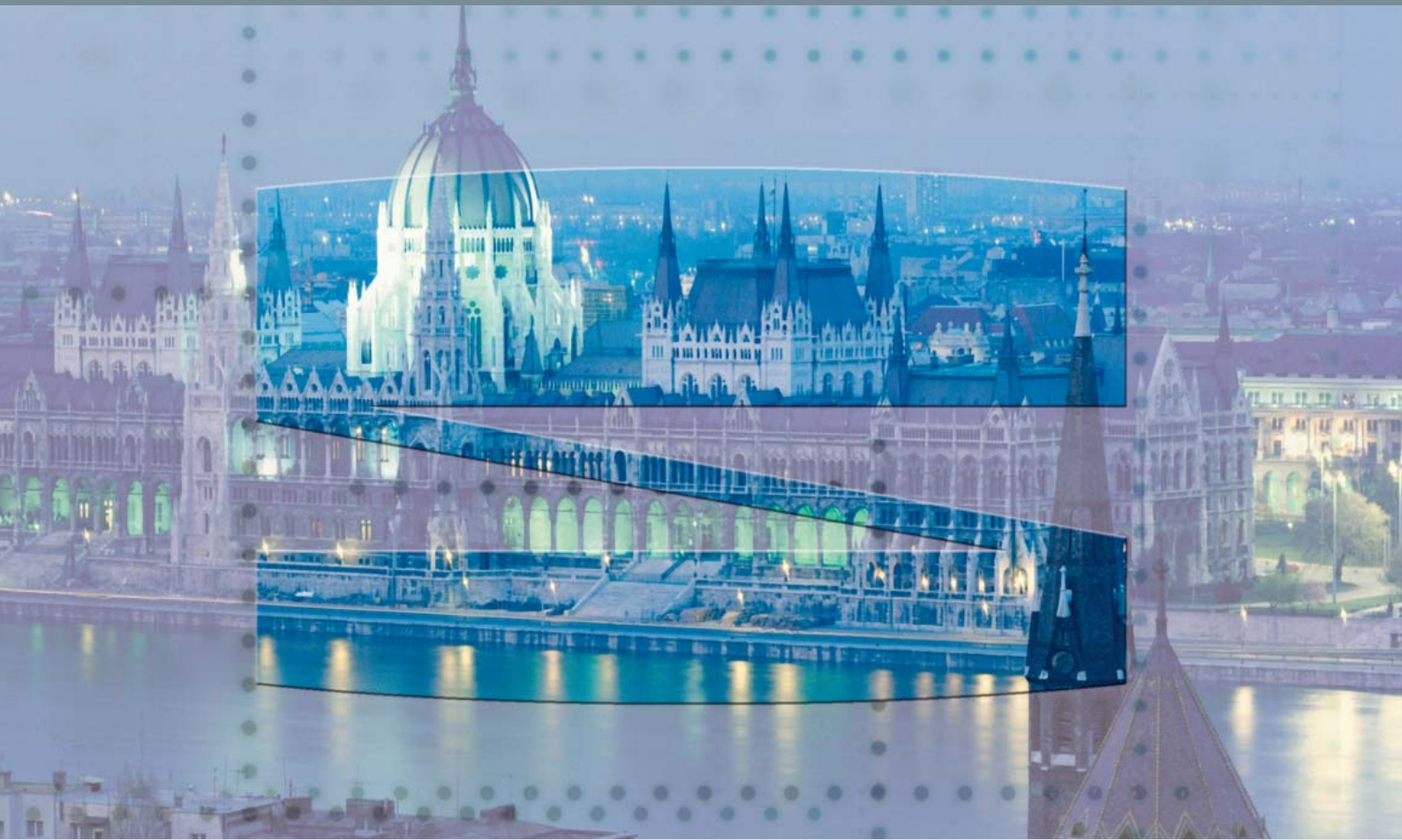


Shareholders' Letter

3rd quarter 2004/2005



To our shareholders

feratel media technologies AG is a leading international developer and provider of tourism information systems. The company has facilities in Austria, Germany, Switzerland, Italy, the Benelux countries and Bulgaria, and a workforce totaling about a hundred employees.

Highlights of the third quarter of 2004/05

- Tourism industry outlook continuing positive for 2005
- 300th camera location in The Hague
- feratel in successful bid for EU contract in Slovenia
- Results further improved

GENERAL MARKET SITUATION

The positive expectations in the international tourism market were fulfilled in 2004, with consumer confidence restored thanks especially to the economic recovery.

The steep increase in the price of oil and correspondingly higher costs of travel had little impact on international tourist movements. Shortly before the end of the year, the world was shocked by the tragedy of the earthquake and resulting tsunami in the Indian Ocean. Experts nevertheless anticipate continuing positive developments for the calendar year 2005.

According to the WTO, provisional figures for 2004 indicate a 10% increase in arrivals worldwide. Even though the rate of growth achieved in the first few months of 2004 declined towards the end of the year, 8% growth was nevertheless reported for September to December 2004.

The European tourism industry, with its more mature markets, remained below the international average with a 4% growth rate. However, the result was still a clear improvement over the unsatisfactory performance of the European market in previous years. In absolute terms, Europe actually came second worldwide with an increase of 16 million arrivals. That is all the more remarkable as destinations in the eurozone are confronted by increasingly fierce competition from cheaper dollar-based tourism regions.

2004 also saw continued consolidation of today's dynamic consumer profile and related travel trends, i.e. more and shorter holidays with spontaneous decision-making and short-term reservations via the Internet plus a high level of price sensitivity on the part of consumers. Such developments will continue to be beneficial to demand for feratel systems in the future.

PERFORMANCE IN THE FIRST NINE MONTHS OF 2004/05

In the first nine months of financial 2004/05, developments at feratel were positive in line with expectations. In particular, we are pleased to report further progress with regard to targeted improvements to key earnings ratios.

At EUR 10.9 million in the first nine months of financial 2004/05, consolidated sales were stable in the period-to-period comparison (EUR 11.2 million).

Operating revenues improved significantly to EUR 12.4 million in the first nine months of 2004/05 after EUR 11.7 million for the same period of the previous year.

Consolidated EBITDA was also up in the period-to-period comparison, from TEUR 812.7 to EUR 1.2 million, while consolidated EBIT improved from minus TEUR 526.5 in the previous year to minus TEUR 47.1 in the first nine months of 2004/05. EBT came to TEUR 71.4 after TEUR 116.7 in the previous year (including shares held by third parties). The result for the period amounted to TEUR 3.1 compared with minus TEUR 117.8 for the same period of the previous year. Healthy developments are also reported for operative cashflow, which stood at EUR 2.4 million (after EUR 1.8 million in the previous year).



TELECOMMUNICATIONS DIVISION

For the first nine months of financial 2004/05, the Telecommunications Division reports sales worth EUR 4.7 million compared with EUR 4.9 million in the first nine months of the previous year. EBITDA came to TEUR 692.9 (compared with TEUR 630.1).



In the last few months feratel has been able to enter the Benelux market on a sustainable basis and now has eight camera locations in the Netherlands and three in Belgium. In the period under report the 300th feratel camera was installed in The Hague.

In addition, the first feratel project was completed in the French Alps with the installation of a camera in Alpe d'Huez.

In the period under report a feratel camera was also installed in Sedrun as an additional Swiss location. Since the end of January, the daily live panorama cams shown on the weather channel operated by SF DRS1 have

provided visitors with convincing proof via the feratel system that the sun is often shining in Sedrun Oberalp when it is still misty at lower altitudes.

In December 2004 Steinacher Bergbahnen became the latest addition to the feratel customer base in the Tyrol.

INFORMATION AND RESERVATION SYSTEMS DIVISION (IRS)

The IRS Division reports sales of EUR 4.5 million in the first nine months of financial 2004/05 compared with EUR 4.6 million for the same period of the previous year. EBITDA came to TEUR 613.7 (after TEUR 663.6).

Following the Holiday Region of St. Johann in Tirol and Val di Fassa in the Italian Trentino, Ferienland Kufstein has joined the customer base for feratel's Deskline® information and reservation system. The holiday region was created at the beginning of January 2005 in a merger involving Kufstein, Ebbs, Niederndorf and Niedernndorferberg, Erl, Thierseetal, Langkampfen, Schwoich and Bad Häring. The technical infrastructure for the new holiday region is based on the Deskline® system, which handles all the accommodation offerings in the region plus additional information including a calendar of events. A new website for the region will shortly go online at www.ferienland-kufstein.at.

feratel was successful in bidding for an EU contract for the Maribor tourism region with its annual total of 255,000 bednights. Following the Julian Alps, this is feratel's second big e-tourism project in Slovenia. In the Maribor holiday region, which was also created recently, the goal is to make use of Deskline® to emulate the performance on the tourism market of leading destinations in Austria. The Maribor region has concrete plans to establish a central information and reservation facility with two tourism information offices. The contract signed with feratel covers not only the relevant technology but also the know-how needed to organize and run a modern tourism organization.

The Swiss holiday regions of Splügen and Andeer have been working for the last ten years with the original Deskline® Discover system. The two resorts recently took the decision to invest in an upgrade with today's feratel Deskline® information and reservation system. In the period under report, feratel added the Steirisches Thermenland und Oststeiermark region to its customer base in the Austrian province of Styria. Here, too, Deskline® provides a high-level platform for working with fourteen regional offices and the Internet.

In collaboration with Gstaad Saanenland Tourismus, feratel has developed a new Deskline® add-on module in the form of a hotel yield management system for tourism destinations. The new module, which was introduced at Gstaad Saanenland Tourismus in co-operation with the hoteliers' association in December 2004, is an individual yield management system that is designed to optimize hotel revenues during periods when business is slack and to prevent a downward price spiral among hotels in the process. In the case of last-minute business in particular, hotel prices are very much dependent on the current occupancy rate, i.e. the lower the occupancy the bigger the reductions offered.

These last-minute offers are only available via the Internet, and there is a button for such offers on the www.gstaad.ch website.

In the case of the Eurosoft® information and reservation system, a number of enhancements to the Internet module have been introduced. The additional functionality, including a map facility to guide visitors to the location, website visitor statistics and a brochure visualization facility, provides for more attractive Internet communication. In the period under report additional information kiosks were installed in Canazei and Naturns in Italy, Kössen, Weissensee and Lienz in Austria, and in Lübeck in Germany.

The new ski trail information system was supplied in the period under report to a number of winter resorts such as St. Anton, Obergurgl, Gerlos and Saalbach-Hinterglemm. The web-based software is the key to up-to-the-minute information on closed and open trails plus weather data for outdoor notice boards using electronic display systems.

MEDIA DIVISION

In the first nine months of financial 2004/05 sales in the Media Division remained constant in the period-to-period comparison at EUR 1.7 million. EBITDA came to minus TEUR 149.8 (compared with minus TEUR 481.0 in the first nine month of 2003/04).

For some time now, feratel weather cams have been available from a number of mobile telephony service providers. In Austria they are part of the content pool offered by A1, T-Mobile, One and Hutchison; in Germany the panorama cams can be downloaded with an E-Plus i-mode mobile, and in the Benelux countries via the mobile telephony provider KPN.

At the end of 2004 an open-systems application was developed permitting weather cams to be downloaded onto a mobile using a texting or Internet application. By sending a "goferatel" text message to 0828 22500 (from all Austrian mobile telephony networks) or to +44 7766 404142 (from all European mobile telephony networks), users can download their personal weather cam favorites. This application is currently available for testing free of charge.

OUTLOOK

In the months ahead we shall be working hard on our program of expansion in France and Benelux. This applies to the Telecommunications and IRS divisions in equal measure. The successful completion of our latest projects in those countries gives us reason to be very optimistic with regard to further market penetration there.

In the case of Information and Reservation Systems we intend to further consolidate our recent significant gains on the market. International projects like our successful bid for the EU contract in Slovenia will make a positive contribution to this goal.

In the present business environment feratel is looking forward to continued healthy developments for the 2004/05 business year as a whole and to further improvements in terms of results compared with the previous year. That will also form the basis for a dividend to be paid at the end of financial 2004/05.

Innsbruck, March 2005



CONSOLIDATED BALANCE SHEET AT 31 JANUARY 2005

with comparative figures at 30 April 2004

in thousand Euro according to Austrian Commercial Code (HGB)

	31.1.2005 HGB TEUR	30.4.2004 HGB TEUR
ASSETS		
Non current assets		
Intangible assets	195.2	276.5
goodwill	0.0	0.0
Property, plant and equipment	4,557.1	4,931.3
shares of associated companies	115.7	60.0
Financial assets	133.9	72.9
	5,001.9	5,340.7
Deferred tax assets	0.0	0.0
Non current receivables	0.0	0.0
Current assets and prepayments		
Inventories	642.4	697.4
Trade receivables	4,637.5	2,998.1
Receivables from affiliated companies	64.5	126.0
Other receivables and assets	563.0	2,393.9
Liquid funds	6,614.7	5,414.3
Prepaid expenses	411.6	447.8
	12,933.7	12,077.5
	17,935.6	17,418.2
LIABILITIES		
Shareholders' equity		
Nominal share capital	6,517.1	6,517.1
Reserves	4,161.1	4,160.6
Minority interest	2.1	2.1
Net profit/loss for the period including retained earnings	-0.7	387.2
	10,679.6	11,067.0
Long-term liabilities		
Accruals for severance	462.3	454.8
Other long-term accruals	109.9	72.4
Other long-term liabilities	0.0	0.0
	572.2	527.2
Deferred tax liabilities	0.0	0.0
Short-term liabilities accruals and deferred income		
Short-term financial liabilities	0.0	0.0
Trade liabilities	820.9	1,410.3
Liabilities to affiliated companies	2.0	9.9
Tax accruals	51.9	40.1
Other short-term accruals	1,117.2	1,404.7
Other short-term liabilities	782.2	641.1
Deferred income	3,909.6	2,317.9
	6,683.8	5,824.0
	17,935.6	17,418.2

CONSOLIDATED INCOME STATEMENT

with figures of the comparable period of the financial year 2003/04
in thousand Euro according to Austrian Commercial Code

	1st to 3rd quarter 04/05 1.5.04 - 31.1.05 TEUR	1st to 3rd quarter 03/04 1.5.03 - 31.1.04 TEUR
Sales	10,889.0	11,188.3
Own work capitalized	310.6	209.9
Other income from operations	1,241.1	288.3
Operating efficiency	12,440.7	11,686.5
Cost of materials and purchased services	-3,549.6	-3,577.8
Personnel expenses	-4,016.4	-4,238.0
Depreciation and amortization	-1,203.9	-1,339.2
Depreciation of goodwill	0.0	0.0
Other operating expenses	-3,717.9	-3,058.0
Profit/loss from operations (EBIT)	-47.1	-526.5
Financial result	118.5	643.2
Profit/loss from ordinary activities (EBT)	71.4	116.7
Taxes on corporate income and business profits	-68.3	-42.9
Minority interest in net profit/loss for the period	0.0	-191.6
Net profit/loss for the period	3.1	-117.8
Profit/loss from operations before depreciation and amortization (EBITDA)	1,156.8	812.7
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 (basic and diluted) in Euro	0.00	-0.02
Headcount at balance sheet date, on a full time working basis	95	93

CONSOLIDATED CASH FLOW STATEMENT

with comparative figures of the comparable period
of the financial year 2003/04 in thousand Euro
according to Austrian Commercial Code

	1st to 3rd quarter 04/05 TEUR	1st to 3rd quarter 03/04 TEUR
Profit/loss from operations (EBIT)	-47.1	-526.5
Operating cash flow before working capital changes (from profit/loss)	1,163.0	799.4
Cash flow from operating activities	2,411.7	1,737.7
Net operating cash flow	2,406.3	1,777.0
Cash flow from investment activities	-814.6	-1,121.2
Cash flow from financing activities	-391.3	-697.6
Closing net funds	6,614.7	8,198.0

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

with comparative figures of the comparable period
of the financial year 2003/04 in thousand Euro
according to Austrian Commercial Code

	Nom. Share capital TEUR	Net profit/ loss including retained earnings, reserves and minority interest TEUR	Shareholders' equity (total) TEUR
Balance at 30 April 2003	6,517.1	4,640.8	11,157.9
Net profit/loss for the period		-117.8	-117.8
Minority interest in net profit/loss for the period		191.6	191.6
Dividend payment		-391.0	-391.0
Translation gains and losses		-2.3	-2.3
Balance at 31 January 2004	6,517.1	4,321.3	10,838.4
Balance at 30 April 2004	6,517.1	4,549.9	11,067.0
Net profit/loss for the period		-391.0	-391.0
Dividend payment		3.1	3.1
Translation gains and losses		0.5	0.5
Balance at 31 January 2005	6,517.1	4,162.5	10,679.6