REPORT ON THE FIRST THREE QUARTERS OF **2010**

warimpex

KEY FIGURES OF THE WARIMPEX GROUP

in EUR '000		1–9/2010	Change	1–9/2009
Revenues from the Hotels & Resorts segment		69,627	20%	58,071
Revenues from the Development & Asset Management segment		5,590	35%	4,149
Total revenues		*75,217*	*21%*	*62,219*
Gains from the sale of project companies		3,270	43%	2,288
EBITDA		15,431	528%	2,457
EBIT		19,309	–	-76,721
Profit for the period		4,768	–	-98,194
Net cash flows from operating activities		11,492	98%	5,790
Equity and liabilities		615,438	4%	591,253
Equity		88,174	93%	45,594
Average shares in the period	number of shares	47,051,147	31%	35,967,750
Earnings/loss per share	in EUR	0.11	–	-2.63
Number of hotels		21	1	20
Number of rooms (adjusted for proportionate share of ownership)		3,421	99	3,322
Number of office and commercial properties		5	–	5
Average number of employees in the Group		1,654	165	1,489

		30/6/2010	Change	31/12/2009
Gross asset value (GAV)*	in EUR m	579.2	4%	557.5
Triple net asset value (NNNAV)	in EUR m	178.5	52%	117.6
NNNAV per share	in EUR	3.3	–	3.3
End-of-period share price		1.83	-7%	1.96

*An external valuation of the portfolio was not completed as of 30 September 2010.

FOREWORD BY THE CHAIRMAN OF THE MANAGEMENT BOARD

Dear Shareholders,

The trends of the first half of the year continued uninterrupted in the third quarter, with occupancy at our hotels improving and room rates stabilizing further. This was due to the significantly improved market conditions as well as the high quality of our properties, and brought correspondingly encouraging quarterly results. After getting into the black again already in the first half of 2010, our sales revenues for the first three quarters of the year improved by another 21 per cent. The third quarter alone, which is traditionally strong for the hotel industry, saw a 15 per cent increase in sales revenues and 44 per cent higher EBITDA.

However, conditions still diverge widely on the different markets in Central and Eastern Europe. While the recovery in Romania and the Czech Republic is only moving at a slow pace, Poland, Germany and France are still enjoying more dynamic growth. Of our completed properties, I would like to note some of the most recent projects that exceeded our expectations by far on these markets: the angelo hotel Munich (2008), andel's hotel Berlin (2009), andel's hotel Łódź (2009) and angelo hotel Katowice (2010). All of these hotels got off to an outstanding start, and saw increased occupancy and average room rates in the reporting period. This confirms our strategy of investing in Central and Eastern European markets and the fact that our angelo and andel's brands harmonize very well with current client expectations. This success fuels our drive to tackle the challenges ahead of us.

We have also seen positive signs on the financial markets for our current and planned development projects. In October (after the reporting date), for example, we successfully negotiated a EUR 60 million credit agreement with a Polish bank consortium for our Airport City project in St. Petersburg. This will enable us to complete a four-star Crowne Plaza hotel at the end of 2011 and office buildings with a total net space of 21,000 square metres in 2011, all on schedule. All building shells have been completed, and the only work still outstanding for the hotel is the interior finishing. We are especially looking forward to the opening of this hotel, in part because of the recent significant improvements in the growth projections for Russia.

With the financial markets opening up again, we decided to launch a bond issue programme. We plan to issue bonds with a total volume of PLN 300 million, or EUR 75 million, in tranches over the next three years, primarily for Polish institutional investors. This capital will be used to refinance loans and to complete our development projects.

Construction work on some new projects has already begun or will begin shortly, including Palais Hansen in Vienna, the Le Palais office building in Warsaw and the development of budget hotels (currently in Poland and Hungary). In Vienna, the contract was concluded with the internationally respected hotel operator Kempinski in July 2010, and construction work got under way in September. Completion of the project is scheduled for the end of 2012. The building permit for the Le Palais office building in Warsaw was granted in July 2010, and work is slated to start this autumn. The groundbreaking ceremonies for the budget hotels being developed in cooperation with Starwood Capital and Louvre Hotels are also around the corner. The first two establishments will be a Campanile and Première Classe hotel in Wroclaw, with work beginning in early November. Both are to be completed in December 2011.

We are confident that we will be able to continue the current upswing in the fourth quarter. We intend to use the momentum we have already gained from our good results for this quarter again to bring our new projects forward as rapidly as possible. The year 2011 should be a period of growth for our group. We also expect our sales revenues and earnings to continue improving in the coming year.

Franz Jurkowitsch

BUSINESS HIGHLIGHTS

- 02/2010 Sale of a 16.69 per cent share in the Palais Hansen development project, Vienna
- 03/2010 Opening of the angelo in Katowice (203 rooms)
- 05/2010 Successful capital increase by 14,400,001 shares
- 06/2010 Lease agreement for Palais Hansen, Vienna, signed with Kempinski
- 06/2010 Building permit issued for Le Palais office building, Warsaw
- 09/2010 Construction started at Palais Hansen, Vienna
- 10/2010 Financing secured for Airport City in St. Petersburg
- 11/2010 Groundbreaking for the Campanile and Première Classe budget hotels, Wroclaw

INVESTOR RELATIONS

After closing at EUR 2.18 at the end of the year, the share price rose to roughly EUR 2.50 by the middle of April. In the middle of May, 14,400,001 shares were issued at a price of EUR 2.00 each. After the issue, the share price fell briefly to EUR 1.80 and then recovered significantly in the third quarter. The closing price on 30 September 2010 was EUR 2.29.

Since our IPO, we have maintained an open and proactive communication policy with our investors, and participated in investor conferences in Kitzbühel, Zürs and Paris this year. Investor meetings were also held in Vienna, Munich, Zurich, Budapest, Warsaw, Helsinki, Tallinn and London in connection with the capital increase. In the third quarter, Warimpex attended investor conferences in Warsaw and Frankfurt.

GROUP MANAGEMENT REPORT

for the period from 1 January to 30 September 2010

ECONOMIC ENVIRONMENT

In October 2010 (World Economic Outlook Database), the International Monetary Fund (IMF) upped its economic forecast for 2010 again. An economic contraction of 4.1 per cent was confirmed for the European Union in 2009, and growth is expected to total 1.7 per cent (1.0 per cent as of July 2010) in 2010 and 1.7 per cent (1.3 per cent) in 2011. An economic downturn of 3.6 per cent was confirmed for the CEE economy in 2009, but the IMF is already expecting the region to bounce back to a significantly higher growth rate of plus 3.7 per cent (3.2 per cent) again in 2010. GDP growth for 2011 is expected to come in at 3.1 per cent (3.4 per cent). Growth was confirmed for individual economies in 2009, including Poland at 1.7 per cent, where growth is expected to total 3.4 per cent (2.7 per cent) in 2010 and 3.7 per cent in 2011. After contracting by 7.9 per cent in 2009, Russia's economy is also expected to grow by a significant 4.0 per cent (4.3 per cent) in 2010 and by 4.3 per cent in 2011.

MARKETS

POLAND

Existing portfolio: 7 hotels, 2 office properties

Warimpex holds a 50 per cent interest in the five-star InterContinental and a 25 per cent interest in the four-star Sobieski Hotel in Warsaw. In Krakow, Warimpex has leased the four-star-plus andel's hotel since September 2009 and also owns the three-star Chopin Hotel. In Łódź, Warimpex opened a further andel's hotel in June 2009; in March 2010, the first angelo hotel in Poland (a joint venture with UBM) opened in Katowice. In Międzyzdroje on the Baltic coast, Warimpex owns the Amber Baltic Spa Resort Hotel and a 27-hole golf course.

The occupancy rate at the InterContinental rose significantly to 78 per cent in the first three quarters of the year (1–9 2009: 71 per cent), and the average room rate in euros increased slightly. Occupancy at the Sobieski Hotel was up slightly compared to last year (1–9 2010: 59 per cent, 1–9 2009: 57 per cent), and the average room rate in euros also increased marginally. The occupancy rate at the Chopin Hotel rose from 65 to 67 per cent, but the average room rate had to be reduced slightly. At the andel's hotel in Krakow, the occupancy rate also increased (1–9 2010: 73 per cent, 1–9 2009: 69 per cent), and the average room rate fell slightly. The andel's hotel in Łódź, the first four-star hotel in the city, achieved an occupancy rate of 50 per cent in the first three quarters of 2010, a very good start for a new hotel. Conference business at the hotel has also been running well. The occupancy rate at the Amber Baltic beachfront resort came in at 45 per cent (1–9 2009: 44 per cent). Due to its location on the Baltic coast, occupancy rates at this hotel are subject to strong seasonal fluctuations, in contrast to city hotels.

In addition to the hotels listed above, Warimpex owns shares in the Sobieski and Parkur Tower office buildings in Warsaw through joint ventures.

Under development: 2 office buildings, 1 shopping centre

Warimpex owns one of the few historical buildings in Warsaw. Originally, it was planned to convert the building into a five-star Le Palais luxury hotel. The construction permit for this was issued in September 2008. As rental rates for offices in the central business district have risen considerably, however, it was decided to develop the property into an office building instead of a hotel. The building permit for an office building was issued in July 2010. Construction is slated to begin before the end of this year.

An office building that is owned by Warimpex in Krakow is also to be modernized. The building permit for this was also issued in July 2010. In Białystok, Warimpex is working to develop a shopping centre.

CZECH REPUBLIC

Existing portfolio: 7 hotels

In Prague, Warimpex owns the three five-star hotels Palace, Le Palais and Savoy, and in the four-star segment the Diplomat Hotel and the angelo hotels in Prague and Plzeň. Warimpex also consolidates the Dvořák spa hotel in Karlovy Vary according to IAS/IFRS.

In the reporting period, the two four-star hotels in Prague achieved occupancy rates of 56 and 63 per cent (1–9 2009: 50 and 67 per cent). The stabilization of the average room rates continued in August and September, and the average room rate was increased moderately again. In the five-star segment, occupancy increased especially significantly in the third quarter, and ranged between 45 and 65 per cent for the first nine months (1–9 2009: 33 and 52 per cent). The average room rates continued to decline in annual comparison. At the Dvořák spa hotel in Karlovy Vary, the occupancy rate was 75 per cent (1–9 2009: 76 per cent). The average room rate did not change. Occupancy at the angelo in Plzeň increased significantly from 35 to 48 per cent, but the average room rate fell slightly.

HUNGARY

Existing portfolio: 3 office properties

In Budapest, Warimpex owns the Erzsebet, Dioszegi and Sajka office buildings, which together have a total net floor space of around 17,000 square metres.

The Dioszegi office building has roughly 800 square metres of lettable space, roughly 75 per cent of which is occupied. The Sajka office building, which has roughly 600 square metres of lettable space, is being used by the group for its own purposes. Warimpex is currently modernizing and redeveloping the two towers of the Erzsebet office complex. Tower B was handed over to the tenant at the beginning of May 2009 after the renovation work was completed and is now fully let out. Lease negotiations are currently under way for tower A, which is also to be modernized and let out.

ROMANIA

Existing portfolio: 1 hotel

The angelo Airporthotel in Bucharest, which Warimpex acquired in 2007 and expanded by 69 rooms in 2008 along with adapting it to the angelo design, saw a comparatively low occupancy rate of 50 per cent in the first nine months of 2010 (1–9 2009: 37 per cent), but increased occupancy was registered in the third quarter.

GERMANY

Existing portfolio: 2 hotels

Warimpex holds 50 per cent of the angelo hotel in Munich and of the andel’s hotel in Berlin.

Occupancy at the angelo in Munich was 77 per cent (1–9 2009: 71 per cent), and the average room rate was also increased by roughly 30 per cent. In Berlin, the largest andel’s hotel to date was opened at the beginning of March 2009. The hotel's occupancy rate was an encouraging 64 per cent in the first three quarters.

Plans for the second phase of the angelo project in Munich foresee the expansion of the hotel. In addition, a piece of land adjacent to the andel’s hotel in Berlin was purchased in 2009 for the development of a conference centre. Planning is currently under way for both projects.

FRANCE

Existing portfolio: 2 hotels

In Paris, Warimpex and its partner UBM are the joint leaseholders of the four-star Dream Castle Hotel and the four-star Magic Circus at Disneyland® Resort Paris, each of which have about 400 rooms. The occupancy rates at the hotels were satisfying in the period, at 73 and 65 per cent (1–9 2009: 70 and 55 per cent).

AUSTRIA

Under development: 1 hotel with apartments

In Vienna, Warimpex is involved in developing Palais Hansen on the city's Ring boulevard into a high-end hotel and residential property in collaboration with Wiener Städtische/Vienna Insurance Group and PORR Solutions. The project, which is scheduled to open in 2012, is Warimpex's first in Austria. In July, a renowned operator and leaseholder was won for Palais Hansen, the luxury hotel operator Kempinski. In February 2010, Warimpex reduced its share in this project from 26.57 to 9.88 per cent. Construction work commenced at the beginning of September 2010.

RUSSIA

Existing portfolio: 2 hotels

In Russia, Warimpex holds 60 per cent of the Liner Hotel at Koltsovo airport in Ekaterinburg. The hotel is fully consolidated in the financial statements. Warimpex is also developing another airport project in Ekaterinburg. An angelo hotel with a direct link to the new terminals was opened in the third quarter of 2009 as part of the expansion of the airport. While the existing Liner Hotel enjoyed 95 per cent occupancy in the first three quarters, occupancy at the considerably more expensive angelo hotel was still very poor at 14 per cent. The trend in the third quarter was positive, however.

Under development: 1 hotel, airport office park

The Airport City development project is currently under construction in St. Petersburg. The first phase comprises a four-star Crowne Plaza hotel (InterContinental Group) plus office buildings with 39,000 square metres of space. The hotel is scheduled to be completed in 2011, and the office buildings in 2011/12. Financing in the amount of EUR 60 million was secured for this project and the corresponding contract signed at the end of October.

BUDGET HOTELS

Under development: 7 hotels

In March 2007, Warimpex entered into a strategic joint venture with Louvre Hotels to develop budget hotels in Central Europe. At the beginning of 2009, Louvre transferred its financial interest in this joint venture to Starwood Capital Group – the owner of Louvre – but is still involved as a development partner and especially as the operator and franchisor (for the brands Première Classe and Campanile) of all of the hotels. The objective is to develop the successful Louvre Hotels brands Campanile and Première Classe in Warimpex's home markets.

The first joint hotels are to be opened in Wroclaw and then in Bydgoszcz and Zielona Gora at the end of 2011 and beginning of 2012. Construction on these hotels is set to start in the fourth quarter of 2010 and the first quarter of 2011. The completion of the hotels in Budapest and Katowice is planned for the end of 2012. Suitable properties have been purchased, and the first building permits have already been issued. Financing for the hotel in Budapest was secured in April 2010.

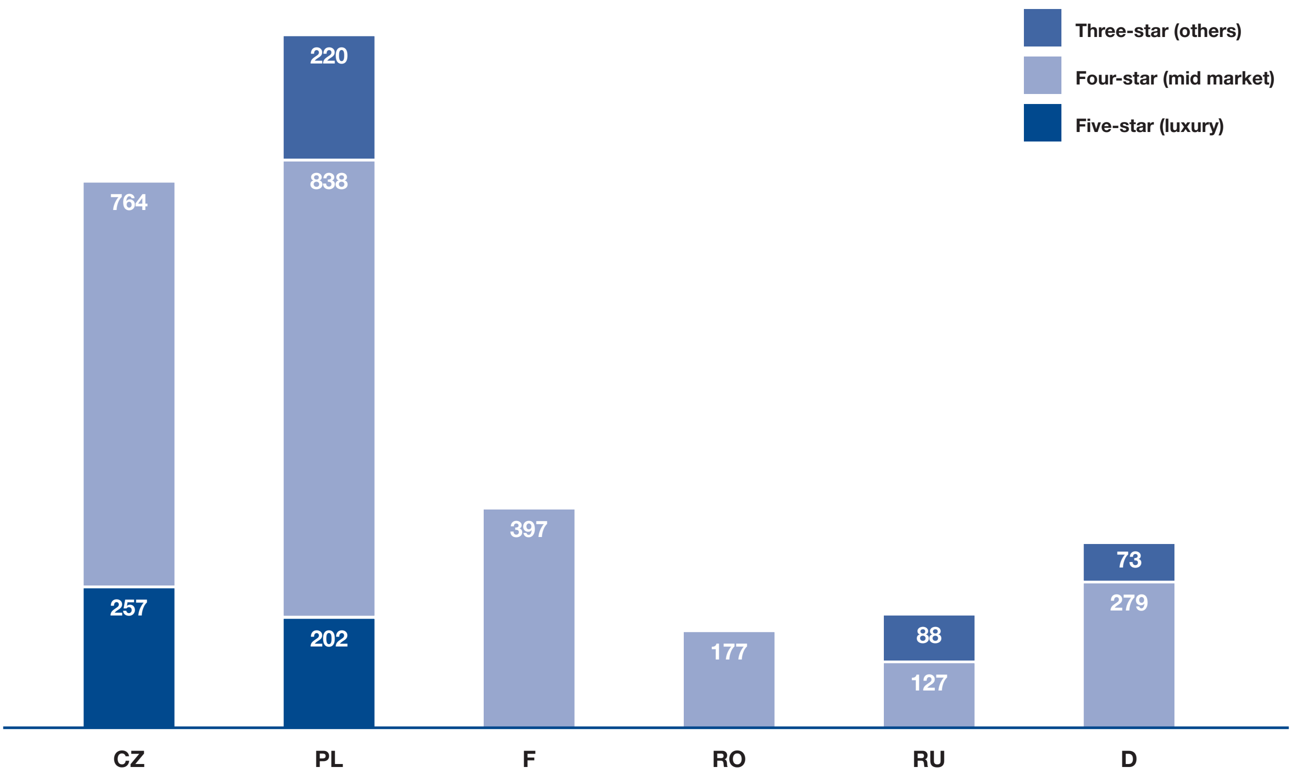
The following projects are currently under development through the joint venture with Louvre Hotels:

- Campanile hotel, Budapest (284 rooms)
- Campanile hotel, Zielona Gora (84 rooms)
- Campanile hotel, Wroclaw (152 rooms)
- Campanile hotel, Bydgoszcz (117 rooms)
- Campanile hotel, Katowice (100 rooms)
- Première Classe hotel, Wroclaw (136 rooms)
- Première Classe hotel, Katowice (90 rooms)

In addition, an option was concluded in the first half of 2010 to secure two properties at central locations in the second- and third-largest cities in the Czech Republic, Ostrava and Brno, for the development of two Campanile hotels and one Première Classe hotel with a total of 350 rooms.

Warimpex and Starwood Capital Group are currently involved in negotiations on the development of a budget hotel in Prague. Concrete talks are also under way about the purchase of further pieces of land in Krakow and Gdansk, Poland, as well as Kosice, Slovakia. Additional hotel plans are currently focused on Bratislava, Slovakia, and the Hungarian city of Miskolc.

Hotel portfolio (number of rooms adjusted for proportionate share of ownership) as of 30 September 2010



Compared to 30 September 2009, the number of hotel rooms (adjusted for the proportionate share of ownership) increased by 99 from 3,322 to 3,421 as of 30 September 2010. This can be attributed to the opening of the angelo hotel Katowice.

ASSETS, FINANCIAL POSITION AND EARNINGS SITUATION

The first nine months of the year saw conditions begin to normalize in the hotel industry. Occupancy improved across the portfolio, and room rates stabilized.

Owing to seasonal fluctuations in tourism, in particular city tourism, earnings contributions from hotel properties are generally higher in the second half of the year. By contrast, no determinable pattern can be identified with regard to contributions from the sale of subsidiaries or business combinations.

Development of revenues

Consolidated turnover improved considerably, rising 21 per cent from EUR 62.2 million to EUR 75.2 million. Revenues from hotel operation increased from EUR 58.1 million in the first nine months of 2009 to EUR 69.6 million, primarily due to revenues from the new hotels that were opened in Berlin, Łódź and Katowice in 2009 and 2010, all of which enjoyed very good starts, and increased sales revenues especially in Paris and Warsaw. Revenues from the rental of offices and the provision of development services increased from EUR 4.1 million to EUR 5.6 million. While revenues from the rental of offices fell by 17 per cent due to the sale of an office property in the middle of 2009, the billing of an approach ramp whose construction was included in the purchase price of the property in Łódź brought one-off income in the development sub-segment.

Segment reporting*

(*For more information, see the detailed comments in [04] Segment information in the Notes)

The Warimpex Group has defined the segments Hotels & Resorts and Development & Asset Management. The Hotels & Resorts segment is clearly comparable with the hotels and/or hotel rooms held by the Group as consolidated entities in the reporting year. The Development & Asset Management segment contains profits resulting from the letting of investment properties as well as profits from the sale of real estate.

Hotels & Resorts segment

in EUR '000	**1–9/2010**	1–9/2009
Revenues for the Group	69,627	58,071
Average number of hotel rooms for the Group	3,469	3,041
Group NOP	17,343	13,503

Development & Asset Management segment

in EUR '000	**1–9/2010**	1–9/2009
Revenues for the Group	5,590	4,149
Gains from the sale of project companies	3,270	2,288
Segment EBITDA	1,621	-7,878

Earnings situation

In the first half of 2010, Warimpex sold a 16.69 per cent share in the Palais Hansen development project in Vienna for a price of EUR 7.3 million. The profit from this transaction was EUR 3.1 million, and Warimpex still holds 9.88 per cent of the project. The Csalogany office building in Budapest was sold in the first half of 2009. The sale made a EUR 2.3 million contribution to the profit for the period.

EBITDA – EBIT

Earnings before interest, taxes, depreciation and amortization increased considerably from EUR 2.5 million in the first three quarters of 2009 to EUR 15.4 million in the reporting period, and the operating result (EBIT) also surged from EUR -76.7 million to EUR 19.3 million.

All properties were valued by an external international appraiser as of 30 June 2009 and 30 June 2010. The property values that were determined as of June 2009 were impacted by the difficult market environment, especially in terms of transaction volume. Overall, impairments totalling EUR 87.5 million had to be recognized in June 2009 because the fair values at the reporting date were lower than the carrying values. Since then, part of these impairment write-downs has been reversed. Scheduled write-downs are recognized independent of this. No external valuation was completed as at 30 September 2010.

Profit for the period

The profit improved significantly from EUR -98.2 million to EUR 4.8 million.

Cash flow

The cash flow from operations doubled from EUR 5.8 million to EUR 11.5 million.

OUTLOOK

The following development projects are currently under construction:

- Airport City, St. Petersburg, business park with 39,000 square metres of office space and a Crowne Plaza Hotel with 300 rooms (opening of offices scheduled for 2011/2012; hotel opening scheduled for 2011)
- Palais Hansen Kempinski hotel, Vienna (opening scheduled for the end of 2012)

The following projects are in advanced stages of development:

- Le Palais office building, Warsaw
- Redevelopment of tower A at Erzsebet office complex, Budapest
- Office building, Krakow
- Expansion of angelo hotel, Munich
- Shopping centre, Białystok

The following projects are currently under development through the joint venture with Louvre Hotels:

- Campanile hotel, Wroclaw (under construction, opening scheduled for the end of 2011)
- Première Classe hotel, Wroclaw (under construction, opening scheduled for the end of 2011)
- Campanile hotel, Budapest
- Campanile hotel, Zielona Gora
- Campanile hotel, Bydgoszcz
- Campanile hotel, Katowice
- Première Classe hotel, Katowice

Vienna, 17 November 20100

Franz Jurkowitsch
Chairman of the Management Board

Georg Folian
Deputy Chairman of the Management Board

Christian Fojtl
Member of the Management Board

Alexander Jurkowitsch
Member of the Management Board

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF **30 SEPTEMBER 2010**

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in EUR	Note	1–9/10 unaudited	7–9/10 unaudited	1–9/09 unaudited	7–9/09 unaudited
Revenues					
Revenues – Hotels & Resorts segment		69,627,297	27,034,722	58,070,809	23,182,451
Revenues – Development & Asset Management segment		5,589,905	1,063,770	4,148,556	1,258,710
		75,217,202	28,098,492	62,219,365	24,441,161
Gains from the sale of disposal groups and property, plant and equipment					
Gains from the sale of real estate		7,702,121	(45,000)	6,800,000	–
Carrying amounts of the sold disposal groups and property, plant and equipment		(4,432,145)	(1,574)	(4,512,344)	–
	[05]	3,269,976	(46,574)	2,287,656	–
Other income and expenses					
Changes in real estate projects under development or construction		(1,341,454)	–	132,510	132,510
Other income		1,256,620	95,962	393,333	63,545
		(84,834)	95,962	525,843	196,055
Expenses for materials and services rendered		(33,770,205)	(12,208,736)	(28,994,322)	(11,118,362)
Expenses for project development		(128,584)	(42,294)	(874,905)	(348,731)
Personnel expenses	[06]	(22,107,816)	(7,525,138)	(20,203,604)	(7,009,844)
Depreciation and amortization expense	[07]	(14,157,011)	(4,396,711)	(11.714.982)	(6,356,591)
Impairments	[07]	(364,460)	(241,103)	(67,635,211)	(1,976,248)
Write-ups	[07]	18,400,116	4,297,214	1,580,683	11,622,496
Other expenses	[08]	(6,964,894)	(2,138,068)	(12,412,440)	(1,828,300)
Negative goodwill recognized in income		–	–	(90,177)	–
Impairment of goodwill		–	–	(1,409,069)	(1,409,069)
		(59,092,854)	(22,254,836)	(141,754,028)	(18,727,649)
Operating profit		**19,309,490**	**5,893,044**	**(76,721,164)**	**5,909,567**
Result from associated companies		–	–	(6,690,887)	–
Financial revenue	[09]	2,266,261	560,929	2,317,732	463,769
Finance costs	[09]	(18,229,030)	(5,073,965)	(20,734,854)	(5,132,480)
Profit before tax		**3,346,721**	**1,380,007**	**(101,829,172)**	**1,240,856**
Current income taxes	[10]	(1,226,726)	(62,044)	(1,075,388)	(1,071,126)
Deferred taxes	[10]	2,647,805	(279,227)	4,710,478	202,778
Profit for the period		**4,767,800**	**1,038,736**	**(98,194,082)**	**372,508**
Foreign currency translation		(2,386,293)	4,156	(2,042,960)	(814,873)
Net gains/losses from hedging		(279,275)	(8,951)	(782,934)	(139,866)
(Deferred) taxes recognized in equity		80,328	8,838	208,618	39,661
Total income and expenses for the period		2,182,560	1,042,779	(100,811,358)	(542,570)
Profit for the period attributable to:					
- Equity holders of the parent		4,946,631	1,258,759	(94,556,909)	(109,123)
- Non-controlling interests		(178,831)	(220,023)	(3,637,173)	481,631
		4,767,800	1,038,736	(98,194,082)	372,508
The total income and expenses for the period can be attributed as follows:					
- Equity holders of the parent		3,261,073	1,288,012	(96,478,544)	(451,465)
- Non-controlling interests		(1,078,513)	(245,233)	(4,332,814)	(91,105)
		2,182,560	1,042,779	(100,811,358)	(542,570)
Earnings per share:					
Undiluted, for the profit for the period attributable to ordinary equity holders of the parent	[11]	0.11	0.03	(2.63)	(0.00)
Diluted, for the profit for the period attributable to ordinary equity holders of the parent	[11]	0.10	0.03	(2.63)	(0.00)

CONSOLIDATED BALANCE SHEET

in EUR	Note	30/9/2010 unaudited	31/12/2009 audited	30/09/2009 unaudited
ASSETS				
Non-current assets				
Property, plant and equipment	[12]	467,212,173	457,740,434	445,352,606
Investment properties	[13]	47,888,752	42,885,519	44,140,688
Goodwill		921,266	921,266	941,823
Other intangible assets		280,978	397,799	179,871
Associated companies	[05]	5,876,356	9,337,412	2,735,625
Other financial assets	[14]	70,240,412	67,421,539	58,607,094
Deferred tax assets		717,943	1,112,352	1,989,844
		593,137,879	**579,816,321**	**553,947,552**
Current assets				
Inventories		1,943,367	3,013,257	1,805,607
Trade and other receivables	[16]	10,055,949	16,025,579	20,138,797
Other financial assets	[17]	27,026	84,241	16,624
Cash and cash equivalents		10,274,177	11,933,442	15,344,909
		22,300,519	**31,056,519**	**37,305,937**
TOTAL ASSETS		**615,438,398**	**610,872,840**	**591,253,490**

CONSOLIDATED BALANCE SHEET

in EUR	Note	30/9/2010 unaudited	31/12/2009 audited	30/09/2009 unaudited
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the parent				
Issued capital	[11]	54,000,000	39,599,999	36,000,000
Capital reserves		71,065,681	59,627,010	55,576,939
Retained earnings		(35,258,088)	(40,204,719)	(48,242,229)
Treasury shares		(301,387)	(301,387)	(291,019)
Other reserves		1,695,244	3,380,802	2,426,741
		91,201,450	62,101,706	45,470,433
Non-controlling interests		(3,027,613)	(1,949,100)	123,427
Total equity		**88,173,838**	**60,152,606**	**45,593,859**
Non-current liabilities				
Interest-bearing loans and borrowings	[15]	413,729,112	418,559,227	396,958,121
Provisions		3,501,244	3,353,547	4,341,670
Other payables		1,252,984	1,256,038	1,068,284
Deferred tax liabilities		13,036,822	16,159,365	12,965,564
		431,520,163	**439,328,176**	**415,333,640**
Current liabilities				
Trade and other payables	[16]	22,741,930	35,525,278	34,893,503
Interest-bearing loans and borrowings	[15]	70,058,474	70,552,125	90,028,152
Derivative financial instruments	[17]	1,272,080	467,205	515,739
Income tax payable		49,771	180,992	969,022
Provisions		1,622,143	4,666,457	3,919,575
		95,744,398	**111,392,058**	**130,325,990**
TOTAL EQUITY AND LIABILITIES		**615,438,398**	**610,872,840**	**591,253,490**

CONSOLIDATED CASH FLOW STATEMENT

in EUR	Note	**1/1–30/9/2010**	1/1–30/9/2009
Cash receipts from operating activities			
From the operation of hotels and rent received		72,322,262	60,384,886
From real estate development projects		1,901,246	2,318,689
Interest received		106,960	812,544
		74,330,468	63,516,118
Cash payments for operating activities			
For real estate development projects		(623,948)	(1,002,891)
For materials and services received		(34,741,208)	(28,467,299)
For personnel and related expenses		(21,679,560)	(20,049,035)
For other expenses		(5,600,276)	(7,305,188)
Income tax paid		(193,913)	(901,880)
		(62,838,904)	(57,726,294)
Net cash flows from operating activities		**11,491,563**	**5,789,824**
Cash flows from investing activities			
Proceeds from the sale of property, plant and equipment	[05]	980,148	27,031,585
Purchase of property, plant and equipment	[12]	(16,618,386)	(70,810,385)
		(15,638,238)	(43,778,800)
Acquisition/expansion of investment properties	(3,351,079)	(11,208,732)	
Acquisition of software		(3,340)	(1,195)
Relating to other financial assets:			
Payouts from granted loans		(3,264,870)	(5,692,457)
Other		(642,101)	(1,780,670)
Acquisition of shares in associated companies		(410,562)	(156,015)
		(4,317,533)	(7,629,142)
		(23,310,190)	**(62,617,869)**
Cash flows from business combinations and other changes in the scope of consolidation			
Changes in the scope of consolidation			
Proceeds from the sale of disposal groups		7,000,356	2,600,000
Cash and cash equivalents of disposal groups		–	(52,778)
	[05]	7,000,356	2,547,222
Payments for business combinations effected in previous periods		(95,705)	–
		6,904,651	2,547,222
Net cash flows used in/from investing activities and changes in the scope of consolidation		**(16,405,540)**	**(60,070,647)**
Cash flows from financing activities			
Cash received from capital measures	[11]	25,557,162	–
Proceeds from loans and borrowings	[15]	9,091,936	96,030,600
Repayment of loans and borrowings	[15]	(18,975,168)	(48,193,850)
Interest and other finance costs paid		(12,704,117)	(12,923,920)
Payments for/proceeds from the acquisition/sale of derivative financial instruments		(4,787)	1,607,851
Net cash flows from/used in financing activities		**2,965,025**	**36,520,681**
Net change in cash and cash equivalents		(1,948,951)	(17,760,142)
Net foreign exchange difference		289,687	(7,296)
Cash and cash equivalents at 1 January		11,933,442	33,112,348
Cash and cash equivalents at the end of the period		**10,274,177**	**15,344,910**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period from 1 January to 30 September 2010 – unaudited

in EUR	Issued capital	Capital reserves	Retained earnings	Treasury shares	Other reserves	Total	Minority interests	Total equity
At 1 January 2010	**39,599,999**	**59,627,010**	**(40,204,719)**	**(301,387)**	**3,380,802**	**62,101,706**	**(1,949,100)**	**60,152,606**
Capital increase	14,400,001	14,400,001	–	–	–	28,800,002	–	28,800,002
Capital procurement costs	–	(3,948,440)	–	–	–	(3,948,440)	–	(3,948,440)
(Deferred) taxes related to capital procurement costs		987,110	–	–	–	987,110	–	987,110
Profit for the period	–	–	4,946,631	–	–	4,946,631	(178,831)	4,767,800
Other income/expense	–	–	–	–	(1,685,558)	(1,685,558)	(899,682)	(2,585,240)
Total income and expenses for the period	–	–	4,946,631	–	(1,685,558)	3,261,073	(1,078,513)	2,182,560
At 30 September 2010	**54,000,000**	**71,065,681**	**(35,258,088)**	**(301,387)**	**1,695,244**	**91,201,450**	**(3,027,613)**	**88,173,838**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period from 1 January to 30 September 2009 – unaudited

in EUR	Issued capital	Capital reserves	Retained earnings	Treasury shares	Other reserves	Total	Minority interests	Total equity
At 1 January 2009	**36,000,000**	**55,576,939**	**41,480,912**	**(291,019)**	**8,282,960**	**141,049,792**	**4,456,241**	**145,506,033**
Revaluation of land and buildings	–	–	4,833,769	–	(4,833,769)	–	–	–
(Deferred) tax effects from revaluation	–	–	–	–	918,416	918,416	–	918,416
Changes in the scope of consolidation	–	–	–	–	(19,230)	(19,230)	–	(19,230)
Profit for the period	–	–	(94,556,909)	–	–	(94,556,909)	(3,637,173)	(98,194,082)
Other income/expense	–	–	–	–	(1,921,635)	(1,921,635)	(695,641)	(2,617,276)
Total income and expenses for the period	–	–	(89,723,141)	–	(5,856,218)	(95,579,359)	(4,332,814)	(99,912,173)
At 30 September 2009	**36,000,000**	**55,576,939**	**(48,242,229)**	**(291,019)**	**2,426,741**	**45,470,433**	**123,427**	**45,593,859**

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

[01] Corporate information

Warimpex Finanz- und Beteiligungs AG (the "Company") is registered with the Commercial Court of Vienna under the registration number FN 78485 w. The Company's registered address is Floridsdorfer Hauptstrasse 1, A-1210 Vienna, Austria.

The interim financial statements as of 30 September 2010 for Warimpex Finanz- und Beteiligungs AG were released for publication by the Company's management on 30 August 2010. The main activities of the Company are described in Note [04] "Business segments".

[02] Basis for preparation

The interim consolidated financial statements for the period ended 30 September 2010 have been prepared in accordance with IAS 34. Interim financial statements do not contain all information and notes included in annual financial statements; they should therefore be read in conjunction with the consolidated financial statements as of 31 December 2009.

The accounting and valuation methods applied in preparing the interim consolidated financial statements as of 30 September 2010 have remained unchanged from the consolidated financial statements as of 31 December 2009.

The interim financial statements as of 30 September 2010 were not audited and were not reviewed by an independent financial auditor.

With respect to the changes effective under IFRS as of 1 January 2010 and their effects, please refer to the details stated in the consolidated annual financial statements as of 31 December 2009.

By their very nature, interim consolidated financial statements are based on estimates to a greater extent than annual consolidated financial statements. In addition to the principal estimation uncertainties identified in the consolidated annual statements (goodwill as well as the valuation of land and buildings for first-time consolidation purposes), the interim financial statements are affected by estimation uncertainties resulting from the timing of asset impairments or write-ups.

[03] Seasonal fluctuations in results

Owing to seasonal fluctuations in tourism, in particular city tourism, earnings contributions from hotel properties are generally higher in the second half of the year. By contrast, no determinable pattern can be identified with regard to contributions from the sale of subsidiaries or business combinations.

[04] Business segments – overview

for the period from 1 January to 30 September – unaudited

	Hotels & Resorts		Development & Asset Management		Total in EUR	
in EUR	**2010**	2009	**2010**	2009	**2010**	2009
External sales	69,627,297	58,070,809	5,589,905	4,148,556	75,217,202	62,219,365
Segment results	15,828,955	(69,111,226)	3,480,535	(7,609,939)	19,309,490	(76,721,165)
Investments						
• In property, plant and equipment including software	8,515,004	74,010,912	4,859,002	10,497,098	13,374,007	84,508,010
• In financial assets	–	–	9,427,386	25,158,732	9,427,386	25,158,732
Business combinations and other changes	–	–	–	(3,992,995)	–	(3,992,995)
	8,515,004	74,010,912	14,286,388	31,662,835	22,801,393	105,673,747
Depreciation						
• Write-downs	(13,529,345)	(11,136,586)	(627,666)	(578,396)	(14,157,011)	(11,714,982)
• Impairments	(359,460)	(74,663,139)	(5,000)	(734,637)	(364,460)	(75,397,776)
• Write-ups	15,907,676	7,762,565	2,492,440	1,580,683	18,400,116	9,343,248
Net cash flows from operating activities	11,592,360	6,958,913	(100,797)	(1,169,088)	11,491,563	5,789,825
Segment assets	473,087,698	467,168,116	142,350,700	124,085,373	615,438,398	591,253,489
Segment liabilities (gross)	(464,779,248)	(478,775,454)	(62,485,312)	(66,884,176)	(527,264,561)	(545,659,630)
Intragroup financing	57,264,814	59,219,584	(57,264,814)	(59,219,584)	–	–
Segment liabilities (net)	(407,514,434)	(419,555,869)	(119,750,126)	(126,103,761)	(527,264,561)	(545,659,630)
Average payroll	1,571	1,404	83	85	1,654	1,489

Segment results Hotels & Resorts – year-on-year comparison

for the period from 1 January to 30 September – unaudited

	Luxury		Up-Market		Others	
in EUR	**2010**	2009	**2010**	2009	**2010**	2009
Revenues	11,812,276	11,337,265	53,293,760	42,257,379	4,452,532	4,476,165
Expenses for materials	(5,702,440)	(5,364,393)	(21,450,233)	(17,614,819)	(1,172,426)	(1,289,510)
Personnel expenses	(3,572,214)	(3,759,955)	(13,347,637)	(11,082,101)	(1,093,463)	(1,143,353)
Gross operating profit	**2,537,622**	**2,212,916**	**18,495,890**	**13,560,459**	**2,186,643**	**2,043,302**
Hotel employees	*267*	*314*	*1,131*	*946*	*162*	*136*
Rooms available						
Total	661	661	3,986	3,572	370	370
thereof available	658	660	3,893	3,463	357	311
Joint venture share	(202)	(202)	(1,210)	(1,063)	–	–
Time allocation	–	–	(26)	(129)	–	–
Rooms available Group	**456**	**458**	**2,656**	**2,272**	**357**	**311**
Rooms sold	296	262	1,539	1,261	278	210
Average room occupancy	**65%**	**57%**	**58%**	**55%**	**78%**	**68%**
Management fee	(593,236)	(587,196)	(2,777,672)	(2,161,195)	(317,113)	(231,495)
Lease/rent	–	–	(1,718,582)	(191,373)	(87,115)	(82,155)
Exchange adjustments	63,162	147,803	426,721	371,430	(113,208)	14,455
Property costs	(271,614)	(254,543)	(401,691)	(1,234,407)	(86,664)	(105,456)
Net operating profit	**1,735,934**	**1,518,980**	**14,024,666**	**10,344,914**	**1,582,543**	**1,638,652**
Other income after GOP	–	–	(2,358)	–	71,086	–
Other costs after GOP	(203,532)	(182,156)	(2,741,423)	(2,458,360)	(133,294)	(155,960)
Pre-opening costs	–	–	(207,061)	(955,757)	–	–
Depreciation	(2,709,518)	(2,832,533)	(8,912,147)	(7,418,542)	(1,906,973)	(885,511)
Impairments	–	(6,055,170)	(359,460)	(65,696,955)	–	(1,080,996)
Write-ups	926,446	–	9,693,078	7,762,565	3,063,115	–
Contribution to operating profit	**(250,671)**	**(7,550,879)**	**11,495,295**	**(58,422,135)**	**2,676,478**	**(483,815)**

	2010	2009
Total for hotels in operation	**13,921,103**	**(66,456,829)**
Less expenses for hotels under construction/in design phase	1,907,852	(824,379)
Less impairments on hotels under construction	–	(1,830,018)
Segment contribution to operating profit	**15,828,955**	**(69,111,226)**

	Luxury		Up-Market		Others	
in EUR	**2010**	2009	**2010**	2009	**2010**	2009
thereof in						
• Czech Republic	5,174,784	5,443,418	15,174,545	15,356,584	–	–
• Poland	6,637,493	5,893,847	13,548,119	9,479,118	2,973,550	3,058,133
• France	–	–	12,548,881	10,892,519	–	–
• Germany	–	–	8,990,000	4,938,873	–	–
• Russia	–	–	1,390,690	–	1,550,069	1,418,032
• Romania	–	–	1,639,167	1,590,285	–	–
	11,812,276	11,337,265	53,291,402	42,257,379	4,523,618	4,476,165
thereof GOP in						
• Czech Republic	170,473	162,469	5,513,051	5,821,928	–	–
• Poland	2,367,149	2,050,448	5,676,509	3,782,857	1,378,686	1,355,934
• France	–	–	4,064,401	2,842,482	–	–
• Germany	–	–	2,744,278	758,099	–	–
• Russia	–	–	78,802	–	807,957	687,368
• Romania	–	–	418,849	355,093	–	–
	2,537,622	2,212,916	18,495,890	13,560,459	2,186,643	2,043,302
thereof operating result in						
• Czech Republic	(451,296)	(7,537,835)	2,679,509	(19,655,012)	–	–
• Poland	200,625	(13,044)	4,970,738	(10,639,887)	444,230	309,283
• France	–	–	1,449,099	(835,880)	–	–
• Germany	–	–	2,879,868	(6,631,478)	–	–
• Russia	–	–	(962,998)	(15,288,085)	2,232,248	(788,875)
• Romania	–	–	479,078	(5,371,794)	–	–
• Others	–	–	–	–	–	(4,222)
	(250,671)	(7,550,879)	11,495,295	(58,422,135)	2,676,478	(483,815)

Segment cash flow Hotels & Resorts – year-on-year comparison

for the period from 1 January to 30 September – unaudited

	Luxury		Up-Market		Others	
in EUR	**2010**	2009	**2010**	2009	**2010**	2009
Cash receipts	11,496,940	11,492,381	52,061,811	40,937,472	4,597,836	3,803,559
Interest received	18,329	13,700	(1,743)	37,666	–	146
Expenses for materials	(5,868,552)	(5,976,793)	(25,342,629)	(19,541,188)	(1,540,017)	(1,492,235)
Personnel expenses	(3,695,494)	(3,937,937)	(13,689,142)	(11,640,159)	(1,204,880)	(1,119,635)
Cash paid for other expenses	(360,021)	(485,889)	(4,008,213)	(3,147,911)	(187,456)	(288,075)
Income tax paid	–	–	(230,303)	(892,096)	–	–
	1,591,202	**1,105,461**	**8,789,780**	**5,753,785**	**1,665,483**	**903,760**
thereof in						
• Czech Republic	(125,176)	(349,115)	3,133,215	2,502,694	–	–
• Poland	1,716,378	1,454,576	1,899,518	1,925,280	861,553	807,788
• France	–	–	2,533,819	432,265	–	–
• Germany	–	–	1,931,621	1,617,103	–	–
• Russia	–	–	(739,523)	(332,364)	803,930	95,973
• Others	–	–	31,131	(391,194)	–	–
	1,591,202	1,105,461	8,789,780	5,753,785	1,665,483	903,760

Total for hotels in operation	**12,046,465**	**7,763,006**
Less expenses for hotels under construction/in design phase	(454,105)	(804,093)
Segment cash flow from operating activities	**11,592,360**	**6,958,913**

Segment results Development & Asset Management – year-on-year comparison

for the period from 1 January to 30 September – unaudited

	Asset Management		Development		Others	
in EUR	**2010**	2009	**2010**	2009	**2010**	2009
Revenues	2,068,740	2,489,587	2,601,439	979,139	919,726	679,830
Changes in real estate projects under development	–	–	(1,341,454)	132,510	–	–
Sale of shares and						
release of negative goodwill, less impairments	–	–	3,269,976	788,409	–	–
Other income	–	–	476,497	255,228	–	–
Expenses for materials	(594,098)	(756,692)	(294,310)	(277,074)	(865,452)	(672,774)
Project development expenses	–	–	(104,068)	(567,950)	–	–
Personnel expenses	(1,620)	(8,456)	(3,245,856)	(3,258,330)	–	–
Depreciation	1,298,306	889,915	597,129	(582,708)	(35,661)	(39,558)
Other operating expenses	(55,945)	(301,121)	(1,183,643)	(7,370,525)	(29,170)	10,632
Segment operating result	**2,715,383**	**2,313,233**	**775,709**	**(9,901,301)**	**(10,557)**	**(21,870)**
thereof in						
• Czech Republic	–	–	(11,864)	(177,837)	–	–
• Poland	535,199	278,727	1,076,372	(1,416,390)	(10,557)	(21,870)
• Germany	1,778,285	159,026	(15,701)	(47,479)	–	–
• France	–	–	375,447	(110,341)	–	–
• Austria	–	1,409,069	(886,612)	(7,795,410)	–	–
• Hungary	401,900	1,875,479	(159,034)	(388,661)	–	–
• Others	–	(1,409,069)	397,102	34,817	–	–
	2,715,383	**2,313,233**	**775,709**	**(9,901,301)**	**(10,557)**	**(21,870)**

Segment cash flow Development & Asset Management – year-on-year comparison

for the period from 1 January to 30 September – unaudited

	Asset Management		Development		Others	
in EUR	**2010**	2009	**2010**	2009	**2010**	2009
Cash receipts from rent	2,104,829	2,160,362	1,004,739	1,266,734	1,056,107	743,818
Cash receipts from development	–	–	1,901,246	2,568,689	–	–
Interest received	3,925	25,938	86,447	716,710	2	9
Cash paid for development	(35,832)	5,283	(356,615)	(749,560)	–	–
Expenses for materials	(621,990)	(565,709)	(357,939)	(190,604)	(1,007,890)	(701,437)
Personnel expenses	(1,300)	(8,558)	(2,912,237)	(3,152,164)	–	–
Cash paid for other expenses	(10,006)	(343,653)	(2,912,237)	(2,906,262)	(30,354)	(29,107)
Income tax paid	(539)	(11)	37,331	(9,564)	–	–
Segment cash flow from operating activities	**1,439,087**	**1,273,650**	**(1,557,748)**	**(2,456,021)**	**17,864**	**13,283**
Proceeds from the sale of disposal groups			7,000,356	2,600,000		
Cash flow before investments and financing			**5,442,608**	**143,979**		
thereof in						
• Czech Republic	–	–	(21,668)	(73,934)	–	–
• Poland	790,306	626,929	1,571,236	(331,594)	17,864	13,283
• Germany	102,610	163,776	(15,416)	96,365	–	–
• Austria	–	–	(3,507,280)	(1,677,741)	–	–
• France	–	–	185,931	(222,615)	–	–
• Hungary	582,002	477,663	(180,284)	(369,774)	–	–
• Others	(35,832)	5,283	409,734	123,272	–	–
	1,439,087	**1,273,650**	**(1,557,748)**	**(2,456,021)**	**17,864**	**13,283**

[05] Gains from the sale of disposal groups and property, plant and equipment

5a) Sale of shares in associated companies

In the first quarter of 2010, the Company sold 16.69% of its 26.57% stake in the company Palais Hansen Immobilienentwicklung GmbH to a co-investor for EUR 7.25 million. The Company now holds a 9.88% stake in the project. As of the reporting date, EUR 0.5 million of the purchase price was still outstanding.

The carrying values of all associated companies changed as follows in the reporting period:

	at	
in EUR	**2010**	2009
Net carrying amounts at 1 January	9,337,412	9,189,950
Increase in capital contributions/loans	410,562	74,119
Charged/capitalized interest	61,474	80,548
Impairments	–	(6,690,887)
Disposals	(3,933,091)	–
Net carrying amounts at 30 September	5,876,356	2,653,729

5b) Sale of property, plant and equipment

A piece of land held for development in Warsaw was also sold for EUR 0.5 million during the reporting period. This sale yielded net proceeds of EUR 0.2 million. In addition to the disposal of this property, the cash flow from the sale of property, plant and equipment also includes claims paid in connection with the sale of andel's hotel Krakow last year.

[06] Personnel expenses, average payroll

in EUR	**2010**	2009
Wages and salaries	(16,709,237)	(14,779,123)
Social security costs	(3,650,574)	(3,511,417)
Other payroll-related taxes and contributions	(569,096)	(543,505)
Voluntary employee benefits	(122,698)	(117,576)
Expenses for posted employees	(900,298)	(839,201)
Payments for termination and post-employment benefits	(57,132)	(212,436)
Changes in accruals for compensated absences	(32,911)	(85,725)
	(22,041,948)	(20,088,983)
Changes in pensions and other long-term employee benefits	(65,868)	(114,621)
	(22,107,816)	(20,203,604)

The Company had an average of 1,654 employees in the first nine months of 2010 (1–9 2009: 1,489).

The average number of employees increased by 11% over the prior period, while the average number of rooms rose by approximately 14%.

Remuneration paid to members of the Management Board in the reporting period totalled EUR 963,060 (prior year: EUR 761,648). This includes bonus entitlements of EUR 0.26 million (1–9 2009: EUR 0).

[07] Depreciation and amortization expense

Appraisals from CBRE were obtained for all properties as of the reporting date of 30 June 2010. These valuations are based on assumptions about the future development of earnings that reflect the current market conditions at the reporting date. In accordance with IFRS, all assets revealed to be impaired were written down to their lower fair values on the reporting date. Write-ups pertain to impairment losses recognized in the prior year. The fair values of the properties rose because of improved earnings compared to 31 December 2009. Goodwill impairments were not reversed. The properties were not appraised as of 30 September 2010. The item breaks down as follows:

	Other intangible assets		Property, plant and equip. under constr.		Investment properties		TOTAL	
	1–9/10	1–9/09	**1–9/10**	1–9/09	**1–9/10**	1–9/09	**1–9/10**	1–9/09
Depreciation	(120,155)	(74,074)	(13,619,560)	(11,168,200)	(417,296)	(472,707)	(14,157,011)	(11,714,982)
Impairments	–	(2,965,899)	(364,460)	(70,816,478)	–	(1,615,400)	(364,460)	(75,397,777)
Write-ups	–	–	16,679,513	7,762,565	1,720,602	1,580,683	18,400,116	9,343,248
	(120,155)	(3,039,973)	2,695,493	(74,222,113)	1,303,306	(507,425)	3,878,645	(77,769,510)

[08] Other expenses

in EUR	**2010**	2009
Pre-opening costs	(207,061)	(1,000,757)
Legal fees	(562,344)	(981,139)
Non-recoverable VAT	(256,873)	(275,744)
Lease payments for andel's Krakow and other rents	(1,805,697)	(273,528)
Property costs	(2,130,456)	(1,252,060)
Impairment charges (reversal of impairment) for current assets	3,216	145,890
General administration	(1,313,668)	(1,897,476)
Advertisement and marketing	(398,375)	(401,382)
Costs associated with issued guarantees	–	(5,030,377)
Franchise agreement termination costs Holiday Inn (France)	–	(1,250,000)
Others	(293,636)	(195,867)
	(6,964,894)	(12,412,440)

[09] Financial result

in EUR	2010	2009
Financial revenue		
Interest income from cash management	73,477	243,499
Interest income from loans to associated companies	61,474	80,548
Interest on loans made to joint ventures	1,947,995	1,640,626
	2,082,946	1,964,672
Foreign currency gains on interest-bearing loans denominated in CHF	–	143,060
Income from derivative financial instruments	183,315	210,000
	2,266,261	2,317,732
Finance costs		
Interest on short-term borrowings, project loans and other loans	(13,360,590)	(12,403,378)
Interest on loans from minority shareholders	(66,831)	(36,803)
Interest on loans relating to joint ventures	(776,923)	(857,972)
Interest from the deferment of the purchase price from the final construction invoice for andel's Łódź	(814,199)	–
Discount expenses on extended loans	–	(6,538,430)
	(15,018,543)	(19,836,582)
Fair value adjustment of derivative financial instruments	(62,003)	(237,646)
Interest cost for provisions for pensions and other long-term employee benefits	(82,882)	(144,581)
Foreign currency losses on interest-bearing loans denominated in CHF	(2,637,607)	–
Other finance costs	(427,995)	(671,294)
Gains/losses on the sale of available-for-sale investments and derivative financial instruments	–	155,249
	(18,229,030)	(20,734,854)

[10] Income tax paid

A reconciliation between tax expense and the product of accounting profit multiplied by the Group's domestic tax rate (applicable corporate income tax rate in Austria) of 25% for the reporting period (2009: 25%) is as follows:

in EUR	2010	2009
Profit before tax	**3,346,721**	**(101,829,172)**
Accounting profit before income tax *25% (prior year: 25%)	(836,680)	25,457,293
± Other foreign tax rates	49,692	(5,240,987)
± Tax-free profits from the participation exemption (§ 10 KStG)	–	(2,320,288)
± Permanent differences	23,298	(121,992)
± Valuation allowance on deferred tax assets	1,639,792	(13,811,581)
± Income from first-time recognition of deferred tax assets	39,835	50,661
± Permanent differences relating to (negative) goodwill	–	(373,674)
± Effects of changes in equity	53,062	–
± Effects of exchange rate fluctuations	452,079	(4,341)
	1,421,079	3,635,090
thereof current income taxes	(1,226,726)	(1,075,388)
thereof changes in deferred tax items	2,647,805	4,710,478
Effective tax rate	-42.46%	3.57%

[11] Share capital, earnings per share

The Company's share capital is divided into 54,000,000 (prior year: 36 million) non-par-value shares. On 11 May 2010, the Company increased its capital by 14,000,001 newly issued voting bearer shares. The issue price was EUR 2.00 per share.

At the reporting date, the Company had purchased 66,500 treasury shares at an average price of EUR 4.53 per share.

The weighted average number of shares in free float between 1 January 2010 and 30 September 2010 was 47,051,147 (first nine months of the previous year: 35,967,750).

	Current year	Previous year
Shares 1 January to 11 May	39,599,999	36,000,000
Shares 12 May to 30 September	54,000,000	36,000,000
Less treasury shares	(66,500)	(64,500)
Weighted average number of shares	47,051,147	35,967,750
Dilution effect: share option	68,571	–
Weighted average number of shares adjusted for the dilution effect	47,119,718	35,967,750

Earnings per share for the previous year were calculated on the basis of 36 million shares; for the first three quarters of 2010, the treasury shares were eliminated from the calculation and the shares issued in the context of the capital increase were included in the calculation on a pro-rata basis.

The cash flow from capital measures was as follows:

Issue of 14,000,001 new shares/issue price 2.00	28,800,002
Costs associated with the capital increase	(3,948,440)
thereof non-cash value adjustment of stock options (Note 17)	705,600
	25,557,162

[12] Property, plant and equipment

The item "Property, plant and equipment" comprises land and rights equivalent to land, buildings including plant under construction, and equipment.

in EUR	**2010**	2009
Net carrying amounts at 1 January	457,740,434	474,141,885
Additions	9,524,977	75,107,400
Reclassification of investment properties	146,818	–
Disposals	(662,802)	(27,912,019)
Depreciation	(13,619,560)	(11,168,200)
Impairments	(364,460)	(70,816,478)
Write-ups	16,679,513	7,762,565
Exchange adjustment	(2,232,747)	(1,762,546)
Net carrying amounts at 30 September	467,212,173	445,352,606
thereof under construction	*15,419,148*	*12,107,166*
Interest included in the investments	*554,072*	*2,722,507*

The cash flow from investments pertains primarily to the following projects:	**2010**	2009
Project development progress Airport City St. Petersburg	(2,896,813)	(3,674,230)
andel's hotel Łódź	(8,044,892)	(22,142,722)
angelo hotel Katowice	(3,395,968)	(3,771,873)
angelo Ekaterinburg (VAT refund)	1,021,304	(25,921,175)
andel's hotel Berlin	–	(8,887,455)
Magic Circus Hotel	–	(2,096,043)
Purchase of land	–	(1,538,730)
Other project developments and current investments related to hotels	(3,302,017)	(2,778,156)
	(16,618,386)	(70,810,385)

[13] Investment properties

The item “Investment properties” comprises land and rights equivalent to land, buildings including plant under construction, and equipment.

in EUR	**2010**	2009
Net carrying amounts at 1 January	42,885,519	39,255,823
Changes in the scope of consolidation	–	(3,992,995)
Additions	3,845,690	9,384,241
Transfers of property, plant and equipment	(146,818)	–
Depreciation	(417,296)	(472,707)
Impairments	–	(1,615,400)
Write-ups	1,720,602	1,580,683
Exchange adjustment	1,054	1,044
Net carrying amounts at 30 September	47,888,752	44,140,688
thereof under construction	*24,657,939*	*19,531,566*
Result from “Investment properties”:		
Rental income and charged expenses	2,094,020	2,512,737
Direct expenses	(594,098)	(756,692)
	1,499,922	1,756,045

[14] Other financial assets

	2010	31/12/2009	2009
Loans	10,082,799	10,072,799	6,492,866
Advances made for business combinations	15,131	15,131	15,131
Loans made to joint ventures*)	54,357,452	49,152,575	43,813,600
Deposits with banks pledged as collateral	3,005,500	6,042,600	6,042,600
Pension reimbursement insurance rights	1,475,012	1,475,012	1,215,996
Other non-current financial assets	1,304,518	663,422	1,026,901
	70,240,412	67,421,539	58,607,094

*) Loans to joint ventures are detailed in Note [18].

[15] Interest-bearing loans and borrowings

	At 30/9/2009	At 1/1/2010	New borrowings	Repayment of loans	Other changes	At 30/9/2010	Thereof callable within 1 year
a) Project-related loans secured by mortgages							
Subsidiaries (full consolidation)							
for Diplomat Hotel	32,598,004	31,911,820	–	(1,236,225)	9,379	30,684,973	2,884,510
for Palace Hotel	13,862,500	13,524,500	–	–	–	13,524,500	2,063,000
for Chopin Hotel	11,553,677	11,388,959	–	(514,490)	3,293	10,877,762	705,764
for angelo hotel Prague	9,860,498	11,853,742	–	(450,141)	–	11,403,600	771,302
for Amber Baltic hotel	7,077,376	7,302,156	–	(1,153,660)	804,005	6,952,501	579,375
for angelo Airporthotel Bucharest	12,207,300	12,000,000	–	(792,700)	–	11,207,300	–
for angelo hotel Ekaterinburg	38,868,308	38,694,379	–	(1,401,407)	–	37,292,972	1,300,003
for Savoy Hotel	6,878,715	6,664,662	–	(653,837)	–	6,010,825	875,681
for andel's hotel Łódź	50,390,755	50,000,000	–	–	712,500	50,712,500	1,100,000
for Erszebet office building	12,048,484	11,832,175	–	(71,605)	–	11,760,569	4,057,702
for Le Palais Hotel	6,672,955	6,461,657	–	–	2,000	6,463,657	6,463,657
for Dvořák spa hotel	20,856,663	19,747,057	–	(428,540)	2,760	19,321,278	393,429
for Warsaw gas pipeline	190,689	183,477	–	(44,036)	(1,379)	138,062	58,728
for Warsaw gas heating plant	317,736	300,572	–	(66,490)	(1,155)	232,927	232,927
for Sajka Utca office building	33,246	–	–	–	–	–	–
	223,416,906	221,865,154	–	(6,813,132)	1,531,403	216,583,425	21,486,078
Joint ventures (proportionate consolidation)							
for InterContinental 50%	30,264,155	30,014,155	–	(937,500)	8,423	29,085,078	1,250,000
for Dream Castle Hotel 50%	18,284,307	18,307,675	–	(827,014)	–	17,480,661	277,050
for Holiday Inn Paris 50%	9,876,875	9,854,375	–	(150,000)	2,500	9,706,875	247,760
for andel's hotel Berlin	33,952,055	34,250,000	–	–	467,550	34,717,550	750,000
for angelo hotel Munich 50%	15,680,994	15,681,430	–	(537)	–	15,680,893	–
for angelo hotel Plzeň 50%	6,709,200	6,460,768	–	(75,000)	4,800	6,390,568	190,400
for angelo hotel Katowice 50%	6,472,049	7,492,402	2,736,917	–	–	10,229,320	–
for Sobieski hotel & office building 25%	8,151,292	8,146,963	–	(192,933)	–	7,954,030	88,103
for Parkur Tower office building 50%	5,444,947	5,393,906	–	(160,441)	–	5,233,465	2,058,107
	358,252,780	357,466,829	2,736,917	(9,156,557)	2,014,676	353,061,864	26,347,498
b) Other loans and facilities							
Short-term borrowing facilities	77,103,600	49,863,817	942,171	(7,342,378)	31	43,463,640	43,463,640
Long-term borrowing facilities	–	27,550,113	2,434,598	(1,361,967)	1,843,367	30,466,110	–
Current loans	598,945	819,641	–	(572,305)	–	247,336	247,336
Non-current loans from joint ventures	39,166,459	40,401,793	2,887,328	(541,959)	702,358	43,449,520	–
Lease purchase options and loans	8,592,839	8,888,737	5,000	–	–	8,893,737	–
Non-interest-bearing loans	2,450,995	2,450,995	–	–	–	2,450,995	–
Non-current loans from minority interests	820,656	1,669,429	85,921	–	(966)	1,754,384	–
	128,733,493	131,644,524	6,355,019	(9,818,610)	2,544,790	130,725,722	43,710,976
Total	**486,986,273**	**489,111,353**	**9,091,936**	**(18,975,168)**	**4,559,466**	**483,787,587**	**70,058,474**

The consolidated financial statements show current financial liabilities in the amount of EUR 70 million as of the reporting date. It will be necessary to extend or refinance these operating credit lines or to convert them into long-term financing in the coming 12 months. If no properties or projects are sold in this period, it will become necessary to take out new loans. A bond may also be issued to raise this financing.

[16] Current receivables and liabilities

	2010	31/12/2009	2009
Trade and other receivables			
Trade receivables	6,840,095	5,237,907	7,695,521
Receivables from tax authorities	735,811	7,054,041	9,601,231
Extended purchase price receivables relating to the sale of subsidiaries	122,500	488,500	488,500
Advance payments made	338,377	396,928	778,971
Other receivables and assets	1,069,435	1,395,351	447,171
Receivables due from associated companies	4,644	122,379	–
Receivables due from joint ventures	144,084	195,835	130,244
Receivables due from related parties	631	712	1,401
Deferred expenses	800,371	1,133,925	995,758
	10,055,949	**16,025,579**	**20,138,797**
Trade and other payables			
Trade payables	7,781,237	14,940,602	25,912,178
Interest-bearing construction invoices from the completion of andel's Łódź	8,239,071	12,453,281	–
Trade payables due to joint ventures	654,636	642,459	582,086
Trade payables due to related parties	1,611,586	966,239	698,220
Purchase price obligations	237,500	1,966,590	2,242,777
Other payables	3,544,315	3,654,211	3,714,937
Advance payments received	673,584	901,896	1,743,305
	22,741,930	**35,525,278**	**34,893,503**

[17] Derivative financial instruments

As of 30 September 2010, there are derivative financial instruments (interest rate collars) relating to the Group's financial liabilities. The main terms and parameters of these collars are as follows:

	2010	2009
Project loan Le Palais Hotel, Prague		
Notional amount at 30 September (underlying: 3-month Euribor)	expired	6,672,955
Fair value at 30 September	–	(228)
Project loan angelo hotel, Prague		
Notional amount at 30 September (underlying: 3-month Euribor)	11,403,600	11,853,742
Fair value at 30 September	27,026	–
Project loan Chopin Hotel, Krakow		
Notional amount at 30 September (underlying: 3-month Euribor)	10,877,762	11,553,677
Fair value at 30 September	(746,480)	(515,511)
Project loan Sobieski Hotel, Warsaw (adjusted for the Group's share)		
Notional amount at 30 September (underlying: 3-month Euribor)	expired	8,151,292
Fair value at 30 September	–	16,624

The Company also held an option (IFRS 2) with the following parameters on the reporting date:

As part of the capital increase on 11 May 2010, Wiener Städtische Versicherung AG was granted the right to purchase 1,440,000 shares at a price of EUR 2.00 per share within 24 months after the completion of the capital increase, or to receive a cash settlement in the amount of the difference between the closing price of the Warimpex share on the day before the exercise date and the price of EUR 2.00 per share as consideration for the assumption of a placement guarantee.

Share price (underlying)	EUR 2.291
Execution price	EUR 2.00
Risk-free interest rate	0.5%
Expected volatility	40.0%
Option term	14/5/2012
Earliest possible execution date	15/5/2010
Expected dividend payment	None
Value as of 30 September 2010	(525,600)
The value at the time of conclusion was	(705,600)

[18] Transactions with related parties

The total amount of compensation due to the directors for the reporting period amounted to EUR 0.70 million (1–9 2009: EUR 0.76 million). Vienna International AG assessed management fees totalling EUR 3.31 million (1–9 2009: EUR 2.64 million).

As part of the option for Wiener Städtische Versicherung AG described in Note [17], the shareholders Amber Privatstiftung and Bocca Privatstiftung issued a performance bond free of charge for the benefit of Wiener Städtische Versicherung AG.

Joint ventures

The following transactions took place with joint ventures in the reporting period:

in EUR	**2010**	2009
Trade revenues	164,244	71,864
Loans made to joint ventures		
Interest income related to joint ventures	1,947,995	1,640,626
Interest expenses related to joint ventures*)	(776,923)	(857,972)

All interest expenses from loans held by joint venture partners for plant under construction are recognized directly in equity, while interest charged for loans extended to joint ventures are always recognized in income.

	Loans given to joint ventures changed as follows in the reporting period:				Loans received from joint venture partners:			
	At 30/9/2009	At 1/1/2010	Change	**At 30/9/2010**	At 30/9/2009	At 1/1/2010	Change	**At 30/9/2010**
Sienna Hotel Sp.z.o.o.	10,416,724	10,492,737	(34,031)	10,458,706	(10,463,250)	(10,542,134)	19,498	(10,522,636)
Bürohaus Leuchtenbergring GmbH & Co. Besitz KG	2,412,762	2,412,762	–	2,412,762	(2,364,984)	(2,364,984)	–	(2,364,984)
GF Ramba Sp.z.o.o.	954,824	852,819	(87,423)	765,396	(952,856)	(869,236)	86,866	(782,370)
Louvre Warimpex Investment Holding S.a.r.l.	3,208,075	3,751,606	292,138	4,043,744	(3,265,543)	(3,756,759)	(291,997)	(4,048,756)
Melica Sp.z.o.o.	867,410	879,869	38,916	918,785	(878,571)	(879,869)	(38,916)	(918,785)
Avielen OAO	12,739,321	16,872,929	3,478,689	20,351,618	(8,068,754)	(7,866,702)	(1,632,216)	(9,498,918)
UBX II (France) s.a.r.l.	50,870	52,587	(52,992)	(405)	(50,000)	(50,000)	50,000	–
Hotel Paris II S.a.r.l.	127,647	176,467	49,943	226,409	(133,026)	(383,026)	150,000	(233,026)
UBX Katowice Sp.z.o.o.	1,593,763	1,996,475	684,625	2,681,100	(1,588,899)	(1,994,910)	(686,122)	(2,681,032)
UBX 3 s.r.o.	6,394	6,488	15,226	21,714	(6,627)	(6,703)	(17,396)	(24,099)
UBX Plzen s.r.o.	2,374,502	2,409,326	385,441	2,794,768	(2,356,372)	(2,472,213)	(254,366)	(2,726,580)
UBX Development s.a.r.l.	–	–	–	–	–	–	–	–
UBX 1 Objekt Berlin GmbH	8,166,289	8,260,323	404,341	8,664,664	(8,143,724)	(8,228,927)	(403,316)	(8,632,243)
UBX 2 Objekt Berlin GmbH	570,291	614,506	18,643	633,149	(569,584)	(613,346)	(18,569)	(631,914)
UBX 3 Objekt Berlin GmbH	321,491	370,421	11,238	381,659	(321,106)	(369,719)	(11,193)	(380,912)
Hotelinvestments s.a.r.l.	3,238	3,261	122	3,383	(3,163)	(3,265)	–	(3,265)
	43,813,600	49,152,575	5,204,877	54,357,452	(39,166,459)	(40,401,793)	(3,047,727)	(43,449,520)

[19] Events after the balance sheet date

The company decided to launch a bond issue programme after the reporting date. We plan to issue bonds with a total volume of PLN 300 million (or roughly EUR 75 million) for Polish institutional investors over the next three years. The bonds are to be issued in several tranches in Poland.

The adjoining building to the Hotel Savoy was sold for KCS 35 million, or approximately EUR 1.4 million.

[20] Other commitments, litigation and contingencies

There were no changes in the reporting period with respect to other commitments, litigation and contingencies as compared to the situation described in the consolidated financial statements as of 31 December 2009.

Vienna, 17 November 2010

Franz Jurkowitsch
Chairman of the Management Board

Georg Folian
Deputy Chairman of the Management Board

Christian Fojtl
Member of the Management Board

Alexander Jurkowitsch
Member of the Management Board

SELECTED WARIMPEX GROUP PROPERTIES

1) Le Palais Hotel***, Prague**
CZ-120 00 Prague 2, U Zvonařky 1
72 rooms (opened in 2002)

2) InterContinental***, Warsaw**
PL-00 125 Warsaw, ul. Emilii Plater 49
404 rooms (opened in 2003)

3) angelo hotel**, Katowice**
PL-40-086 Katowice, ul. Sokolska 24
203 rooms (opened in March 2010)

4) angelo Designhotel, Munich
D-81677 Munich, Leuchtenbergring 20
146 rooms (opened in May 2008)

5) andel's hotel**S, Berlin**
D-10407 Berlin,
Landsberger Allee 106
557 rooms (opened in March 2009)

6) andel's hotel**, Łódź**
PL-91 065 Łódź, ol. Ogrodowa 17
278 rooms (opened in June 2009)

7) angelo Airporthotel**,
Ekaterinburg-Koltsovo**
RU-Airport Ekaterinburg-Koltsovo
203 rooms (opened in September 2009)

WWW.WARIMPEX.COM

Financial calendar

17 November 2010	Publication of the results for the third quarter of 2010
29 March 2011	Publication of the Annual Report for 2010
27 May 2011	Publication of the results for the first quarter of 2011
7 June 2011	Annual General Meeting
30 August 2011	Publication of results for the first half of 2011
29 November 2011	Publication of the results for the third quarter of 2011

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