

Interim Report for the First Half-Year 2000



Summary of Key Data

in DM '000	01 January – 30 June 2000	01 January – 30 June 1999
Sales revenues	1,452	1,284
EBITDA	-11,872	-1,877
EBIT	-11,993	-1,878
Consolidated net loss for the year	-8,725	-1,912
Result (DVFA)	-8,725	-1,912
Operative cash flow	-11,953	145
Staff as per 30 June	70	35
Result per share (DVFA/SG)	-1.29	-0.87
Travel bookings turnover	12,788	7,546

Introduction

Ladies and Gentlemen,
Dear Shareholders and Business Associates,

The first half-year 2000 was marked by our successful flotation on the stock market and the setting of strategic pointers towards the continued success of Travel24.com AG.

Extremely valuable holdings in three companies were secured within this short period.

The letter of intent with the Canadian travelbyus.com tour operator will generate interesting market potential for Travel24.com in the technical sphere and open up the North American market. We were able to intensify our fulfilment and tour activities with Aeroworld Fernreisen GmbH.

Buchungsmaschine AG has significantly improved our positioning in the B2B business and opened up new Internet-based opportunities.

Apart from these supplementary acquisitions, Travel24.com AG has been very successful in its operations. Sales revenue in the second quarter showed an increase of 56% over that of the first quarter of 2000.

This dynamic growth in sales will be further promoted by the proposed marketing, sales and cooperation activities. It demonstrates that Travel24.com is on its way to becoming a profitable international market leader in the Internet-based travel business.

Yours sincerely,

Marc Maslaton
CFO, Travel24.com AG

The Travel Share

As an investor it is not always easy to keep track of developments, particularly in view of the turbulent course of the growth-oriented Neuer Markt or NASDAQ stock exchanges and the continued rush to float companies. In view of the enormous flood of information available today, we would like to describe share performance from a company perspective – for the purposes of investor relations as an information service for all investors and interested parties.

Our IPO last March – which was more than 30 times oversubscribed – was impressive. Since this time the management has successfully implemented the proposed expansion strategy. Meanwhile, basic conditions on the capital markets have changed considerably. The operative success of the company is not reflected in the share price. A rise in short-term interest (e.g. 1 month EURIBOR: + 100 basis points) and the sharp fall in prices across the board at NASDAQ and the Neuer Markt have had a negative influence on mathematical investment valuation models. The e-travel industry was badly affected by general uncertainty. Competitors such as eBookers forfeited 89% of their all-year high, Expedia.de more than 63%. Travel24.com AG was able to stand its ground considerably better with a decline of 55%.

Following the fall off of larger purchase orders at €16 in July, the continued drop in prices during the slack summer season was triggered by only light trading and 5,000-10,000 shares changing hands per day. The majority of private and institutional shareholders wishes to continue to invest in the long-term.

Against this background of capital market news and negative reports concerning our competitors, the success of Travel24.com AG has not yet been reflected in its share price. The company position achieved due to acquisitions or investments in Aeroworld GmbH, travelbyus.com and Buchungsmaschine AG, as well as the numerous partnerships and marketing activities, is clear evidence of the bright prospects described in the interim report.

Investor relations activities continue in line with the active, capital market-oriented information policy. Starting in September 2000 we shall be intensifying our efforts to counteract the contradictory trends between share prices and company performance. It is anticipated that positive company-specific factors will have a greater impact on the share price in future, which should result in considerably improved performance.

Dynamic growth in sales

A promising start was made in the year 2000 with the flotation and a 69% increase in the value of travel bookings. The value of travel bookings showed an increase to DM 12.788 million from DM 7.546 million the same period of the previous year. These figures demonstrate the company's enormous organic growth and potential, since acquisitions effected after 30 June 2000 were not taken into account in the reporting period.

This success is all the more impressive in the light of mostly stagnating or at best slightly increased sales in the German tourist industry and the usual stress exerted on management and staff during the process of flotation.

Our product and service portfolio is popular with customers. This is demonstrated by the dynamic growth in sales revenue, which is well over the average for the market with an increase of 56% from the first to the second quarter 2000. Medium-haul/warm water destinations such as Spain, Portugal, Greece and Egypt were in high demand. Among the more distant vacation destinations, Cuba and the Dominican Republic were much sought-after.

As in previous years, the two mainstays of sales were air tickets and holidays, whereas rail tickets continued to play a subordinate role. At DM 1.452 million, net sales were well above the previous year's figure.

Efficient marketing expenditure as an investment in the future

In the first half-year critical foundation stones were laid for continued worldwide expansion of Travel 24.com AG: additional staff were taken on and our technical and organisational infrastructure was improved. In addition to the targeted market expenses of more than DM 4 million, these “basic investments” gave rise to earnings of minus DM 11.872 million before interest, tax and depreciation (EBITDA) and due to minimal other effects to operating profits (EBIT) of minus DM 11.993 million. Due to the pleasing financial results amounting to DM 1.1 million and the formation of deferred taxes of DM 2.1 million, results from ordinary operations as of 30 June 2000 amounted to minus DM 8.725 million. The DVFA/SG result per share is DM -1.29 compared with the previous year's value of DM -0.87.

The management intends to keep to this efficient spending policy in the future. Targeted marketing campaigns and the related increase of 643% in page impressions, together with the increase in sales have demonstrated that Travel24.com AG is succeeding in creating a strong brand and establishing itself as one of Europe's leading travel portals with its strong profit-orientation.

The successful marketing strategy and synergistic effects due to the investments in subsidiaries and co-operation with partners will enable Travel24.com AG to continue its growth curve and reach the operative break-even point in the year 2002, one year earlier than planned.

E-travel – a growth market

The growth of the Internet tourism market is unstoppable. Jupiter Communications predicts an annual growth rate of 145% for the European online travel market. In the year 2002 it is set to achieve an overall volume of US\$ 3.6 billion. In a recent survey the publishing house Gruner & Jahr discovered that the Internet is currently used by 18 million Germans – that is 34% of the population.

The growth trends exhibited by Travel24.com AG also corroborate this trend: between January and June 2000 visits to the homepage increased by more than 135% to 430,800. Page impressions increased by more than 643% to over 2.9 million.

Besides the steep rise in visitors to the Website, several comparative surveys substantiate the superb quality of the information on the travel site. In a

comparison of the 100 best e-business offers in all sectors, Travel24.com AG scored 926 from a possible 1000 points. In both PC-Shopping and Computerbild magazines Travel24.com AG came out on top in a comparison with other travel sites.

Although travel information available in the Internet is overall much sought-after and generates a substantial customer potential, according to a survey by FirstSurf, users are still hesitant to make bookings online. This is not least because of the need for consultation services. Travel24.com AG is directly responding to these requirements with a call centre, video counselling and Freecall online, thus providing ideal consultation services for all customers. Questions concerning vacations can be quickly answered interactively via computer or by telephone. 24 hours a day, seven days a week.

United we are strong

On the way to becoming one of the top three European Internet travel services our priority is to make optimum use of our organic strength and the potential of today's Travel24.com AG. In addition, we intend to establish a worldwide network of business and co-operating partners. In this way we can offer our customers service and amenities for their hard-earned vacation – with the professional approach they expect.

Today we are already part of an outstanding network which enables us to provide our customers with the best products available. Our offers extend to more than 70,000 hotels, about 750 airlines, worldwide car rentals and admission tickets for cultural and sporting events around the globe, as well as package tours to all destinations. We prove our flexibility and creativity on a daily basis with our own travel offers.

In addition to this first-rate service portfolio, reservations and fulfilment are also deciding factors. With our multimedia reservation options (Internet, telephone, fax, mail), the technical options provided by our own software solutions and experienced fulfilment resources at Travel24.com AG and Aeroworld GmbH, we already have the best possible prerequisites.

There are also several savings banks (Sparkassen) numerous Internet companies who, as partners, consult Travel24.com AG for their travel needs. In this segment we have already succeeded in setting up a number of partnerships, e.g. with Super Illu, Ciao, Sporthouse.de and VWD. Furthermore, Travel24.com is offering travel services to employees via the Intranets of companies such as Audi, and Burda. A declared goal for the second half of the year is the development of existing links to partners and the acquisition of new partners.

With our investments in Internet-related travel organisation and consolidator Aeroworld GmbH, the tourism application service provider Buchungsmaschine AG and the North American travel company travelbyus.com as well as over DM 100 million worth of cash assets and an equity ratio of over 95% we have established a solid base in order to press ahead with the global expansion involving selected travel, media and technology partners in various countries.

To give you an impression of the synergistic effects, the following pages provide introductions to our new acquisitions:

Buchungsmaschine AG



BUCHUNGSMASCHINE AG

INTERNET TRAVEL COMPANY

Buchungsmaschine AG is an innovative company which furnishes Internet- and Intranet-based solutions for the business-to-business tourism segment as an application service provider. As an "Internet enabler" for more than 1000 travel agencies, with over 30 Internet portal partners and in excess of 15 million page impressions per month, Buchungsmaschine is one of Germany's B2B market leaders.

Following the milestones already passed, e.g. "Tourfinder", the first online price comparison system for air package tours and a database for last minute specials, charter flights and scheduled services, company development will continue in the hands of Chair-

man Jens Henze and his team by exploiting further domestic and international potential in the B2B segment.

The integration of products, sales and technology will enable Travel24.com AG to further expand its product and service portfolio, both with respect to hitherto dominant B2C applications with leading booking technology and in the B2B segment. Travel24.com AG anticipates that the growth of the B2B segment, the expansion of cooperative networks and further synergies in fulfilment, booking technology and back-office trends will have a positive impact on the business model.



AEROWORLD Fernreisen GmbH is one of Germany's leading consolidators, fulfilment companies and tour operators.

With its current workforce of 100, Aeroworld realises a third of its turnover in the tourism, consolidation and e-commerce sectors. Particularly in the e-commerce sector, the Hamburg-based company – with further locations in Düsseldorf and Frankfurt – is hoping for a substantial increase in turnover in the next few years. Already today major Internet sites such as Flug.de, last-minute.com, travelchannel, Yahoo, AOL, Lycos and Traxx are availing themselves of these services for e-commerce bookings in fulfilment.

Aeroworld Fernreisen GmbH markets its own tours to the Far East, USA, Canada, the Indian Ocean, South Africa, South America, the Caribbean and European cities. An expansion to include Mediterranean destinations such as Spain and Greece, the Dominican Republic, Cancun, Cuba, Australia and New Zealand is on the drawing board and will be an excellent supplement to the current range of travel options. At the same time, cooperation with major airlines will be intensified, as the new tours will be handled pri-

marily by German charter airlines. A substantial increase in reservations and sales revenue is to be anticipated, since in addition to direct sales in winter 2000 all travel and tours will be available via the START system. This means that more than 10,000 German travel agents who market Aeroworld will be able to make fast, direct bookings for their customers.

The company-owned chain of travel agencies, M&C Träwel Flugvermittlung GmbH, with airport branches in Hamburg, Hanover, Frankfurt and Nuremberg, as well as a call centre in Hamburg, will also be expanding. Branches are planned at all major German airports, e.g. Munich, Düsseldorf, Berlin, Cologne and Stuttgart. These airport branches enable tours to be sold and tickets deposited directly at the airport. This service may also be used by third parties.

The acquisition of Aeroworld is expected to secure substantial savings for Travel24.com in the buying, distribution and fulfilment sectors. Furthermore, in addition to Travel24.com, Buchungsmaschine AG applications are well suited to integration by Aeroworld, thereby creating additional synergistic potential.

travelbyus.com



travelbyus.com is a vertically integrated tour operator which combines synergistic acquisitions in the travel product and tour sales sector with a special marketing and technology platform.

The company portfolio includes two tour organisers, a chain of travel agents, a budget air ticket agent, a TV travel magazine with an audience of approx. 100,000, a software engineering company, a call centre and an advertising agency. In addition, travelbyus.com is a major cruise operator which also markets its products in Germany. Its business concept permits the networking of the Internet, telephone and traditional travel agency as distribution channels – a distinct competitive advantage.

Both companies will derive unique opportunities from the integration of

American and European activities, particularly against the background of existing contracts with first-class technology and travel partners (airlines, hotel chains, global reservation systems, etc.) and the consolidation of marketing capacities at a transatlantic level. The aim is to quickly merge Travel24.com and travelbyus.com to form a unique travel company based on the integration of products, technology, marketing and sales, and managed on both sides of the Atlantic.

It is anticipated that the coordination of the corporate policies of Travel24.com and travelbyus.com will boost the value of the two companies considerably. The transcontinental partnership in the e-travel industry provides the opportunity to secure a global, strategic value for shareholders by means of mutual participation.

What they said about Travel24

“We’ve been making all our business travel arrangements through Travel24.com AG for many years now, and are very satisfied with the service and support. Right from the beginning, we were most impressed by the flexible and professional approach of its staff. We look forward to continuing our co-operation. ”

Mrs. Winkler, Soft Research, Customer

“The New Economy has changed a lot and will cause an upheaval, especially in the tourist industry. The dynamism of Travel24.com AG is blatantly obvious.”

Joachim Semrau, Executive Board Travel24.com AG

“Travel24.com AG links the old world to the new and with its strategy it will continue to profit considerably from the growth of e-commerce. As a member of the Supervisory Board it is a great challenge to me to be part of this process.”

Andrea Maria Wessels, Chairman of the Supervisory Board

“Working at Travel24.com AG represents a major challenge to me. As an employee you can make a big difference with your commitment and it feels good to be able to actively contribute to the success of Travel24.com AG.”

Ivo Rutter, Marketing Manager Travel24.com AG

“As a shareholder right from day one, I follow the development of Travel24.com AG with great interest. With their first-rate business model it will surely not be long before its vision and sound management decisions are clearly reflected in the share price. I intend to profit from this as an investor in the long-term.”

Peter Gerlach, Gerlach Consulting, current shareholder

Consolidated Statement of Income from 01 January 2000 to 30 June 2000, figures according to US-GAAP

	01 January - 30 June 2000	01 January - 30 June 1999
	DM	DM
1. Sales	1,451,772.80	1,284,415.28
2. Cost of sales	-512,952.65	-425,315.66
3. Gross profit on sales	938,820.15	859,099.62
4. Selling expenses	-2,396,210.29	-1,659,493.08
5. General and administrative expenses	-10,440,529.22	-1,063,315.04
6. Other operating income	25,637,53	39,610.00
7. Other operating expense	0.00	-53,005.64
8. Write-off of goodwill	-121,156.86	-1,001.00
9. Other interest and similar income	1,137,866.37	1,184.00
10. Interest and similar expenses	-11,239.24	-3,632.00
	-11,805,631.71	-2,739,652.76
11. <u>Result from ordinary activities</u>	-10,866,811.56	-1,880,553.14
12. Taxes on income	2,100,000.00	-31,463.35
13. Other taxes	41,828.82	-168.00
14. <u>Consolidated net loss</u>	-8,724,982.74	-1,912,184.49
15. Consolidated loss carry forward	-5,570,054.92	-1,202,192.39
16. Transfer from capital reserves	0.00	0.00
17. Transfer of accumulated deficit from as-if-subidiaries	0.00	410,271.86
18. <u>Consolidated accumulated deficit</u>	-14,295,037.66	-2,704,105.00

Consolidated Balance Sheet from 01 January 2000 to 30 June 2000, figures according to US-GAAP

<u>ASSETS</u>	30 June 00	30 June 99
	DM	DM
A. <u>Current assets</u>		
I. <u>Cheques, cash on hand</u>		
<u>cash in banks</u>	101,820,248.85	364,228.00
II. <u>Other marketable securities</u>	0.00	0.00
III. <u>Accounts receivable and other assets</u>		
1. Trade receivables	693,377.74	510,570.00
2. Accounts receivable due from affiliated companies	0.00	0.00
3. Accounts receivable due from other group companies	45,199.49	0.00
4. Other assets	2,793,387.22	390,764.00
	3,531,964.45	901,334.00
IV. <u>Inventories</u>		
1. Work-in process	195,236.00	851.00
	195,236.00	851.00
	105,547,449.30	1,266,413.00
B. <u>Deferred charges and prepaid expenses</u>	45,489.47	3,119.00
C. <u>Deferred taxes</u>	2,100,000.00	0.00
D. <u>Fixed assets</u>		
I. <u>Intangible assets</u>		
1. Computer software, licenses, rights	474,302.72	140,646.50
2. Goodwill	1,009,458.01	1,016,922.60
	1,483,760.73	1,157,569.10
II. <u>Property, plant and equipment</u>		
1. Other fixtures and fittings, tools and equipment	905,533.21	167,982.00
	905,533.21	167,982.00
III. <u>Financial assets</u>		
1. Shares in affiliated companies	0.00	0.00
2. Investments	977,369.28	5,000.00
3. Loans to affiliated companies	0.00	0.00
4. Other loans	16,692,267.97	
	17,669,637.25	5,000.00
	20,058,931.19	1,330,551.10
	127,751,869.96	2,600,083.100

Consolidated Balance Sheet from 01 January 2000 to 30 June 2000, figures according to US-GAAP

<u>LIABILITIES</u>	30 June 00	30 June 99
	DM	DM
A. <u>Liabilities</u>		
1. Liabilities due to banks	130,793.52	150,836.00
2. Trade accounts payable	3,052,354.52	833,412.00
3. Liabilities due to affiliated companies	0.00	0.00
4. Other liabilities	1,015,305.39	2,826,570.00
	4,198,453.43	3,810,818.00
B. <u>Deferred charges</u>		
	0.00	0.00
C. <u>Provisions and accrued liabilities</u>		
1. Accrued taxes	66,911.00	33,456.00
2. Other provision and accrued liabilities	1,226,975.24	243,764.00
	1,293,886.24	277,220.00
D. <u>Shareholders' equity</u>		
I. Capital stock - preferred stock	0.00	250,000.00
II. Capital stock - common stock	18,775,968.01	1,083,366.00
III. Subscriptions receivable	-966,211.63	0.00
IV. Capital reserve	118,744,811.57	537,759.00
V. Shareholders' equity from other transactions	0.00	-654,974.00
VI. Consolidated accumulated deficit	-14,295,037.66	-2,704,105.00
	122,259,530.29	-1,487,955.00
	127,751,869.96	2,600,083.00

Consolidated Cash-Flow Account from 01 January 2000 to 30 June 2000, Figures according to US-GAAP

	01 January - 30 June 2000 DM '000	01 January - 30 June 1999 DM '000
1. Cash flows from operating activities:		
Annual result	(8,725)	(1,912)
Corrections:		
- Depreciation on plant and equipment and intangible assets	409	117
- (Increase) / decrease in inventories	(184)	70
- (Increase) / decrease in receivables from customers	(360)	217
- Increase / (decrease) in trade account payables	1,929	(137)
- (Increase) / decrease in other receivables and deferred income	(2,402)	232
- (Increase) / decrease in down payments f. subscribed capital	(966)	0
- Increase / (decrease) in deferred taxes	(2,100)	0
- Increase / (decrease) in other liabilities and deferred income	851	1,364
- Increase / (decrease) in accrued taxes	0	33
- Increase / (decrease) in other reserves	290	161
- Loss / (profit) from plant, property and equipment sales	0	0
Net cash used provided by (used in) operating activities	<u>(11,258)</u>	<u>145</u>
2. Cash flows from investing activities		
- Sale of property, plant and equipment	0	0
- Additions to fixed assets	(778)	(34)
- Additions to intangible assets	(354)	30
- Additions to financial assets	(17,670)	0
Net cash provided by (used in) investing activities	<u>(18,802)</u>	<u>(4)</u>
3. Cash flows from financing activities:		
- Increase in subscribed capital	16,963	0
- Capital reserves	110,667	0
- Transfers from accumulated deficit	0	0
- (Increase) / decrease in shareholders' equity other transactions	0	0
Net cash provided by financing activities	<u>127,630</u>	<u>0</u>
 (Decrease)/increase in financing funds	<u>97,570</u>	<u>141</u>
Liquidity at the start of the period under review	4,250	223
Liquidity at the end of the period under review	<u>101,820</u>	<u>364</u>
Net increase in cash and cash equivalents	<u>97,570</u>	<u>141</u>
For information:		
Interest paid	0	0
Tax on earnings paid		

Note:

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

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Important dates:

31.08.00 Interim Report for the First Half-Year 2000

07.-09.09.00 WFIC Convention, Berlin

14.09.00 "e-travel 2000" Shareholders' Forum, Munich

28.09.00 German Equity Forum, Amsterdam

21.10.00 Stock Exchange Day, Hamburg

24.10.00 German Equity Forum, Milan

24. – 25.11.00 investorexpo, Wiesbaden

28.11.00 9 Month Report

02.12.00 BVH Stock Exchange Day, Munich

March 2001 Annual Report 2000

March 2001 Balance sheet press conference

March 2001 DVFA Event