

Nine-Month Report 2006



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1. Summary of key data

		3rd quarter		1. Jan. - 30. Sept.	
		2006	2005	2006	2005
		€ 000	€ 000	€ 000	€ 000
total transaction value	per booking date	3,305	5,253	10,725	13,476
	per travel date	4,611	5,874	11,094	12,341
net sales		296	484	1.053	1,313
EBITDA		63	-842	-619	-1,847
EBIT		52	-857	-657	-1,904
consolidated net gain / loss		-394	-1,373	-311	-2,627
net gain / net loss per share (in €)	basic	-0.37	-1.01	-0.21	-1.93
	diluted	-0.15	-0.47	-0.11	-1.23
operative cash flow		0,092	-3,119	-1,276	-3,436
number of employees as per 30. Sept. excl. management board		22	55	22	55

2. Introduction

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

I am very pleased to be able to report that Travel24.com AG was able to record the forecast positive earnings in the third quarter. We were able to achieve this positive EBIT thanks to substantial cost cuts while sales remained almost constant and by focusing on our core business.

We can now focus fully on our operating business as a result of a tax refund and issuing a convertible bond. This cash inflow will significantly bolster both Travel24.com AG's financial stability and liquidity, and has substantially improved our balance sheet structure. This will form the basis for further growth in 2007 with new business activities.

Even the tightest budget can now stretch to a great, affordable vacation - our latest hot tip is www.lastminute24.com, a tabloid-style travel site that has been operating since 1 September 2006. Summer vacations, weekend trips or whatever - everyone finds what they're looking for at lastminute24.com. Surf on in and take a look!

Thank you for the trust you placed in us during the past year. We would like to wish you and your family Happy Holidays, a great Christmas, and an excellent start to the New Year.

Yours,



Marc Maslaton
CEO Travel24.com AG

Munich, November 2006

3. Business performance

Travel retail

The core business of the Travel24 Group is the sale of holidays. The portfolio covers all the major tour operators as well as over 50,000 hotels, more than 750 airlines with scheduled, charter and budget flights. Added to this are a daily selection of up to 12 million last-minute offers and the Dynamic Packaging offering. The program also includes additional offerings such as rental cars, insurance, etc. All travel services can be booked easily and comfortably online at www.travel24.com or using the toll-free booking hotline.

Internet

At 1.03 million visits, the look-to-book rate has shown a positive trend and now averages 0.46%. The number of page impressions in January to September totalled 15.3 million.

We launched our new Web site www.lastminute24.com at the start of September 2006. This new travel site is operated by Travel24.com and has been specially designed for spontaneous, cost-conscious holidaymakers. This site presents itself via, for example, a regularly changing poster in the traditional tabloid style: attractive, provocative, cheeky, and above all - cheap. Customers can choose from more than 12 million last minute offers from all of Germany's major travel companies. In addition, the Web site also allows bookings for holiday apartments, camp sites, bus tours, rail offers and tickets for events via partner programs. Bookings are made exclusively online, with fulfillment via the call center in Berlin. This provides customers with experienced, highly qualified tourism specialists 24/7.



Marketing

An exclusive premium coupon action with Opel, Schwäbischer Verlag and Postbank was created as part of the continued strategic alliance with TLC Marketing. Holders of the respective premium coupons have the opportunity to book their vacation via a hotline within the global sales network. Cash premiums of up to EUR 125 are paid out taking into account a minimum booking value. These premium coupon actions continue to be very well accepted by all of our partners. We were able to conclude a further strategic alliance with bluebuy GmbH - an online portal for the sale of multimedia products. This company includes Travel24.com travel vouchers with the goods it delivers. These vouchers can be redeemed online against travel via the Web site provided that a minimum value booking is made. A strategic alliance with T-com was also implemented on this basis.

Investor relations

Travel24.com AG has been able to realise input tax claims against the tax office from 2000. The tax notice issued in October will lead to extraordinary income in the fourth quarter of 2006 with an inflow of liquidity in the amount of EUR 970 thousand. This corresponds to a cash increase per share of approx. EUR 0.55. This cash inflow will significantly bolster both Travel24.com AG's financial stability and liquidity, and has substantially improved our balance sheet structure.

For the purpose of expanding its existing business and opening up new business segments, Travel24.com AG has decided to issue a convertible bond to a total nominal amount of up to EUR 0.8 million and is offering these to shareholders in the form of a subscription rights issue. The convertible bond is non-interest-bearing and has a term until March 2009. The issue price is EUR 2.50; the conversion price is equal to the issue price. The exchange ratio is thus 1:1. This is to remain unchanged even in the event of a subsequent capital reduction. The intention is to introduce the convertible bond to OTC trading at a German stock exchange; trading with the subscription rights is not proposed.

The simplified capital decrease by EUR 703,830 resolved at the 2006 General Meeting was implemented in November. The no-par value shares were merged in the ratio of 5:3. Shares of Travel24.com AG received the new German Securities Code (WKN) A0JRWD (ISIN: DE000A0JRWD1), the share capital comprises 1,055,745 shares.

At the end of October, Konstantin von der Pahlen, a long-standing member of our Company's Supervisory Board, resigned from his post for personal reasons.

4. Business results

Sales

The retail travel revenue recorded upon receipt of bookings totalled EUR 10.7 million, down EUR 2.8 million (20.4%) on last year's level (same period of 2005: EUR 13.5 million).

In the first nine months of the current business year, gross sales recorded per travel date, at EUR 11.1 million, show a decrease of EUR 1.2 million (10.1%).

Both of these downturns in sales are exclusively due to ceasing third-party portal processing. This was operated by Buchungsmaschine AG until the start of 2006. This division generated gross sales of around EUR 0.5 million on average each month by providing proprietary booking modules on third-party tourism and non-tourism Internet portals. The resulting bookings were processed by our own staff and part of the commission received from the travel companies was paid to the operators of the third-party portals.

Earnings

The Company's operating business improved significantly in the third quarter, and the losses recorded in the previous quarters turned into profits (EBIT) of EUR 52 thousand compared to EUR -857 thousand in Q3 2005.

The downturn in personnel expenses by EUR 843 thousand to EUR 700 thousand and the reduction in other operating expenses by EUR 672 thousand to EUR 1,681 thousand compared to the same period of the previous year meant that it was possible to more than compensate for the downturn in commission income described above, so that it is possible to disclose a 65.5% reduction in losses (EUR 1,247 thousand) at an operating result level at EUR -657 thousand.

The net loss in the first nine months of the current business year totals EUR 0.3 million and mostly stems from the restructuring activities in the first quarter, which led to us ceasing programming activities, as well as the interest charges and costs of capital for the derivatives issued by the Company as discussed below. The partial buyback of the convertible bond issue placed in the summer of 2003 led to book profits of EUR 1.2 million, however this was only partially able to compensate for the effects described above which depressed earnings.

Within the reporting item "Interest and similar expenses" totalling EUR 867 thousand, issuing and interest expenditure of EUR 834 thousand for convertible bonds depressed earnings due to the progressive capitalisation of interest according to IFRS on all debenture loans and similar financing instruments issued by the Company.

The loss per share totaled 21 cents (basic loss per share) or 11 cents (diluted). These figures took account of the newly-issued certificates in the context of the 130,000 convertible bonds issued in February and the 150,000 newly-issued shares in the same period. These figures also include the capital reduction resolved by the General Meeting with the simultaneous merger of shares in the ratio 5:3.

Cash and cash equivalents

The cash and cash equivalents reported as of 30 September 2006 totalled EUR 189 thousand were thus down EUR 4 thousand compared to the start of the year. The cash and cash equivalents used in operating activities in the period under review totaled EUR 1.3 million and point towards a positive cash flow from operating activities in the period from 1 July to 30 September 2006.

Capital expenditure

There was no notable capital expenditure in the first nine months of the current financial year.

Employees

As of 30 September 2006 the Travel24.com Group employed 22 staff; this corresponds to 12.0 full-time employees as of the cut-off date for the quarter (all figures excluding board members).

5. Outlook

While earnings in the current financial year are also being positively influenced by extraordinary gains and after first operating profit in the third quarter 2006, the Managing Board expects to be able to generate significant profit in the next financial year through the expansion of its sales and business activities.

Travel24.com AG's new subsidiary will play its part in this regard: as a direct tour operator, Direkt-Touristik AG will by-pass the classic marketing channels to offer attractive, price-sensitive travel products through the sales channels TV, Internet, print, associations and discounters. Travel24.com AG believes that integrating this operator, which specialises in direct sales, will contribute EUR 15 - 20 million to sales next year, and that it will make a positive contribution to Travel24.com AG's earnings in 2007.

Examples of the innovative business concept are the joint promotions with Tchibo, Walmart and Aldi's Austrian subsidiary Hofer, which are directly marketed through a number of channels, e.g. shops and/or Internet travel packages of Direkt-Touristik AG. The integration of a tour operator into the Company's product portfolio will now enable Travel24.com AG to assemble new product packages, to develop new and interesting target groups which are less Internet-versed and to market residual items on attractive terms via the Internet sales channel.

With regard to marketing activities, Travel24.com plans to use new marketing methods in 2007 to once again bring more visitors to the Web site, and thus generate revenues. This new marketing strategy's visiting cards are special products that can only be obtained at Travel24.com's Web site - that are either particularly low cost or offer other unique features.

We are currently negotiating with subscribers on a repurchase of the outstanding portion of the convertible bond issued in 2003: This would have an effect similar to the repurchase of a tranche of this financing instrument at the beginning of the year, producing a further extraordinary financial yield of approx. EUR 1.0 million.

Consolidated interim financial statements as of 30 September 2006

Consolidated balance sheet as of 30 September 2006, (IFRS)

ASSETS	30. Sep. 06	31. Dec. 2005
	€ 000	€ 000
current assets		
cash and cash equivalents	189	193
short-term investments / marketable securities		
trade accounts receivable	188	170
other accounts receivable and assets	433	632
total current assets	810	996
non current assets		
intangible assets	110	112
property, plant and equipment	46	136
investments	122	116
total non current assets	278	364
total assets	1,088	1,360

LIABILITIES and SHAREHOLDERS' EQUITY	30. Sep. 06	31. Dec. 2005
	€ 000	€ 000
current liabilities		
accrued expenses	219	758
trade accounts payable	646	871
other current liabilities	92	232
total current liabilities	956	1,861
non current liabilities		
convertible bonds	5,049	4,907
total non current liabilities	5,049	4,907
shareholders' equity		
share capital	1,760	1,610
additional paid-in capital	2,259	1,788
remuneration from share options	-12	-50
accumulated deficit	-8,924	-8,756
total shareholders' equity	-4,917	-5,408
total liabilities and shareholders' equity	1,088	1,360

Consolidated statement of income from 1 January to 30 September (IFRS)

	3rd quarter		1. January - 30. September	
	2006 €000	2005 €000	2006 €000	2005 €000
revenues	296	484	1,053	1,313
other operating income	148	81	710	736
personnel expenses	-179	-499	-700	-1,543
depreciation of property, plant and equipment and of intangible assets	-11	-15	-38	-57
other operating expenses	-203	-908	-1,681	-2,352
operating profit / loss	52	-857	-657	-1,904
interest income	4	19	1,212	33
interest expenses	-450	-535	-867	-756
result before income taxes	-394	-1,373	-311	-2,627
income tax	0	0	0	0
net income / loss	-394	-1,373	-311	-2,627

net loss per share	3rd quarter				1. January - 30. September			
	2006		2005		2006		2005	
	basic	diluted	basic	diluted	basic	diluted	basic	diluted
weighted average number of shares outstanding	1,055,745	2,692,941	1,363,636	2,901,213	1,490,313	2,899,702	1,361,060	2,134,192
net loss (in €000)	-394	-394	-1,373	-1,373	-311	-311	-2,627	-2,627
per share (in €)	-0.37	-0.15	-1.01	-0.47	-0.21	-0.11	-1.93	-1.23

Consolidated cash flow statement from 1 January to 30 September

	1. Jan. - 30. Sept.	
	2006 € 000	2005 € 000
net income / net loss	-311	-2,627
(+) depreciation and amortization	102	57
(+) financial result	827	723
(-) decrease in provisions	-539	-459
(+/-) gains (-) / losses (+) on the redemption of convertible bonds	-1,203	0
(+/-) change in net working capital	-174	-1,197
(+) non-cash items	22	66
net cash used in operating activities	-1,276	-3,436
(-) purchase of property, plant and equipment	-17	-56
(+) proceeds from sale of equipment / repayment of loans	0	10
net cash used in investing activities	-17	-46
(+/-) accruals from the issuance of share capital cash used for procurement of equity	780	-32
(+) payments on other financing instruments	761	3,600
(-) interest paid	-252	-426
net cash provided by / used in financing activities	1,288	3,142
net decrease / increase in cash and cash equivalents	-4	-341
cash and cash equivalents at beginning of period	193	614
cash and cash equivalents at end of period	189	273

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 statement of changes in shareholders' equity from 1 January to 30 September

in EUR 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. December 2004	15,000,000	0	15,000	0	62,840	-150	0	-79,925	-2,235
capital increase for cash	40		0						0
equity cut & reverse share split	-13,636,400		-13,636		-62,374			76,011	0
convertible bond warrants									0
expenses for procurement of equity *					-32				-32
capital increase through conversion of convertible bonds									0
issue of stock options and partial deferred expenses for remuneration from stock options					-6	72			66
net loss								-2,627	-2,627
as of 30. September 2005	1,363,640	0	1,364	0	428	-78	0	-6,541	-4,827
as of 31. December 2005	1,609,584	0	1,610	0	1,788	-50	0	-8,756	-5,408
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 *					-87				-87
capital increase through conversion of convertible bonds									0
issue of stock options and partial deferred expenses for remuneration from stock options					-15	37			22
net loss								-311	-311
as of 30. September 2006	1,759,584	0	1,760	0	2,259	-12	0	-8,924	-4,917

* 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

Travel Systems AG, Munich

Interest held

100%

100%

Notes to the balance sheet

The total assets of EUR 1.1 million as of 30 September 2006 were down EUR 0.3 million over 31 December 2005.

This reduction is due to the typical seasonal downturn in receivables and deferred commission at the end of the tourism year. In addition the post-inventory revaluation of property, plant and equipment from the discontinued programming division and the sale of some assets no longer required also impacted non-current assets.

On the liabilities side, current liabilities were halved to almost EUR 1.0 million, non-current liabilities increased by almost EUR 0.2 million from the issue of convertible bonds and the placement of conversion rights in the first quarter of the current fiscal year. Equity increased by around EUR 0.5 million during the same period from the issue of new shares at the start of the year.

Segment reporting

segment presentation per 30. Sept. 2006	Travel Marketing & Distribution	Travel Technology	Eliminations	Travel24- Group
	€ 000	€ 000	€ 000	€ 000
revenues - trade	1,028	25	0	1,053
- intersegment	0	0	0	0
total revenues	1,028	25	0	1,053
operating result	56	-144	-223	-311
assets	1,552	116	-580	1,088
depreciation	30	7	0	38

segment presentation per 30. Sept. 2005	Travel Marketing & Distribution	Travel Technology	Eliminations	Travel24- Group
	€ 000	€ 000	€ 000	€ 000
revenues - trade	1,180	132	0	1,313
- intersegment	0	0	0	0
total revenues	1,180	132	0	1,313
operating result	-2,561	-342	276	-2,627
assets	5,138	159	-2,883	2,414
depreciation	37	20	0	57

Net cash used in operating activities

Net cash used in operating activities in the first nine months of the current financial year amounted to EUR 1.3 million. The negative impact on liquidity is primarily due to the restructuring measures announced and introduced at the end of the previous year. In particular, these included the discontinuation of in-house programming activities. During the third quarter - based on the recorded earnings for the quarter - we generated net cash from operating activities totalling EUR 0.1 million.

Net cash used in investing activities

Investing activities had no significant effect on group liquidity.

Net cash provided by financing activities

Net cash shown under this reporting item is mainly due to the capitalisation measures from February and March:

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

The interest payments carried under this item relate to, for example, expenses connected with the issue and servicing the issued financing instruments.

8. Securities held by the Managing and Supervisory Boards

	<u>Shares</u>	<u>Options</u>
Managing Board		
Marc Maslaton	38,865	160,000
Philip Kohler	913	90,000
Supervisory Board		
Dr. Matthias Schüppen	0	
Martin Amrhein	13,302	
Christofor Henn	0	
Alexander Kersting	0	
Konstantin von der Pahlen	0	

As of 30 September 2006 the Company had issued a total of 333,250 stock options. Of these, as may be seen above, 250,000 options are held by members of the Company's executive bodies, the remaining 83,250 options are held by employees and senior management at Travel24.com AG as well as at the fully-consolidated subsidiaries Travel24 GmbH and Travel Systems AG.

Taking into consideration the capital reduction of September / October 2005 and November 2006, the issued options can only be used in proportion to the capital decrease for conversion to new shares in Travel24.com AG, i.e. 55 options entitle the holder to acquire three new shares in Travel24.com AG.

9. Financial calendar

30. November 2006	Publication of Nine-Month Report 2006
30. April 2007	Publication of Annual Report 2006
30. April 2007	Balance sheet press conference
30. April 2007	Analysts' Conference

10. Publication details

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