

SHAREHOLDERS' LETTER

3rd quarter of 2006/2007

To our shareholders,

feratel is a leading international developer and provider of tourism information systems. With its Telecommunications, Information and Reservation Systems (IRS) and Media Divisions, feratel operates with a successful focus on three sectors. The company has facilities in Austria, Germany, Switzerland, Italy, Spain, Benelux, Hungary and Bulgaria, and a workforce totaling 115 employees.

Highlights of the 3rd quarter of 2006/2007 (1st November 2006 - 31st January 2007)

Continuation of the positive economic environment and tourism market

Significant increase in sales and results

Take-over of Sitour subsidiaries completed

Increased focus on the markets of the new EU member countries

General market situation

With 842 million arrivals, an increase of 4.5 %, the World Tourism Organization (WTO) reports another record year for tourism. With about 8 % growth, Africa, Asia and the Pacific region made a major contribution to that increase. The highly developed European tourism market also grew again, by 4 %. Germany benefited greatly from the football World Cup; Italy made a strong comeback, and positive developments in Spain also contributed to the good overall result in Europe. The highest percentage increases were reported for Estonia and Romania (56 %) and the Ukraine (53 %).

feratel core markets in Austria, Germany and Switzerland

In the 2006 calendar year Austria passed the 30 million visitor mark for the first time ever, with an impressive 2.7 % increase over 2005. The country's high bednight total was maintained at 119.4 million. As in previous years, it was the domestic market that supplied the growth.

The Swiss tourism industry also turned in positive year-end figures. Compared with the previous year there was a 5.8 % increase in bednights - the best result for fifteen years (with the exception of 2000). Switzerland enjoyed above-average rates of growth for visitors from the UK (8.8 %) and the USA (11.0 %).

The German Federal Statistics Office in Berlin reported a 3.9 % increase in arrivals and a 2.1 % increase in bednights. These good results were largely due to the football World Cup. The cities were the main beneficiaries of this development, with Dresden coming a clear first with an increase of no less than 19.1 %. Rural holiday destinations, on the other hand, suffered a downturn last year.

Performance in the third quarter

In the third quarter of the 2006/2007 business year, sales increased from EUR 6.2 to 6.7 million in the period-to-period comparison. Earnings before taxes (EBT) for the third quarter improved from EUR 1.2 million in 2005/2006 to 1.6 million in 2006/2007. The operative result (EBIT) improved from EUR 1.2 to 1.5 million. Earnings before interest, taxes, depreciation and amortization (EBITDA) came to EUR 1.9 million after 1.6 million in the previous year. For the first nine months of the business year, consolidated sales increased from EUR 12.1 to 12.6 million, earnings before taxes (EBT) were up from TEuro 161.3 to TEuro 528.3 and the operative result from TEuro 69.5 to TEuro 396.1, and EBITDA came to EUR 1.6 million after 1.4 million in the same period of the previous year. The take-over of the Sitour subsidiaries, which will be fully consolidated as of 1st February 2007, will not influence sales and results until the 4th quarter.

Take-over of the SITOUR companies

The talks on a majority take-over of the Austrian, Italian, Czech and Slovak subsidiaries of Sitour Management GmbH that began at the beginning of October 2006 were successfully completed after the cut-off date for the 3rd quarter, in the middle of February, and feratel media technologies AG have acquired a 100 % holding in the Austrian subsidiary and a 90 % holding in the Italian, Slovak and Czech subsidiaries effective 1st February 2007. The business activities of these companies, which account for cumulative sales of about EUR 10 million, relate primarily to outdoor advertising in ski areas in combination with trail marking and signage systems. The objective of the take-over is to supplement the feratel product portfolio by adding the classic forms of advertising employed by Sitour to feratel's focus on electronic media. The new subsidiaries in the Czech Republic and Slovakia have already been successful with sales of the feratel



Panorama and Deskline® products in the last few years. The take-over will enable feratel to expand more quickly in Eastern Europe. The purchase price of EUR 10.4 million is being paid partly in cash and partly through a capital increase against contribution in kind with the exclusion of subscription rights as approved at the last Annual General Meeting.

Telecommunications Division

In the third quarter of 2006/2007, sales in the Telecommunications Division were unchanged in the period-to-period comparison at EUR 3.2 million, while EBITDA improved from EUR 1.5 to 1.7 million. Cumulative sales for the first three quarters of 2006/2007 came to EUR 5.4 million after 5.7 million in the year before. EBITDA for the first nine months improved from EUR 1.2 million in 2005/2006 to 1.4 million in the current financial year.

In the period under report, the Austrian destinations Neukirchen and Mitterbach were added to the customer base for feratel cameras, while additional cameras were installed in Gerlos, Obergurgl and Hinterstoder.

In the middle of April the first feratel camera will be installed in Cambrils on the Costa Dorada, a popular Spanish destination with 2.6 million bednights. The images will be transmitted to the Belgian broadcasting company Canvas as well as to the Dutch broadcasting companies één and R22, and they will also be available on 3sat as of the beginning of December.

Information and Reservation Systems Division (IRS)

In the third quarter, a significant increase in sales was reported in the period-to-period comparison for the Information and Reser-

vation Systems Division, namely EUR 3 million after 2.3 million in the previous year, while EBITDA improved from TEuro 345.5 in the third quarter of 2005/2006 to TEuro 419.5. For the first nine months of the 2006/2007 business year, the IRS Division thus achieved an increase in sales of over a million euros (EUR 6.2 million after about 5 million in the first three quarters of the previous year) and an improvement in EBITDA from TEuro 764.1 to TEuro 898.9.

For the fourth time in succession, this year's International Tourism Stock Market in Berlin provided an opportunity to perform an anonymous check of the service provided by 4,948 tourism resorts with the help of fictional reservation enquiries. In the postal and e-mail categories, three of the top six destinations were found to be using the feratel Deskline® destination management system.

The Italian resort Livigno has been working with the feratel Deskline® destination management system since 2003. With the help of that reference installation, feratel has now been able to add the whole of Sondrio Province (Lombardy), with its eleven destinations and some two million bednights, to its Deskline® customer base. In future all eleven tourist offices will be able to access the central database, and Internet users will be able to search and book all products and services in the province on-line at www.valtellina.it.

In the period under report, the Spanish seaside resort Cambrils not only signed the contract for the first panorama camera to be installed in Spain but also for the Deskline® system. Work on the project is now in the data migration stage, and the integrated Deskline® content is expected to go online before the end of April.

The Deskline® contract for the German land of Rhineland-Palatinate has been extended by a further three years, and feratel is pleased to report the recruitment of Murtal as another Styrian destination in the Deskline® customer base in Austria.

In November and December 2006, seven interactive information kiosks were delivered for the major contract signed for the Paznaun district of the Tyrol, while two more info terminals were delivered to Bad Hofgastein and an Infomedia terminal to the North Sea destination Norden-Norddeich.

There is also news from the feratel product development front: A Guest Card pilot project was run in the Pyhrn-Priel region some time ago with the support of Siemens and various other partners. In the meantime the feratel holistic solution philosophy applies here too: Whatever type of card is required - prepaid, all-inclusive or simple visitor card - feratel now offers one-stop shopping for the complete hardware, the readers and the necessary software.

Media Division

As a result of the termination of the marketing agreement with TW1 in 2005, sales in the Media Division in the third quarter of the current financial year came to TEuro 500.8 compared with TEuro 697.0 for the same period of the previous year. EBITDA amounted to minus TEuro 227.6 after minus TEuro 207.3. Divisional sales for the first nine months totaled TEuro 970.1 (compared with EUR 1.5 million in the previous year). EBITDA for the first three quarters stood at minus TEuro 718.2 compared with minus TEuro 601.4 for the same period of the previous business year.

The statistics show that the new user record established in December was repeated in January: 1.9 million unique clients and approximately 23 million page impressions for feratel's weather cams. This increase in total visits is due to the agreements established with platforms like www.alpinresorts.com, www.skiingaustria.co.uk and www.valantiecams.nl, effective integration of the images on the websites operated by feratel's customers as well as direct user access via www.feratel.com.

At this year's ITB, TW1 and feratel presented interactive Multi-text, a further development of the familiar videotex format for television. The technology involves reducing the TV image to one quarter of the original size and simultaneously displaying up-to-date weather and tourism information. The offering includes all feratel weather cam images, current weather data and forecasts for Europe and Austria, tourism news and upcoming events. The feratel Deskline® destination management system can also be integrated to accept enquiries for rooms and apartments. The navigation has been kept as simple as possible and is based on the numbers and color keys on the remote control. The only technical requirement is an mhp-capable set-top box (receiver with in-

tegrated Multimedia Home Platform). The box is in any case required for the switchover to digital TV and, except for the cheapest models, they are also mhp-capable.

Outlook

For the Schröcksnadel group the Sitour subsidiary, which was founded in what was then Czechoslovakia in 1991, brought an early focus on the Eastern European markets. That was followed in 1997 by the installation of the first weather cameras in the Czech Republic and subsequently Slovakia. By 2000 feratel had entered the Hungarian market, and the company has also been active with a shareholding and its own development center in Bulgaria since 2002. Finally, in 2006, feratel won a contract for a nationwide reservation system in Slovenia.

With the integration of the two Sitour subsidiaries in Slovakia and the Czech Republic, feratel is now ideally placed to further strengthen its Eastern European focus. The impressive economic performance of the new member countries of the EU, their tourism potential plus a range of structural development programmes based on national funding and EU co-financing make these markets particularly attractive for feratel.

For financial 2006/2007, which closes at the end of April, feratel is expecting a further increase in sales and results. The fact that the Sitour subsidiaries in Austria, Italy, the Czech Republic and Slovakia will be fully consolidated retroactively as of 1st February reinforces this positive assessment.

Innsbruck, March 2007

Consolidated balance sheet at 31st January 2007

(with comparative figures at 30th April 2006 in thousand EUR)
according to IFRS

	31.01.2007	30.04.2006
	TEUR	TEUR
ASSETS		
Non current assets		
Intangible assets	402.7	384.2
Property, plant and equipment	4,363.8	4,168.9
Shares of associated companies	0.0	0.0
Financial assets	371.8	441.9
	5,138.3	4,995.0
Deferred tax assets	447.0	426.8
Non current receivables	0.0	0.0
Current assets and prepayments		
Inventories	613.1	560.0
Trade receivables	3,837.3	2,108.0
Receivables from affiliated companies	27.4	0.0
Other receivables and assets	273.8	235.7
Liquid funds	9,421.7	8,463.1
Prepaid expenses	362.7	326.6
	14,536.0	11,693.4
	20,121.3	17,115.2
LIABILITIES		
Shareholders' equity		
Nominal share capital	6,517.1	6,517.1
Reserves	4,149.2	4,154.8
Minority interest	98.6	78.3
Net profit / loss for the period including retained earnings	938.6	991.5
	11,703.5	11,741.7
Long-term liabilities		
Accruals for severance	482.7	445.6
Other long-term accruals	145.2	129.3
Other long-term liabilities	0.0	0.0
	627.9	574.9
Deferred tax liabilities	2.0	0.0
Short-term liabilities accruals and deferred income		
Short-term financial liabilities	0.0	0.0
Trade liabilities	882.3	579.2
Liabilities to affiliated companies	0.0	0.0
Tax accruals	46.4	31.5
Other short-term accruals	1,923.4	1,340.2
Other short-term liabilities	990.0	584.1
Deferred income	3,945.8	2,263.6
	7,787.9	4,798.6
	20,121.3	17,115.2

Consolidated income statement

(with figures of the comparable period of the financial year 2005/2006 in thousand EUR)
according to IFRS

	1 st to 3 rd quarter 06/07 TEUR	1 st to 3 rd quarter 05/06 TEUR
Sales	12,565.5	12,142.3
Own work capitalized	284.2	252.5
Other income from operations	266.5	146.6
Operating efficiency	13,116.2	12,541.4
Cost of materials and purchased services	-4,156.4	-4,012.3
Personnel expenses	-4,155.1	-4,047.9
Depreciation and amortization of non current assets	-1,171.8	-1,284.8
Depreciation of current assets	0.0	-9.2
Depreciation of goodwill	0.0	0.0
Other operating expenses	-3,236.8	-3,117.7
Profit/loss from operations (EBIT)	396.1	69.5
Financial result	132.2	91.8
Profit/loss from ordinary activities (EBT)	528.3	161.3
Taxes on corporate income and business profits	-41.9	-54.1
Minority interest in net profit/loss of the period	-17.9	-32.0
Net profit/loss for the period	468.5	75.2
Profit/loss from operations before depreciation and amortization (EBITDA)	1,567.9	1,363.5
Number of shares at balance sheet date	6,517,109	6,517,109
Net profit/loss of the period per share at balance sheet date in EUR	0.07	0.01
Headcount at balance sheet date, on a full time working basis	105	91

Consolidated cash flow statement

(with comparative figures of the comparable period of the financial year 2005/2006 in thousand EUR)
according to IFRS

	1 st to 3 rd quarter 06/07 TEUR	1 st to 3 rd quarter 05/06 TEUR
Profit / loss from operations (EBIT)	396.1	69.5
Operating cash flow before working capital changes (from profit / loss)	1,593.8	1,359.8
Cash flow from operating activities	2,737.2	2,559.2
Net operating cash flow	2,824.2	2,602.4
Cash flow from investment activities	-1,345.4	-1,096.8
Cash flow from financing activities	-520.2	-401.4
Opening net funds	8,463.1	7,778.4
Net change in cash and cash equivalents	958.6	1,104.2
Closing net funds	9,421.7	8,882.6

Consolidated statement of changes in shareholders' equity

(from 30th April 2006 to 31st January 2007 with figures of the comparable period of the previous year in thousand EUR) according to IFRS

	Nom. share capital TEUR	Net profit / loss including retained earnings, reserves and minority TEUR	Shareholders' equity (total) TEUR
Balance at 30 th April 2005	6,517.1	5,066.3	11,583.4
Net profit / loss for the period		75.2	75.2
Dividend payment		-456.2	-456.2
Minority interest in equity from initial consolidation		70.4	70.4
Minority interest in net profit / loss of the period		32.0	32.0
Translation gains and losses		-16.7	-16.7
Balance at 31 st January 2006	6,517.1	4,771.0	11,288.1
	TEUR	TEUR	TEUR
Balance at 30 th April 2006	6,517.1	5,224.6	11,741.7
Net profit / loss for the period		468.5	468.5
Dividend payment		-521.4	-521.4
Minority interest in net profit / loss of the period		20.3	20.3
Translation gains and losses		-5.6	-5.6
Balance at 31 st January 2007	6,517.1	5,186.4	11,703.5