>-150</b>	<b>0</b>	<b>-79,925</b>	<b>-2,235</b>
capital increase for cash									0
equity cut & reverse share split									0
convertible bond warrants									0
expenses for procurement of equity *					-31				-31
capital increase through conversion of convertible bonds									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>62,808</b>	<b>-126</b>	<b>0</b>	<b>-80,740</b>	<b>-3,058</b>
<b>as of 31. December 2005</b>	<b>1,609,584</b>	<b>0</b>	<b>1,610</b>	<b>0</b>	<b>1,788</b>	<b>-50</b>	<b>0</b>	<b>-8,756</b>	<b>-5,408</b>
capital increase for cash	150,000		150		255				405
equity cut & reverse share split									0
convertible bond warrants					319			143	462
expenses for procurement of equity *					-66				-66
capital increase through conversion of convertible bonds									0
issue of stock options and partial deferred expenses for remuneration from stock options					-1	12			11
net loss								456	456
<b>as of 31. March 2006</b>	<b>1,759,584</b>	<b>0</b>	<b>1,760</b>	<b>0</b>	<b>2,296</b>	<b>-37</b>	<b>0</b>	<b>-8,157</b>	<b>-4,139</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, Berlin

Buchungsmaschine AG, Munich

#### Interest held

100%

100%

### Explanations pertaining to the balance sheet

The total assets of €2.2 million as of 31 March 2006 represented an increase of €0.8 million over 31 December 2005.

This is mainly attributable to the reduction in the consolidated net loss and to the issue of convertible bonds and the placement of profit-sharing rights in February and March 2006: The capitalisation measures of the first quarter - including the issue of new shares - increased the additional paid-in capital and the subscribed capital by a total of €0.7 million. In tandem with this, part of the loan that was issued in 2003 was called back, so that the noncurrent liabilities recorded in the balance sheet fell by €0.3 million to €4.7 million in the accounting balance.

### Segment reporting

segment presentation per 31. 03. 2006	Travel Marketing & Distribution	Travel Technology	Eliminations	Travel24- Group
	€ 000	€ 000	€ 000	€ 000
revenues - trade	420	24	0	444
- intersegment	0	0	0	0
total revenues	420	24	0	444
operating result	-576	-93	1,125	456
assets	2,772	123	-700	2,194
depreciation	10	4	0	14

segment presentation per 31. 03. 2005	Travel Marketing & Distribution	Travel Technology	Eliminations	Travel24- Group
	€ 000	€ 000	€ 000	€ 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	1,397
depreciation	13	8	0	20

### Net cash used in operating activities

For the first three months of the current financial year, the net cash used in operating activities amounted to €0.9 million. The negative impact on liquidity is primarily due to the restructuring measures that were announced and introduced at the end of the previous year that include, in particular, the cessation of in-house programming activities.

### Net cash used in investing activities

Investing activities had no significant effect on Group liquidity.

### Net cash provided by financing activities

The net cash provided under this reporting item is mainly due to the following events from February and March:

- Issue of a convertible bond with gross issuing proceeds of €0.4 million,
- Placement of profit-sharing rights with gross issuing proceeds of €1.1 million,
- Issue of new shares in Travel24.com AG with gross issuing proceeds of €0.4 million.

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

	<u>Shares</u>	<u>Options</u>
<b>Managing Board</b>		
Marc Maslaton	38,865	160,000
Philip Kohler	913	90,000
<b>Supervisory board</b>		
Andrea Bahlsen	2,166	
Martin Amrhein	13,302	
Cristofor Henn	0	
Konstantin v. d. Pahlen	0	
Dr. Matthias Schüppen	0	
Joachim Semrau	0	

As of 31 March 2006 the Company had issued a total of 352,250 stock options. Of these, as may be seen above, 250,000 options are held by members of the Company's executive bodies, the remaining 102,250 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.

Taking into consideration the capital reduction implemented in September and October 2005, the stock options issued can merely be used in proportion to the capital reduction when converted into new shares in Travel24.com AG, i. e. 11 stock options entitle the holder to the purchase of 1 new share in Travel24.com AG.

## 9. Financial calendar

31 May 2006	Publication of Three-Month Report 2006
28 June 2006	Annual General Meeting 2006
31 August 2006	Publication of Half-Year Report 2006
30 November 2006	Publication of Nine-Month Report 2006
30 April 2007	Publication of Annual Report 2006

## 10. Publication details

### Publisher

Travel24.com AG  
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D-80639 München, Germany

German Security Code Number (WKN): A0F AP7  
ISIN: DE000A0FAP75

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