ANNUAL REPORT **2007**

warimpex

Key figures of the Warimpex Group

EUR '000		2007	Change	2006
Revenues from Hotels & Resorts segment		71,555	37 %	52,408
Revenues from Development & Asset Management segment		9,643	51 %	6,391
Total revenues		81,198	38 %	58,799
Gains from the sale of project companies		31,512	399 %	6,319
EBITDA		56,957	85 %	30,802
EBIT		47,188	107 %	22,801
Profit for the year		33,734	59 %	21,210
Net cash flow from operating activities		14,837	27 %	11,728
Equity and liabilities		508,360	32 %	385,001
Equity		177,308	104 %	87,028
Issued capital		36,000	20 %	30,000
Equity ratio		34.9 %	12 pp	22.6 %
Adjusted equity ratio[1]		53.9 %	6 pp	47.9 %
Ø Number of shares in the financial year	units	35,500,000	18,3 %	30,000,000
Earnings per share	in EUR	0.95	36 %	0.70
Proposed dividend per share	in EUR	0.25	67 %	0.15
Payout ratio		26.3 %	5 pp	21.4 %
Number of shares at 31 December	units	36,000,000	20 %	30,000,000
Number of hotels		15	3	12
Number of rooms (adjusted for proportionate share of ownership)		2.317	455	1.862
Number of office and commercial properties		7	- 1	8
Number of hotel development projects		12	2	10
Ø Number of employees in the Group		1.198	27 %	940

	31/12/2007	Change	31/12/2006
Gross Asset Value (GAV) in EUR m	614.8	29 %	477.5
Triple Net Asset Value (NNNAV) in EUR m	387.4	50 %	258.0
NNNAV per share in EUR	10.8	26 %	8.6
End-of-year share price in EUR	6.64	- 40 %	11.00[2]

1 Assuming that real estate assets are carried at their fair values

2 Issue price on 26/01/2007

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WARIMPEX – Real Estate Development & Investment

Warimpex is a real estate development and investment group with a key focus on the development and operation of hotels in Central and Eastern Europe.

We believe in quality and sustainability as the basis for strong future growth. Our medium-term objective is to become the leading hotel property group in “New Europe”.

Warimpex – an overview

Warimpex Finanz- und Beteiligungs AG is a real estate development and investment group focussing on the construction and operation of hotels in Central and Eastern Europe.

Evolution of the Warimpex Group

Warimpex was founded in 1959 by Stefan Folian as an import/export trading company. From 1982 onwards, under the management of Georg Folian and Franz Jurkowitsch, the company started to specialise in real estate projects in Central and Eastern Europe. Since that date the Warimpex Group has developed real estate with investments amounting to more than one billion euros, including hotels in the five-, four- and three-star categories with a total of more than 5,500 rooms. In addition, Warimpex also develops office buildings and other real estate.

Development and Asset Management

Warimpex views itself as a "hybrid" real estate company. As a developer, it develops real estate projects; as an asset manager it then operates and manages these properties before selling them on, depending on the specific market situation and degree of maturity, at the point where the highest foreseeable value-added can be realised. Accordingly, the Warimpex Group generates stable cash flows from the operation of hotel properties and the letting of commercial and office space while simultaneously realising proceeds from real estate sales.

Real estate project development and operations are coordinated by Warimpex in Vienna together with the local branch offices in Budapest, Prague, St. Petersburg and Warsaw. The majority of the hotels are managed by Vienna International Hotelmanagement AG. Warimpex is also building upon its successful, long-standing cooperative projects with international hotel groups such as the InterContinental Group and Sheraton.

As of the end of 2007, Warimpex was the owner or co-owner of fifteen luxury and business hotels with a total of more than 3,300 rooms, plus seven commercial and office buildings with a total floor area of some 36,000 sqm in Poland, the Czech Republic, Hungary, Romania and France. A number of further hotel projects are currently under development. In the five-star hotel segment Warimpex will expand in the capital cities of new markets. Three-star-plus and four-star hotels – the Angelo and Andel's hotel brands – will be built in primary and secondary metropolitan areas.

In the one-star and two-star segment Warimpex' portfolio will be complemented in future by budget hotels developed under a joint venture with Louvre Hotels.

Highlights of 2007

Operative highlights

• 26 January 2007	Successful flotation on the stock exchanges in Vienna and Warsaw
• 26 March 2007	Joint venture with Louvre Hotels to develop budget hotels in Eastern Europe
• 30 March 2007	Sale of an office building in Prague
• 1st quarter 2007	Start of construction work on Andel's Hotel in the "Manufaktura" hotel and business complex in Łódź, Poland
• 27 April 2007	Purchase of the building adjacent to the Hotel Savoy in Prague for the development of 24 additional rooms
• 30 May 2007	Opening of the Andel's Hotel in Krakow
• 2nd quarter 2007	Start of construction work on the two Angelo hotels in Munich and Pilsen
• 14 June 2007	Acquisition of an additional 16.67 % stake in the InterContinental Hotel, Warsaw
• 17 July 2007	Market entry in Romania, acquisition of a four-star airport hotel
• 3rd quarter 2007	Start of construction work on Andel's Hotel in Landsberger Allee, Berlin
• 27 September 2007	Building permission granted for the Airport City project in St. Petersburg
• 6 November 2007	"Austria's Leading Company" award in the "Big Players" category, Vienna
• 12 October 2007	Acquisition of a piece of land for the development of a hotel in Poznan
• 26 November 2007	Sale of a 25 % share in the Airport City development project in St. Petersburg to co-investor CA Immo International
• 3 December 2007	Acquisition of a four-star hotel in Paris together with UBM
• 19 December 2007	Acquisition of Palais Hansen in Vienna together with Wiener Städtische Versicherung AG and Porr Solutions

Financial highlights

- Revenues increased by 38 %
- EBITDA raised by 85 %
- CBRE evaluation showed real estate assets of EUR 614.8m, which represents an increase by EUR 137.3 m, over the previous year's value
- Triple Net Asset Value (NNNAV) per share up by 26 % or EUR 2.2 to EUR 10.8 per share

Corporate governance

Warimpex is committed to compliance with the Austrian Corporate Governance Code as well as the Polish “Best Practices in Public Companies“. The Management Board declares that it complies with both sets of guidelines to the best of its ability. The company fulfils all the legal requirements as well as observing virtually all the comply-or-explain rules set forth in the Austrian Code. Deviations from individual corporate governance rules relate to the company's structure and/or to Polish rules that are not complied with due to the company's primary orientation towards the relevant Austrian regulations.

Detailed explanations are available on the company's website at **www.warimpex.com**.

Milestones 2007

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Sale of an office building in Prague

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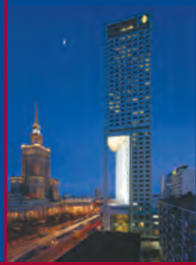
Acquisition of an additional 16.67 % stake in the InterContinental Hotel, Warsaw



January | February | March | April | May | June

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July | August | September | October | November | December

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"Austria's Leading Company" award
in the "Big Players" category, Vienna

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Acquisition of a
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warimpex

Bodies of the company

Management Board

Franz Jurkowitsch
Chairman of the Management Board
Appointed until 2 September 2011

Georg Folian
Deputy Chairman
Appointed until 2 September 2011

Christian Fojtl
Member of the Management Board
Appointed until 31 July 2011

Alexander Jurkowitsch
Member of the Management Board
Appointed until 31 July 2011

Supervisory Board

Alarich Fenyves
Chairman of the Supervisory Board
Chairman of the Project Committee
Chairman of the Personnel Committee
First appointed 31 May 2007
Current period of office ends in 2011
Member of the Supervisory Board of CA Immo International AG, Vienna

Heinrich Geyer
Deputy Chairman of the Supervisory Board
Member of the Audit Committee
Member of the Personnel Committee
Member of the Project Committee
First appointed 13 September 2000
Current period of office ends in 2007

Franz Burkert
Member of the Supervisory Board
Chairman of the Audit Committee/finance expert
Member of the Personnel Committee
First appointed 9 February 1994
Current period of office ends in 2007

Victor Igalffy-Igally
Member of the Supervisory Board
Member of the Project Committee
First appointed 9 February 1994
Current period of office ends in 2007

William Henry Marie de Gelsey
Member of the Supervisory Board
First appointed 31 May 2007
Current period of office ends in 2011
Member of the Board of Directors of Gedeon Richter Ltd, Budapest

Wolfgang Mitterberger
Member of the Supervisory Board
Member of the Audit Committee
First appointed 31 May 2007
Current period of office ends in 2011

Friedrich Grassi
Member of the Supervisory Board
First appointed 31 May 2007
Current period of office ends in 2007

Alicja Kornasiewicz
Member of the Supervisory Board
First appointed 31 May 2007
Current period of office ends in 2011

Auditors

Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H.

Foreword by the Chairman of the Management Board

Dear shareholders,

In January 2007, the year under review, we embarked on an essential step for the further development of Warimpex, floating our company on the Vienna and Warsaw stock exchanges via an international Initial Public Offering. In the course of the IPO we raised fresh capital to finance further – and above all faster – growth. Dampened by a difficult environment for real estate stocks, the development of our share price since then has been less than gratifying. Nevertheless, as planned, we are now in a position to implement our previous strategy of “sell one, develop three“ even faster and more effectively. Indeed, our watchword now is “sell two, develop eight“.

Our results for the financial year 2007 furnish initial proof that our strategic approach is the right one. Back in January we promised to increase the intrinsic value of our company by 10 %; now we can point to a 26 % rise in NNNAV. We have doubled our cash earnings from operating activities, boosted EBITDA by 85 % and more than doubled our EBIT. We have sold properties at a profit of EUR 31.5m and thus demonstrated that we are also capable of realising gains as promised.

Many potential investors have criticised our conservative valuation policy, but today our shareholders are very pleased about it. We do not report estimated market values of our properties in the balance sheet, let alone recognise the difference in income, but value and carry our real estate assets at acquisition cost. We recognise the real growth in value when the property is sold, that is, when we actually receive payment for it. Our shareholders can gauge the continuous increase in the value of our company from the NNNAV, which we calculate and publish semi-annually on the basis of expert valuations.

True to our ethos of keeping our promises, we will be proposing a dividend of EUR 0.25 to the Annual General Meeting. This represents an increase of 67 % in the dividend per share and a 26 per cent increase in the total dividend.

Apart from the strategic step of our stock market flotation, we have made a great deal of progress with other projects in the financial year 2007. A project of special importance to us is our joint venture with the leading European hotel group Louvre Hotels, which paves the way for us to enter the budget hotel segment in our markets. Following an intensive preparatory phase and initial steps taken in 2007, the coming months and years will see a host of new developments emerging from this cooperation.

Particular highlights of the year under review were the acquisition of an airport hotel in Bucharest and the resulting market entry in Romania, and the granting of building permission for the Airport City project in St. Petersburg, which subsequently attracted a renowned international co-investor to buy into the project.

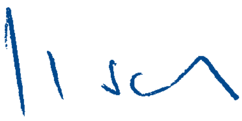
The real estate market environment was a dominant theme in the year just ended. Our markets nevertheless continued to show a positive trend, and the financing of our development projects is likewise assured. We are still able to choose from among several financing proposals and conduct negotiations on this basis. We see this as proof of the fundamental strength of Warimpex and as testimony to the lending sector's confidence in the development of our markets. The semi-annual valuation of our real estate assets by CB Richard Ellis shows a clear year-on-year increase of 26 % in the NNNAV per share, though the NNNAV per share at year end had declined by 1 % compared to the figure at 30 June 2007. Whereas the market values of completed properties remained constant as from 30 June 2007, the construction costs for development projects rose by up to 10 % over the same period.

We were surprised at the remarkable extent of the subprime crisis on the European markets. The crisis was triggered by the American economic system's extreme orientation towards private consumption. This is credit-financed, the loans being securitised by fictitious increases in the value of real estate. The loans were bundled, securitised and traded, the risk ostensibly managed. Statistical increases in the value of property signalled unconstrained growth. Now this liquidity bubble has burst, and the mental crisis gripping the investment bankers is commensurately large. The financial system in Austria and Germany may have often been jokingly referred to as “mediaeval”, yet it has maintained its efficiency and capacity throughout the crisis.

Based on the fundamental strength of our company and the property markets in which we are active, we – meaning both the members of the Management Board as private persons as well as Warimpex as a company – will take advantage of the current weakness of the capital markets to buy back our own shares. We will therefore also be proposing a share buyback programme to the Annual General Meeting. A key parameter of the programme will be the stipulation that buybacks will only be effected if the share price falls to at least ten per cent below the NNNAV.

The IPO not only opened up new avenues for our further development, it also raised awareness of our company and built us a strong reputation. The occupancy rates at most of our hotels are very good and we currently have twelve concrete development projects under implementation which will underpin our future organic growth. Property sales are also envisaged for this year, the detailed implementation of which still depends on the relevant offers and negotiations. In any case we will forge ahead single-mindedly on the course we have embarked upon, and are also planning a further increase in the number of hotel rooms in 2008. Thanks to hotel openings and new acquisitions, the Group's number of available rooms, adjusted for the proportionate share of ownership, will rise by approx. 400 to some 2,700 rooms in the course of 2008. We are confident that project developments will also allow us to achieve a continued over-proportional increase in our NNNAV per share.

I would like to take this opportunity to thank firstly our staff, without whose dedication and effort this phase of massive growth would not have been possible, and of course you, our shareholders, for the trust you have placed in Warimpex.



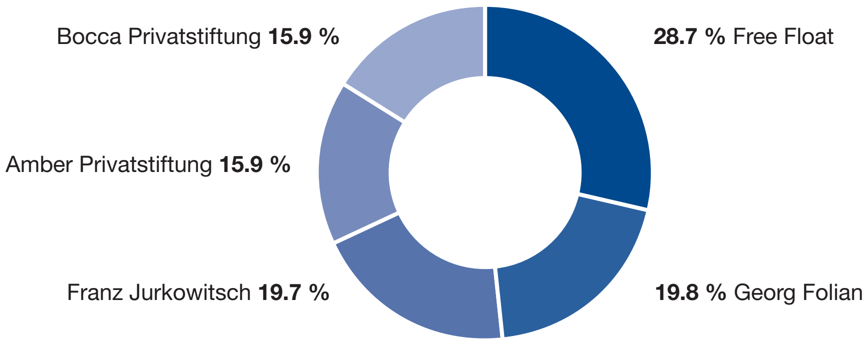
Franz Jurkowitsch

Investor relations

Warimpex Finanz- und Beteiligungs AG shares have been listed at the Vienna stock exchange since 26 January 2007 and at the Warsaw stock exchange since 29 January 2007.

Under the IPO, six million new shares were offered from a capital increase as well as three million old shares held by the two founders and Management Board members Franz Jurkowitsch and Georg Folian. In addition, the greenshoe option in the amount of one million of old shares, also from holdings of the said Management Board members, was fully exercised. At the issue price, the offering was 14 times oversubscribed, which underlined the difference to other real estate shares and the resulting great demand. The issue price was EUR 11.00 or PLN 42.83, while market capitalisation based on the issue price was EUR 396.0m or PLN 1,541.9m. Since going public the Company's share capital has been divided into 36 million non-par-value shares.

Shareholder structure at 14 April 2008

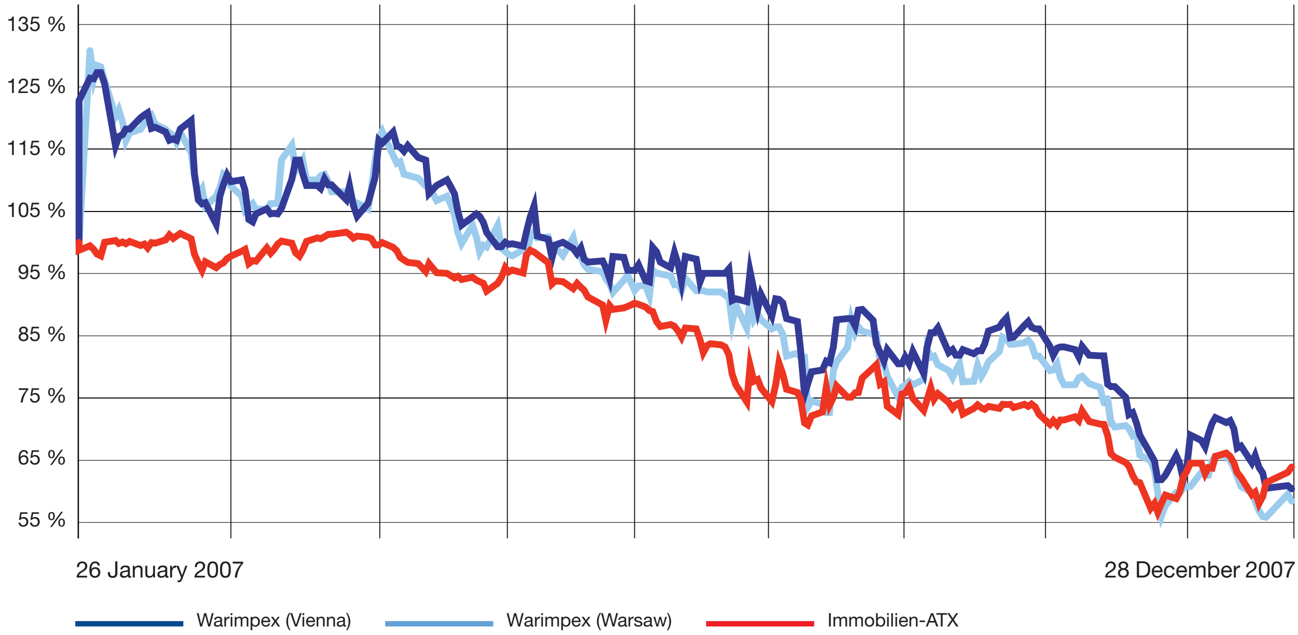


Following the very successful IPO on the Vienna and Warsaw stock exchanges in January 2007 and a pleasing development of the share price until the middle of the year, the Warimpex share was caught up in the wake of turbulence affecting international real estate stocks at the end of the first half. From then on its performance largely mirrored that of the Austrian benchmark index IATX. The share recorded a high of EUR 14.00 and PLN 56.00 on 31 January 2007. As at 28 December 2007 the share was trading at EUR 6.64 and PLN 25.00.

The granting of mortgage loans to subprime borrowers triggered strong turbulence on the international financial markets in the summer months of 2007, leading to high losses in some cases. Loan defaults surged in the wake of the expiration of highly favorable fixed interest agreements in the first two to three years of a loan ("teaser rates") and the higher interest rate level in the U.S.A. In addition, real estate prices had been stagnating for more than a year and had recently even been falling, making refinancing more difficult. The spread of the subprime crisis in the U.S.A. to the global financial markets can be attributed to the securitization of these loans.
Uncertainty about the distribution and concentration of these credit risks, as well as about unrealized losses and hidden accounting losses, have led to a crisis of confidence among banks and thus to liquidity constraints. As a consequence, the ECB and the Federal Reserve – among others – added liquidity to the money markets, whereby the situation was somewhat alleviated. In the U.S.A., the Federal Reserve reduced the federal funds rate in several steps. In the euro area, the ECB held the interest rate constant; however, it injected liquidity into the money market in the form of overnight quick tenders and long-term refinancing transactions. The consequences of the financial market turmoil for Europe remain unclear. Although there were corrections in the Irish and Spanish real estate markets – which are to be considered as only partially related to the U.S. credit crisis – the European banking market is the focus of observation. In addition to large American banks, a few large European banks had to record value adjustments of structured financial instruments, which in some cases considerably affected their earnings position. Thus, a spreading of the financial market crisis to the real economy – hardly imaginable over the summer – is no longer out of the question. The problems on the interbank market could affect lending to private households as well as to businesses. If credit should become scarce, the direct effects on the real economy would be a drop in investments and lower consumption, if private households and businesses were unable to completely replace credit by savings or profit transfers. Fewer investments and less consumption would hamper GDP growth.

Source: Austrian National Bank (OeNB), Monetary Policy and the Economy Q4/07

Share price performance (Chart)



Key share data

ISIN	AT0000827209
Number of shares	36,000,000
Ticker symbols	Stock Exchanges WXF I Reuters WXFB.VI
Issue price	EUR 11.00 I PLN 42.83
High	EUR 14.00 I PLN 56.00
Low	EUR 6.64 I PLN 23.90
Price as of 28 December 2007	EUR 6.64 I PLN 25.00

Warimpex is included in the following indices:

Vienna	ATX Prime, Immobilien-ATX
Warsaw	Market Main 250, Real estate developers

Research reports:

UniCredit CA-IB, 17/03/2008	Buy, target price EUR 10.20
Sal Oppenheim, 15/12/2007	Strong buy, target price EUR 10.00
RCB, 15/02/2008	Hold, target price EUR 8.20

100-day trading average	in Vienna approx. 20,000 shares in Warsaw approx. 10,000 shares

GROUP MANAGEMENT REPORT

for the financial year from 1 January to 31 December 2007

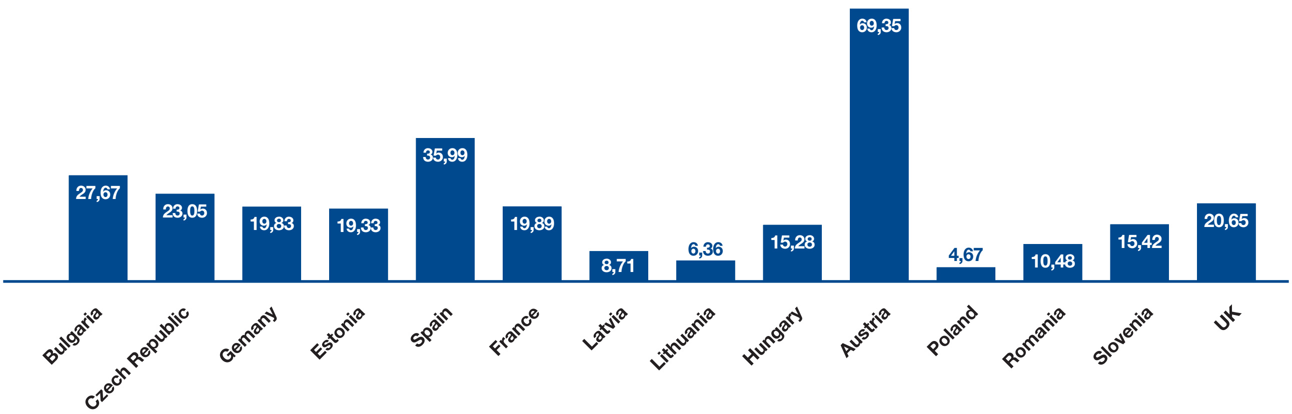
Economic environment

The growth market of hotel real estate in Eastern Europe

In the early eighties, Warimpex was one of the first international groups to start developing hotels in the Czech Republic, Hungary and Poland. With more than 25 years of experience in these markets and local branch offices in Warsaw, Prague, St. Petersburg and Budapest, Warimpex is today able to identify market opportunities quickly and efficiently. The company plans to continue leveraging this competitive advantage in order to constantly expand its portfolio.

Warimpex' home markets have witnessed extremely dynamic development in the past decades. As new Member States of the European Union they have stood out over the past few years for strong economic growth rates ranging between 4 % and 6 %. Here Warimpex sees great potential in the hotel sector, especially in the secondary cities; this applies to both the tourist and business traveller segments, indicating that occupancy levels are likely to be constant.

Hotel beds per 1,000 inhabitants*



Source: Eurostat 2006, IMF 2006

* All available beds in hotels/motels/holiday apartments, etc.

The so-called "real estate crisis" had an impact on all European and North American property development companies, especially on their share prices, and Warimpex was no exception. Fundamentally, however, as of the beginning of 2008 there are currently no indications of a weakness of the real estate markets in those countries in which Warimpex is active. Eastern Europe still lags behind the West in terms of the number of available hotel beds. Whereas virtually saturated markets number approx. 20 hotel beds per 1,000 inhabitants, in Poland the figure is just 5 and in Romania only 10. Furthermore, the share of hotel beds that meet Western standards is even lower still.

The general deficit of high-quality offices and hotels built to Western European standards means that office rents and hotel room rates in Poland and the Czech Republic continue to rise, while vacancy rates are declining.

In the last few years, the expectations of market participants in the European property markets with regard to return on investment declined, particularly in the Central and Eastern European markets. This lowering of yield expectations was probably attributable, on the one hand, to falling risk premiums and/or the growing readiness of investors to take risks and, on the other hand, to declining returns on long-term, low-risk investments. In the past few years, falling yields due to lower returns on long-term, low-risk investments, lower risk premiums or a combination of the two have led to significant increases in the fair market values of properties. Since mid-2007, however, real estate investors have once again been basing their expectations on stable returns, and in some submarkets on a slight upward trend in yields.

MARKETS

Poland

Economic environment

The Polish economy has profited substantially from EU membership and is characterised by a brisk pace of growth. In 2007, just as in 2006, GDP growth is expected to come to 6.6 %. This high rate of growth is attributable firstly to a rise in domestic demand and, secondly, to stronger exports and investment activity. Robust economic growth of around 5.3 % is again expected for 2008. In 2007, the Warsaw property market was marked by rising rents and falling vacancy rates in office premises, while the hotel trade in both Warsaw and Krakow saw higher occupancy rates as well as a rise in the average room rate.

Existing portfolio: 6 hotels, 2 office properties

Warimpex holds an interest in the five-star Hotel InterContinental and the four-star Hotel Sobieski in Warsaw.

In Krakow Warimpex has been the owner of the three-star Hotel Chopin since July 2006. It also owns the self-developed Andel's Hotel Krakow, which opened in May 2007. Renovation work on 83 rooms at the Hotel Chopin was completed at the beginning of 2008, and the remaining 137 rooms and the lobby are to be refurbished by the beginning of 2009. In Miêdzyzdroje on the Baltic coast Warimpex owns the Amber Baltic Spa Resort Hotel, a hotel ship and a 27-hole golf course.

The Hotel InterContinental is well-established on the Warsaw hotel market; the occupancy rate has risen steadily since opening and reached 80 % in the year under review (previous year: 78 %). In 2008 efforts will focus on raising the average room rate on the basis of the strong demand. The Hotel Sobieski, in which Warimpex holds a 25 % stake, likewise met expectations with an annual occupancy rate of 70 % (previous year: 70 %); at this hotel an increase in the average room rate was effected in 2007. Equally satisfactory was the occupancy rate at the Hotel Chopin (2007: 73 %, 2006: 74 %) and at Andel's Hotel in Krakow (2007: 69 %), which opened end of May 2007.

Annual occupancy at the Amber Baltic beachfront resort was around 50 % (previous year: 48 %). This marked difference to the city hotels is due, above all, to the shorter season.

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

The Parkur Tower office building near Warsaw Airport, which was jointly developed by Warimpex and UBM and boasts some 8,500 sqm of lettable floor space, was almost fully let out to long-term tenants in the year under report. The average rent of approx. EUR 12 per sqm is significantly higher than the amount originally budgeted.

Under development: 4 hotels, 2 budget hotels, 1 shopping centre

Construction work on an Andel's Hotel in Łódź featuring 278 rooms and suites plus some 2,500 sqm of conference space started back in the first quarter of 2007, with opening scheduled for the beginning of 2009.

In Katowice, a Hotel Angelo has been under construction since March 2008. In Krakow an existing office building was purchased for conversion into a two- to three-star hotel in the coming two years. This hotel project in Krakow will probably be developed further as part of the joint venture with Louvre Hotels.
In Warsaw, project development is under way on a five-star luxury hotel of the Le Palais brand. As the building is one of the few in Warsaw whose historic fabric has been preserved, the approval process in compliance with the specifications set forth by the Office for the Preservation of Historic Monuments is proving more difficult than originally envisaged. Construction work is expected to begin in mid-2008.

At the beginning of October a site in Poznan was acquired for a further hotel development.

In Białystok, Warimpex has commenced development of a budget hotel as well as a shopping centre with approx. 19,000 sqm of lettable retail space and 11,000 sqm of lettable office space.

Czech Republic

Economic environment

The EU member Czech Republic succeeded in significantly boosting its economic growth from 2 % to 6 % between 2002 and 2005, and growth again ran at around 6.1 % in 2006. GDP growth of 4.8 % and 4.3 % respectively is expected for the years 2007 and 2008.

Existing portfolio: 6 hotels

In Prague, the Warimpex Group owns the five-star hotels Savoy, Palace, and Le Palais, which are all members of the “Leading Hotels of the World”.
In the period under report Warimpex also acquired the building adjacent to the Hotel Savoy, which will enable the latter to be expanded. Warimpex plans to increase the number of rooms from the current 61 to approx. 85 as well as enlarging the hotel's conference facilities.

In the four-star hotel segment Warimpex owns the Dvořák health resort in Karlovy Vary and the Hotel Diplomat and the Hotel Angelo in Prague.

As regards the occupancy rates and yields of its four-star Prague hotels, Warimpex is currently seeing stabilisation at a high level. In the smaller five-star market occupancy rates were seen to decline for the first time in 2007, the reasons for this being the opening of several other five-star establishments and the absence of American tourists due to the weakness of the US dollar.

In the reporting year, the occupancy rates of the Prague hotels were around 70 % (previous year: approx. 70 %) for the two hotels in the four-star segment and between 53 % and 66 % in the five-star segment (previous year: between 62 % and 68 %).

At the Hotel Dvořák in Karlovy Vary it proved possible to increase the very high occupancy rate of the previous year still further to 88 % (previous year: 86 %) while simultaneously raising the average room rate by more than 10 %.

Under development: 1 hotel

In the Czech Republic, construction work on the 147-room Hotel Angelo in Pilsen commenced in the second quarter of 2007. The construction work is progressing according to schedule, with opening thus anticipated in the third quarter of 2008.

Hungary

Economic environment

After accelerating moderately in 2004, GDP growth slowed to 4.2 % in 2005 and further to 3.9 % in 2006. Growth is expected to run at around 2.1 % in 2007, and at 2.7 % in 2008.
The office market, particularly in Budapest, has developed well over the past few years, with vacancy rates falling still further. In 2007 a trend emerged towards a slow rise in office rents.

Existing portfolio: 5 office properties

In Budapest Warimpex owns the Pauler, Cetelem, Erzsebet, Dioszegi and Sajka office buildings, which together have a total net floor space of around 21,000 sqm.
Thanks to the current trend on the market the rents obtained for office space in the Pauler building were higher than those budgeted.

Under development: 1 budget hotel, 1 office property

Warimpex acquired the Erzsebet office complex at the end of 2006. Centrally located, the building is partially let and consists of two separate towers with a total floor area of 15,000 sqm. Plans are not only to modernise the entire complex, but also to redevelop one of the towers as a budget hotel while the other continues to be let long term to the Hungarian insurance group OTP as office space.

Romania

Economic environment

The economic strength of the relatively new EU Member State Romania is swiftly increasing. Following growth of 4.1 % in 2005, the figure rose to 7.7 % in 2006, with rates of 6.3 % and 6 % respectively predicted for 2007 and 2008.

Existing portfolio/Under development: 1 hotel

Warimpex entered this attractive market with the acquisition of the Golden Tulip Sky Gate airport hotel, now renamed Airport Hotel Angelo Bucharest. The property is currently being modernised and adapted to the Angelo Hotels brand design. The existing office space is also being converted into 70 additional rooms, which are due to open in June 2008. This will allow the property to be further developed while simultaneously generating a stable cash flow from the ongoing hotel operation. The hotel's occupancy rate in the period September to December 2007 was around 70 %.

Germany

Economic environment

Germany's economic growth no longer relies exclusively on exports; in the meantime, investments and domestic demand have also come to play a decisive role. Following a moderate acceleration in 2006, GDP growth slowed from 2.9 % to 2.4 % in 2007. A rate of around 2 % is forecast for 2008.

Under development: 3 hotels

A Hotel Angelo is currently under construction in Munich and will open at the end of May 2008. Plans for the second phase of this project foresee the development of city archives and a second hotel on the site.
An Andel's Hotel with 556 rooms and suites is under construction in Berlin, with opening scheduled for the beginning of 2009.

France

Economic environment

After GDP growth of 2 % in 2006 and 1.9 % 2007, the French economy is expected to witness a rise of 2 %in 2008.

Existing portfolio: 2 hotels

In Paris, Warimpex and its long-term partner UBM have been the joint leaseholders of the 400-room four-star Hotel Dream Castle since June 2006. At 78 %, the hotel's occupancy rate showed an extremely gratifying trend in 2007, and its operating profits have increased significantly since the takeover.

At the beginning of December 2007 Warimpex and UBM also jointly acquired the neighbouring Hotel Holiday Inn at the Disneyland® Resort Paris, taking a share of 50 % each. Warimpex expects an array of synergies thanks to the hotel's proximity to the existing property, and the resulting doubling of the number of available rooms will enhance the hotels' attractiveness as a venue for conferences and events. However, no further investments in France are planned for the time being.

Austria

Economic environment

Austria has benefited from the eastward enlargement of the EU; GDP growth was 3.3 % both in 2006 and in 2007. Growth in the region of approx. 2.5 % is forecast for 2008.

Under development: 1 hotel incl. apartments

Mid-December 2007 witnessed Warimpex‘ first ever investment in a development project in Austria, the Group's home country. Together with Wiener Städtische/Vienna Insurance Group and Porr Solutions the Group acquired an interest in the Palais Hansen on Vienna's Ringstraße boulevard; the palatial building is to be revitalised and redeveloped as a high-end hotel and residential complex by the end of 2010.

Russia

Economic environment

Russia is experiencing very dynamic development: GDP rose by 6.4 % in 2005 and by 6.7 % in 2006, with 7 % predicted for 2007. Strong growth is also expected in 2008, with a forecast of 6.5 %.

Under development: 1 hotel and airport office park

At the end of September 2007 Warimpex was granted building permission for the Airport City development project in St. Petersburg, under which Warimpex is developing a business park as a 85:15 joint venture with St. Petersburg Airport. Plans for the first phase at Pulkovo 2 International Airport foresee the construction of a four-star hotel with 300 rooms plus an office building with about 40,000 sqm of net lettable floor space. The investment volume for this first phase amounts to some EUR 120 million, and construction work already got under way in the autumn of the year under review. At the end of November 2007 the CA Immo New Europe Fund purchased a 25 % stake in the project company.

Budget hotels

In March 2007 Warimpex and Louvre Hotels concluded a strategic joint venture agreement for the development of a chain of budget hotels in Central Europe. The aim of the project is to expand Louvre Hotels‘ existing successful budget hotel brands – Campanile and Première Classe – into Warimpex‘ home markets.

Warimpex and Louvre Hotels each hold a 50 % interest in the project and together will invest a total of EUR 300 to 500 million in building the hotels. In a first phase the joint venture foresees the construction of some 30 hotels in the region, with each of the partner companies contributing around EUR 150m. Approx. seven hotel developments are planned in the first year.

First joint projects were evaluated and investment decisions made in the year under report. The first joint budget hotel is to be opened in Budapest in 2010, with further projects in Hungary as well as in the Czech Republic, Slovakia and Poland already at an advanced stage. The partners are currently involved in negotiations on the development of a further 210-room Campanile in Budapest, 100-room Campanile establishments in Pecs and Debrecen, and an 80-room Première Classe hotel in Györ. In Poland negotiations are under way regarding a Première Classe in Katowice and Campanile hotels in Krakow, Gdansk and Warsaw. In the Czech Republic hotels are also to be developed in Prague and Brno.

Main business activities in the financial year 2007

• Successful IPO in January 2007

In January 2007, Warimpex Finanz- und Beteiligungs AG completed a highly successful IPO under which its shares were listed for official trading at the stock exchanges of Vienna and Warsaw. The demand for Warimpex shares was significantly higher than the offering. At the issue price of EUR 11, the ten million shares available for sale were more than 14 times oversubscribed.

• Signing of a joint venture agreement with Louvre Hotels to roll out budget hotels in Eastern Europe

At the end of March a joint venture agreement was concluded for the development of an own chain of budget hotels in Warimpex‘ home markets. Warimpex and Louvre Hotels each hold a 50 per cent interest in the joint venture, which foresees the development of budget hotels in Poland, the Czech Republic, Hungary and Slovakia, with possible expansion into other countries in the region.

• Sale of an office building in Prague

At the end of March 2007 Warimpex sold an office property in Prague that was fully let and therefore ripe for realisation. The 50 % stake in the holding company previously owned by Warimpex was sold to the joint venture partner UBM.

• Acquisition of the building adjacent to the Hotel Savoy in Prague

At the end of April Warimpex acquired the building adjacent to the Hotel Savoy, which will allow it to expand the hotel by 24 rooms and additional conference facilities.

• Opening of the Andel’s Hotel in Krakow

In May 2007 Warimpex opened the Andel’s Hotel in Krakow, which it developed jointly with UBM. Guests at the 159-room establishment have access to a fitness area equipped with sauna, steam room and aromatherapy showers. The hotel also boasts four conference rooms with a total floor area of 440 sqm.

• Acquisition of an additional 16.67 % stake in the Hotel InterContinental, Warsaw

In mid-June Warimpex concluded the purchase of a further 16.67 % interest in the holding company of the Hotel InterContinental in Warsaw. Warimpex now holds a 50 % stake in this 404-room hotel in a prime location in Warsaw.

• Start of construction work on hotels Andel’s Łódź, Andel’s Berlin, Angelo Munich and Angelo Pilsen

In Munich construction work started on the 149-room Hotel Angelo, which will open in May 2008.

Construction work on a Hotel Angelo was also started in Pilsen; completion of the 147-room hotel and a small office building is planned for the third quarter of 2008.

Back in the first quarter of 2007 construction already started on a further Andel’s Hotel in Łódź comprising 278 rooms and suites plus approx. 2,500 sqm of conference facilities. Opening is anticipated for the beginning of 2009.

Building work also commenced on an Andel’s Hotel in Berlin; featuring 556 rooms and suites, the establishment is likewise scheduled to open in early 2009.

• Issue of building permit and start of construction on Airport City in St. Petersburg/Sale of 25 % share in the project company to CA Immo International

At the end of September 2007, Warimpex made decisive progress in the largest development project in the company's history when the City of St. Petersburg granted it building permission for the Airport City project. The first phase of the business park on a 62,000 sqm site beside Pulkovo 2 International Airport will see the construction of a 300-room four-star hotel operated by an international chain plus three office buildings with about 40,000 sqm of net lettable floor space.

In the fourth quarter of 2007 the CA Immo New Europe Fund joined in on the project as a co-investor, with Warimpex selling 25 % of its shares in the project company for EUR 30 million. The transaction allowed Warimpex to realise development profits with a positive effect on cash flow as well as bringing a reliable equity partner on board for the second phase of the project. St. Petersburg Airport continues to hold an unchanged 15 % stake in the Airport City development company.

• Acquisition of site in Poznan for construction of a further Andel's Hotel or Hotel Angelo
At the beginning of October Warimpex acquired a piece of land in Poznan for a further Andel's Hotel or Hotel Angelo. The hotel will have approx. 240 rooms.

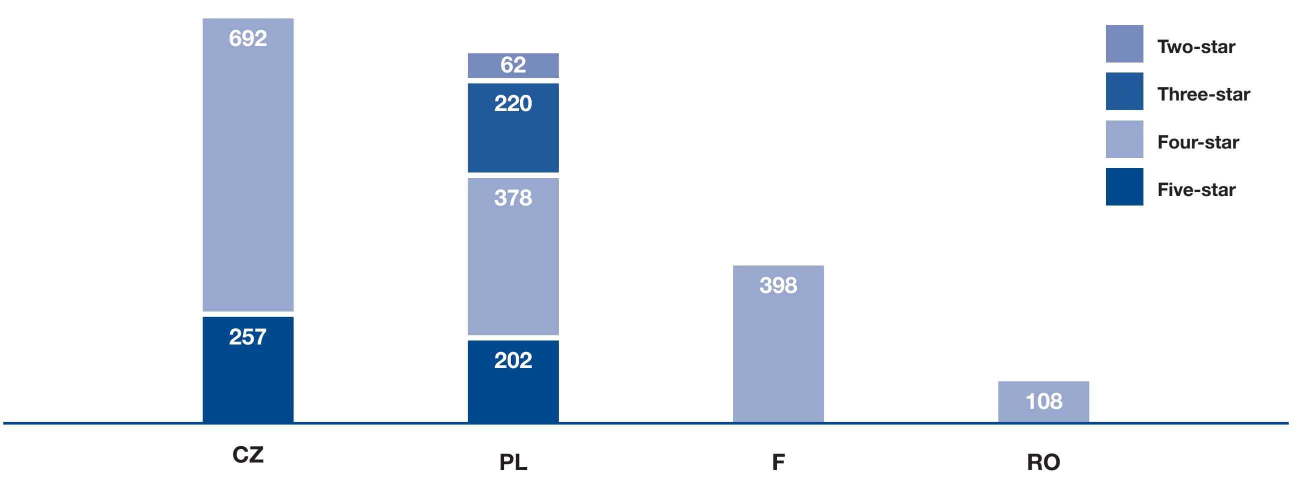
• Market entry in Romania through acquisition of Airport Hotel Angelo Bucharest
Mid-July saw the acquisition of a hotel in Bucharest in immediate proximity to the airport. The hotel comprises 108 rooms, plus 3,000 sqm of office space that is currently being converted into approximately 70 additional rooms. The hotel is already operating under the new name Airport Hotel Angelo Bucharest.

• Acquisition of a four-star hotel in Paris in a joint venture together with UBM
At the beginning of December Warimpex and UBM jointly acquired the Hotel Holiday Inn at the Disneyland® Resort Paris, taking a share of 50 % each. The two companies are already the joint lessees of the neighbouring Hotel Dream Castle.

The newly acquired four-star hotel boasts 396 rooms and 464 square metres of conference facilities, which will be completely renovated and refurbished. Responsibility for the hotel's management was taken over by Vienna International, which already runs the neighbouring Hotel Dream Castle.

• Acquisition of the Palais Hansen in Vienna together with the Wiener Städtische insurance group and Porr Solutions
In mid-December 2007, Warimpex, Wiener Städtische/Vienna Insurance Group and Porr Solutions jointly acquired an 80 % interest in the Palais Hansen on Vienna's Ringstraße boulevard. By the end of 2010, the joint development company will revitalise the property and redevelop it as a high-end hotel and residential complex, with the planned hotel expected to be in the four-star category.

Hotel portfolio (number of rooms adjusted for proportionate share of ownership) at 31 December 2007

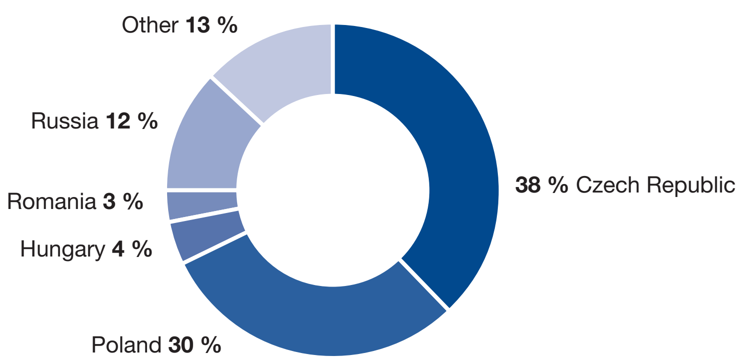


As at the reporting date of 31 December 2007, the number of available hotel rooms adjusted for the proportionate share of ownership had risen by 455 since the end of 2006, from 1,862 to 2,317. This was due to the acquisition of the additional share in the Hotel InterContinental, Warsaw, the opening of the Andel's Hotel in Krakow, the acquisition of the Hotel Angelo in Bucharest and the acquisition of the Hotel Holiday Inn in Paris.

Business development

At year end 2007 the Warimpex portfolio comprised 15 hotels and seven office properties, plus numerous pieces of land and development projects in eight countries in Central and notably Eastern Europe. The focus of the Group's portfolio is on the markets of the Czech Republic, Poland, Hungary and Russia. Preparations are currently under way for further expansion into the new market of Romania as well as for the market entry in Ukraine.
The Warimpex Group employs local staff in all the countries in which it is active.

Real estate assets by country (share of GAV)



Gross Asset Value (GAV) at 31 December 2007

Approx. 38 % of the Warimpex Group's real estate assets (Gross Asset Value) are located in the Czech Republic, and 30 % in Poland. The progress made with the Airport City real estate development project in St. Petersburg in 2007 led to an increase in the Russian share in the portfolio to 12 %.

In terms of sector breakdown, the lion's share of more than 90 % of the Group's existing real estate assets (excluding development projects) are hotels.

Assets, financial position and earnings situation

Result for the financial year 2007

Consolidated income statement (EUR '000)	**2007**	2006	2005
Revenues			
Hotels & Resorts	71,555	52,408	35,315
Asset Management & Development	9,643	6,391	4,997
	81,198	**58,799**	**40,312**
Gains from the sale of real estate	37,366	18,563	80,900
Carrying amounts, loans and borrowings assumed by the purchaser	-5,854	-12,244	-42,570
Gains from the sale of disposal groups	**31,512**	**6,319**	**38,330**
Change in real estate projects under development or construction	-1,496	601	995
Negative goodwill recognised in income	3,702	4,181	895
Other operating income	4,682	5,281	-
	6,888	10,063	1,890
	119,598	**75,181**	**80,532**
Expenses			
Expenses for materials and services received	-32,014	-22,741	-16,605
Expenses for project development	-984	-2,025	-287
Personnel expenses	-22,451	-15,284	-9,362
Other operating expenses	-7,192	-4,329	-4,091
Total expenses	**-62,641**	**-44,379**	**-30,345**
EBITDA	**56,957**	**30,802**	**50,187**
Depreciation and amortisation excl. goodwill amortisation	-9,768	-8,000	-6,228
EBIT	**47,188**	**22,801**	**43,959**
Finance revenue	3,277	6,952	1,752
Finance cost	-16,889	-8,201	-10,439
Profit before tax	33,577	21,552	35,273
Profit for the year	**33,734**	**21,210**	**33,670**

Development of revenues

In the financial year 2007, the policy of dynamic expansion had a markedly positive effect on revenues, which were boosted by 38 % from EUR 58.8m in the prior year to an excellent EUR 81.2m.

About 90 % of revenues came from the operation of hotel properties, even though these contribute only about 50 % of the Warimpex Group's EBITDA. This is explained by the fact that proceeds from the sale of real estate projects are not shown in the item "Revenues", because real estate transactions are usually carried out through a sale of shareholdings. The sale prices received for the properties are therefore shown in the item "Gains from the sale of real estate", and the book values of the properties and any loans and borrowings taken over by the purchaser are then deducted. Gains realised from share deals of this kind are reported in the item "Gains from the sale of disposal groups".

Earnings situation

As Warimpex carries property, plant and equipment at cost less depreciation and amortisation, and increases in the value of real estate assets are not realised annually and recognised in income, the profit indicators are strongly dependent on real estate sales and are therefore subject to fluctuations. This is because Warimpex can only determine the "true" market value and report the proceeds accordingly when a property is sold.
A distinction is also made between the different forms of project disposal transaction. In accordance with IAS/IFRS, therefore, profit on construction contracts (IAS 11) and increases in the inventory value of capitalised real estate assets, e.g. residential premises (IAS 2) are recognised in "Revenues". Income realised from the sale of property, plant and equipment in an asset deal is presented in "Other operating income", while income from share deals is reported in the item "Gains from the sale of disposal groups".

The typical strategy of a "hybrid" real estate company is to develop projects, operate and manage them upon completion and then sell them on, depending on the market situation and degree of maturity, as soon as the highest foreseeable value-added can be realised. In 2007, 50 % of an office property that was fully let and therefore ready for realisation were sold to the joint venture partner UBM, and a profit of EUR 2.3m was booked from this transaction. Moreover, in the fourth quarter of 2007 a 25 % stake in the Airport City development project in St. Petersburg was sold, realising a profit of EUR 29.2m.
In the comparable period of the previous year, 2006, Warimpex' 50 % holding in the Velký Špalíček Shopping and Multiplex Centre in Brno was sold and recognised in income and in the cash flow statement as a profit of EUR 6.3m. In the financial year 2005, the Andel's Hotel and Suites in Prague were sold to an institutional investor in a share deal. The profit booked from this transaction amounted to more than EUR 38.3 million.

EBITDA
Earnings before amortisation and depreciation (EBITDA) rose by 85 % from EUR 30.8m in 2006 to EUR 56.9m. This increase by EUR 26.1 million is attributable primarily to higher gains from the sale of disposal groups, as explained above.

EBIT
The operating result (EBIT) rose accordingly by 106 % year on year, from EUR 22.8m to EUR 47.2m.

Financial result

The financial result changed from EUR –1.2m to EUR –13.6m. In 2007, interest on short-term borrowings, project loans and other loans rose by EUR 3.9m or 54 % in comparison to 2006. Of this amount, approximately 15 % or EUR 0.6 million relate to interest expenses for loans not yet taken out in the comparable period of the previous year, about 60 % or EUR 2.3 million relate to loans included on a pro-rata basis in the comparable period of the previous year, and approximately 25 % or EUR 1 million of the increase are attributable to higher interest rates. In 2006 Warimpex booked a rise in value of EUR 3.7m for financial assets written down in the previous year, whereas in the financial year 2007 the value of current financial assets was adjusted by EUR 4.6m.

Profit for the year

The profit for the year of the Warimpex Group rose year on year by EUR 12.5 million, from EUR 21.2 million to EUR 33.7 million. This increase is again attributable primarily to higher gains from the sale of disposal groups.

Analysis of the Group's business segments

(See detailed comments in [06] 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 both profits resulting from the letting of investment property and profits from the sale of real estate.

Hotels & Resorts segment

EUR '000	**2007**	2006	2005
Revenues for the Group	71,555	52,408	35,315
Average number of hotel rooms for the Group*	1,924	1,460	832
Group GOP	29,604	22,325	17,248

* See Note 6.01, The business segment "Hotels and resorts"

During the reporting period, revenues from hotel operations rose by 37 %f rom EUR 52.4m to EUR 71.6m due to the higher average weighted number of hotel rooms.

Gross operating profit (= GOP, computed according to the "Uniform System of Accounts for the Lodging Industry") was raised from EUR 22.3m to EUR 29.6m (+ 33 %) in the reporting year, while the average number of available rooms rose by 464 to 1,924.

The changes in capacity in the Hotels & Resorts segment resulted from the acquisition of the additional stake in the Hotel Inter-Continental, Warsaw, the opening of the Andel's Hotel in Krakow, the acquisition of the Airport Hotel Angelo Bucharest and the acquisition of the Hotel Holiday Inn, Paris.

Development & Asset Management segment

EUR '000	**2007**	2006	2005
Revenues for the Group	9,643	6,391	4,997
Segment result	35,050	13,781	35,370

Revenues from the development and letting of office properties were also raised by 51 % from EUR 6.4m to EUR 9.6m. This increase of EUR 3.3 million came predominantly from the "Development" segment and mainly pertains to revenue from development services and rental income.

The segment result is always heavily influenced by sales of real estate holdings (share deals) and is thus subject to strong annual fluctuations. The clear increase in the 2007 segment result as compared to the previous year is primarily attributable to the sale of the Group's 25 % share in the Airport City development project in St. Petersburg.

Financial position

Consolidated balance sheet (EUR '000)	**2007**	2006	2005
Assets			
Non-current assets	451,906	350,936	220,003
Current assets	56,454	34,066	44,746
Total assets	**508,360**	**385,001**	**264,749**
Equity and liabilities			
Issued capital	36,000	30,000	15,000
Retained earnings and reserves	141,040	56,747	52,885
Minority interests	268	281	11,687
Total equity	**177,308**	**87,028**	**79,572**
Non-current liabilities	231,881	191,440	125,490
Current liabilities	99,170	106,533	59,687
Total liabilities	**331,052**	**297,973**	**185,177**
Total equity and liabilities	**508,360**	**385,001**	**264,749**

Warimpex being a property developer, the assets side of the balance sheet is dominated by property, plant and equipment. The Group's dynamic expansion course is clearly reflected by the level of its non-current assets, which rose year on year by EUR 101.0m or 29 % from EUR 350.9m to EUR 451.9m. As the Warimpex Group generally finances two thirds of the cost of real estate assets under long-term project loans, the Group's non-current liabilities therefore also rose by EUR 40.5m or 21 % from EUR 191.4m to EUR 231.9m.

Based on the balance sheet figures, the Group's equity ratio rose from 23 % in the previous year to 35 %.

In view of the fact that Warimpex carries property, plant and equipment at cost less depreciation and amortisation, a comparison of the Group's equity ratio with that of other real estate companies is possible only to a limited extent. A valuation of its real estate assets on the basis of fair values would result in an equity ratio of 54 % (NNNAV/balance sheet total).

Cash flows

Consolidated cash flow statement (EUR '000)	**2007**	2006	2005
Cash receipts from operating activities	77,874	58,889	42,978
Cash payments from operating activities	-63,036	-47,161	-31,246
Net cash flows from operating activities	**14,837**	**11,728**	**11,731**
Cash flows from investing activities	-93,383	-31,441	-8,384
Cash flows from business combinations, other changes in the scope of consolidation and acquisition of minority interests	10,207	-12,419	26,904
Net cash flows in/from financing activities	74,078	29,788	-15,792
Cash and cash equivalents at end of year	**24,135**	**17,650**	**19,593**

Cash flows from operating activities

The net cash flow from operating activities increased by 26 % from EUR 11.7m to EUR 14.8m, primarily as a result of the higher number of available rooms. While cash payments for the operation of hotels and the letting of office buildings develop at about the same rate as cash receipts from operating activities, cash payments for project development may be subject to pronounced annual fluctuations. For more information, see the detailed comments in [06] Segment information in the Notes.

Cash flows from investing activities

The cash outflow from investing activities consisted mainly of payments made for property, plant and equipment in connection with the following projects:

Cash flows from investing activities (EUR '000)	**2007**	2006
Acquisition of Hotel Holiday Inn Paris	11,889	-
Completion of Hotel Angelo Prague	472	5,309
Completion of Andel's Hotel Krakow	6,183	5,211
Completion of office building UBX 2 Andel's City Prague	1,995	1,987
Construction progress on Andel's Hotel Lodz	3,864	2,727
Construction progress on Andel's Hotel Berlin	5,271	2,155
Construction progress on Hotel Angelo Pilsen	2,056	185
Project development and construction progress on Airport City St. Petersburg	17,262	-
Project development and construction progress on Hotel Angelo Munich	1,861	86
Project development progress on Białystok Shopping Centre	1,243	1,732
Expansion of Hotel Savoy Prague (purchase of adjacent site)	2,272	-
Refurbishment of Hotel Palace Prague	1,178	1,081
Refurbishment of Hotel Dvořák, Karlovy Vary	1,133	2,569
Refurbishment of Hotel Diplomat, Prague	1,525	233
Other project developments and ongoing replacement investments in hotel operations	394	5,271
	58,598	28,546

With regard to financial assets, in the year under report net cash outflows of EUR 14.1m were reported for available-for-sale investments, in comparison to the net cash inflows of EUR 6.2m reported in the previous year. Net cash outflows amounting to EUR 8.2m for the acquisition of associated companies were reported in the financial year 2007 (2006: no cash flows under this heading).

Cash flows from business combinations and other changes in the scope of consolidation, as well as from acquisition of minority interests

(See [04] in the Notes to the Consolidated Financial Statements)

The balance of about EUR 10.2 million consists largely of payments made for the purchase of the holding company of the Airport Hotel Angelo Bucharest as well as cash receipts from the sale of a 50 %share in an office building in Prague and the sale of a 25 % share in the Airport City real estate development project in St. Petersburg.

The negative balance of cash flows from business combinations in 2006 was due primarily to payments made for the purchase of the holding companies of the Chopin and Sobieski hotels and the holding companies of the Pauler and Erzsebet office properties, less cash receipts from the sale of the Velký Špalíček Entertainment and Shopping Complex in Brno.

Cash flows from interest-bearing debt finance

The change in cash flows from financing activities is essentially attributable to the issue of 6 million new shares in January 2007.

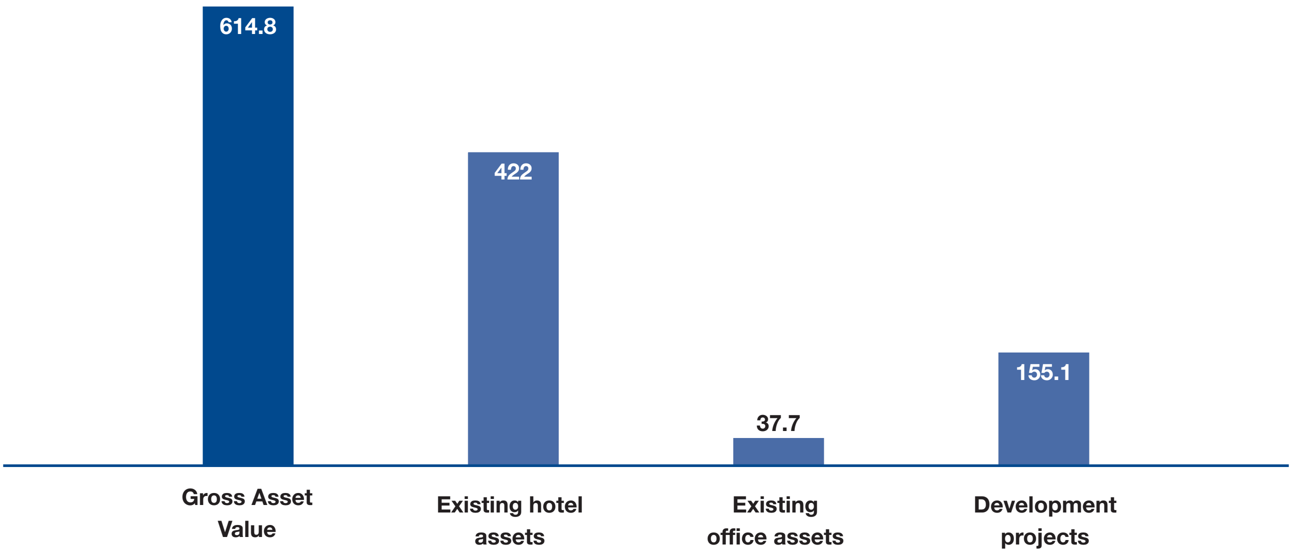
Real estate assets – key figures

At the reporting date of 31 December 2007, the real estate portfolio of the Warimpex Group comprised fifteen hotels with a total of more than 3,300 rooms (2,317 rooms when adjusted for the proportionate share of ownership), plus seven office properties with a total lettable floor area of some 36,000 sqm (27,000 sqm when adjusted for the proportionate share of ownership).

In addition – apart from the planned budget hotels – twelve further hotel projects are currently under construction or at an advanced stage of development.

Calculation of Gross Asset Value and Net Asset Value

Gross Asset Value



In accordance with the regulations laid down in IAS 40.12 pertaining to owner-managed hotels, Warimpex carries its hotel properties at cost less depreciation and amortisation, and increases in the value of the remainder of the real estate portfolio are not realised annually and recognised in income. To enhance comparability with other real estate companies that additionally report unrealised profits, Warimpex reports both the Triple Net Asset Value and the annual increase in NNNAV in its Group management report.

All existing real estate and development projects are valuated twice annually (at 30 June and 31 December) by the international independent real estate appraiser CB Richard Ellis (CBRE).

The fair values are determined in accordance with the valuation standards of the Royal Institute of Chartered Surveyors. The fair value of a property is the price at which it could be exchanged in a current transaction between two knowledgeable, unrelated and willing parties.

In calculating the fair values of the properties, the real estate appraiser in each case took the mean of the value determined using the income capitalisation approach and the value obtained using discounted cash flow (DCF) approach.

The capitalisation factor (yield) used to calculate the capitalised value ranged between 6.0 % and 7.75 % for the hotel properties in Poland (previous year: 6.15 % to 7.75 %) and between 6.50 % and 7.50 % for those in the Czech Republic (previous year: 6.50 % to 6.75 %).

As at the reporting date of 31 December 2007, the fair value of Warimpex' real estate assets (Gross Asset Value) amounted to EUR 614.8m (previous year: EUR 477.5m). This increase is primarily attributable to property acquisitions. Compared to the previous year, the Triple Net Asset Value (NNNAV) of the Warimpex Group rose by 129.4m or 50 % from EUR 258.0m to EUR 387.4m as at the reporting date of 31 December 2007. In comparison to 30 June 2007, however, the NNNAV declined by 1 %. Whereas the market values of completed properties remained constant as from 30 June 2007, the construction costs for development projects rose by up to 10 % over the same period.

Calculation of the Triple Net Asset Value (NNNAV) according to the Best Practice Policy Recommendations published by the European Public Real Estate Association (EPRA) in November 2006:

in EUR m	**2007**		2006	
Equity before minority interests		177.0		86.7
Goodwill		-7.4		-7.4
Deferred tax assets	-4.2		-2.5	
Deferred tax liabilities	19.1	14.9	17.3	14.8
Book value of existing hotel assets	287.9		247	
Fair value of existing hotel assets	422.0	134.1	340.6	93.6
Book value of existing office property assets (investment properties)	22.4		25.3	
Fair value of existing office property assets (investment properties)	37.7	15.3	37.4	12.1
Book value of development projects	87.2		41.3	
Fair value of development projects	140.7	53.5	99.5	58.2
Book value of associated companies	8		-	
Fair value of associated companies	8	-	-	-
Triple Net Asset Value/EPRA		**387.4**		**258.0**
Number of shares at 31 December		36,000,000		30,000,000
NNNAV per share in EUR		**10.8**		**8.6**

Material risks and uncertainties to which the Group is exposed

In the “Hotels & Resorts” segment the Group is exposed to the general risks of the tourist industry, such as cyclical fluctuations, political risk, and the growing fear of terrorist attacks. There is the risk that competitors may enter the Group’s target markets, thereby increasing the number of beds available. In addition, there are interest rate risks and financing risks which might have an impact on the Company’s ability to finance or sell properties.

More details on risk management targets and methods in connection with financial instruments as well as information on existing interest rate, currency, default and liquidity risks and derivative instruments used by the Group are provided in Notes 26 and 27 to the Consolidated Financial Statements.

The “Development & Asset Management” segment is exposed to finance and currency risks, interest rate risks, market entry risks and the risk of delays in the completion of construction work on real estate projects. In addition, there are risks of rent default which may impact on both the current cash flow and on real estate valuation.

The Group holds real estate assets in a limited number of countries and is therefore exposed to an increased risk that local circumstances – such as an oversupply of properties – may influence the Group’s economic performance. Owing to its focus on real estate development and real estate holdings, the Group’s performance is heavily dependent on the current situation in the real estate markets. Price slides in the real estate market could therefore affect the Group significantly and also influence real estate financing.

Thanks to its twenty-five years of experience, Warimpex has excellent knowledge of the Central and Eastern European real estate markets and therefore has the capability to guard against such risks. The Group aims to identify risks at an early point in time and relies on its efficient management and control systems to provide an appropriate response.

Real estate maintenance is a key aspect in the sustainable economic development of the Warimpex Group. Property and facility managers therefore submit status reports to the Management Board at regular intervals together with projections for the optimum maintenance of the properties.

Risk management is a key component of the Group management’s day-to-day running of the business. Responsibilities have been clearly defined for each area to enable early identification of risks and an appropriate response to risks as they emerge.

Human capital

The Warimpex Group's staff are a key factor in its success.

Particularly in the hotel sector, well-qualified, service-oriented staff are crucial to an establishment's reputation and, as a consequence, have a decisive impact on its occupancy rates.
Our experienced, dedicated project managers also make an essential contribution to the Group's success. The excellent Warimpex Group management team is expanded continuously in order to provide the management resources needed to keep pace with and support the company's rapid growth. The fact that the “Development & Asset Management” segment has seen extremely low employee turnover over the past few years is an indication of the good working atmosphere.

With a view to constantly expanding the key skills and capabilities of its employees, Warimpex places great emphasis on continuing education and training.

The Group expects an especially good performance from its managers, demanding high standards of quality as well as flexibility and sound professional expertise.

In 2007, an average of 1,139 (previous year: 886) employees worked for the “Hotel & Resorts” segment and 59 (previous year: 54) in the “Development & Asset Management” segment.

Sustainability

The Warimpex Group's real estate developments have an impact on the social, ecological and economic environments. Given its long history as a project developer, the Group strives to act in a sustainable manner and uses resources in a conservative way.

The Group pursues an equally careful approach to the use of resources in the operation of its hotels.

Disclosures pursuant to § 243a Austrian Commercial Code

The share capital of Warimpex Finanz- und Beteiligungs AG amounts to EUR 36,000,000 and is divided into 36,000,000 non-par-value bearer shares.

As far as the Management Board is aware, there are no restrictions with regard to voting rights or transfer of shares.

The following shareholders each hold interests amounting to more than 10 % of the company's share capital:

Georg Folian	19.8 %
Franz Jurkowitsch	19.7 %
Bocca Privatstiftung	15.9 %
Amber Privatstiftung	15.9 %

As of 31 July 2006 the Management Board was empowered, with the consent of the Supervisory Board, to increase the share capital by up to EUR 15 million over a period of five years in one or several tranches (of which EUR 6 million has been exercised). In addition, the Management Board was empowered, with the Supervisory Board's consent, to fully or partly waive the shareholders' subscription right in the event of a capital increase against contributions made in kind. Furthermore, at the Annual General Meeting of 31 May 2007 the Management Board was empowered, with the Supervisory Board's consent, to issue within the next five years convertible bonds granting a conversion or subscription right to up to nine million shares. The subscription right of the existing shareholders was waived.

Apart from the above there are no further particulars that must be disclosed pursuant to § 243a Austrian Commercial Code.

Events after the balance sheet date

Regarding material events after the balance sheet date reference is made to no. 28 in the Notes to the Financial Statements.

Outlook

Warimpex is currently working on a total of twelve development projects which will strengthen the market position of the Warimpex Group in its home markets. The following hotels will be opened in the next twelve months:

- Angelo, Munich, 149 rooms (opening scheduled for May 2008)
- Airport Hotel Angelo, Bucharest, addition of 70 rooms (opening scheduled for June 2008)
- Angelo, Pilsen, 147 rooms (opening scheduled for October 2008)
- Andel's, Łódź, 278 rooms (opening scheduled for 1st quarter 2009)
- Andel's, Berlin, 556 rooms (opening scheduled for 1st quarter 2009)

In addition, the following hotels/development projects are currently under construction:

- Airport City, St. Petersburg, business park incl. international hotel (opening scheduled for 4th quarter 2009)
- Angelo, Katowice (opening scheduled for end of 2009

The following projects are at an advanced stage of development:

- Andel's and Angelo, Poznan
- Le Palais, Warsaw
- Multi-development, Krakow
- Hotel, Munich
- Palais Hansen, Vienna
- Shopping centre, Białystok

Ongoing expansion

For the four-star and three-star-plus hotels – the Andel's and Angelo hotel brands – further expansion opportunities in the region's secondary metropolitan areas will also be evaluated. For the further development of the Le Palais luxury brand Warimpex will focus its search for suitable land and properties on the capital cities.

Vienna, 14 April 2008

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

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CONSOLIDATED INCOME STATEMENT
for the year ended 31 December 2007

	Note	**2007/EUR**	2006/EUR
Revenues			
Revenues – "Hotels & Resorts" segment		71,555,006	52,408,006
Revenues – "Development & Asset Management" segment		9,642,685	6,391,014
	7.01.	**81,197,691**	**58,799,020**
Gains from the sale of Group subsidiaries			
Revenues from the sale of real estate		37,366,489	18,562,815
Carrying amounts, loans and borrowings assumed by the purchaser		(5,853,953)	(12,243,864)
	4.01. – 4.02.	**31,512,536**	**6,318,951**
Other income and expenses			
Changes in real estate projects under development or construction	[17]	(1,495,924)	601,084
Other income	7.01.	4,682,470	5,280,790
		3,186,546	**5,881,874**
Expenses for materials and services received	7.02.	(32,014,008)	(22,741,060)
Expenses for project development	7.02.	(984,267)	(2,024,755)
Personnel expenses	7.03.	(22,451,015)	(15,284,350)
Depreciation and amortisation expense		(9,768,309)	(8,000,290)
Other expenses	7.04.	(7,192,462)	(4,328,540)
Negative goodwill recognised in income	4.03.	3,701,622	4,180,514
		(68,708,438)	(48,198,481)
Operating profit		**47,188,335**	**22,801,364**
Finance revenue	7.06.	3,277,103	6,952,269
Finance costs	7.05.	(16,888,776)	(8,201,160)
Profit before tax		**33,576,662**	**21,552,472**
Income tax expense	[08]	(842,492)	(790,335)
Deferred taxes	[08]	1,000,020	448,240
Profit for the year		**33,734,190**	**21,210,377**
Attributable to:			
- Equity holders of the parent		33,873,477	20,914,837
- Minority interests		(139,288)	295,540
		33,734,190	**21,210,377**
Earnings per share:			
Diluted = basic, for the profit for the year attributable to ordinary equity holders of the parent	[09]	0.95	0.70

CONSOLIDATED BALANCE SHEET
for the year ended 31 December 2007

	Note	2007/EUR	2006/EUR
ASSETS			
Non-current assets			
Property, plant and equipment		287,869,763	247,041,569
Property under construction		87,190,312	41,285,484
	[10]	375,060,075	288,327,053
Investment properties	[11]	17,679,162	25,338,478
Goodwill	[13]	7,409,809	7,400,765
Acquired computer software	[12]	204,778	244,577
Investment in an associate	[15]	8,229,836	–
Available-for-sale investments	[14]	–	603,145
Other financial assets	[16]	39,113,292	26,491,931
Deferred tax assets	[08]	4,208,795	2,529,622
		451,905,747	**350,935,572**
Current assets			
Inventories	[17]	2,200,984	3,148,360
Trade and other receivables	[18]	14,856,584	12,959,409
Available-for-sale investments	[14]	10,155,000	–
Other financial assets	27.3.	557,436	308,314
Cash and short-term deposits	[19]	23,993,377	17,649,563
		51,763,381	**34,065,646**
Assets of a disposal group classified as held for sale	4.07.	4,690,604	–
		56,453,984	**34,065,646**
TOTAL ASSETS		**508,359,731**	**385,001,217**

CONSOLIDATED BALANCE SHEET
for the year ended 31 December 2007

	Note	2007/EUR	2006/EUR
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Issued capital	[09]	36,000,000	30,000,000
Capital reserves	[09]	55,576,939	–
Retained earnings		79,655,019	51,181,541
Other reserves	[20]	5,808,226	5,565,543
		177,040,184	86,747,084
Minority interests		267,837	280,651
Total equity		**177,308,021**	**87,027,735**
Non-current liabilities			
Interest-bearing loans and borrowings	[21]	208,623,172	169,981,798
Provisions	[22]	3,370,029	3,478,290
Other liabilities	[23]	813,691	631,367
Deferred tax liability	[08]	19,074,381	17,348,669
		231,881,273	**191,440,124**
Current liabilities			
Trade and other payables	[23]	22,947,844	38,698,938
Interest-bearing loans and borrowings	[21]	70,302,533	65,844,876
Derivative financial instruments	27.3.	–	129,839
Income tax payable		719,464	253,392
Provisions	[22]	1,033,507	1,606,312
		95,003,348	**106,533,358**
Liabilities directly associated with the assets classified as held for sale	4.07.	4,167,127	–
		99,170,475	**106,533,358**
TOTAL EQUITY AND LIABILITIES		**508,359,731**	**385,001,217**

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2007

	Note	2007/EUR	2006/EUR
Cash receipts from operating activities			
From the operation of hotels and rent received		73,824,389	56,645,524
From real estate development projects		2,742,277	1,650,695
Interest received		1,307,035	592,994
		77,873,701	**58,889,214**
Cash payments for operating activities			
For real-estate development projects		(1,093,278)	(2,380,557)
For materials and services received		(31,626,567)	(22,832,334)
For personnel and related expenses		(21,934,175)	(15,043,112)
For other expenses		(8,083,287)	(5,883,447)
Income tax paid		(298,904)	(1,022,011)
		(63,036,211)	**(47,161,461)**
Net cash flows from operating activities	[06]	**14,837,490**	**11,727,753**
Cash flows from investing activities			
Relating to property, plant and equipment:			
Proceeds from the sale of property, plant and equipment		327,596	26,407
Purchase of property, plant and equipment		(58,598,413)	(28,545,752)
	[10]	(58,270,817)	(28,519,345)
Relating to investment properties:			
Proceeds from the sale of investment properties		–	479,939
Purchase of investment properties		(1,276,611)	(279,731)
	[11]	(1,276,611)	200,207
Relating to available-for-sale investments:			
Proceeds from the sale of available-for-sale investments		618,044	6,163,168
Purchase of available-for-sale investments		(14,737,500)	(19)
		(14,119,456)	6,163,149
Purchase of computer software		(41,004)	(137,247)
Acquisition of associated companies	[15]	(8,229,836)	–
Relating to other financial assets:			
Loans granted		(11,971,044)	(9,448,021)
Other cash flows relating to financial assets		525,983	300,306
		(11,445,061)	(9,147,715)
		(93,382,784)	**(31,440,951)**

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2007

	Note	2007/EUR	2006/EUR
Cash flows from business combinations, other changes in the scope of consolidation and the acquisition of minority interests			
Proceeds from the sale of disposal groups		32,118,758	10,241,616
Net cash of the companies sold		(80,459)	(546,764)
	4.01. – 4.02.	32,038,299	9,694,852
Payments made for business combinations		(12,222,167)	(18,645,861)
Cash acquired from business combinations		593,220	1,485,131
	4.03.-4.05.	(11,628,947)	(17,160,730)
Payments for business combinations effected in previous periods		(10,202,000)	(4,953,566)
		10,207,353	(12,419,444)
Net cash flows used in/from investing activities and changes in the scope of consolidation		**(83,175,431)**	**(43,860,396)**
Cash flows from financing activities			
Cash receipts from capital measures	[09]	60,906,240	–
Cash receipts from/payments to minority interests		(6,947)	297
Proceeds from loans and borrowings		52,806,606	58,928,918
Repayment of loans and borrowings	[21]	(21,292,064)	(19,652,725)
Interest and other finance costs paid	[21]	(12,936,288)	(7,488,163)
Dividends paid		(5,400,000)	(2,000,000)
Net cash flows from/used in financing activities		**74,077,547**	**29,788,327**
Net change in cash and cash equivalents		5,739,606	(2,344,316)
Net foreign exchange difference		746,031	400,985
Cash and cash equivalents at 1 January		17,649,563	19,592,893
Cash and cash equivalents at 31 December		**24,135,200**	**17,649,563**
Cash and cash equivalents at year end break down as follows:			
Cash and cash equivalents of the Group	[19]	23,993,377	17,649,563
Cash and cash equivalents of a disposal group classified as held for sale	4.07.	141,822	–
		24,135,199	**17,649,563**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2007

In EUR	Issued capital	Capital reserve	Retained earnings	Ref. to Note 20 Other reserves	TOTAL	Minority interests	Total equity
At 1 January 2006	**15,000,000**	**–**	**46,958,117**	**5,926,903**	**67,885,021**	**11,686,516**	**79,571,536**
Foreign currency translation	–	–	–	44,249	44,249	35,555	79,803
(Deferred) tax effects of foreign currency translation	–	–	–	222	222	18	241
Fair value gains of available-for-sale investments	–	–	–	(31,014)	(31,014)	–	(31,014)
(Deferred) tax effects of available-for-sale investments	–	–	–	7,753	7,753	–	7,753
Net gains/losses from hedging	–	–	–	69,776	69,776	377	70,153
(Deferred) tax effects from hedging	–	–	–	(13,257)	(13,257)	(72)	(13,329)
Other transfers	–	–	439,089	(439,089)	–	–	–
Total income and expenses for the year recognised directly in equity	**–**	**–**	**439,089**	**(361,360)**	**77,729**	**35,879**	**113,608**
Profit for the year	–	–	20,914,837	–	20,914,837	295,540	21,210,377
Total income and expenses for the year	**–**	**–**	**21,353,926**	**(361,360)**	**20,992,566**	**331,419**	**21,323,985**
Other changes in minority interests	–	–	–	–	–	297	297
Changes in the scope of consolidation	–	–	–	–	–	(11,755,584)	(11,755,584)
Losses of minority interests allocated against majority interests	–	–	(18,003)	–	(18,003)	18,003	–
Capital increase	15,000,000	–	(15,112,500)	–	(112,500)	–	(112,500)
Dividends paid to the shareholders of the parent	–	–	(2,000,000)	–	(2,000,000)	–	(2,000,000)
At 31 December 2006 / 1 January 2007	**30,000,000**	**–**	**51,181,540**	**5,565,543**	**86,747,084**	**280,651**	**87,027,735**
Foreign currency translation	–	–	–	(3,425)	(3,425)	42,877	39,452
(Deferred) tax effects of foreign currency translation	–	–	–	(4,196)	(4,196)	162	(4,034)
Fair value gains of available-for-sale investments	–	–	–	83,571	83,571	–	83,571
(Deferred) tax effects of fair value gains	–	–	–	(28,314)	(28,314)	–	(28,314)
Net gains/losses from hedging	–	–	–	240,800	240,800	1,302	242,101
(Deferred) tax effects from hedging	–	–	–	(45,752)	(45,752)	(247)	(45,999)
Total income and expenses for the year recognised directly in equity	**–**	**–**	**–**	**242,683**	**242,683**	**44,093**	**286,776**
Profit for the year	–	–	33,873,477	–	33,873,477	(139,288)	33,734,190
Total income and expenses for the year	**–**	**–**	**33,873,477**	**242,683**	**34,116,161**	**(95,195)**	**34,020,966**
Other changes in minority interests	–	–	–	–	–	125,553	125,553
Changes in the scope of consolidation	–	–	–	–	–	(43,172)	(43,172)
Capital increase	6,000,000	60,000,000	–	–	66,000,000	–	66,000,000
Costs of funds	–	(5,897,415)	–	–	(5,897,415)	–	(5,897,415)
(Deferred) tax effects of costs of funds	–	1,474,354	–	–	1,474,354	–	1,474,354
Dividends paid to shareholders of the parent	–	–	(5,400,000)	–	(5,400,000)	–	(5,400,000)
At 31 December 2007	**36,000,000**	**55,576,939**	**79,655,018**	**5,808,226**	**177,040,184**	**267,837**	**177,308,021**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2007

[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 audited consolidated financial statements of Warimpex Finanz- und Beteiligungs AG for the reporting year ended 31 December 2007 were authorised for release to the Supervisory Board by the Managment Board on 14 April 2008. It is the duty of the Supervisory Board to review the consolidated financial statements and state whether the consolidated financial statements are approved.

On 26 January 2007 and 29 January 2007 the shares of the Company were approved for trading on the official market of the Vienna Stock Exchange and the Warsaw Stock Exchange, respectively. In the course of this transaction the Company issued 6 million shares at an offer price of EUR 11.00 per share. Reference is made to Note [9] "Share capital, earnings per share".

The main activities of the Company are described in the Group Management Report.

[02] Basis for preparation

2.01. General

The consolidated financial statements of Warimpex Finanz- und Beteiligungs AG and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU. As a general rule, the consolidated financial statements have been prepared on a historical cost basis; excepted from this rule are available-for-sale financial investments and derivative financial investments, which are stated at fair value. The Group's reporting currency is the euro. The consolidated financial statements are presented in full euros except where otherwise indicated. Rounding differences may arise from the summation of rounded figures.

Local financial statements were reconciled with IFRS and uniform Group Accounting Guidelines by the Group's accounting department in Vienna. All companies included in the consolidated financial statements prepare their financial statements as of 31 December.
A list of all subsidiaries and joint ventures included in the consolidated financial statements is given in Note [3].

2.02. Changes in accounting policies

2.02.a Changes in the presentation of the consolidated income statement and the consolidated balance sheet

One of the core activities of the Warimpex Group is selling real estate properties as soon as the highest possible value-added can be realised. As a rule, these real estate transactions are carried out through share deals; loans and borrowings directly related to the respective property are usually assumed by the purchaser. The difference between the agreed property value and the loans and borrowings directly related to the respective real estate property consequently accrues to the Warimpex Group as "Gains from the sale of Group subisidiaries".

With the objective of ensuring that the Company's economic situation is presented in an informative and fair manner taking into account the substance of these transactions, the presentation of the consolidated income statement was modified in so far as the item "Gains from the sale of Group subsidiaries", instead of showing the net position, now presents both the agreed real estate purchase price and the decrease in the carrying amount plus loans and borrowings assumed by the purchaser.

Moreover, in the balance sheet the item "Property under construction" is shown separately to provide a true and fair view of the Company's economic situation.

2.02.b Generally, accounting policies remain unchanged from the previous financial year. However, the Company had to apply new and revised standards which became effective for financial years beginning on or after 1 January 2007:

IFRS 7 (Financial Instruments: Disclosures) requires entities to provide disclosures that enable users of the consolidated financial statements to evaluate the significance of financial instruments used by the Warimpex Group and the nature and extent of risks arising from these financial instruments.
The additional disclosure requirements according to IFRS 7 applicable since 1 January 2007 are given in detail in Note 18 “Trade and other receivables”, Note 23 “Trade and other payables” and Note 26 “Financial risk management objectives and policies”.

IAS 1 (Disclosures regarding Capital) regulates adjustments regarding disclosures enabling the user to evaluate the objectives, policies and processes applied by the Warimpex Group in managing equity. The corresponding additional disclosure requirements applicable since 1 January 2007 are included in Note 26 “Financial risk management objectives and policies”.

No change requirements resulted from the application of the IFRIC Interpretations effective as from the financial year 2007, namely IFRIC 7 (Applying the restatement approach under IAS 29 Financial Reporting in Hyperinflationary Economies), IFRIC 8 (Scope of IFRS 2), IFRIC 9 (Reassessment of Embedded Derivatives) and IFRIC 10 (Interim Financial Reporting and Impairment).

The following standards that have been endorsed by the EU have been applied earlier than prescribed:
IFRS 8 (Operating Segments), which replaces the hitherto applicable Standard IAS 14 (Segment Reporting) and becomes obligatory for financial years beginning on or after 1 January 2009, has been applied early by the Group.
Early application had no impact on the consolidated financial statements as the management reporting hitherto already complied with the segmentation according to IAS 14. Additional disclosures resulting from application of this standard are described in Note 6 “Segment information”.

The revision of IAS 23 (Borrowing Costs) has had no impact on the accounting policies of the Group. The main change from the previous version, the removal of the option of immediately recognising borrowing costs as an expense as they arise, has no effects on the presentation of the financial statements of the Group because the Group has never made use of this option in the past.

2.02.c In September 2007 the IFRS Board issued Exposure Draft 9 (ED9 Joint Arrangements), which regulates the accounting treatment of joint ventures. If this new regulation actually enters into force, it would mean that the Group would retroactively have to adjust accounting treatment of all joint ventures from proportionate consolidation to the equity method of consolidation.

As of the balance sheet date it was not yet clear whether the amendments proposed in ED9 will actually enter into force, nor was there any information about the possible impacts of the transitional regulations on the consolidated financial statements.
Consensus opinion suggests that proportionate consolidation of joint ventures will no longer be permitted from the financial year 2009 and that the previous year's figures will have to be adjusted for the purposes of the consolidated financial statements for 2009; the opening balance sheet for 2008 and hence the figures as of 31 December 2007 will have to be adjusted accordingly.

The effects on the opening balance sheet 2008 and hence the consolidated financial statements for 2007 would be as follows:

ASSETS **Non-current assets** in EUR	31/12/2007	*unaudited* ± restatement	*unaudited* 1/1/2008
Property, plant and equipment & investment property	392,739,236	(138,168,194)	254,571,043
Intangible assets	7,614,587	(81,569)	7,533,019
Investments in associates	8,229,836	327,958[1)]	8,557,794
Other financial assets	39,113,292	26,707,713[2)]	65,821,005
Deferred tax assets	4,208,792	(1,187,918)	3,020,877
	451,905,747	(112,402,009)	339,503,738
Current assets in EUR			
Inventories, investments & current receivables	32,460,607	(6,480,385)	25,980,222
Cash and short-term deposits	23,993,377	(5,751,486)	18,241,892
TOTAL ASSETS	**508,359,731**	**(124,633,879)**	**383,725,852**
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent	177,040,184	743,821	177,784,005
Minority interests	267,837	(9,077)	258,760
	177,308,021	734,744	178,042,765
Non-current liabilities			
Interest-bearing loans and borrowings	208,623,172	(104,051,928)	104,571,245
Provisions & other liabilities	4,183,720	(840,197)	3,343,524
Deferred tax liability	19,074,381	(876,462)	18,197,918
	231,881,273	(105,768,587)	126,112,686
Current liabilities			
Interest-bearing loans and borrowings	70,302,533	(12,679,633)	57,622,901
Provisions & other liabilities	28,867,903	(6,920,404)	21,947,499
	99,170,436	(19,600,036)	79,570,400
TOTAL EQUITY AND LIABILITIES	**508,359,731**	**(124,633,879)**	**383,725,852**

If joint ventures were not recognised by proportionate consolidation in the financial year 2007, but shown in accordance with the equity method of consolidation in the consolidated financial statements, the consolidated income statement would be as follows:

Revenues in EUR	31/12/2007	*unaudited* ± restatement	*unaudited* 1/1/2008
Segment “Hotels & Resorts”	71,555,006	(22,208,617)	49,346,389
Segment “Development & Asset Management”	9,642,685	(803,585)	8,839,100
	81,197,691	(23,012,202)	58,185,490
Gains from the sale of Group subsidiaries	31,512,536	–	31,512,536
Changes in real estate projects under development	(1,495,924)	–	(1,495,924)
Other income	4,682,470	(6,315)	4,676,155
Expenses for materials and services received	(32,014,008)	10,448,729	(21,565,279)
Expenses for project development	(984,267)	47,801	(936,466)
Personnel expenses	(22,451,015)	5,647,531	(16,803,484)
Depreciation and amortisation expense	(9,768,309)	3,597,353	(6,170,956)
Other expenses	(7,192,462)	1,437,562	(5,754,900)
Negative goodwill recognised in income	3,701,622	–	3,701,622
Operating profit	**47,188,335**	**(1,839,542)**	**45,348,794**
Financial revenue	3,277,103	568,573 3)	3,845,676
Finance costs	(16,828,776)	4,373,394	(12,455,382)
Share of profits/losses of associates	–	9,255 4)	9,255
Profit before tax	**33,619,109**	**3,111,681**	**36,727,791**
Income tax expense	(842,492)	140,233	(702,259)
Deferred taxes	1,000,020	(449,148)	550,872
Profit for the year	**33,773,636**	**2,802,766 5)**	**36,576,403**
Attributable to:			
Equity holders of the parent	33,873,477	2,844,748	36,748,226
Minority interests	(139,288)	(2,534)	(141,822)
	33,773,636	2,802,767	36,576,403

1) The increase relates to transfers of nominal shares in the joint ventures, less accumulated losses (up to the nominal amount of the shares), plus accumulated profits of the joint ventures.

2) The increase relates to the loans to joint ventures, which, using the proportionate consolidation method, are eliminated on a pro-rata basis.

3) The increase is due to interest on loans made to joint ventures, which, using the proportionate consolidation method, is eliminated on a pro-rata basis.

4) The result from associated companies corresponds to the losses assigned to all joint ventures, provided these losses are covered by the nominal value of all shares in joint ventures.

5) In total, the 2007 profit for the year of the Warimpex Group would be EUR 2,802,766.00 higher if the joint ventures were recognised in the consolidated financial statements on the basis of the equity method of consolidation rather than proportionate consolidation.

2.03. Basis of consolidation

The consolidated financial statements comprise the financial statements of Warimpex Finanz- und Beteiligungs AG and its subsidiaries as of 31 December each year. The financial statements of the subsidiaries are prepared for the same reporting period as those of the parent company, using consistent accounting policies.

All intragroup receivables, payables, revenues and other income or expenses have been eliminated. Where intragroup receivables and loans have been discounted or impaired in separate financial statements, such provisions have been reversed. Unrealised results (profits) resulting from intragroup sales and other intragroup transactions have been eliminated from current and non-current assets.

Subsidiaries are included in the consolidated financial statements by full consolidation from the acquisition date, which is the date when the Group obtains control of the subsidiary. They continue to be consolidated until the date that the Group's control of the company ceases.
Business combinations are accounted for according to the purchase method. All subsidiaries that have to be consolidated have been included in the consolidated financial statements. As regards the accounting treatment of joint ventures, reference is made to Note 2.05.

Minority interests represent that portion of profit or loss and net assets not held by the Group in accordance with IAS 27. They are presented separately in the income statement and within equity in the consolidated balance sheet, separately from the equity attributable to equity holders of the parent. Acquisitions of minority interests are accounted for using the "parent entity extension method", whereby the difference between the consideration and the book value of the share of the net assets acquired is recognised as goodwill.

During the reporing period, the Company acquired the minority interests in the subsidiary "Revital R.t.", leading to the recognition of goodwill in the amount of EUR 9,044.00 (reference is made to Note 4.05.), and the minority interests in the subsidiary "Chopin Sp.z.o.o.", leading to recognition of negative goodwill in the amount of EUR 21,638.00 directly recognised in income. Reference is made to Note 4.05.

2.04. Important accounting judgments and estimates

In preparing the consolidated financial statements of the Group it is necessary to estimate certain figures and make assumptions which influence the recording of assets and liabilities, the presentation of other obligations as of the balance sheet date, and the recognition of revenues and expenses during the period. The actual figures which become known at a later date may differ from these estimates. This does not prevent the consolidated financial statements from providing a true and fair view of the Group's economic situation.

The most important future-related assumptions and other sources of estimation uncertainties that existed as of the balance sheet date and which may constitute a source of considerable risk that substantial adjustments of the carrying values of assets and liabilities will have to be made in the subsequent reporting period are explained in detail below:

Impairment of goodwill

The Group performs quarterly tests for impairment of goodwill. This requires an estimation of the values in use of the cash-generating units to which such goodwill is assigned. For estimating the value in use the management has to estimate the anticipated future cash flows of the cash-generating units and, in addition, determine an appropriate discounting rate to determine the present value of these cash flows. Moreover, valuation opinions according to international standards are obtained twice annually.

At 31 December 2007 the book value of goodwill amounted to EUR 7,409,809.00 (2006: EUR 7,400,765.00). Reference is made to Note 13.

Deferred tax assets
Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the loss carry-forwards of unused tax credits can be utilised. The amount of deferred tax assets is determined at the discretion of the management based on the expected time of occurrence and the amount of future taxable income as well as future tax planning strategies.

Equally, other deferred tax assets are shown in the balance sheet only if tax plans for the individual taxable entity make it appear probable that the deferrals can actually be utilised.

At 31 December 2007 the value of deferred tax assets amounted to EUR 4,933,616.00 (2006: EUR 6,696,179.00), of which EUR 4,208,795.00 (2006: EUR 2,529,622.00) were recognised in the balance sheet. Reference is made to Note 8.

Summary of significant accounting policies

2.05. Interests in joint ventures
Interests in other companies are classified as interests in joint ventures when there is joint control of the entity by two or more partners. The Group recognises its interest in a joint venture using proportionate consolidation.
The financial statements of joint ventures are prepared for the same reporting period as that of the parent company, using consistent accounting policies. Adjustments are made to eliminate any differences in accounting policies that may exist.

Adjustments are made in the consolidated financial statements to eliminate the Group share of non-realised profits and losses from transactions between the Group and joint ventures. When the Group purchases assets from a joint venture, the Group does not recognise its share of the profits of the joint venture from the transaction until it resells the assets to an independent party.

Joint ventures are proportionately consolidated until the date on which the Group ceases to have joint control of the joint venture.

Reference is made to Note 2.02c with regard to the expected amendment of the regulations governing joint venture accounting in accordance with ED9.

2.06. Financial instruments in general:
Financial assets within the meaning of IAS 39 are classified either as financial assets to be measured at fair value through profit and loss, as loans and receivables, or as available-for-sale financial assets. On initial recognition financial assets are measured at fair value. In the case of financial assets other than those classified as recognised at fair value through profit and loss, transaction costs directly attributable to the acquisition of the respective asset are additionally taken into account. Classification of financial assets into one of the stated categories is effected upon initial recognition.

Financial assets at fair value through profit and loss:
The category of financial assets measured at fair value through profit and loss comprises assets classified as measured at fair value on initial recognition.

Loans and receivables:
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Following initial recognition, loans and receivables are measured at amortised cost using the effective interest rate method and taking into account value impairments, if any. Gains and losses are recognised in the income statement when the liabilities are derecognised, as well as through the amortisation process.

Available-for-sale financial assets:
Available-for-sale financial assets are any non-derivative financial assets that are designated on initial recognition as available for sale rather than assigned to one of the above categories. Following initial recognition available-for-sale assets are measured at fair value. Fair value changes in available-for-sale assets are recognised directly in equity. The cumulative gain or loss that was recognised in equity is recognised in profit and loss when available-for-sale financial assets are derecognised.

2.07. Non-current assets classified as held for sale
If individual disposal groups are classified as "held for sale", all assets and liabilities included in the disposal group are transferred in accordance with IFRS 5. At the end of the first quarter of the reporing period the subisidiaries "Palminvest kft" and "Bocca kft" were classified as held for sale.

As regards the subsidiary "Bocca kft" this decision was revised on grounds of changed estimates. The subsidiary "Palminvest kft" continues to be accounted for in accordance with IFRS 5. The classification of this subsidiary as "held for sale" is not related to the discontinuation of an operation. Reference is made to Note 4.07.

2.08. Foreign currency translation
The financial statements of foreign companies are translated into euro according to the concept of functional currency. The functional currency for each entity within the Group is determined on the basis of the relevant criteria. The financial statements of each entity are translated on the basis of the functional currency.

Where the transactions that are relevant in determining an entity's functional currency change, this will lead to a change in the functional currency of the respective entity. The functional currency of each reporting entity within the Group is presented in Note 3.
The subsidiary's income statement is, depending on the relevant position, translated into the functional currency at the actual exchange rate (interest expenses), average exchange rate or historical exchange rate (depreciation and amortisation). For subsidiaries pertaining to the segment "Hotels & Resorts", all transactions affecting the balance sheet and current income and expenses are translated on the basis of monthly interim financial statements at the weighted average exchange rate for the respective month. Significant transactions are translated using the actual exchange rate. As a result, financial statements of such companies are translated as if the transactions of these companies had occurred in the Group's reporting currency.

Where the functional currency of the subsidiary is the local currency, all assets and liabilities (but not equity capital) are translated at the exchange rate prevailing at the reporting date. Where the functional currency of a subsidiary is the euro, all monetary items on the balance sheet are translated at the exchange rate prevailing at the reporting date, while all other items are translated at historical exchange rates.

Where the local currency is the company's functional currency, all exchange differences arising on translation are taken directly to a separate component of equity. Upon disposal of a foreign entity, the deferred cumulative amount relating to the particular subsidiary previously recognised in equity is transferred to the income statement. By contrast, where the entity's functional currency is the euro, all exchange differences are immediately recognised in income.

The exchange rates at 31 December 2007, which have been applied for all items that are translated at the closing rate as of the reporting date, are as follows:

		31/12/2007	(previous year)
Polish zloty	(PLN/EURO)	3.5820	3.8312
Czech koruna	(CZK/EURO)	26.620	27.495
Hungarian forint	(HUF/EURO)	253.35	252.30
Swiss franc	(CHF/EURO)	1.6547	1.6015
US dollar	(USD/EURO)	1.4721	1.3135
Russian rouble	(RUB/EURO)	35.9410	35.0424
Romanian leu	(RON/EURO)	3.6102	–

2.09. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. Where significant components of an item of property, plant and equipment have different useful lives, depreciation is based on the useful lives of these components. Replacements are depreciated over their estimated useful lives.

For accounting purposes, hotels are separated into their most significant components (land and rights equivalent to land, building fabric, heating facilities and other technical equipment, and furniture) and depreciated individually (see Note 10).
The useful lives of assets are estimated. The carrying amount of property, plant and equipment is tested for impairment whenever there are conditions that indicate that the carrying amount of an asset exceeds its recoverable amount.
Production costs of property, plant and equipment developed by the Group contain direct expenses plus allocated material and production overheads. Borrowing costs are capitalised where they can be directly attributed to the project under development through specific project financing or loans from joint venture partners or minority shareholders. These costs are depreciated over the estimated useful economic lives of the respective assets.

A property, plant and equipment item is derecognised upon its disposal or when no further economic benefit is expected from the continued use or disposal of the asset. Gains or losses resulting from derecognition of the asset are calculated as the difference between the net sales proceeds and the carrying amount of the respective asset and booked through the income statement in the period in which the asset is derecognised.

2.10. Investment properties

Investment properties are measured at historical acquisition or production cost less accumulated depreciation, which is calculated on a straight-line basis, and accumulated impairment in value. Depreciation is calculated over the useful lives of the assets. Replacements that are capitalised are amortised over their estimated useful lives. The carrying amount does not contain costs of day-to-day servicing of an investment property.

Real estate held as investment property is classified as such when there is no intention to sell it or use it for its own purposes. “Property under construction” includes “Investment property”, which is reclassified upon completion.
Investment properties are derecognised upon the sale of such properties or when no further continued use is possible or no future economic benefit is expected from their disposal. Gains or losses from the disposal of a real estate property held as investment property are booked through the income statement in the period in which the property is sold.

2.11. Business combinations and goodwill

Business combinations are accounted for using the acquisition accounting method. This involves recognising identifiable assets (including previously unrecognised intangible assets) and liabilities (including contingent liabilities and excluding future restructuring) of the acquired business at fair value.

Where the Group acquires a group of assets other than one constituting a business, acquisition costs are distributed among the individual identifiable assets and liabilities of such group on the basis of their relative fair value at the time of acquisition. Goodwill acquired in a business combination is initially measured at cost, this being the excess of the cost of the business combination over the Group’s interest in the net fair value of the acquired entity’s identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the business combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes, and
- is not larger than an operating segment determined in accordance with IFRS 8.

Where goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of under these circumstances is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

2.12. Other intangible assets

Currently the only other intangible assets held and presented by the Group relate to acquired computer software. The estimated useful life of software is five years based on straight-line depreciation. Internally generated intangible assets are not capitalised, as the required criteria are not fulfilled.

In a business combination, the Group reviews the acquired assets to identify whether any separately identifiable intangible assets, such as trademarks or regular clientele, have been acquired. So far no separately identifiable intangible assets have been identified in a business combination since the Group has only acquired individual properties (such as hotels or investment properties).

2.13. Shares in associated enterprises

Shares in associates are recognised using the equity method of accounting. An associate is a company in which the Group holds a significant interest and which is neither a subsidiary nor a joint venture. In accordance with the equity method of accounting, the shares in associated companies are recognised in the balance sheet at cost plus any changes in the share held by the Group in net assets of the associated company. The goodwill associated with an associated company is included in the carrying value of the respective share and is not subject to regular amortisation. The Group's share in the profit or loss of the associated company is recognised on the income statement.

Changes shown directly in equity of the associated company are recognised in the amount of the Group's pro-rata share and – where applicable – shown in the consolidated statement of changes in equity. Gains and losses from transactions between the Group and the associated company are eliminated in line with the Group's share in the associated company.

The balance sheet dates and the accounting policies with regard to transactions and events that are similar in nature and occur under comparable circumstances are the same for the associated company and the Group.
In the year under report the Warimpex Group acquired an interest amounting to EUR 8,229,836.00 in the “Palais Hansen” project. Reference is made to Note 15.

2.14. Impairment of non-financial assets

At each reporting date the Group assesses whether there is any indication that an asset may be impaired. When such an indication exists, the Group estimates the recoverable amount of the asset. The recoverable amount is the higher of an asset’s value in use and its net realisable value. The carrying amount of an asset that exceeds the recoverable amount is reduced to the lower recoverable amount. The value in use is determined by discounting expected future cash flows to their present value using a pre-tax interest rate and an appropriate adjustment for risk.

In determining an asset’s net realisable value (fair value less cost to sell), an appropriate valuation model is used. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset’s recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement.

To assess potential impairment of real estate under development, the project’s development progress is compared with market values and projected income forecasts. Impairment is recognised when original project development expectations show a negative change.

2.15. Other financial assets

Other financial assets contain “Loans given to joint ventures”, which are, in substance, not to be treated as financial instruments. They are contrasted with “Loans received from joint ventures”. Both instruments are, in substance, equity instruments and carry the same maturity and interest rate conditions. They are stated at amortised cost.

In accordance with Group policy, guarantees and other commitments are secured by term deposits pledged as collateral. These term deposits are held with Austrian banks and carried at amortised cost.

2.16. Inventories

Inventories are valued at the lower of acquisition cost, production cost or net realisable value. Inventories consist primarily of raw materials and merchandise (food & beverages) pertaining to the operations of “Hotels & Resorts”. This valuation is based on the FIFO method.

Real estate projects under development or construction are reported at the lower of cost or net realisable value.

2.17. Trade and other receivables

Trade receivables which generally have ten to 90 days term are recognised and carried at original invoice amount less allowance for any uncollectible amounts. A provision is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

2.18. Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less.

2.19. Derecognition of financial assets and liabilities

A financial asset is derecognised when the rights to receive cash flows from the asset have expired or the rights have been transferred.

If the Group has transferred its rights to receive cash flows from an asset but has substantially retained all the risks and rewards of the asset, the asset is recognised to the extent of the Group’s continuing involvement in the asset.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit and loss.

During the reporting year the Group was released from liabilities in the amount of EUR 4,412,776.00 (2006: EUR 2,164,153.00) by the creditor. The resulting gains are reported within “Other income” (Reference is made to Note 7.01).

2.20. Impairment loss of financial assets

At each balance sheet date the Group assesses whether a financial asset or group of financial assets is impaired.

2.20.1. Assets carried at amortised costs

If there is objective evidence that an impairment loss has been incurred on loans and receivables carried at amortised cost, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows. The amount of the loss is recognised in profit and loss.

Management first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

Impairment losses of trade receivables are partly recognised using fair value adjustment accounts. The decision of whether a default risk is accounted for by means of a value adjustment account or a direct value adjustment of the receivables item depends on the degree of reliability to which the risk situation can be assessed.
If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the income statement to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

2.20.2. Available-for-sale financial assets

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit and loss, is transferred from equity to the income statement.

Reversals in respect of equity instruments classified as available for sale are not recognised in profit. Reversals of impairment losses on debt instruments are reversed through profit or loss if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in income.

2.21. Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

During the reporting year unconsumed short-term provisions were reversed in the amount of EUR 360,020.00 and reduce expenses by that amount. (Reference is made to Note 22.2.).

2.22. Pensions and other post-employment benefits

Provisions for severance payments and long-term service bonuses for employees and members of the Management Board are primarily recognised for employees of Austrian Group companies, since employees in Poland, the Czech Republic and Hungary are not entitled to similar benefits and local laws only provide for a very limited range of employee benefits. In the previous year the Group acquired a 25 % share in the joint venture “Hotel Jan III Sobieski, PL-Warsaw” in a business combination. This joint venture company has granted voluntary pension and long-term service bonus commitments to some employees. The resulting obligations were recognised in line with the Group’s share in the joint venture. The provision is valued according to uniform methods within the Group and reflects the trends of salary increases and inflation in Poland.

Pension commitments have been made in favour of the directors of the parent company. These plans also include benefits to dependants. Furthermore a current pension obligation exists. The group’s pension plans are defined benefit plans and are unfunded.

In the previous year two additional directors were added to the Managing Board, which is now composed of four members. The pension commitments made to the old directors were amended by extending the pension date to age 65 and reducing the pension to be paid. The new directors were granted pension commitments which are in substance equivalent to the modified pension plans of the old directors.

All long-term provisions for pensions and other post-employment benefits are calculated using the projected unit credit method. The pension and salary increase is estimated at 2.215 % (previous year: 2.05 %) for severance payments and 1 % for pensions. The calculations are based on a discount rate of 5.125 % (previous year: 4.25 %) and no fluctuation discount. The provision is valued in accordance with the actuarial tables “AVÖ für Angestellte”.

Actuarial profits and losses are recognised in profit and loss when they occur. The interest component is taken into account in finance expenses.

Pension reimbursement insurance was taken out for the pension plan of the directors and their dependants. Annual contributions are made to this insurance plan, which is dedicated to the coverage of the pension obligation and is of a long-term nature. It is not a pension plan asset within the meaning of IAS 19 and must be capitalised separately according to IAS 19.104a.

This reimbursement right is valued at EUR 917,657.00 (2006: EUR 816,876.00) and reported under (non-current) “Other financial assets”.

2.23. Financial liabilities

Financial liabilities are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liabilities are derecognised, as well as through the amortisation process. Other financial liabilities are measured at amortised cost.

2.24. Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Finance leases, which essentially transfer to the Group all the risks and benefits incidental to ownership of the leased item, lead to the capitalisation of the leased asset at its fair value at the inception of the lease or, if lower, at the present value of minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the income statement. Where there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, capitalised leased assets are fully depreciated over the shorter of the estimated useful life of the asset and the lease term.

2.25. Revenue recognition

Revenues are recognised in accordance with IAS 18:

- Revenues from the sale of goods or rendering of services and income from rent are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer or when the services have been effectively rendered.
- In the case of a sale of a subsidiary, the difference between the sale price and net assets plus cumulative foreign currency translation differences and the non-amortised goodwill are recognised in income.
- Interest income is recognised as interest accrues.
- Dividend income is recognised when the Group's right to receive the payment is established.

2.26. Taxes

2.26.1. Current tax assets and liabilities

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amounts are those that are enacted by the balance sheet date.

2.26.2. Deferred taxes

Deferred income tax is provided for using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.
Deferred tax liabilities are recognised for all taxable temporary differences, with the exception of deferred tax liabilities from initial recognition of goodwill, an asset or a liability under a transaction other than a business combination which at the time of the transaction had an impact on neither the result according to financial accounting nor the taxable result.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and carry-forwards of unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and carry-forwards of unused tax credits can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.
Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authority.

2.26.3. Value added tax (VAT)

Revenues, expenses and assets are recognised net of the amount of VAT, except when:

- the VAT incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable;
- receivables and payables are stated with the amount of VAT included;
- the net amount of VAT recoverable from, or payable to, the tax authorities is included as part of receivables or payables in the balance sheet.

2.27. Derivative financial instruments and hedging

The Group uses derivative financial instruments. These are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Cash flow hedges

Hedges designated to hedge cash flows and meeting the strict criteria for hedge accounting are accounted for as follows:
The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while any ineffective portion is recognised immediately in the income statement.
Amounts taken to equity are transferred to the income statement when the hedged transaction affects the income statement, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or a non-financial liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or non-financial liability.

If the forecast transaction or firm commitment is no longer expected to occur, amounts previously recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, amounts previously recognised in equity remain in equity until the forecast transaction or firm commitment occurs. The same treatment applies when it is determined that the financial instrument no longer meets the criteria for hedge accounting.

2.28. Standards and interpretations not yet effective

The following standards that have already been endorsed by the EU have not been applied earlier than prescribed:

IFRIC 11 (IFRS 2: Group and Treasury Share Transactions) was issued in November 2006 effective for annual periods beginning on or after 1 March 2007. IFRIC 11 provides guidance on applying IFRS 2 in settling share-based payment obligations involving an entity's own equity instruments or equity instruments of another company within the same group. Application of this interpretation will have no impact on the Group's consolidated financial statements.

[03] Companies included in the consolidated financial statements

The consolidated financial statements include the financial statements of Warimpex Finanz- und Beteiligungs AG and the following subsidiaries:

Investments in	Registered office/country	Holding direct	Holding indirect	[1] Method of consolidation 2007	Method of consolidation 2006	Share capital	Currency	[2] Primary segment	[3] Ø Personnel	Functional currency 2007	Functional currency 2006
a) Subsidiaries included by full consolidation (FC):											
WX-Leuchtenbergring GmbH	D-Munich	100 %	–	FC	FC	25,000	EUR	H&R	–	EUR	EUR
Warimpex Leasing GmbH	A-Vienna	100 %	–	FC	FC	500,000	EUR	H&R	–	EUR	EUR
Amber Baltic Sp.z.o.o.	PL-Międzyzdroje	–	100 %	FC	FC	38,325,000	PLN	H&R	128	EUR	EUR
Golf Amber Baltic Sp.z.o.o.	PL-Międzyzdroje	–	100 %	FC	FC	2,500,000	PLN	H&R	17	EUR	EUR
Hansa Sp.z.o.o.	PL-Międzyzdroje	–	100 %	FC	FC	430,000	PLN	H&R	7	EUR	EUR
Evropsky´Investicni Holding a.s.	CZ-Prague	–	100 %	FC	FC	100,000,000	CZK	H&R	54	EUR	EUR
UBX Praha 1 s.r.o.	CZ-Prague	100 %	–	FC	FC	33,200,000	CZK	H&R	52	EUR	EUR
Balnex 1 a.s.	CZ-Prague	84.13 %	15.87 %	FC	FC	155,000,000	CZK	H&R	110	EUR	EUR
Balnex 1 a.s. Kommanditgesellschaft	PL-Międzyzdroje	–	100 %	FC	FC	2,842,840	PLN	H&R	–	EUR	EUR
Grassi Hotelbeteiligungs- und Errichtungs GesmbH	A-Vienna	100 %	–	FC	FC	2,943,252	EUR	D&A	–	EUR	EUR
Recoop Tour a.s.	CZ-Prague	–	100 %	FC	FC	24,000,000	CZK	H&R	221	EUR	EUR
Hotel Palace Praha s.r.o.	CZ-Prague	100 %	–	FC	FC	147,000,000	CZK	H&R	94	EUR	EUR
Le Palais Praha s.r.o.	CZ-Prague	100 %	–	FC	FC	155,801,500	CZK	H&R	66	EUR	EUR
Vega Holding s.r.o.	CZ-Prague	100 %	–	FC	FC	900,000	CZK	H&R	–	EUR	EUR
MEP s.r.o.	CZ-Prague	–	100 %	FC	FC	82,800,000	CZK	H&R	2	EUR	EUR
Vladinvest Praha s.r.o.	CZ-Prague	100 %	–	FC	FC	3,100,000	CZK	D&A	–	EUR	EUR
Revital Rt.	HU-Budapest	100 %	–	FC	FC	220,500,000	HUF	D&A	9	HUF	HUF
PAX-Invest kft	HU-Budapest	–	100 %	FC	FC	3,000,000	HUF	D&A	–	HUF	HUF
Becsinvestor kft	HU-Budapest	–	100 %	FC	FC	35,380,000	HUF	D&A	–	EUR	EUR
Goldmark kft	HU-Budapest	–	100 %	FC	FC	34,100,000	HUF	D&A	–	HUF	HUF
Warimpex Investconsult kft	HU-Budapest	100 %	–	FC	FC	10,000,000	HUF	D&A	2	EUR	EUR
Bocca kft	HU-Budapest	100 %	–	FC	FC	3.000,000	HUF	D&A	–	EUR	EUR
Palminvest kft	HU-Budapest	100 %	–	FC	FC	3,000,000	HUF	D&A	–	EUR	EUR
[4] Elsbet kft	HU-Budapest	100 %	–	FC	FC	103,000,000	HUF	D&A	–	EUR	EUR
WX Hotel B1 kft	HU-Budapest	100 %	–	FC	–	3,000,000	HUF	H&R	–	EUR	–
Synergie Patrimoine S.A.	LU-Luxembourg	100 %	–	FC	FC	31,000	EUR	H&R	–	EUR	EUR
Andel's Lodz Sp.z.o.o.	PL-Warschau	–	100 %	FC	FC	50,000	PLN	H&R	–	EUR	EUR
Sugura S.A.	LU-Luxembourg	100 %	–	FC	–	31,000	EUR	H&R	–	EUR	–
WX RomCo S.A.	RO-Bucharest	–	100 %	FC	–	200	RON	H&R	–	EUR	–
Comtel Focus S.A.	RO-Bucharest	–	100 %	FC	–	10,232,402	RON	H&R	37	EUR	–
[6] Goulds Investments S.A.	LU-Luxembourg	100 %	–	FC	–	31,000	EUR	H&R	–	EUR	–
WX Rumänien Holding S.A.	LU-Luxembourg	100 %	–	FC	–	31,000	EUR	H&R	–	EUR	–
WX Krakow Holding S.A.	LU-Luxembourg	100 %	–	FC	–	31,000	EUR	H&R	–	EUR	–
WX Bialystok Holding S.A.	LU-Luxembourg	100 %	–	FC	–	31,000	EUR	H&R	–	EUR	–
WX Warsaw Holding S.A.	LU-Luxembourg	100 %	–	FC	–	31,000	EUR	H&R	–	EUR	–
Budget Hotel Holding S.A.	LU-Luxembourg	100 %	–	FC	–	50,000	EUR	H&R	–	EUR	–
Warimpex Polska Sp.z.o.o.	PL-Warsaw	100 %	–	FC	FC	9,095,000	PLN	D&A	13	PLN	PLN
El Invest Sp.z.o.o.	PL-Warsaw	41 %	10 %	FC	FC	1,300,000	PLN	D&A	1	PLN	PLN
Kopernik Development Sp.z.o.o.	PL-Warsaw	100 %	–	FC	FC	25,000	PLN	D&A	–	PLN	PLN
Multidevelopment Sp.z.o.o.	PL-Warsaw	100 %	–	FC	FC	50,000	PLN	D&A	–	PLN	PLN
Prozna Properties Sp.z.o.o.	PL-Warsaw	100 %	–	FC	FC	3,650,000	PLN	H&R	–	EUR	EUR
Millenium Plaza Sp.z.o.o.	PL-Warsaw	100 %	–	FC	–	50,000	PLN	H&R	–	EUR	–
Chopin Sp.z.o.o.	PL-Krakow	100 %	–	FC	FC	11,207,000	PLN	H&R	68	EUR	EUR
Avielen OOO	RU-St.Petersburg	60 %	–	FC	FC	500	RUB	H&R	8	EUR	EUR

Investments in	Registered office/country	Holding direct	Holding indirect	[1] Method of consolidation 2007	2006	Share capital	Cur-rency	[2] Primary segment	[3] Ø Per-sonnel	Functional currency 2007	2006
b) Joint ventures included by proportionate consolidation (PC):											
UBX 1 Objekt Berlin Ges.m.b.H	D-Berlin	50 %	–	PC	PC	25,000	EUR	H&R	–	EUR	EUR
UBX 2 Objekt Berlin Ges.m.b.H	D-Berlin	50 %	–	PC	–	25,000	EUR	H&R	–	EUR	–
UBX Objekt Ingoldstadt Ges.m.b.H.	D-Ingolstadt	50 %	–	PC	–	25,000	EUR	H&R	–	EUR	–
UBX Development (France) s.a.r.l.	F-Paris	50 %	–	PC	PC	50,000	EUR	A&D	1	EUR	EUR
UBX II (France) s.a.r.l.	F-Paris	–	50 %	PC	PC	50,000	EUR	H&R	57	EUR	EUR
Asset Paris II s.a.r.l.	LU-Luxembourg	50 %	–	PC	–	50,000	EUR	H&R	–	EUR	–
Asset Paris II s.a.r.l.	F-Paris	–	50 %	PC	–	50,000	EUR	H&R	–	EUR	–
Hotel Paris II s.a.r.l.	F-Paris	–	50 %	PC	–	50,000	EUR	H&R	3	EUR	–
Hotelinvestments s.a.r.l.	LU-Luxembourg	50 %	–	PC	PC	20,000	EUR	A&D	–	EUR	EUR
Europa Hawk s.a.r.l.	LU-Luxembourg	25 %	–	PC	PC	650,000	EUR	H&R	–	EUR	EUR
Melica Sp.z.o.o.	PL-Warsaw	–	25 %	PC	PC	13,989,000	PLN	H&R	–	EUR	EUR
Hotel Jan III Sobieski Sp.z.o.o.	PL-Warsaw	–	25 %	PC	PC	156,187,980	PLN	H&R	73	EUR	EUR
UBX Plzen s.r.o.	CZ-Prague	50 %	–	PC	PC	200,000	CZK	H&R	–	EUR	EUR
[5] UBX Praha 2 s.r.o.	CZ-Prague	–	–	PC	PC	200,000	CZK	A&D	–	EUR	EUR
UBX 3 s.r.o.	CZ-Prague	50 %	–	PC	PC	200,000	CZK	H&R	–	EUR	EUR
[6] Sienna Hotel Sp.z.o.o.	PL-Warsaw	33.33 %	16.67 %	PC	PC	81,930,000	PLN	H&R	120	EUR	EUR
GF Ramba Sp.z.o.o.	PL-Warsaw	50 %	–	PC	PC	138,800	PLN	A&D	1	EUR	EUR
[7] Thermo Energia Sp.z.o.o.	PL-Warsaw	–	40 %	PC	PC	500,000	PLN	A&D	–	PLN	PLN
UBX Krakow Sp.z.o.o.	PL-Warsaw	50 %	–	PC	PC	50,000	PLN	H&R	31	EUR	EUR
UBX Katowice Sp.z.o.o.	PL-Warsaw	50 %	–	PC	PC	50,000	PLN	H&R	–	PLN	PLN
Xcanti Sp.z.o.o.	PL-Warsaw	–	50 %	PC	–	offen	EUR	H&R	–	EUR	–
[8] Bürohaus Leuchtenbergring											
- GmbH & Co. Besitz KG	D-Munich	–	49.50 %	PC	PC	100,000	EUR	H&R	–	EUR	EUR
- GmbH & Co. KG	D-Munich	–	49.50 %	PC	PC	60,000	EUR	H&R	1	EUR	EUR
- Verwaltungs GmbH	D-Munich	–	49.50 %	PC	PC	25,565	EUR	H&R	–	EUR	EUR
c) Associated companies											
Palais Hansen Immobilienentwicklung GmbH	A-Vienna	26.57 %	–	EC	–	35,000	EUR	–	–	EUR	–

1) FC = full consolidation, PC = proportionate consolidation, EC = equity method of consolidation
2) "Primary segment: "A&D": "Asset Management & Development; "H&R': Hotels & Resorts (see Segment information Note [6])."
3) The average number of employees relates to the number of employees in relation to the Group's share in the subsidiary or joint venture and is also presented on a pro-rata basis for those companies that did not participate in the Group for the whole year.
4) Idit kft" (the acquired company) was merged with "Elsbet kft" (the acquiring company) in the reporting period.
5) The shares in the joint venture "UBX-Praha 2 s.r.o." were sold on 30 March 2007. The company was included in the consolidated financial statements on a pro-rata basis.
6) In the reporting period a further 16.67 % share in "Sienna Hotel Sp.z.o.o." was acquired through the subsidiary "Goulds Investments S.A."
7) The shares in the joint venture "Thermo Energia Sp.z.o.o." are indirectly held through the fully consolidated subsidiary "Warimpex Polska Sp.z.o.o.".
8) The shares in the joint venture companies "Bürohaus Leuchtenbergring GmbH & Co. Besitz KG", "Bürohaus Leuchtenbergring GmbH & Co. KG" and "Bürohaus Leuchtenbergring Verwaltungs GmbH" are indirectly held through the fully consolidated subsidiary "WX-Leuchtenbergring GmbH".

[04] Business combinations and other changes in the scope of consolidation, and acquisition of minority interests

4.01. Sale of 50 % shareholding in “UBX-Praha 2 s.r.o.” (30 March 2007)

Under the share purchase agreement of 30 March 2007, a 50 % interest in “UBX Praha 2 s.r.o.” was sold for EUR 2.4 million to the joint venture partner. The assets and liabilities (of the Group’s 50 % share) of the disposed company proceeded as follows during the reporting period:

In EUR	At 1/1/2007	± Change during affiliation	At 30/3/2007
Plant under construction	4,411,537	667,405	5,078,943
Cash and cash equivalents	787	79,673	80,459
Other current receivables	83,206	94,272	177,479
	4,495,530	841,350	5,336,881
Third party loans	(2,720,705)	(1,789,870)	(4,510,576)
Loans extended by Warimpex	(454,113)	–	(454,113)
Deferred tax liabilities	(27,380)	–	(27,380)
Other current payables	(1,291,407)	919,173	(372,234)
	(4,493,606)	(870,697)	(5,364,303)
Book value of net assets of the company sold			27,422
Agreed purchase price for the shareholdings			2,401,800
Costs directly related to the sale of the Group's share			(61,960)
Net sale price for the shares			**2,367,262**

Effect of the sale of the Group's share on the consolidated financial statements:

	Assets	Liabilities
Derecognised assets, cash and liabilities	(5,336,881)	(4,910,189)
Sale price	2,401,800	–
Costs directly related to the sale	(61,960)	–
Loans that were assumed by the purchaser	454,113	–
Contribution to Group profit	–	2,367,262
	(2,542,927)	(2,542,927)

Cash flow

Cash receipts and cash outflows from sold subsidiaries during the reporting period from 1 January 2007 to 31 December 2007 break down as follows:

Net sale price for the shares	2,339,840
Loans that were assumed by purchaser	454,113
Gross proceeds from the sale of disposal groups	2,793,953
Net cash of the companies sold	(80,459)
	2,713,494

4.02. Sale of 25 % of 85 % of the shares in "Avielen OOO" (26 November 2007)

Under the share purchase agreement of 26 November 2007, 25 % of the 85 %interest in "Avielen OOO" were sold to a co-investor for EUR 30 million. The company will be fully consolidated.

Agreed purchase price for the shares	30,000,000
Book value of third-party shares at the time of sale	(179,531)
Costs directly related to the sale of the Group share	(675,195)
Net sale price for the shares	29,145,274

Cash flow

Sale price	30,000,000
Costs directly related to the sale	(675,195)
	29,324,805

4.03. Acquisition of "Comtel Focus S.A."

With closing date 8 August 2007 the Company acquired "Comtel Focus S.A.", which owns and operates an airport hotel in Bucharest. The fair values of the identifiable assets and liabilities of "Comtel Focus S.A." as of the acquisition date were as follows:

	EUR *Recognised on acquisition*	EUR *Fair value*
Property, plant & equipment, software	18,400,000	12,530,125
Other financial investments	4,037	4,037
Trade and other receivables	207,143	207,143
Cash and cash equivalents acquired	166,525	166,525
	18,777,705	12,907,829
Minority interests	2,750	1,764
Interest-bearing loans and borrowings	2,887,249	2,887,249
Deferred tax liabilities	1,757,298	818,118
Trade and other payables	381,374	381,374
	5,028,671	4,088,505
Fair value of net assets	13,749,033	**8,819,324**
Negative goodwill directly recognised in income	(3,679,985)	
Total cost of business combination	10,069,049	
Purchase price obligation unpaid	(20,445)	
Cash payments made in the reporting period	10,048,604	

If the business combination had taken place at the beginning of the reporting period, the Group's revenues would have increased by EUR 1,947,225.00 and the additional profit would have amounted to EUR 40,958.00. The contribution to gross operating profit would have increased to EUR 942,742.00. Since acquisition, the subsidiary contributed an amount of EUR 1,490,184.00 to the Group's revenues and an amount of EUR 380,566.00 to the Group's gross operating profit. The contribution to the Group result was EUR -150,004.00.

The negative goodwill is due to a bargain purchase.

4.04.Other acquisitions

On 14 June 2007 the Group acquired a further share of 16.67 % (from previously 33.33 % to now 50 %) in “Sienna Hotel Sp.z.o.o.”. The increase of the share in the joint venture was accounted for using the “parent entity extension method”.

Moreover, in November 2007 the Group acquired 100 % of the partnership interest in “Xcanti Sp.z.o.o.” (previously NPC Sp.z.o.o.) through the 50 % joint venture “UBX Katowice Sp.z.o.o.” and in October 2007 100 % of the partnership interest in “Millenium Plaza Sp.z.o.o.”.
The assets and liabilities of “Xcanti Sp.z.o.o” and “Millenium Plaza Sp.z.o.o.” acquired on a pro-rata basis did not constitute a business according to IFRS 3.4 at the date of acquisition, which is why the acquisition costs were allocated between the individual identifiable assets and liabilities based on their relative fair values at the acquisition date.

For 100 % of the shares in “Via-Prop Sp.z.o.o.”, a prepayment was made amounting to EUR 15,130.67 (originally PLN 55,000.00) in the reporting period. The residual purchase price amounting to PLN 5,000.00 will be due in 2010 at the latest; the transfer of the shares will be effected upon payment of the residual amount of the purchase price. The company to be acquired owns a 4.36 % share in a tool factory in Bialystok, Poland.

All other “Other acquisitions” have the following impact on the consolidated financial statements:

	EUR
Acquired property, plant & equipment, software	23,121,543
Goodwill	–
Advance payments made for business combinations	15,131
Consolidation of loans given to joint ventures	(3,062,227)
Trade receivables and other current assets	217,404
Cash and cash equivalents acquired	426,695
	20,718,546
Minority interests	–
Deferred tax liabilities	690,610
Interest-bearing loans and borrowings	17,814,504
Trade and other payables	252,730
Income tax payable	18,757,844
Total costs of/prepayments for acquisitions	1,960,702

4.05. Buyout of minority interests

On 2 April 2007 the Company acquired the minority interests in “Revital R.t.”, Budapest; hence, the Warimpex Group now holds 100 % of “Revital R.t.” and its subsidiaries.

Furthermore, on 7 December 2007 the Company acquired the minority interests in “Chopin Sp.z.o.o.”; hence, the Warimpex Group now holds 100 % of “Chopin Sp.z.o.o.”.

The impacts on the consolidated financial statements break down as follows:

	EUR *Revital Group*	EUR *Chopin Sp.z.o.o.*	*Total*
Goodwill	9,044	–	9,044
Negative goodwill recognised in income	–	(21,638)	(21,638)
Minority interests	186,887	38,567	225,454
Total cost of/prepayments for acquired shares	195,932	16,929	212,860
The share of profits attributable to minority interests up to the date of acquisition amounts to	58,745	1,098	59,842

4.06. Business combinations from the previous reporting period

In 2006 the Company effected the following business combinations:
4.06.a Acquisition of 100 % of the shares of "PAU 2005 kft"
4.06.b Acquisition of 99.46 % of the shares of "Chopin Sp.z.o.o."
4.06.c Acquisition of 100 % of the shares of "Idit kft"
4.06.d Acquisition of 25 % of the shares of "Hotel Jan III Sobieski Sp.z.o.o."

The fair values at acquisition date of the identifiable assets and liabilities acquired in business combinations in the previous reporting period are as follows:

	EUR *4.06.a*	EUR *4.06.b*	EUR *4.06.c*	EUR *4.06.d*
Acquired properties, plant and equipment	–	20,258,333	9,407,250	–
Investment properties	4,112,785		2,921,203	9,900,000
Deferred tax assets	–	138,508	–	
Inventories	–	32,126	–	–
Trade and other receivables	23,092	633,967	649,509	95,632
Cash and cash equivalents acquired	66,482	503,883	736,323	462
	4,202,359	21,428,309	13,852,792	9,996,094
Minority interests	–	29,636		–
Deferred tax liabilities	4,626	2,319,041	683,095	
Interest-bearing loans and borrowings	1,529,012	13,244,460	5,452,120	4,763,019
Trade and other payables	8,242	303,010	977,585	146,640
Provisions	–	49,343	109,543	–
	1,541,880	15,945,489	6,539,248	5,592,753
Fair value of net assets acquired	2,660,478	5,482,820	7,313,544	4,403,340
Goodwill	–	–	–	39,033
Negative goodwill directly recognised in income	(299,961)	(2,433,065)	(614,074)	–
Total cost of business combinations	2,360,517	3,049,755	6,699,471	4,442,374

4.07. Disposal groups classified as "held for sale"

At the end of the first quarter of 2007 negotiations regarding the sale of the 100 % subisidiaries "Bocca kft" and "Palminvest kft" entered a concrete stage; the assets and liabilities of the disposal groups were reclassified in accordance with IFRS 5. As regards the subsidiary "Bocca kft" the intention to sell the company was revised owing to a changed assessment, and the classification as "held for sale" made during the reporting period was reversed.

In EUR	Reclassification to IFRS 5 end Q1/2007	± Q2 to Q4/2007	At 31/12/2007
Investment properties	4,047,543	398,100	4,445,643
Current receivables	99,644	3,494	103,138
Cash and cash equivalents	49,612	92,210	141,822
Deferred tax assets	25,941	(25,941)	–
	4,222,740	467,863	4,690,604
Project loans	3,715,787	12,112	3,727,898
Deferred tax liabilities	–	326,303	326,303
Current payables	60,443	52,483	112,926
	3,776,229	390,898	4,167,127
Net assets of the disposal group	446,511	76,966	523,477

[05] Interests in joint ventures

The pro-rata values for joint ventures included in the 2007 consolidated financial statements under proportionate consolidation are as follows:

In EUR	At 31/12/2006	Changes in the scope of consolidation	Change in 2007	At 31/12/2007
Non-current assets	105,050,187	15,687,317	18,580,473	139,317,976
Current assets	5,312,219	351,452	794,556	6,458,227
Cash and short-term deposits	4,260,271	(129,314)	1,642,686	5,773,643
	114,622,677	15,909,455	21,017,715	151,549,847
Equity	2,438,823	(1,504,747)	(1,340,862)	(406,786)
Warimpex loans*)	9,946,179	5,281,281	11,480,254	26,707,713
Non-current liabilities	58,583,464	31,337,499	15,727,920	105,648,883
Current liabilities	43,654,212	(19,204,579)	(4,849,597)	19,600,036
	114,622,677	15,909,455	21,017,715	151,549,847

	2006	2007
Revenues	11,126,203	23,012,202
Operating result	2,749,930	1,839,542
Financial result	(2,206,980)	(4,941,967)
Profit before income tax	542,951	(3,102,426)
Profit after income tax	607,782	(2,796,045)

*) Relates to joint venture liabilities to Warimpex AG eliminated on a pro-rata basis under proportionate consolidation.

At the end of the reporting period the Group held interests in 23 joint ventures, 12 of which engage in project development and/or own “Assets under construction”. The joint venture “Sienna Hotel Sp.z.o.o.” owns and operates the Hotel Intercontinental in Warsaw, the joint venture “UBX II (France) s.a.r.l.” leases the Hotel Dream Castle Paris (finance lease), the joint venture “Melica Sp.z.o.o.” is the owner and the joint venture “Hotel Jan III Sobieski Sp.z.o.o.” the operator of the Hotel Sobieski Warsaw. In the reporting period the Holiday Inn hotel near Eurodisney Paris was acquired through the joint venture “Asset Paris II”.

Changes in the scope of consolidation result from the sale of the shares in “UBX Praha 2 s.r.o.” as well as the acquisition of the shares in “Sienna Hotel Sp.z.o.o.” set forth in greater detail in Notes 4.01. and 4.04.

[06] Segment information

The Warimpex Group's operations are divided into two business segments: "Hotels & Resorts" and "Asset Management & Development". For segment information purposes, operations are classified into one of the segments on the level of individual subsidiaries and according to target markets.

Transactions between business segments contain the recharging of intragroup services as well as project development services. The services are charged at cost plus a profit margin. The following tables present revenue and profit and certain asset and liability information regarding the Group's business segments for the years ended 31 December 2007 and 2006.

Business segments – overview

	"Hotels&Resorts"		"Development & Assetmanagement"		Total in EUR	
	2007	2006	**2007**	2006	**2007**	2006
External sales	71,555,006	52,408,006	9,642,685	6,391,014	81,197,691	58,799,020
Inter-segment sales	(2,246,006)	(1,982,984)	2,246,006	1,982,984	–	–
Segment results	12,138,625	9,019,979	35,049,710	13,781,385	47,188,335	22,801,364
Investments in tangible fixed assets and software	44,375,279	24,816,299	12,140,514	8,879,641	56,515,794	33,695,940
Investments in finance lease	–	26,680,848	–	–	–	26,680,848
Investments in financial assets	(201,191)	367	30,909,504	5,997,284	30,708,313	5,997,651
Business combinations and other changes in the scope of consolidation	41,521,543	49,316,798	3,159,937	19,356,762	44,681,480	68,673,560
	85,695,632	100,814,312	46,209,955	34,233,687	131,905,587	135,047,999
Ordinary depreciation	(8,770,611)	(7,435,805)	(997,698)	(564,485)	(9,768,309)	(8,000,290)
Net cash flows from operating activities	18,242,786	14,728,340	(3,405,295)	(3,000,588)	14,837,491	11,727,752
Segment assets	381,913,436	288,018,021	126,446,295	96,983,196	508,359,731	385,001,217
Segment liabilities (gross)	(290,016,380)	(232,481,202)	(41,035,330)	(65,492,280)	(331,051,710)	(297,973,482)
Intragroup financing	33,517,664	27,908,715	(33,517,664)	(27,908,715)	–	–
Segment liabilities (net)	(256,498,716)	(204,572,488)	(74,552,994)	(93,400,994)	(331,051,710)	(297,973,482)
Average payroll	1,139	886	59	54	1,198	940

6.01. The business segment "Hotels & Resorts":

For purposes of capital employed and used, this segment is subdivided into "Hotels in operation", which contribute to the Group's profit, and "Hotels under development", which only generate costs until completion and opening. The Group determines whether a hotel project is already under construction or still in the design phase on the basis of whether a building permit has been obtained.

"Hotels in operation" are further classified into the sub-segments "Luxury" (Hotel Palace, Le Palais, Savoy and InterContinental Warsaw) and "Upmarket" (Hotel Diplomat, Hotel Dvořák, Angelo Prague, Dream Castle Paris, Holiday Inn Paris, Airporthotel Bucharest, Andel's Krakow, Amber Baltic and Hotel Sobieski). "Others" refers to the Hotel Chopin in Krakow, the hotel ship and the golf course in PL, Miedzyzdroje.

Segment results "Hotels & Resorts":

The segment "Hotels & Resorts" is analysed according to the "cost of sales" method for purposes of internal group reporting. The GOP (Gross Operating Profit, computed according to the Uniform System of Accounts for the Lodging Industry) contains all sales revenues, costs of materials and services and employee expenses that are directly related to the operation of the hotel. Management fees generally amount to 4 % of sales revenues and 8 % of GOP. "Property costs" contain insurance premiums, land taxes, lease payments and expenses from operating leases.

Other costs after GOP are presented net of revenues from reimbursements. They include personnel expenses for administrative staff as well as expenses of the owner of the hotel which are not directly attributable to the operations of the hotel.

Segment results	Luxury		Upmarket		Others	
For the year in EUR	**2007**	2006	**2007**	2006	**2007**	2006
Sales revenues	20,874,268	18,285,176	45,824,199	31,253,312	4,435,938	2,612,132
Expenses for materials and services	(7,897,448)	(6,757,272)	(16,100,596)	(10,629,776)	(1,231,078)	(785,419)
Personnel expenses	(5,339,176)	(4,516,739)	(10,116,779)	(6,646,227)	(845,336)	(490,355)
Gross operating profit	**7,637,644**	7,011,165	**19,606,824**	13,977,309	**2,359,523**	1,336,359
Hotel employees	*328*	*293*	*677*	*496*	*91*	*56*
Total rooms	661	661	2,373	1,710	282	282
Joint venture share	(202)	(269)	(799)	(521)		
Total rooms Group	*459*	*392*	*1,574*	*1,189*	*282*	*282*
Thereof rooms available						
Total	651	652	2,371	1,709	214	268
Joint venture share	*(238)*	*(295)*	*(616)*	*(520)*	–	–
Time allocation	–	–	(457)	(249)	–	(106)
Rooms available Group	**412**	358	**1,298**	940	**214**	162
Rooms sold	281	249	912	652	168	91
Average room occupancy	**68 %**	70 %	**70 %**	69 %	**79 %**	56 %
Management fee	(1,011,800)	(995,463)	(3,135,310)	(2,150,734)	(368,489)	(255,252)
Franchise fees	–	–	(34,245)	–	–	–
Lease/rent	(17,019)	(22,682)	(185,614)	(11,063)	(148,726)	(81,806)
Exchange adjustments	(1,578)	119,698	97,502	18,059	(27,632)	39,983
Property costs	(554,264)	(277,176)	(1,319,446)	(898,467)	(123,028)	(98,009)
Net operating profit	**6,052,984**	5,835,543	**15,029,710**	10,935,105	**1,691,648**	941,275
Other costs after GOP (net)	(377,255)	(252,117)	(939,259)	(379,336)	(121,844)	(88,215)
Pre-opening costs	–	–	(104,486)	(242,350)	–	–
Depreciation	(3,439,923)	(2,711,219)	(4,696,039)	(4,383,686)	(626,842)	(332,475)
Contribution to operating profit	**2,235,806**	2,872,206	**9,289,926**	5,929,733	**942,962**	520,585
thereof in						
• Czech Republic	1,762,058	2,813,291	7,157,705	4,400,274	–	–
• Poland	473,748	58,916	1,487,044	1,196,919	942,962	520,585
• France	–	–	744,661	332,540	–	–
• Romania	–	–	(99,484)	–	–	–
	2,235,806	2,872,206	9,289,926	5,929,733	942,962	520,585
Total for hotels in operation					**12,468,694**	9,322,525
Less expenses for						
Project development expenses for hotels under construction					(192,387)	(123,562)
Project development expenses for hotels in design phase					(137,682)	(178,984)
Segment contribution to operating profit					**12,138,625**	9,019,979

Segment cash flow “Hotels & Resorts”

In EUR	Luxury 2007	Luxury 2006	Upmarket 2007	Upmarket 2006	Others 2007	Others 2006
Cash receipts	20,673,403	18,367,038	43,490,015	30,869,996	4,446,269	2,744,451
Interest received	71,914	28,788	105,505	44,008	4,428	3,594
Cash paid for materials and services	(8,643,839)	(8,018,381)	(19,622,555)	(13,602,186)	(1,580,577)	(1,050,658)
Cash paid for personnel expenses	(5,447,821)	(4,673,916)	(10,242,763)	(6,935,098)	(913,956)	(529,905)
Cash paid for other expenses	(857,761)	(228,735)	(2,146,461)	(1,477,673)	(417,108)	(237,359)
Income tax paid	–	(325,813)	(163,727)	(158,469)	–	–
	5,795,895	5,148,981	**11,420,014**	8,740,578	**1,539,056**	930,123
thereof in						
• Czech Republic	3,643,675	3,884,385	9,526,210	6,504,648	–	–
• Poland	2,152,221	1,264,595	135,825	1,175,326	1,539,056	930,123
• France	–	–	1,682,003	1,060,604	–	–
• Romania	–	–	75,976	–	–	–
	5,795,895	5,148,981	11,420,014	8,740,578	1,539,056	930,123
Total for hotels in operation					**18,754,965**	14,819,682
Less cash payments made for						
Project development expenses for hotels under construction					(273,688)	(35,581)
Project development expenses for hotels in design phase					(238,492)	(55,760)
Segment cash flow from operating activities					**18,242,786**	14,728,340

Analysis of segment assets “Hotels & Resorts”

a) Hotels in operation

At 31 December in EUR	Luxury 2007	Luxury 2006	Upmarket 2007	Upmarket 2006	Others 2007	Others 2006
Property, plant and equipment	93,764,697	78,973,210	183,175,182	145,777,402	20,159,085	20,514,273
Other non-current assets	1,588,874	1,002,844	569,925	553,290	196,075	194,405
Other current assets	2,553,830	2,231,356	7,291,078	3,932,271	620,587	412,787
Cash and cash equivalents	2,629,249	4,341,087	8,224,151	7,135,226	1,317,975	1,147,361
Total assets	**100,536,650**	86,548,497	**199,260,336**	157,398,189	**22,293,723**	22,268,826
Bank loans	(63,128,224)	(53,934,541)	(109,053,170)	(93,086,416)	(12,337,312)	(12,975,511)
Other non-current liabilities	–	–	(118,445)	(110,741)	–	–
Other current liabilities	(2,003,865)	(1,543,107)	(6,930,313)	(7,280,933)	(316,106)	(248,438)
Total (external) liabilities	**(65,132,090)**	(55,477,648)	**(116,101,928)**	(100,478,091)	**(12,653,418)**	(13,223,949)
1) Deferred tax liabilities	(333,678)	(360,770)	(13,378,346)	(12,616,404)	(1,559,940)	(1,332,043)
2) Loans from joint ventures	(9,416,223)	(9,059,192)	(8,670,042)	–	–	–
Total liabilities	**(74,881,992)**	(64,897,610)	**(138,150,316)**	(113,094,495)	**(14,213,359)**	(14,555,992)

b) Hotels under development	Under construction		In design phase		TOTAL	
At 31 December in EU	**2007**	2006	**2007**	2006	**2007**	2006
Property, plant and equipment	51,126,507	7,291,078	5,307,911	11,916,411	353,533,382	264,472,374
Other non-current assets	131,582	–	(1,103,341)	675,784	1,383,115	2,426,324
Other current assets	1,530,199	766,796	149,266	192,234	12,144,961	7,535,444
Cash and cash equivalents	2,399,602	431,271	281,001	528,933	14,851,978	13,583,879
Total assets	**55,187,889**	8,489,146	**4,634,837**	13,313,363	**381,913,436**	288,018,021
Bank loans	(14,659,092)	(1,775,507)	(232,765)	(191,335)	(199,410,564)	(161,963,310)
Other non-current liabilities	(573,519)	–	–	(568,600)	(691,964)	(679,341)
Other current liabilities	(5,281,951)	(2,943,147)	(65,802)	(2,967,740)	(14,598,037)	(14,983,365)
Total (external) liabilities	**(20,514,561)**	(4,718,654)	**(298,567)**	(3,727,674)	**(214,700,564)**	(177,626,016)
1) Deferred tax liabilities	(718,107)	–	(122,971)	(161,456)	(16,113,043)	(14,470,673)
2) Loans from joint ventures	(7,224,759)	(2,066,185)	(374,084)	(1,350,420)	(25,685,108)	(12,475,798)
Total liabilities	**(28,457,428)**	(6,784,840)	**(795,621)**	(5,239,551)	**(256,498,716)**	(204,572,488)

1) Deferred tax liabilities primarily result from the valuation of property, plant and equipment at fair values in a business combination and upon other changes in the scope of consolidation. This leads to higher depreciation in the consolidated financial statements as compared to the depreciation in the separate financial statements of the subsidiary or joint venture and hence to deferred tax income.

2) Loans from joint venture partners are generally attributed to the segment of the relevant joint venture company. Loans made to joint ventures by Warimpex Finanz- und Beteiligungs AG are presented in the segment “Asset Management & Development”. A reconciliation of loans given to joint ventures and loans received from joint venture partners is contained in Note 21.7.

Analysis of segment property, plant and equipment – “Hotels & Resorts”

a) Hotels in operation	Luxury		Upmarket		Others	
For the year in EUR	**2007**	2006	**2007**	2006	**2007**	2006
At 1 January	78,973,210	71,988,448	145,777,402	94,367,971	20,514,273	452,120
Additions from						
• Business combinations	–	–	18,398,442	9,407,250	–	20,257,497
• Changes in the scope of consolidation	16,628,707	8,378,415	–	–	–	–
• Investment	1,616,250	1,307,861	16,350,286	7,174,881	271,108	136,439
• Finance leases	–	–	–	26,680,848	–	–
Segment transfers	–	–	7,473,508	12,480,261	–	–
Disposals	(811)	–	–	–	–	–
Depreciation	(3,452,658)	(2,701,514)	(4,824,457)	(4,333,810)	(626,296)	(331,784)
Exchange adjustment	–	–	–	–	–	–
At 31 December	93,764,697	78,973,210	183,175,182	145,777,402	20,159,085	20,514,273
thereof in						
• Czech Republic	45,884,571	46,048,762	97,926,169	98,462,537	–	–
• Poland	47,880,127	32,924,448	31,890,779	21,149,589	20,159,085	20,514,273
• Germany	–	–	–	–	–	–
• France	–	–	35,124,147	26,165,277	–	–
• Romania	–	–	18,234,086	–	–	–
• Russia	–	–	–	–	–	–
At 31 December	93,764,697	78,973,210	183,175,182	145,777,402	20,159,085	20,514,273

b) Hotels under development

For the year in EUR	Under construction 2007	Under construction 2006	In design phase 2007	In design phase 2006	TOTAL 2007	TOTAL 2006
At 1 January	7,291,078	3,038,402	11,916,411	1,286,727	264,472,374	171,133,668
Additions from						
• Business combinations	–	–	–	–	18,398,442	29,664,747
• Changes in the scope of consolidation	6,091,276	9,629,795	374,082	1,643,926	23,094,065	19,652,136
• Investment	23,175,442	7,103,143	2,942,166	8,981,797	44,355,253	24,704,121
• Finance leases	–	–	–	–	–	26,680,848
Segment transfers	14,568,710	(12,480,261)	(9,921,085)	–	12,121,133	–
Disposals	–	–	–	–	(811)	–
Depreciation	–	–	(7,805)	(8,424)	(8,911,216)	(7,375,531)
Exchange adjustment	–	–	4,141	12,385	4,141	12,385
At 31 December	51,126,507	7,291,079	5,307,911	11,916,411	353,533,382	264,472,374
thereof in						
• Czech Republic	2,872,495	–	2,288,365	608,572	148,971,600	145,119,870
• Poland	15,861,029	7,291,078	3,019,546	7,225,520	118,810,566	89,104,908
• Germany	22,497,437	–	–	2,697,701	22,497,437	2,697,701
• France	–	–	–	–	35,124,147	26,165,277
• Romania	–	–	–	–	18,234,086	–
• Russia	9,895,546	–	–	1,384,618	9,895,546	1,384,618
At 31 December	51,126,507	7,291,078	5,307,911	11,916,411	353,533,382	264,472,374

Analysis of segment financial liabilities – "Hotels & Resorts"

a) Hotels in operation

For the year in EUR	Luxury 2007	Luxury 2006	Upmarket 2007	Upmarket 2006	Others 2007	Others 2006
Loans at 1 January	(53,934,541)	(51,324,655)	(93,086,416)	(54,592,377)	(12,975,511)	–
• Changes in the scope of consolidation	(10,732,981)	(4,050,679)	(2,887,249)	(9,616,735)	–	(13,244,460)
• New borrowings	(911,108)	(1,680,000)	(16,480,908)	(6,381,006)	–	–
• Finance lease	–	–	–	(26,680,848)	–	–
• Repayment of loans	2,249,698	3,120,792	4,946,357	3,884,220	580,576	268,949
• Capitalised interest	200,709	–	61,080	85,642	57,622	–
• Segment transfers	–	–	(2,101,005)	–	–	–
• Exchange adjustment	–	–	494,971	214,688	–	–
Loans at 31 December	**(63,128,224)**	(53,934,541)	**(109,053,170)**	(93,086,416)	**(12,337,312)**	(12,975,511)
JV loans at 1 January	(9,059,192)	(6,455,970)	–	(710,897)	–	–
• Changes in the scope of consolidation	(3,062,225)	(1,811,838)	–	722,250	–	–
• New borrowing	–	(791,383)	(6,496,956)	(11,353)	–	–
• Repayment of loans	2,705,194	–	(291,600)	–	–	–
• Segment transfers	–	–	(1,881,486)	–	–	–
• Exchange adjustment	–	–	–	–	–	–
JV loans at 31 December	(9,416,223)	(9,059,192)	(8,670,042)	–	–	–

b) Hotels under development	**Under construction**		**In design phase**		**TOTAL**	
For the year in EUR	**2007**	2006	**2007**	2006	**2007**	2006
Loans at 1 January	(1,775,507)	–	(191,335)	(80,587)	(161,963,310)	(105,997,619)
• Changes in the scope of consolidation	(3,796,555)	–	(222,743)	(180,138)	(17,639,528)	(27,092,012)
• New borrowing	(72,775)	(1,775,507)	–	–	(17,464,792)	(9,836,513)
• Finance lease	–	–	–	–	–	(26,680,848)
• Repayment of loans	75,528	–	1,175	69,390	7,853,334	7,343,352
• Capitalised interest	–	–	–	–	319,410	85,642
• Segment transfers	(9,089,783)	–	180,138	–	(11,010,649)	–
• Exchange adjustment	–	–	–	–	494,971	214,688
Loans at 31 December	**(14,659,092)**	(1,775,507)	**(232,765)**	(191,335)	**(199,410,564)**	(161,963,310)
JV loans at 1 January	(2,066,185)	–	(1,350,420)	(36,697)	(12,475,798)	(7,203,565)
• Changes in the scope of consolidation	–	–	–	(17,543)	(3,062,225)	(1,107,132)
• New borrowing	(5,134,489)	(2,066,185)	(293,350)	(1,296,180)	(11,924,795)	(4,165,101)
• Repayment of loans	–	–	–	–	2,413,594	–
• Segment transfers	(24,085)	–	1,269,686	–	(635,885)	–
• Exchange adjustment	–	–	–	–	–	–
JV loans at 31 December	(7,224,759)	(2,066,185)	(374,084)	(1,350,420)	(25,685,108)	(12,475,798)

Additions to property, plant and equipment for the segment and financial liabilities for the segment resulting from business combinations and other changes in the scope of consolidation are disclosed in detail under Note 4.

Loans from joint venture partners are, in substance, equity instruments and are generally subordinated to interest-bearing bank loans. This position is to be seen in connection with loans given to joint ventures, which are presented in the segment “Development & Asset Management”. Repayment from the joint venture occurs only to the extent that a repayment is made to the Warimpex Group.

6.02. The business segment “Development & Asset Management”:

For purposes of capital employed and used, this segment is subdivided into “Asset Management” (all office and commercial buildings which are rented to tenants, completed or under development) and “Development” (all management activities of the Group holding company). “Others” relates to the Group’s development activities in a broader sense, which do not belong to the Warimpex Group’s core business and primarily include energy projects in Poland which cannot at present be assessed as to their future significance for the Warimpex Group.

Analysis of the segment "Development & Asset Management"

	Asset Management		Development		Others	
In EUR	**2007**	2006	**2007**	2006	**2007**	2006
Sales revenues	2,293,778	1,330,846	6,731,089	4,729,823	617,819	330,345
Sale of subsidiaries	–	–	31,512,536	6,318,951	–	–
Negative goodwill recognised in income			3,701,622	4,180,514	–	–
Other income	–	70,559	4,650,430	4,583,356	1,264	57,460
Changes in real estate projects under development	–	–	(1,495,924)	601,084	–	–
Expenses for materials	(1,089,221)	(300,803)	(279,550)	(423,859)	(537,956)	(319,229)
Project development expenses	(9,018)	–	(642,473)	(1,964,917)	–	–
Personnel expenses	(100,994)	(44,271)	(5,510,981)	(2,753,685)	–	–
Depreciation	(678,770)	(250,152)	(249,455)	(268,380)	(69,472)	(45,953)
Other operating expenses	(105,656)	(407,987)	(3,691,896)	(1,633,172)	2,541	(9,145)
Segment operating result	**310,119**	398,192	**34,725,397**	13,369,715	**14,194**	13,478
thereof in						
• Czech Republic	(29,347)	(30,007)	(158,861)	2,177,032	–	–
• Poland	(154,179)	(26,920)	(303,533)	5,069,708	2,110	13,478
• Germany	(239)	–	–	272,621	–	–
• Austria	(332,559)	–	35,051,263	5,277,971	–	–
• Hungary	607,872	455,119	156,636	768,224	–	–
• Others	10,020	0	(20,106)	(195,840)	–	–
	310,119	398,192	34,725,397	13,369,715	14,194	13,478

Segment cash flow "Development & Asset Management"

	Asset Management		Development		Others	
In EUR	**2007**	2006	**2007**	2006	**2007**	2006
Cash receipts from rent	2,127,061	1,473,249	2,371,793	2,748,577	585,307	350,998
Cash receipts from development	–	–	2,737,225	1,650,695	–	–
Interest received	4,054	(485)	1,109,323	515,456	77	16
Cash paid for development	(104,753)	(207,913)	(538,443)	(1,988,789)	8,104	–
Cash paid for materials and services	(639,607)	(230,662)	(449,238)	351,365	(524,864)	(281,812)
Cash paid for personnel expenses	(120,142)	(33,820)	(5,161,033)	(2,870,374)	(12,084)	–
Cash paid for other expenses	(611,899)	(254,749)	(4,049,168)	(3,672,883)	(2,447)	(11,728)
Income taxes paid	(1,305)	(14,070)	(133,255)	(523,658)	–	–
Segment cash flow from operating activities	**653,408**	731,549	**(4,112,798)**	(3,789,611)	**54,094**	57,474
Net cash receipts from the sale of disposal groups			32,118,758	10,241,616	–	–
Segment cash flow incl. proceeds from disposals	653,408	731,549	28,005,961	6,452,006	54,094	57,474
thereof in						
• Czech Republic	264,987	(38,724)	(199,642)	(177,489)	–	–
• Poland	44,139	(7,267)	(143,242)	32,289	45,990	57,474
• Germany	–	–	(9,614)	293,272	–	–
• France	–	–	(150,818)	(84,795)	–	–
• Austria	–	–	(4,834,709)	(3,517,556)	–	–
• Hungary	423,137	777,541	1,234,149	(305,228)	–	–
• Other	(78,853)	–	(8,922)	(30,104)	8,104	–
	653,408	731,549	(4,112,798)	(3,789,611)	54,094	57,474

The operating cash flow in the sub-segment "Development" is generally negative if no construction contracts for third parties are recognised, since this segment primarily contains gains from the sale of subsidiaries. Such gains are presented in the cash flow from changes in the scope of consolidation.

Analysis of segment assets – "Development & Asset Management"

a) Office and commercial properties	Rented out		Vacant		Under renovation	
At 31 December in EUR	**2007**	2006	**2007**	2006	**2007**	2006
Properties	18,069,195	11,620,401	–	8,370,109	13,631,066	10,270,670
Financial assets	–	–	–	–	439,942	–
Other non-current assets	22,632	48,845	–	–	–	–
Other current assets	5,077,268	138,286	–	148,950	–	86,463
Cash and cash equivalents	800,572	129,234	–	176,701	8,226	127,976
Total assets	**23,969,666**	11,936,767	–	8,695,761	**14,079,234**	10,485,109
Bank loans	(14,900,734)	(6,476,598)	–	(5,452,419)	(120,091)	(8,031,869)
Other non-current liabilities	(204,546)	(24,404)	–	–	–	(24,205)
Other current liabilities	(6,301,736)	(103,527)	–	(1,462,722)	(58,616)	(216,287)
Total (external) liabilities	**(21,407,016)**	(6,604,530)	–	(6,915,140)	**(178,707)**	(8,272,361)
[1] Deferred tax liabilities	(697,288)	(68,730)	–	(27,380)	(78,882)	(688,759)
[2] Loans from joint ventures	(690,365)	–	–	(965,587)	–	–
Total liabilities	**(22,794,670)**	(6,673,260)	–	(7,908,107)	**(257,589)**	(8,961,120)

b) Development	Primary		Others		TOTAL	
At 31 December in EUR	**2007**	2006	**2007**	2006	**2007**	2006
Properties	13,670,750	25,113,693	1,269,595	1,245,167	46,640,605	56,620,042
Financial assets	48,247,852	25,719,255	(390,527)	–	48,297,266	25,719,255
Other non-current assets	(6,201,089)	1,648,732	8,229,836	–	2,051,379	1,697,577
Other current assets	14,975,533	8,404,623	262,846	102,317	20,315,646	8,880,638
Cash and cash equivalents	7,128,102	3,540,601	1,204,499	91,172	9,141,399	4,065,684
Total assets	**77,821,147**	64,426,904	**10,576,247**	1,438,656	**126,446,295**	96,983,196
Bank loans	(35,361,201)	(36,444,555)	(613,737)	(682,391)	(50,995,762)	(57,087,833)
Other non-current liabilities	(3,287,210)	(3,381,707)	–	–	(3,491,757)	(3,430,316)
Other current liabilities	(7,807,933)	(23,866,562)	(101,581)	(56,018)	(14,269,866)	(25,705,117)
Total (external) liabilities	**(46,456,344)**	(63,692,825)	**(715,318)**	(738,409)	**(68,757,385)**	(86,223,265)
[1] Deferred tax liabilities	(2,187,140)	(2,093,126)	1,972	–	(2,961,338)	(2,877,995)
[2] Loans from joint ventures	(2,099,632)	(3,295,809)	(44,273)	(38,338)	(2,834,271)	(4,299,734)
Total liabilities	**(50,743,116)**	(69,081,760)	**(757,619)**	(776,747)	**(74,552,994)**	(93,400,994)

Analysis of segment property, plant and equipment – "Development & Asset Management"

a) Office and commercial properties	Rented out		Vacant		Under renovation	
For the year in EUR	**2007**	2006	**2007**	2006	**2007**	2006
At 1 January	11,620,401	5,051,045	8,370,109	2,620,662	10,270,670	–
Additions from						
• Business combinations	–	7,033,988	–	–	–	9,900,000
• Changes in the scope of consolidation	–	–	(5,078,943)	709,006	–	390,033
• Investment	1,288,331	56,939	667,405	5,040,442	8,252,615	827
• Transfers acc. to IFRS 5	(4,047,543)	–	–	–	–	–
Segment transfers	9,652,738	–	(3,958,572)	–	(4,892,220)	–
Disposals	–	(250,371)	–	–	–	–
Depreciation	(444,863)	(238,332)	–	–	–	(20,190)
Exchange adjustment	131	(32,868)	–	–	–	–
At 31 December	18,069,195	11,620,401	–	8,370,109	13,631,066	10,270,670
thereof in						
• Czech Republic	–	–	–	4,411,537	–	–
• Poland	7,804,727	2,910,670	–	3,958,572	–	–
• Germany	–	–	–	–	–	–
• Austria	–	–	–	–	–	–
• Hungary	10,264,468	8,709,731	–	–	4,879,555	10,270,670
• Russia	–	–	–	–	8,751,511	–
• Other	–	–	–	–	–	–
At 31 December	18,069,195	11,620,401	–	8,370,109	13,631,066	10,270,670

b) Development	Primary		Others		TOTAL	
For the year in EUR	**2007**	2006	**2007**	2006	**2007**	2006
At 1 January	25,113,693	20,277,812	1,245,167	1,172,586	56,620,041	29,122,105
Additions from						
• Business combinations	–	–	–	–	–	16,933,988
• Changes in the scope of consolidation	9,044	1,323,735	–	–	(5,069,898)	2,422,774
• Investment	1,925,064	3,674,836	7,099	106,596	12,140,514	8,879,641
• Transfers acc. to. IFRS 5	–	–	–	–	(4,047,543)	–
Segment transfers	(12,923,079)	–	–	–	(12,121,133)	–
Disposals	(223,345)	(695)	–	–	(223,345)	(251,066)
Depreciation	(251,773)	(222,283)	(69,472)	(45,953)	(766,109)	(526,758)
Exchange adjustments	21,147	60,288	86,801	11,938	108,079	39,357
At 31 December	13,670,750	25,113,693	1,269,595	1,245,167	46,640,605	56,620,042
thereof in						
• Czech Republic	1,226,219	1,226,219	–	–	1,226,219	5,637,756
• Poland	6,055,853	4,669,359	1,269,595	1,245,167	15,130,175	12,783,768
• Germany	8,547	13,044,212	–	–	8,547	13,044,212
• Austria	6,318,844	6,072,314	–	–	6,318,844	6,072,314
• Hungary	61,286	100,798	–	–	15,205,308	19,081,200
• Russia	–	–	–	–	8,751,511	–
• Other	–	792	–	–	–	792
At 31 December	13,670,750	25,113,693	1,269,595	1,245,167	46,640,605	56,620,042

Analysis of financial liabilities of the segment – "Development & Asset Management"

a) Office and commercial properties	Rented out		Vacant		in renovation	
For the year in EUR	**2007**	2006	**2007**	2006	**2007**	2006
Loans at 1 January	(6,476,598)	(2,935,237)	(5,452,419)	(1,458,037)	(8,031,869)	–
• Changes in the scope of consolidation	–	(1,529,012)	4,033,556	(224,369)	–	(4,763,019)
• New borrowings	(774,678)	(3,944,620)	(1,789,870)	(3,770,014)	–	(8,031,869)
• Repayment of loans	200,856	1,932,271	–	–	–	4,763,019
• Capitalised interest	–	–	–	–	–	–
• Segment transfers	(11,566,100)	–	3,208,733	–	7,911,777	–
• Exchange adjustment	3,715,787	–	–	–	–	–
Loans at 31 December	**(14,900,734)**	(6,476,598)	–	(5,452,419)	**(120,092)**	(8,031,869)
JV loans at 1 January	–	–	(965,587)	(655,020)	–	–
• Changes in the scope of consolidation	–	–	477,020	(47,702)	–	–
• New borrowings	(94,898)	–	–	(262,865)	–	–
• Repayment of loans	(291,600)	–	–	–	–	–
• Segment transfers	(303,868)	–	488,567	–	–	–
• Exchange adjustment	–	–	–	–	–	–
JV loans at 31 December	(690,365)	–	–	(965,587)	–	–

b) Development	Primary		Others		TOTAL	
For the year in EUR	**2007**	2006	**2007**	2006	**2007**	2006
Loans at 1 January	(36,444,555)	(17,844,705)	(682,391)	(298,087)	(57,087,833)	(22,536,065)
• Changes in the scope of consolidation	–	–	–	–	4,033,556	(6,516,400)
• New borrowings	(20,752,841)	(23,816,753)	(1,551)	(385,108)	(23,318,941)	(39,948,365)
• Repayment of loans	10,255,590	5,243,046	115,299	14,075	10,571,745	11,952,412
• Capitalised interest	194,415	–	–	–	194,415	–
• Segment transfers	11,456,239	–	–	–	11,010,649	–
• Exchange adjustment	(70,049)	(26,144)	(45,094)	(13,271)	3,600,644	(39,415)
Loans at 31 December	**(35,361,201)**	(36,444,555)	**(613,737)**	(682,391)	**(50,995,763)**	(57,087,833)
JV loans at 1 January	(3,295,809)	(1,103,928)	(38,338)	(34,948)	(4,299,734)	(1,793,896)
• Changes in the scope of consolidation	–	–	–	–	477,020	(47,702)
• New borrowings	–	(4,712,995)	(3,182)	(3,079)	(98,079)	(4,978,939)
• Repayment of loans	744,991	2,521,114	–	–	453,391	2,521,114
• Segment transfers	451,186	–	–	–	635,885	–
• Exchange adjustment	–	–	(2,753)	(311)	(2,753)	(311)
JV loans at 31 December	(2,099,632)	(3,295,809)	(44,273)	(38,338)	(2,834,271)	(4,299,734)

[07] Notes on the consolidated income statement

7.01. Sales revenues and other income

Sales revenues contain revenues received from transactions with joint ventures amounting to EUR 969,654.00 (2006: EUR 1,124,090.00) and charges to related parties of EUR 10,000.00 (2006: EUR 10,000.00).
Other income contains gains recognised in the reporting period from the discharge of loans from joint venture partners in the course of the acquisition of shares in the joint venture "Sienna Hotel Sp.z.o.o." amounting to EUR 4,412,776.00; from 2006 the item contains gains recognised from the discharge of loans and borrowings in the amount of EUR 2,164,153.00.

The remainder primarily consists of gains from the sale of property, plant and equipment (2006: from the sale of investment properties).

7.02. a) Expenses for materials and services received

This item contains all expenses relating to revenues from the operation of hotels and resorts, insofar as they are attributable to the "Cost of sales" or "Direct expenses" of the hotel operations. Also included in this item are utilities expenses incurred for investment properties which could not be recharged (reference is made to Note 11).

Expenses for materials and services received contain management fees from the segment "Hotels & Resorts". Of these management fees, EUR 4,279,160.00 (2006: EUR 3,268,242.00) were paid to related parties (Vienna International AG) and EUR 236,440.00 (2006:EUR 133,207.00) were paid to "Intercont".

b) Expenses for project development

This item contains expenses for projects which are currently under development.

7.03. Personnel expenses break down as follows:

In EUR	**2007**	2006
Current personnel expenses		
Wages and salaries	16,429,571	11,878,060
Social security costs	4,006,161	2,959,418
Other payroll-related taxes and contributions	870,082	349,517
Voluntary employee benefits	26,775	9,091
Expenses for posted employees	940,406	915,598
Payments in respect of pensions and severance payments	340,454	86,798
Changes in accrual for compensated absences	62,495	107,121
	22,675,944	16,305,603
Changes in payroll-related provisions (Note 22)	(224,929)	(1,021,253)
	22,451,015	15,284,350

Directors' remuneration is included in expenses for wages and salaries at an amount of EUR 995,591.00 (2006: EUR 832,545.00). Additionally, these expenses contain an amount of EUR 1,694,000.00 (2006: EUR 1,045,742.00) for a bonus that is linked to the Group's profit and which is payable in 2008.

The directors' bonus amounts to 5 % of the annual profit attributable to the shareholders of the parent. The share of profit-related directors' remunerations in relation to total directors' remunerations was 63.0 % (2006: 55.7 %).

As regards Company pension schemes, pension plan commitments exist for the directors. Pension reimbursement insurance was taken out for these commitments. The right to pension benefits starts when the eligible person reaches the retirement age of 65 years.

Eligibility to pension benefits under the Company pension plan lapses if the employment contract is terminated for the grounds stated in Section 27 Employees Act, or if a director resigns or terminates his or her work contract for no material reason.

If the event that a director terminates his or her employment contract prior to the completion of the 65th year of life, he or she will not be entitled to pension benefits but to reimbursement of the surrender value under the pension reimbursement insurance.

Director's fees of EUR 49,156.00 (2006: 41,198.00) were paid to employees participating in the supervisory boards of subsidiaries. Director's fees of EUR 12,567.00 (2006: EUR 16.824.00) were paid to directors of Warimpex Finanz- und Beteiligungs AG in their capacity as members of the supervisory boards of subsidiaries.

During the reporting period, average wages and salaries per employee (excluding the directors) have increased by approximately 11 % over the previous year. This is largely due to the fact that salaries and wages in foreign subsidiaries have to be paid in local currencies. In the reporting period, the Polish zloty in particular appreciated by 8.8 % against the euro. Employees of companies included at their proportionate share are reflected in this calculation in relation to the Group's holdings in these companies. Employees of companies consolidated for the first or last time in the reporting period are included on a pro-rata basis.

7.04. Other operating expenses break down as follows:

In EUR	**2007**	2006
Pre-opening costs (Hotel Angelo Prague)	226,125	242,350
Legal fees	1,285,948	794,270
Administrative costs	1,256,170	1,026,237
Advertisement and marketing	865,886	258,899
Repairs	6,401	23,433
Non-recoverable VAT	369,808	370,524
Property costs	1,789,361	919,793
Reversal of unused short-term provisions	(350,102)	(320,049)
Foreign exchange differences	56,997	107,970
Impairment charges (reversal of impairment) for current assets	125,895	(269,416)
Pro-rata costs of capital measures *)	589,710	696,683
Other	970,261	477,846
	7,192,462	4,328,540

*) This item includes costs incurred in connection with the IPO in January 2007 other than those accounted for in equity pursuant to IAS 32.35.

Non-recoverable VAT primarily results from the Hotel Dvořák in CZ-Karlovy Vary, as this hotel operates a VAT-exempt medical spa in addition to the hospitality business. Property costs comprise insurance premiums, land taxes and ground-lease payments.

Foreign exchange differences comprise net currency translation differences amounting to EUR 71,148.00.

7.05. Finance costs

In EUR	2007	2006
Interest on short-term borrowings, project loans and other loans	11,150,687	7,250,036
Interest on loans from minority shareholders	7,438	7,781
Interest on loans relating to joint ventures	658,025	454,849
Interest on loans from related parties	13,926	24,327
	11,830,076	7,736,993
Interest cost for provisions for pensions and other long-term employee benefits	152,450	172,505
Interest cost of derivative financial instruments	–	192,850
Other finance costs	255,079	80,233
Losses on the sale of available-for-sale investments (see Note 14)	68,672	18,579
Impairment of investments	4,582,500	–
	16,888,776	8,201,160

In the reporting period interest on short-term borrowings, project loans and other loans increased by EUR 3.9 million or 54 % against the previous year. Of this amount approximately 15 % or EUR 0.6 million relate to interest expenses for loans not yet taken out in the comparable period of the previous year, about 60 % or EUR 2.3 million relate to loans included on a pro-rata basis in the comparable period of the previous year and approximately 25 % or EUR 1 million of the increase are attributable to higher interest rates.

For information on “Impairment of investments” reference is made to Note 14.
For information on the terms and conditions of interest-bearing loans and borrowings reference is made to Note 21.6. Other finance costs contain lending commitment fees as well as other loan-related costs which are amortised over the term of the loan.

7.06. Financial revenue

In EUR	2007	2006
Interest income from cash management	1,398,408	294,340
Interest income from other financial assets	–	345,048
Interest on loans made to joint ventures	1,090,098	585,590
Interest on loans made to related parties	–	176
	2,488,506	1,225,154
Guarantee fees	–	10,217
Foreign currency gains on loans denominated in CHF	419,322	928,659
Reversal of impairment of other financial assets	–	3,717,319
	2,907,828	5,881,350
Interest income from derivative financial instruments	214,256	–
Unrealised gains on derivative financial instruments	155,019	1,070,919
	3,277,103	6,952,269

Foreign currency gains on loans denominated in CHF relate to unrealised gains from the valuation of a foreign currency loan for which no hedges exist against foreign currency exposure; reference is made to Note 21 and Note 27.2.

As regards “Unrealised gains on derivative financial instruments” reference is made to Note 27.3.

[08] Income taxes

A reconciliation between tax expense and the product of accounting profit multiplied by the Group's domestic tax rate of 25 % for the year 2007 (2006: 25 %) is as follows:

In EUR	**2007**	2006
Accounting profit before income tax	**33,576,662**	**21,552,472**
Accounting profit before income tax *25 % (2006: 25 %)	(8,394,165)	(5,388,118)
± Changes in tax rates	1,504,059	–
± Other foreign tax rates	(68,080)	578,961
± Tax free profits from the participation exemption (Sec, 10 Austrian CIT Act)	5,115,610	1,075,053
± Permanent differences	598,432	(615,533)
± Valuation allowance on deferred tax assets	(214,342)	(188,384)
± Income from first-time recognition of deferred tax assets	2,261,252	2,651,753
± Permanent differences relating to (negative) goodwill	573,169	1,115,104
± Effects of exchange rate fluctuations	(1,218,405)	429,069
	157,528	(342,095)
Effective tax rate	–0.47 %	1.59 %

Income relating to changes in tax rates relates to the corporate income tax rate reduction in the Czech Republic from 24 % to 21 % anticipated for 2008 and further to 19 % as from 2010.
In both the reporting period and the prior period no deferred tax liabilities were recognised for unremitted earnings of subsidiaries or joint ventures, since intragroup dividend distributions within the European Union are not taxed.

Deferred tax assets and liabilities were, however, recognised for all temporary differences associated with equity instruments in subsidiaries and joint ventures.

Deferred tax assets and liabilities in detail

	Deferred tax assets		Deferred tax liabilities	
In EUR	**2007**	2006	**2007**	2006
Temporary differences from property, plant and equipment	1,925,460	1,873,460	(26,128,094)	(25,743,179)
Revaluation of property, plant and equipment	–	–	(1,306,324)	(1,306,324)
Temporary differences from investments in subsidiaries and joint ventures	916,671	1,307,841	(4,259,329)	(2,679,922)
Temporary differences in current assets	109,468	292,144	(207,412)	(108,571)
Temporary differences from pension provisions and other long-term employment benefits	332,045	421,653	–	–
Temporary differences from liabilities and provisions	9,416,745	9,516,939	(2,100,029)	(1,369,873)
Tax loss carry-forwards	7,160,034	7,143,344	–	–
	19,860,423	20,555,381	(34,001,187)	(31,207,870)
Offset within legal tax units and jurisdictions	(14,926,806)	(13,859,201)	14,926,806	13,859,201
Impairment of deferred tax assets*)	(724,821)	(4,166,557)	–	–
	4,208,795	2,529,622	(19,074,381)	(17,348,669)

*) Impairment of deferred taxes principally relates to those tax loss carry-forwards for which it is not probable that future taxable profits will be available against which the unused tax losses can be utilised.

The development of deferred tax assets and liabilities breaks down as follows:

	Deferred tax assets		Deferred tax liabilities	
In EUR	**2007**	2006	**2007**	2006
Balances at 1 January	2,529,622	2,444,767	17,348,669	13,434,777
Changes in the scope of consolidation	(72,285)	(157,608)	2,348,242	4,141,895
Transfers (IFRS 5)	(25,941)	-	-	-
Changes directly recognised in equity				
relating to:				
• gains and losses on available-for-sale investments	-	2,363	28,314	(5,391)
• foreign currency translation	1.795	287	5.829	46
• Cashflow hedges	-	-	45,999	13,329
Deferred tax income/expense:				
• for disposal groups classified as held for sale	352,244	27,562	-	-
• other	1,423,244	212,251	(702,672)	(235,989)
thereof not contained in the balance	1,126,012			
Balances at 31 December	4,208,679	2,529,622	19,074,381	17,348,669

[09] Share capital, earnings per share

On 26 and 29 January 2007 respectively, a capital increase was effected through the issue of new shares on the Vienna and Warsaw stock exchanges. The Company's share capital was increased from EUR 30 million to EUR 36 million. Gross costs directly attributable to the capital measure were recognised in equity.

The number of shares outstanding and the registered share capital proceeds as follows:

1 January 2007	
The share capital is divided into 30 million non-par-value shares	30,000,000
26 January 2007	
Capital increase through issue of new shares on the stock exchanges in Vienna and Warsaw.	6,000,000
31 May 2007 – Annual General Meeting on the results of the reporting period 2006	
The Annual General Meeting on the results of the reporting period 2006 held on 31 May 2007 authorised the Board to issue, within the next five years, convertible bonds with attached conversion or subscription rights to up to 9 million shares representing a proportionate amount of up to EUR 9 million of the share capital and excluding the statutory subscription rights of the existing shareholders.	
	36,000,000

Cash flows from capital measures

Issuance of 6 million new offer shares at an issue price of EUR 11.00/share		66,000,000
IPO costs charged directly to equity	(5,897,415)	
Thereof originated in the previous year and thereof accrued	1,393,365	
		(4,504,050)
IPO costs recognised in “Other expenses”		(589,710)
		60,906,240

Additionally, the shareholders’ meeting convened on 31 May 2007 to deliberate on the results of the reporting period 2006 approved a dividend of EUR 5.4 million, which was paid to the shareholders on 10 June 2007.

Since there are no circumstances that could lead to a dilution of shareholders’ interests, diluted earnings per share equal basic earnings per share. Earnings per share for the previous year were calculated on the basis of 30 million shares; for the reporting period 2007 the shares issued in the context of the capital increase were included in the calculation on a pro-rata basis.

According to the Austrian Stock Corporations Act, the separate financial statements as of 31 December 2007 of the parent company Warimpex Finanz- und Beteiligungs AG, which have been prepared under the Austrian Commercial Code, provide the basis for the declaration of a dividend.

These financial statements show a profit for the year of EUR 20,352,127.00. The managing directors propose to the General Meeting of shareholders to approve a dividend payment of EUR 9,000,000.00 million from the parent company's distributable retained earnings (Bilanzgewinn) of EUR 45,762,142.00 (EUR 0.25 per share on the basis of a share capital of EUR 36 million) and to carry forward the remaining balance of EUR 36,762,142.00.

Earnings per share: in EUR	2007	2006
Profit for the year allocable to the shareholders of the Group	33,873,477	20,914,837
Weighted average number of shares	35,500,000	30,000,000
Earnings per share	0.95	0.70

Shareholders	At 31 December 2007		At 31 December 2006	
	%	Shares	%	Shares
Amber Privatstiftung	15.9 %	5,721,999	19.1 %	5,721,999
Bocca Privatstiftung	15.9 %	5,721,999	19.1 %	5,721,999
Mr. Georg Folian	18.3 %	6,594,800	28.1 %	8,444,001
Mr. Franz Jurkowitsch	18.1 %	6,529,002	28.1 %	8,444,001
Mr. Friedrich Grassi	0.8 %	299,999	1.0 %	299,999
Mr. Alexander Jurkowitsch	0.7 %	266,000	0.9 %	256,000
Mr. Christian Fojtl	0.7 %	256,000	0.9 %	256,000
Other shareholders of less than 1 %		–	2.9 %	856,001
Free Float	29.5 %	10,610,201		–
		36,000,000		30,000,000

[10] Property, plant and equipment

At 31 December 2006 In EUR	*Land, rights equivalent to land*	*Buildings incl.buildings on lease-hold land*	*Equipment, (hotel) furniture*	*Finance lease*	*Plant*	*Total*
Net carrying amount at 1 Jan. 2006	48,196,859	131,989,362	7,773,863	–	1,172,586	189,132,670
Business combination IFRS 3	10,537,243	18,878,035	249,469	–	–	29,664,747
Additions through the purchase of shares	5,163,921	15,131,971	467,719	–	–	20,763,611
Additions through finance leasing		–	–	26,680,848	–	26,680,848
Additions through investments	1,741,483	27,908,956	3,523,768	–	104,755	33,278,961
Disposals	–	–	(695)	–	–	(695)
Transfers (Note 11)	300,599	(3,522,290)	(415,543)	–	–	(3,637,234)
Depreciation	(153,884)	(4,628,336)	(2,232,746)	(580,155)	(45,191)	(7,640,311)
Exchange adjustments	146,966	(73,504)	(887)	–	11,882	84,456
Net carrying amount at 31 Dec. 2006	65,933,186	185,684,193	9,364,949	26,100,693	1,244,032	288,327,053
Acquisition or production cost	66,259,609	211,764,365	15,438,328	26,680,848	1,289,222	321,432,372
Accumulated depreciation and impairment	(326,422)	(26,080,172)	(6,073,379)	(580,155)	(45,191)	(33,105,319)
	65,933,186	185,684,193	9,364,949	26,100,693	1,244,032	288,327,053
Including payments for:						
• property under construction [1)]	16,839,715	24,363,295	82,474	–	345,949	41,631,433
• advance payments made	148,665	–	–	–	–	148,665

[1)] The previous year's values of property under construction were adjusted for land assigned to the project and real-estate projects under development.

At 31 December 2007 In EUR	*Land, rights equivalent to land*	*Buildings incl.buildings on lease-hold land*	*Equipment, (hotel) furniture*	*Finance lease*)*	*Plant*	*Total*
Net carrying amount at 1 Jan. 2007	65,933,186	185,684,193	9,364,949	26,100,693	1,244,032	288,327,053
Business combination IFRS 3	2,334,116	15,882,694	181,631	–	–	18,398,442
Additions through the purchase of shares	3,119,144	13,889,787	1,006,191	–	–	18,015,122
Additions through investments	3,950,965	46,588,635	4,639,221	–	7,637	55,186,459
Disposals	–	(196,318)	(27,839)	–	–	(224,157)
Transfers (Note 11)	639,049	3,815,514	810	–	–	4,455,372
Depreciation	(317,987)	(5,157,363)	(2,625,965)	(1,038,793)	(69,340)	(9,209,447)
Exchange adjustments	35,972	(14,518)	2,988	–	86,788	111,230
Net carrying amount at 31 Dec. 2007	75,694,446	260,492,623	12,541,987	25,061,900	1,269,118	375,060,075
Acquisition or production cost	76,401,640	291,931,092	20,617,888	26,680,848	1,341,601	416,973,069
Accumulated depreciation and impairment	(707,194)	(31,438,468)	(8,075,901)	(1,618,947)	(72,484)	(41,912,994)
	75,694,446	260,492,623	12,541,987	25,061,900	1,269,118	375,060,075
Including payments for:						
• property under construction	18,419,140	67,726,015	1,045,157	–	–	87,190,312
• advance payments made	–	–	–	–	–	–

Property, plant and equipment with a carrying value of EUR 340,643,802.00 (2006: EUR 268,521,816.00) are subject to a first charge to secure the Group's loans (Note 21.1.). Additions contain capitalised interest of EUR 618,506.00 (2006: EUR 371,030.00). The related finance interest rate is EURIBOR + 1.5 to 2.5 %.

*) Finance lease includes rights equivalent to land of EUR 3.9 million (2006: EUR 4 m), buildings of EUR 20.2 million (2006: EUR 20.9 m) and equipment and hotel furniture of EUR 1.1 million (2006: EUR 1.2 m).

The Group's uniform estimates for the assets' useful lives are as follows:	**2007**	2006
• Buildings (including finance lease "Hotel Dream Castle Paris")	Ø 35 years	Ø 35 years
• Furniture, fixtures, equipment	7-10 years	7-10 years
• Plant	20 years	20 years

Buildings are separated into the following components according to IAS 16.43 component approach: building fabric (estimated useful life: 60 years) and heating facilities and technical equipment (estimated useful life: 15 years), each based on the historical acquisition date and the remaining useful life.

Additions from investments relate to the following projects:	**2007**	2006
Acquisition of "Hotel Holiday Inn Paris"	9,911,385	–
Completion of "Hotel Angelo Prague"	–	4,865,116
Completion of "Andel's Hotel Krakow"	4,112,163	6,450,841
Completion of office building "UBX 2 Andel's City Prague"	667,405	3,108,146
Completion of office building "Parkur Tower Warsaw"	–	1,710,332
Construction progress "Andel's Hotel Lodz"	4,459,575	5,234,078
Construction progress "Andel's Hotel Berlin"	4,894,441	2,697,701
Construction progress "Hotel Angelo Plzen"	2,267,807	–
Project development progress "Airportcity St,Petersburg"	17,262,439	–
Project development progress "Hotel Angelo Munich"	1,861,082	–
Land purchase PL, Bialystok "Bialystok Shopping"	1,144,167	1,671,517
Land purchase "Multidevelopment Sp.z.o.o." in PL, Krakow	203,571	1,663,684
Expansion of "Hotel Savoy Prague" (acquisition of land)	2,272,491	–
Refurbishment of "Hotel Palace" in CZ, Prague	1,178,110	1,081,416
Refurbishment of "Hotel Dvorak" in CZ, Prague	436,940	2,569,339
Refurbishment of "Hotel Diplomat" in CZ, Prague	1,524,520	–
Other developments and current investments related to hotels	2,990,361	2,226,793
	55,186,459	33,278,961

Cash flow in EUR	**2007**	2006
Inflows from the sale of properties	327,596	26,407
Payments agreed for additions	(55,186,459)	(33,278,961)
± Liabilities incurred for the purchase of property, plant and equipment	(3,082,218)	7,578,964
± Tax incurred for the purchase of property, plant and equipment	(329,736)	(2,845,755)
	(58,598,413)	(28,545,752)

[11] Investment properties

Investment properties are measured at historical cost less accumulated depreciation, which is calculated on a straight-line basis, and accumulated impairment in value. The estimated average useful life for investment properties is 35 years. During the reporting period, the position proceeded as follows:

In EUR	**2007**	2006
Net carrying amounts at 1 January	25,338,478	5,028,903
Changes in the scope of consolidation	–	16,933,988
Additions	1,288,331	279,731
Transfers to assets of a disposal group classified as held for sale (IFRS 5)	(4,047,543)	–
Transfer (Note 10) from property, plant and equipment	(4,455,372)	3,637,234
Disposals	–	(250,371)
Depreciation	(444,863)	(258,139)
Exchange adjustments	131	(32,868)
Net carrying amount at 31 December	17,679,162	25,338,478

In EUR	**2007**	2006
Acquisition or production cost	18,869,742	26,179,644
Accumulated depreciation and impairment	(1,190,580)	(841,166)
Net carrying amount at 31 December	17,679,162	25,338,478
Fair market value as of year end according to appraiser's valuation opinion: in line with the Group share	*27,849,500*	*33,510,000*
• Thereof pledged as security for loans and borrowings	17,679,162	25,422,845
• Thereof land value	2,091,452	3,214,342
Result from “Investment properties”:		
Rental income and charged expenses	2,422,363	1,278,738
Direct expenses	(900,325)	(300,803)
Expenses for repair and maintenance	(6,401)	(23,433)
Net rental income	1,515,636	954,502

All “Investment properties” were rented out in the reporting period.

Cash flow In EUR	**2007**	2006
Cash received from sale of properties	–	479,939
Payments agreed for additions	(1,288,331)	(279,731)
± Outflows for the acquisition of investment properties	11,720	–
	(1,276,611)	(279,731)

[12] Intangible assets

Computer software is amortised over an estimated useful economic life of five years.

In EUR	Computer software	Goodwill	Total
Net carrying amount at 1 January 2006	209,100	6,089,466	6,298,566
Changes in the scope of consolidation	(85)	1,311,300	1,311,215
Additions from investments	137,247	–	137,247
Depreciation	(101,839)	–	(101,839)
Exchange adjustment	154	–	154
Net carrying amount at 31 December 2006	244,577	7,400,765	7,645,342
Acquisition or production cost	623,935	7,400,765	8,024,700
Accumulated depreciation and impairment	(379,358)	–	(379,358)
	244,577	7,400,765	7,645,342
Net carrying amount at 1 January 2007	244,577	7,400,765	7,645,342
Changes in the scope of consolidation	9,037	9,044	38,081
Additions from investments	41,004	–	41,004
Depreciation	(110,698)	–	(110,698)
Exchange adjustment	59	–	859
Net carrying amount at 31 December 2007	204,778	7,409,809	7,614,587
Acquisition or production cost	685,514	7,409,809	8,095,323
Accumulated depreciation and impairment	(480,736)	–	(480,736)
	204,778	7,409,809	7,614,587

[13] Impairment of goodwill

Goodwill acquired in business combinations has been allocated to the following cash-generating units for impairment testing:

in EUR		2007	2006
Warimpex Leasing GmbH (Hotel Savoy and Hotel Amber Baltic)	1)	5,784,513	5,784,513
GHB Grassi GmbH (Hotel Diplomat)	1)	304,952	304,952
UBX Praha 1 s.r.o. (Hotel Angelo Prague)	1)	921,266	921,266
Elsbet kft (Erzsebet Utca office building and hotel project development)	2)	390,033	390,033
Revital Group	2)	9,044	–
		7,409,809	7,400,765

1) Cash-generating unit “Operating Hotels”
The recoverable amount of the cash-generating units is determined on the basis of the respective fair market value less costs of sale in accordance with an external expert opinion.

The fair market value was calculated taking the arithmetic mean of the value of the respective property established using the income capitalisation approach and the value obtained using the DCF approach. Calculations were based on a capitalisation rate (yield) within a bandwidth of 6.15 % and 7.75 % for hotel operations in Poland and a bandwidth of 6.50 % and 6.75 % for hotel operations in the Czech Republic. The yield reflects current market valuations with respect to uncertainties regarding the amount and timing of future cash flows. The cash flow forecasts are based on the approved budgets of the individual hotels.

2) Cash-generating units “Project development”
Calculations were based on projected future cash flows after conclusion of project development. Expected additional production costs were deducted. The yield is 8 %.

[14] Available-for-sale investments

In EUR	2007	2006
Listed investments	–	602,876
Unlisted investments	–	269
Non-current available-for-sale investments	–	603,145
Current available-for-sale investments	10,155,000	–
	10,155,000	603,145

The open position as at 31 December 2007 relates to an investment in credit spread index booster notes in a nominal amount of EUR 15 million, with a coupon of 3-month Euribor + [115] basis points. In the reporting period interest paid out amounted to EUR 660,671.26 (contained in the item “Interest income from cash management'; reference is made to Note 7.06.) Accumulated impairment amounted to EUR 4,582,500.00 as of the balance sheet date and was recognised in income as impairment of investments in item 7.05. Reference is also made to Note 28 “Events after the balance sheet date”, item 2.

[15] Shares in associates

With notarial deed dated 18 December 2007 the Warimpex Group acquired an interest of 26.57 % in “Palais Hansen Immobilienentwicklung GmbH” against a capital participation of EUR 9,300.00. The acquired company had previously purchased the “Palais Hansen” property located in 1010 Vienna from the City of Vienna. The partners made a capital contribution to finance the purchase price of the named property. The Warimpex Group accounted for a share of EUR 8.22 million.

With the acquisition of the interest in “Palais Hansen Immobilienentwicklung GmbH”, the Warimpex Group together with the other owners entered into an obligation to redevelop the property. Based on current projections, total investment costs were estimated at EUR 110 million; 45 % of this total are to be financed from own funds.

Total assets of “Palais Hansen Immobilienentwicklung GmbH” as of 31 December 2007 amounted to EUR 55 million; liabilities totalled EUR 30.3 million. The company has no operating activities and therefore no revenues; the result for the period amounted to EUR -0.1 million.

[16] Other financial assets

In EUR	2007	2006
Loans	4,041,507	3,800,777
Advances made for business combinations	15,131	–
Loans made to joint ventures	28,739,072	16,002,450
Deposits with banks pledged as collateral	5,145,012	5,014,010
Loans given to managers	117,253	109,626
Pension reimbursement insurance rights	917,657	816,876
Other non-current financial assets	137,660	748,192
	39,113,292	26,491,931

Loans primarily contain a loan given to “RL UBX Hotelinvestments France”. For advances made to business combinations reference is made to Note 4.04.

The item “Loans to joint ventures” is described in detail in Note 21.7.

Deposits with banks pledged as collateral relate to the former subsidiary “Andel's Praha a.s.”, which was sold in 2005; for further details see Note 24.5. As regards the terms and conditions of related-party loans reference is made to Note 25.

Pension reimbursement insurance rights relate to pension reimbursement insurance taken out to cover a portion of the pension obligations owed by the Company to its directors. Other non-current financial assets contain deposit monies and recoverable VAT for a development project in Russia.

[17] Inventories

In EUR	2007	2006
Materials and merchandise	1,432,334	1,219,069
Real estate development projects under development or construction	768,650	1,929,291
	2,200,984	3,148,360

Materials and merchandise primarily relate to the hotels' stocks of food & beverages and are of a short-term nature. No write-down of inventories had to be charged to expense for these stocks.

Real estate development projects under development or construction relate to the apartments in the residential real estate project "Örs Utca", which have not been sold as of the reporting date. Developments in the reporting period were as follows:

In EUR	2007	2006
Net carrying amount at 1 January	1,929,291	1,238,999
Inventory increase	–	770,077
Inventory reduction (consumption)	(1,495,924)	(168,994)
Change in advance payments received	319,367	(351,494)
Change due to valuation adjustments	–	413,000
Exchange adjustments	15,917	27,702
Net carrying amount at 31 December	768,650	1,929,291

[18] Trade and other receivables (current)

in EUR	2007	2006
Trade receivables	7,221,902	4,498,393
Receivables for taxes	4,649,558	4,592,803
Receivables relating to the sale of subsidiaries	–	205,744
Advance payments made	372,838	442,844
Other current receivables and other current assets	977,754	525,960
Receivables due from joint ventures	636,291	600,269
Receivables due from related parties	22,187	15,530
Deferred expenses	976,056	2,077,865
	14,856,584	12,959,409

The maturity structure of trade receivables is as follows:	2007	2006
• neither overdue, nor bad debt provision made	5,328,484	2,921,054
• 30 days overdue, no bad debt provision made	1,108,320	1,008,028
• 60 days overdue, no bad debt provision made	244,609	171,670
• 90 days overdue, no bad debt provision made	308,164	94,204
• 120 days overdue, no bad debt provision made	48,431	42,817
• >120 days overdue, no bad debt provision made	183,894	260,621
	7,221,902	4,498,393

Specific provisions for trade receivables developed as follows: In EUR	2007	2006
• At 1 January	(345,845)	(295,193)
• Additions due to changes in the scope of consolidation	42,761	–
• Write-back of provisions	16,738	–
• Allocations to provisions	(143,865)	(50,652)
• Exchange adjustments	(13,796)	–
	(444,006)	(345,845)

Trade receivables are non-interest-bearing and are generally on ten to 90-day terms. For details on receivables due from related parties and joint ventures, reference is made to Note 25.

Receivables for taxes contain an amount of recoverable input VAT of EUR 1,976,301.00 resulting from the purchase of the "Holiday Inn Paris" hotel in November 2007.
Other tax receivables primarily relate to VAT refunds from investments made close to year end and will be recovered after the balance sheet date.

[19] Cash and short-term deposits

In EUR	2007	2006
Cash in hand	686,616	363,879
Cash at banks	17,364,504	12,750,138
Short-term deposits	2,488,548	2,578,594
Deposits pledged as security for a payment guarantee	2,603,709	–
Deposits relating to project loans	850,000	1,956,953
	23,993,377	17,649,563

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods which depend on the liquidity requirements of the Group and range from one to six months. They earn interest at the respective short-term deposit rates.

The fair value of cash and cash equivalents amounts to EUR 23,993,377.00 (2006: EUR 17,649,563.00). Deposits relating to project loans relate to the loan for the "Le Palais" hotel.

In the course of the initial public offering of the Company's shares in January 2007 cash totalling EUR 60.906 million (net of costs related to the offering) was raised by the Group through the issue of new shares.

At 31 December 2007 the Group had access to unused short-term borrowing facilities amounting to EUR 31,696,002.00 (2006: EUR 4,428,121.00), for which it fulfilled all terms and conditions.

[20] Other reserves

In EUR	*Revaluation reserve*	*Net unrealised gains/ losses*	*Foreign currency translation*	*Total*
At 1 January 2006	5,797,844	(31,997)	161,055	5,926,903
Foreign currency translation	–	–	44,249	44,249
(Deferred) tax effects of currency translation	–	–	222	222
Net unrealised gains (losses) of available-for-sale investments	–	(31,014)	–	(31,014)
(Deferred) tax effects of net unrealised gains (losses)	–	7,753	–	7,753
Net gains (losses) from hedging	–	69,776	–	69,776
(Deferred) tax effects from hedging	–	(13,257)	–	(13,257)
Other transfers	(439,089)	–	–	(439,089)
At 31 December 2006	5,358,755	1,262	205,527	5,565,543
At 1 January 2007	5,358,755	1,262	205,527	5,565,543
Foreign currency translation	–	–	(3,425)	(3,425)
(Deferred) tax effects of currency translation	–	–	(4,196)	(4,196)
Net unrealised gains (losses) of available-for-sale investments	–	83,571	–	83,571
(Deferred) tax effects of net unrealised gains (losses)	–	(28,314)	–	(28,314)
Net gains (losses) from hedging	–	240,800	–	240,800
(Deferred) tax effects from hedging	–	(45,752)	–	(45,752)
At 31 December 2007	5,358,755	251,567	197,905	5,808,226

[21] Interest-bearing loans and borrowings

In EUR	**2007**	2006
Current		
Bank overdrafts	22,732,149	17,988,317
Bridge loans	31,309,831	18,762,863
Project loans	8,353,725	8,331,811
Project loans with breaches of loan agreements on the reporting date	7,495,215	20,496,302
Other loans	411,613	265,585
	70,302,533	65,844,876
Non-current		
Project loans	150,688,044	125,617,807
Bridge loans	2,232,609	–
Obligations under finance leases		
• Interest-bearing bank loans	18,947,669	19,426,035
• Non-interest-bearing purchase option and loans	7,517,948	7,453,499
Loans from joint ventures		
• Interest-bearing (see Note 21.7.)	28,519,379	16,775,532
• Non-interest-bearing	650,995	650,995
Loans from minority interests	66,528	57,931
	208,623,172	169,981,798
Total interest-bearing loans and borrowings	278,925,706	235,826,675

21.1. Bank loans secured by mortgages on land and buildings – overview

Interest-bearing loans and borrowings with a total amount of EUR 219,027,093.00 (2006: EUR 195,051,254.00) are secured by mortgages on land and buildings and developed as follows during the reporting period:

In EUR	At 1/1/2007	Changes in the scope of consolidation	New borrowings	Repayment of loans	Other changes	At 31/12/2007
a) Project-related loans secured						
for Hotel Diplomat	37,605,233	–	–	(1,595,085)	(182,979)	35,827,170
for Hotel Palace	17,490,500	–	–	(1,292,000)	–	16,198,500
for Hotel Chopin	12,975,511	–	–	(580,576)	(57,622)	12,337,312
for Hotel Angelo Praha	11,638,840	–	–	(712,241)	–	10,926,598
for Hotel Amber Baltic	9,698,011	–	–	(901,247)	(419,322)	8,377,442
for Angelo Airport Hotel	–	2,887,249	10,234,891	(180,023)	–	12,942,116
for Hotel Savoy	8,499,829	–	–	(538,570)	–	7,961,259
for Erszebet office building	8,031,869	–	–	(31,869)	–	8,000,000
for Hotel Le Palais	7,690,818	–	–	(419,128)	–	7,271,690
for Hotel Dvořák	7,264,798	–	–	(1,079,395)	(18,200)	6,167,204
for Poznan project development	–	3,796,555	72,696	–	–	3,869,251
for Pauler office building[1)]	3,715,787	–	–	–	(3,715,787)	0
for Cetelem office building	2,585,069	–	–	(121,302)	–	2,463,767
for Örs Utca residential real estate project	2,416,437	–	–	(2,480,407)	63,970	–
for Warsaw gas pipeline	381,553	–	–	(74,931)	23,152	329,774
for Sajka office building	175,742	–	–	(47,684)	–	128,058
	130,169,998	6,683,804	10,307,587	(10,054,460)	(4,306,787)	132,800,141
Joint ventures (proportionate consolidation)						
for Hotel InterContinental 50 %	20,253,395	10,732,981	911,108	–	(200,709)	31,696,776
for Hotel Dream Castle 50 %	19,426,035	–	–	(478,365)	–	18,947,669
for Hotel Holiday Inn Paris 50 %	–	–	6,000,000	–	–	6,000,000
for Leuchtenbergring project 49,5 %	10,730,994	–	79	–	–	10,731,073
for Sobieski hotel & office building 25 %	7,000,000	–	–	(182,612)	(194,415)	6,622,973
for Parkur Tower office building 50 %	3,208,733	–	774,678	–	–	3,983,411
for Andel's Prague office building 50 %	2,243,686	(4,033,556)	1,789,870	–	–	–
for Andel's Hotel Krakow 50 %	1,775,507	–	6,246,017	–	–	8,021,525
for Warsaw gas-heating plant 40 %	242,906	–	–	(34,278)	14,897	223,525
	195,051,254	13,383,229	26,029,340	(10,749,715)	(4,687,015)	219,027,093
b) Other loans and facilities						
Short-term borrowing facilities	15,571,879	–	14,752,841	(7,592,571)	–	22,732,149
Current loans	265,585	222,743	–	(82,793)	6,078	411,613
Non-current loans from joint ventures	16,775,532	2,585,206	12,022,874	(2,866,985)	2,753	28,519,379
Lease purchase option & loan	7,453,499	–	–	–	64,450	7,517,948
Non-interest bearing loans	650,995	–	–	–	–	650,995
Non-current loans from minority interests	57,931	–	1,551	–	7,045	66,528
	40,775,420	2,807,948	26,777,266	(10,542,349)	80,325	59,898,612
Total loans and borrowings	235,826,674	16,191,178	52,806,606	(21,292,064)	(4,606,689)	278,925,706

1) The loan relating to the financing for the "Office Building Pauler" office building was reclassified from non-current to current, available-for-sale in accordance with Note 4.07.

21.2. Other secured bank overdrafts

At 31 December 2007 the Group had access to unused short-term borrowing facilities amounting to EUR 31,696,002.00 (2006: EUR 4,428,121), for which it fulfilled all terms and conditions.

Two further project loans were granted in December 2007 (Andel's Łódż and Andel's Berlin) in the total amount of EUR 90 million; these were not drawn until January 2008.

21.3. Obligations under finance leases

A finance lease concluded in the previous year involves interest-bearing loans. Since the lease agreement does not provide for minimum annual lease payments, the whole position is classified as non-current debt. The contingent lease payments for the reporting period amounted to EUR 1.597 million (2006: EUR 0.881 m).

21.4. Bridge loans

Bridge loans relate to the projects Leuchtenbergring Munich, Hotel Holiday Inn Paris and Airport Hotel Bucharest and the Millenium Plaza project development. At the balance sheet date promises to convert the bridge loans into a project loan existed for all projects.

21.5. Project loans with breaches of loan agreements on the reporting date

This position relates to two long-term project loans which were repaid by the Group on schedule. However, since certain conditions of the loan agreements had not been adhered to as of the reporting date, these loans have to be presented as current liabilities according to IFRS. Since debt service on the loans has always been on schedule, the financing banks have no intention of demanding immediate repayment in full.

The scheduled debt service for the two loans is as follows:

	2008	2009	2010	2011	2012	> 5 years	Total
EUR 1,000	(439)	(460)	(482)	(504)	(529)	(5,081)	(7,495)

21.6. Interest terms and conditions for current and non-current financial liabilities

In EUR	**2007**	2006
Total financial liabilities		
• Thereof non-interest-bearing	8,168,943	8,104,493
Thereof from finance lease	7,517,948	7,453,499
• Thereof carrying fixed interest	223,525	242,906
• Thereof carrying variable interest	270,533,237	227,479,275
	278,925,706	235,826,675

Range of interest rates (valid for both the reporting year 2007 and the comparable period of 2006)

• Bank overdrafts	BUBOR / EURIBOR + 1.5 % - 3.65 %
• Project loans (including loans where there is a breach of the loan agreement on the reporting date)	CHF-LIBOR / EURIBOR + 0.5 % - 2.25 %
• Bridge loans	EURIBOR + 0.75 % - 1.2 %
• Loans from joint ventures	EURIBOR + 1.0 % - 1.5 %
• Loans from minority interests	EURIBOR + 1.0 % - 1.5 %
• Other loans	EURIBOR + 1.0 % - 1.5 %

As regards the fair values of fixed-interest-bearing financial liabilities reference is made to Note 27.

21.7. Loans from joint ventures

Loans from joint ventures relate to the Group's proportionate share of the loans received by the joint venture from the other joint venture partners. This position is to be seen in connection with the loans given to joint ventures by the Group, which are presented within "Other financial assets" (see Note 16). Loans from joint ventures and loans given to joint ventures are, in substance, equity instruments and are usually subordinated to project loans.

Loans from/to joint ventures carry variable interest of EURIBOR +1.5 to 2.5 %. Loans from/to joint ventures generally have the same terms and conditions. Differences in the amounts outstanding are of a temporary nature and may result from interest differentials which can be due to different payment dates.

	(Loans given to joint ventures – see Note 16)			Loans received from joint venture partners		
In EUR	At 1/1/2007	Change	At 31/12/2007	At 1/1/2007	Change	At 31/12/2007
Sienna Hotel Sp.z.o.o.	(8,371,872)	(1,094,717)	(9,466,589)	9,059,192	357,031	9,416,223
Bürohaus Leuchtenbergring GmbH & Co. Besitz KG	(837,162)	(999,900)	(1,837,062)	820,584	980,100	1,800,684
GF Ramba Sp.z.o.o.	(489,740)	(29,944)	(519,683)	488,567	30,942	519,509
Thermo Energia Sp.z.o.o.	(105,004)	(79,013)	(184,017)	38,338	5,935	44,273
Hotelinvestments s.a.r.l.	–	(1,558)	(1,558)	–	1,555	1,555
Melica Sp.z.o.o.	(2,151,715)	(127,912)	(2,279,627)	2,180,142	54,051	2,234,194
Hotel Paris II S.a.r.l.	–	(125,687)	(125,687)	–	125,666	125,666
Asset Paris II S.a.r.l.	–	(6,158,644)	(6,158,644)	–	6,157,654	6,157,654
UBX Krakow Sp.z.o.o.	(2,068,411)	(147,701)	(2,216,113)	2,066,185	148,124	2,214,309
UBX Katowice Sp.z.o.o.	(81,141)	(287,345)	(368,486)	80,735	287,310	368,045
UBX Praha 2 s.r.o.	(454,113)	454,113	–	477,020	(477,020)	–
UBX Plzen s.r.o.	(157,107)	(1,181,939)	(1,339,046)	175,434	1,185,988	1,361,422
UBX Development s.a.r.l.	(195,045)	(11,901)	(206,946)	295,082	(87,931)	207,151
UBX 1 Objekt Berlin GmbH	(1,091,139)	(2,938,711)	(4,029,850)	1,094,252	2,968,401	4,062,653
UBX 3 s.r.o.	–	(5,764)	(5,764)	–	6,039	6,039
	(16,002,450)	(12,736,623)	(28,739,072)	16,775,532	11,743,847	28,519,379

21.8. Other loans

This item relates to the remaining liability from the Group's acquisition of "Prózna Properties Sp. z o.o." against the seller as well as assumed loans from the acquisition of "Xcanti Sp.z.o.o." (previously "NPC Sp.z.o.o.").

21.9. Loans from minority interests

Similar to loans from joint ventures, loans from minority interests are, in substance, equity instruments and are generally of a long-term nature and subordinated to project loans. These loans usually carry variable interest similar to the other interest conditions of the Group.

[22] Provisions

22.1. Pensions and other long-term employee benefit plans (Note 2.22.)

In EUR	Contractual pension commitments	Long-term service bonus	Legal obligation to pay severance payments	Legal obligation to pay long-term service bonus	Total
At 1 January 2006	3,399,035	–	397,055	54,528	3,850,618
Benefits paid	(74,900)	–	–	–	(74,900)
Service costs	166,978	–	253,442	52,902	473,322
Gains from curtailment	(1,473,284)	–	–	–	(1,473,284)
Actuarial losses	53,609	–	–	–	53,609
Recognised in personnel expenses	(1,327,597)	–	253,442	52,902	(1,021,253)
Interest costs	144,460	–	24,937	3,108	172,505
Additions from business combinations	22,706	86,837	–	–	109,543
Exchange adjustments PLN/EUR	248	950	–	–	1,198
At 31 December 2006	2,238,852	87,787	675,434	110,538	3,112,611
At 1 January 2007	2,238,852	87,787	675,434	110,538	3,112,611
Benefits paid	(74,900)	–	(35,737)	–	(110,637)
Service costs	53,822	–	409,463	(80,913)	382,372
Actuarial gains	(496,664)	–	–	–	(496,664)
Recognised in personnel expenses	(517,742)	–	373,726	(80,913)	(224,929)
Interest costs	94,176	–	56,674	1,600	152,450
Exchange adjustments PLN/EUR	1,597	6,107	–	–	7,704
At 31 December 2007	1,816,883	93,894	1,105,834	31,225	3,047,836

The amounts for the current period and the past four reporting periods are as follows:

In EUR	2007	2006	2005	2004	2003
• Defined benefit obligation	3,047,836	3,112,611	3,850,618	3,686,568	3,476,305
• Actuarial (gains) and losses	(496,664)	53,609	(17,143)	(41,379)	240,353

Other provisions

In EUR	Current provisions	Non-current provisions	Total
At 1 January 2006	1,579,906	2,467,429	4,047,335
Changes in the scope of consolidation	177,106	–	177,106
Utilised	87,457	(142,563)	(55,106)
Arising during the year	92,076	–	92,076
Unused amounts reversed	(320,049)	(1,959,187)	(2,279,236)
Exchange adjustment	(10,184)	–	(10,184)
At 31 December 2006	1,606,312	365,679	1,971,991
At 1 January 2007	1,606,312	365,679	1,971,991
Changes in the scope of consolidation	52,714	–	52,714
Utilised	(289,815)	(43,486)	(333,301)
Arising during the year	30,722	–	30,722
Unused amounts reversed	(360,020)	–	(360,020)
Exchange adjustment	54	–	54
Transfers (IFRS 5)	(6.460)	–	(6.460)
At 31 December 2007	1,033,507	322,193	1,355,700

The non-current provision was set up for onerous contracts and relates to a lease obligation of the subsidiary "Vladinvest s.r.o." which has existed since 2005. Due to the current status of sublease contracts at the end of the reporting period, the provision could be partially released up to the amount of the discounted present value of the expected future losses from the lease obligation. The discounting rate amounts to 6.5 % (2006: 5.5 %). Reference is made to Note 24.8. "Other obligations".

Current provisions contain fees for legal services to the parent company, of uncertain amount at the reporting date, as well as liabilities of consolidated subsidiaries, the amount of which is still uncertain. It is anticipated that these liabilities will lead to cash outflows within the next twelve months.

[23] Trade and other payables (current)

In EUR	**2007**	2006
Trade payables	7,910,444	10,796,696
Trade payables due to joint ventures	758,150	800,015
Trade payables from business combinations	736,642	11,757,500
Trade payables due to related parties	2,649,715	7,870,091
Purchase price obligations for investments	6,670,445	2,664,384
Other payables	3,342,782	4,004,133
Advance payments received	879,667	806,119
	22,947,844	38,698,938

Other payables contain tax liabilities of EUR 919,697.00 (2006: EUR 2,410,851.00), liabilities for social security contributions of EUR 611,988.00 (2006: EUR 519,056.00) and accruals for compensated absences of EUR 430,737.00 (2006: EUR 270,196.00). For terms and conditions concerning related parties reference is made to Note 25.

Trade payables are non-interest-bearing and are normally settled within ten to 60 days. Current tax liabilities and liabilities for social security contributions are non-interest-bearing, except for late payment. These liabilities are generally due within 30 days. Other (current) liabilities are non-interest-bearing and also contain liabilities owed to employees for wages and salaries for December 2007.

Purchase price obligations for investments principally contain the unpaid purchase price for a property in Łódź in an amount of EUR 2.5 million. The purchase price may in principle fall due at short notice, but there is an agreement with the seller making payment contingent on prior performance of certain services related to the land. These services had not yet been rendered by the seller at the balance sheet date.

Purchase price obligations further contain EUR 4 million relating to the Airportcity St. Petersburg project. The beneficiary is Mr. Friedrich Grassi, from whom the Company acquired the project in 2006. Mr. Friedrich Grassi has been a member of the Supervisory Board and hence a related person since 31 May 2007. Reference is made to Note 25.

Trade payables from business combinations relate to the purchase price adjustment concerning the "Sobieski Hotel and Office Building" acquired in 2006, which was recognised as of the balance sheet date.

[24] Other commitments, litigation and contingencies

24.1. Litigation

a) Other receivables contain a receivable with a carrying amount of CZK 3.02 million (EUR 0.1 million) which is subject to litigation. The receivable is secured with a pledge on real estate.

24.2. Contingent liabilities

The subsidiary "Prózna Properties Sp. z o.o." has given a guarantee to the municipality of Warsaw to renovate a property which is subject to landmark protection. Furthermore, it promised the municipality of Warsaw that it would start renovation work by 31 December 2005 and complete it by 31 December 2008 at the latest. In the event of non-compliance with these bonds and guarantees, an amount of USD 560,000.00 would have to be paid to the municipality of Warsaw.

Should the building permit not be obtained by 31 December 2005 due to gross negligence on the part of the Company, a penalty of 7 % of the land value would become payable out of the guarantee. The Company estimates the land value of the property at approx. PLN 10.2 million (EUR 2.6 million), since this amount serves as the basis for determining the ground lease. Renovation work could not be started by the reporting date since no settlement had been reached with the landmark protection authority. During the reporting period no claims were brought against the company.

24.3. Call option relating to the subsidiary UBX Praha 1 (Hotel Angelo)

In 2005 the Company granted a call option on its interest in the subsidiary to an Austrian insurance company. UBX Praha 1 opened the Hotel Angelo on 10 June 2006. The call option may be exercised from 2007 up to three years after the opening of the hotel. No indications of an impairment of UBX Praha 1's assets can be inferred from the call option, nor does it constitute a liability to be recognised. The call option was not exercised in the reporting year.

24.4. Contractual bonds and guarantees

• Relating to the sale of Andel's Hotel		
Guarantee – see Note 24.5.		EUR 5,145,012.07
Contingent liability – see Note 24.6.		EUR 1,000,000.00
• Relating to the sale of UBX Prague 2		EUR 1,000,000.00
• Relating to project loans of joint ventures		
Joint Venture Thermo Energia Sp.z.o.o.	PLN 2,000,000.00	EUR 558,347.00

24.5. GOP guarantee for Andel's Hotel Prague (sold in 2005)

At the end of the third quarter 2005 the subsidiaries "Andel Investment s.r.o." and "Hotel Andel Praha a.s." were sold to an Austrian institutional investor. According to the contractual arrangements and on the basis of the sale price calculation, Warimpex Finanz-und Beteiligungs AG guarantees that Andel's Hotel Prague will generate annual free cash flows in the amount of EUR 6.16 million p.a., indexed according to the Austrian consumer price index of 2000 up to a total amount of EUR 5 million. This guarantee ends on 30 September 2025.

Free cash flow is defined in the contract as follows: GOP (gross operating profit) less management fee plus fixed rental income for those parts of the building which are not used as a hotel.

Should Andel's Hotel be able to achieve a free cash flow that exceeds the indexed guaranteed free cash flow by 30 September 2025, then Warimpex Finanz- und Beteiligungs AG will receive a 25 % share of the excess of actual free cash flows over guaranteed free cash flows. This surplus will be credited to the deposit pledged as collateral and increase the guarantee up to EUR 8 million until 31 March 2019.

At the end of the free cash flow guarantee period of January to December 2006, the Group's share in the excess cash flow was determined to be EUR 131,002.00. This amount increases the guarantee and was transferred by the buyer to the deposit account pledged as collateral which is presented within "Other financial assets" in the balance sheet – see Note 16.

Additionally, a guarantee commitment was made in respect of repair and maintenance requirements of Andel's Hotel Prague until 30 September 2025. Should the necessary amount of expenses for repairs and maintenance exceed the guaranteed threshold level of 0.59 % of the purchase price, then Warimpex Finanz- und Beteiligungs AG would be obliged to refund such excess expenses. The guarantee for repair and maintenance expenses is indexed in the same manner as the free cash flow guarantee. The sum total of all guarantees is limited to an amount of EUR 5 million and increases only insofar as the Company participates in excess cash flows of Andel's Hotel.

24.6. Contingent liabilities relating to the transaction described in Note 24.5.

The sale of the former subsidiaries "Andel Investment s.r.o." and "Hotel Andel Praha a.s." caused preliminary termination of a management agreement with Vienna International AG, which resulted in a compensation payment in the amount of EUR 1 million (see Note 24.4).

An additional amount of EUR 1 million will be payable in the event that the new owner terminates the management agreement prior to 2014.

24.7. Lease obligation of “Vladinvest s.r.o.”

The wholly owned subsidiary “Vladinvest s.r.o.” has concluded a master lease agreement with the former subsidiary that was sold according (Note 24.5) for 4,356.1 sqm of commercial real estate for a net rent of EUR 0.4 million p.a. (indexed). This rent is reduced by any rental income that the sold former subsidiary will be able to generate from renting out the property.

The master lease agreement was originally concluded for a term of 12 years and ends on 30 September 2017. A provision for onerous contracts was recognised in accordance with Note 22.2 based on the projected cash outflows from shortfalls of rent received over rent payable over the term of the lease and based on a discount rate of 6.5 % (2006: 5.5 %).

24.8. Rent guarantee given for subsidiaries sold in the previous year

In the previous year the Company sold its shares in “Intercom a.s.” and “Tarabulus s.r.o.” to an institutional investor. The Company holds a 50 % share in a rent guarantee given for vacant rental space upon closing of the deal. This guarantee is capped at a maximum of EUR 0.19 million p.a. and limited to a period of ten years.

[25] Related party disclosures

The following enterprises/persons are related parties to the Group and have the following business relations:

Amber Privatstiftung

A-1090 Vienna, Floridsdorfer Hauptstrasse 1 (FN 178109 a, HG Wien), as of the reporting date holds 15.9 % of the shares in Warimpex Finanz- und Beteiligungs AG and 30.4 % of the shares in Vienna International AG. Amber Privatstiftung is a related party due to Mr. Georg Folian being a member of its board of trustees.

Bocca Privatstiftung

A-1090 Vienna, Floridsdorfer Hauptstrasse 1 (FN 178104 v, HG Wien), as of the reporting date holds 15.9 % of the shares in Warimpex Finanz- und Beteiligungs AG and 30.4 % of the shares in Vienna International AG. Bocca Privatstiftung is a related party due to Mr. Franz Jurkowitsch being a member of its board of trustees.

Franz Jurkowitsch

is a director of the Company and owns 18.1 % of its shares as of the reporting date.

Georg Folian

is a director of the Company and owns 18.3 % of its shares as of the reporting date.

Alexander Jurkowitsch

has been a director since 31 July 2006 and owns 0.7 % of the shares of Warimpex Finanz- und Beteiligungs AG as of the reporting date.

Christian Fojtl

has been a director since 31 July 2006 and owns 0.7 % of the shares of Warimpex Finanz- und Beteiligungs AG as of the reporting date. Additionally, Mr. Christian Fojtl is the economic beneficiary of “Homeinvestments Sp. z o.o.”, which is a joint venture partner or minority shareholder of certain Group subsidiaries/joint ventures.

Friedrich Grassi

has been a member of the Supervisory Board since 31 May 2007.

Vienna International AG

A-1200 Vienna, Dresdnerstrasse 87, manages all hotels of the Group with the exception of the “Hotel InterContinental Warsaw”.

Other senior managers

The Company had a receivable against Mrs. Johanna Swiekadowska (manager of several Polish subsidiaries) resulting from a loan that carries interest and is due in one lump sum at maturity.

All subsidiaries associated companies (reference is made to Note 3)

25.1. Transactions with Amber/Bocca Privatstiftung in EUR	2007	2006
Balances at 1 January	(755,081)	(2,836,817)
Dividends	(2,215,804)	(1,164,000)
Interest on current accounts	(10,675)	(24,327)
± Payments received and made	2,981,560	3,270,063
Balances at 31 December	–	(755,081)

25.2. Transactions with other directors in EUR	2007	2006
Balances at 1 January	(681,153)	1,788
Dividends	(1,871,546)	(776,000)
Bonus	(1,016,400)	(627,445)
Interest on current accounts	–	176
± Payments received and made	2,541,758	720,328
Balances at 31 December	(1,027,341)	(681,153)

25.3. Transactions with other directors in EUR	**2007**	2006
Balances at 1 January	(3,592,792)	–
Transactions with other directors	–	(2,297,000)
Loans to joint ventures formerly held in trust	–	(877,495)
Bonus	(677,600)	(418,297)
± Payments received and made	3,592,518	–
Balances at 31 December	(677,874)	(3,592,792)

As of the reporting date, “Homeinvestment Sp. z o.o.” held 10 % in the joint venture company “Thermo Energia Sp. z o.o.” and a 10 % minority interest in “El Invest Sp. z o.o.”.

25.4. Transactions with Vienna International (incl. KDAG Data GesmbH) in EUR	**2007**	2006
Balances at 1 January	(1,072,729)	(2,503,286)
Management fees charged by Vienna International	(4,279,160)	(3,268,242)
Administration cost sharing for KDAG Data	10,000	(10,000)
± Payments received and made	4,419,575	4,708,799
Balances at 31 December	(922,314)	(1,072,729)

25.5. Transactions with senior managers in EUR	**2007**	2006
Balances at 1 January	(1,657,507)	108,814
Acquisition of shares formerly held in trust	–	(905,000)
Loans to joint ventures formerly held in trust	–	(860,508)
± Exchange adjustments PLN/EURO	(7,627)	(812)
± Payments received and made	1,782,386	–
Balances at 31 December	117,253	(1,657,507)

25.6. Transactions with members of the Supervisory Board

In the previous year the Company acquired the "Avielen St. Petersburg" project from Mr. Friedrich Grassi. Under a purchase price escalation clause, the Company had entered into a total obligation of EUR 5,312,500.00, which fell due in the reporting period. Of this total, EUR 1,312,500.00 were paid in the reporting period; EUR 4 million were presented within current payables as of the balance sheet date.

25.6. Summary of receivables from and liabilities due to related parties

In EUR	**2007**	2006
Other financial assets – Note 16	117,253	109,626
Trade and other receivables (current) – Note 18	22,187	15,530
Trade and other payables (current) – Note 23	(6,649,715)	(7,870,091)
	(6,510,275)	(7,744,934)

25.7. Joint Ventures

In EUR	**2007**	2006
Revenues from transactions with joint ventures – Note 7.01.	969,654	1,124,090
Loans given to joint ventures – Note 21.7.	28,739,072	16,002,450
Interest income on loans given to joint ventures – Note 7.06.	1,090,098	585,590
Loans received from joint ventures and joint venture partners – Note 21.7.	(28,519,379)	(16,775,532)
Interest expense on loans received from joint ventures – Note 7.05.	(658,025)	(454,849)

25.8. Other information

The Supervisory Board of Warimpex Finanz- und Beteiligungs AG is composed of the following members:

- Heinrich Geyer, Chairman of the Supervisory Board until 31 May 2007, thereafter Deputy Chairman
- Franz Burkert, Deputy Chairman of the Supervisory Board until 31 May 2007, thereafter member
- Viktor Igalffy-Igaly, member
- Alicja Kornasiewicz, member (from 31 May 2007)
- Alarich Fenyves, Chairman of the Supervisory Board (from 31 May 2007)
- William Henry Marie de Gelsey, Chairman of the Supervisory Board (from 31 May 2007)
- Wolfgang Mitterberger, member (from 31 May 2007)
- Gert Hoppe, member (until 31 May 2007)

Fees paid to members of the Supervisory Board of Warimpex Finanz- und Beteiligungs AG amounted to EUR 22,000.00 (2006: EUR 14,600.00).

The total amount of compensation due to the directors for the reporting year (including entitlement to bonuses for the year 2007) amounted to EUR 2,702,158.00 (2006: 1,895,111.00). Reference is made to Note 7.03.

[26] Financial risk management objectives and policies

The Group's principal financial instruments, other than derivatives, comprise bank loans and overdrafts and cash and cash deposits. The main purpose of these financial instruments is to raise funds for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables which arise directly from its operations.

The Group also enters into derivatives transactions which are intended, on the one hand, to reduce the Group's exposure to interest rate risk and, on the other hand, to provide a general risk reduction and to utilise opportunities in the market.

All important financial transactions are subject to approval by the Board (and, if required, by the Supervisory Board).

Net result by classification categories 2007

Euro m		From interest At fair value	From revaluation Currency translation	Impairment	Net result 2007
Loans and Receivables (LaR)	0,7	–	–	(0,1)	0,6
Available for sale (AfS)	0,7	–	–	(4,6)	(3,9)
Financial liabilities	(11,2)	–	–	–	(11,2)

Financial instruments by categories and classes

Euro m Classification acc. to IAS 39		Carrying value 31/12/2007	At amortised cost	At fair value in equity	At fair value through profit and loss	Recognition acc. to IAS 17	fair value 31/12/2007
LaR	Cash and cash equivalents	24,0	24,0				24,0
LaR	Trade and other receivables*)	9,2	9,2				9,2
LaR	other financial assets	39,1	39,1				39,1
AfS	Available-for-sale financial assets	10,2		10,2			10,2
	Derivatives that are hedge items	0,6		0,3	0,3		0,6
Total financial assets		**83,1**	**72,3**	**10,5**	**0,3**	**–**	**83,1**
FL	Trade and other payables**)	20,1	20,1				20,1
FL	Due to banks	252,5	252,5				222,8
FL	Liabilities from finance lease	26,5				26,5	26,5
Total financial liabilities		**299,0**	**272,6**	**–**	**–**	**26,5**	**271,5**

*) Trade and other receivables (see Note 18) include non-financial assets in the amount of EUR 5.7 million.

**) Trade and other payables (see Note 23) include non-financial liabilities in the amount of EUR 2.8 million.

26.1. Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The Group uses a combination of fixed and variable-rate debt capital to control its interest rate costs. The Group's risk management policies provide for a risk-oriented relationship between fixed-rate and variable-rate financial liabilities.

With a view to meeting this objective, the Group enters into interest rate swaps in which the Group and the respective contract partner exchange the difference between amounts bearing interest at fixed rates and floating rates calculated for pre-determined intervals based on a pre-specified principal amount. These interest rate swaps serve the purpose of hedging the underlying obligation.

Taking into account existing interest rate swaps, about 16.3 % (2006: 28.7 %) of the Company's debt obligations were fixed-rate obligations as at 31 December 2007.

The following table shows the sensitivity of Group profit before tax to certain changes in interest rates which, based upon reasonable judgement, may in principle occur (owing to the impact of such changes on variable-rate loans). All other variables remain constant. There are no impacts on Group equity.

In EUR	Increase/reduction in basis points	Impact on pre-tax profit
2007		
Euribor	+50	(1,037,555)
CHF-Vibor	+50	(67,245)
Bubor	+50	(7,589)
Euribor	– 50	1,038,271
CHF-Vibor	– 50	44,830
Bubor	– 50	5,059
2006		
Euribor	+50	(746,070)
CHF-Vibor	+50	(76,940)
Bubor	+50	(14,391)
Euribor	– 50	746,070
CHF-Vibor	– 50	51,293
Bubor	– 50	9,594

26.2. Foreign currency risk:

Foreign currency risk results primarily from loans and other interest-bearing liabilities denominated in foreign currencies (primarily CHF). There are no natural hedges, nor does the Group systematically use derivative financial instruments to hedge its exposure to foreign currency risk.

As a result, gains of EUR 419,322.00 (2006: EUR 928,659.00) from the effect of foreign exchange rate fluctuations on loans and other interest-bearing liabilities were incurred and recognised for the reporting period.

Debt finance denominated in PLN and HUF does not expose the Group to foreign currency risk since the relevant subsidiary's functional currency is the same as the currency in which the loan is denominated.

The currency denominations of financial liabilities break down as follows:

	2007	2006		2007	2006
CHF	13,862,154	15,531,365	EURO	8,377,442	9,698,011
PLN	1,181,250	2,392,429	EURO	329,774	624,460
HUF	–	609,467,669	EURO	–	2,415,647
			EURO	270,218,490	223,088,557
				278,925,706	235,826,675

Additionally, a foreign exchange risk exists for those Group companies that operate hotels as regards personnel expenses and expenses for materials and services received, which have to be paid in the local currency, whereas revenues are generally based on the euro and the debt must also be serviced in euro.

Approximately 64.1 % of personnel expenses; 68.3 % of expenses for material and services received, 25.5 % of development costs and 32.3 % of other expenses accrue in currencies other than the functional currency of the cost-generating operating unit; whereas about 95 % of revenues are generated in the functional currency of the respective operating unit.

The following table shows the sensitivity of the Group's profit before tax to certain changes in exchange rates which, based upon reasonable judgement, may in principle occur. All other variables remain constant. There are no impacts on Group equity.

		CHF ±5 %	CZK ±5 %	PLN ±5 %	RON ±5 %	HUF ± 0,5 %	Total in EUR
Sensitivity 2007	+	418,872	(2,306,036)	(1,287,929)	(61,452)	(9,270)	(3,245,815)
	-	(418,872)	2,260,227	1,166,893	56,077	9,176	3,073,502
Sensitivity 2006	+	484,901	(1,164,928)	(535,567)	-	(4,577)	(1,220,172)
	-	(484,901)	1,141,787	485,267	-	4,530	-

As regards finacial assets and financial liabilities the consolidated result is subjected to the following exchange rate sensitivities:

		CHF ±5 %	CZK ±5 %	PLN ±5 %	RON ±5 %	HUF ± 0,5 %	Total in EUR
Sensitivity 2007	+		(379,580)	(286,950)	(11,993)	(6,997)	(685,520)
	–		379,580	286,950	11,993	6,997	685,520
Sensitivity 2006	+		(394,641)	(145,597)	–	(57,158)	(597,396)
	–		394,641	145,597	–	57,158	–

26.3. Credit risk:

The amounts stated as assets on the face of the consolidated balance sheet represent the maximum credit risk and risk of loss, since there are no general settlement agreements. Credit risk associated with trade receivables can be considered moderate because receivables are immediately settled, especially in the segment "Hotels & Resorts"; generally, longer payment terms are only accepted with regard to receivables from travel agencies. Credit risk associated with cash and short-term deposits can be considered moderate since the Group only works with financial institutions which can demonstrate sound creditworthiness.

26.4. Liquidity risk:

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans for project financing.

The Group's "Hotels & Resorts" segment depends largely on occupancy rates and achievable prices. Liquidity planning is based on hotel budgets and financial forecasts which are prepared in cooperation with the hotel management.

As a rule, long-term lease contracts exist for office buildings and commercial buildings. Liquidity planning is based on budgeted rent income. For the Group's "Development & Asset Management" segment expected pre-development costs are budgeted from the Group's own funds, whereas assets under construction are usually financed by project-specific financing. Free liquidity resulting from the sale of real estate is primarily used to finance the acquisition of, and the equity contribution to, new project developments.

Uniform Group Accounting Guidelines require that the share of debt capital falling due within 12 months should not exceed 35 % of total interest-bearing loans and borrowings. At 31 December 2007 the share falling due within one year amounted to 27.5 % (2006: 33.9 %).

At 31 December 2007 the maturity structure of the Group's debt obligations was as shown below. The figures are stated on the basis of contractual non-discounted payments.

Fiscal year ended 31 December 2007

In EURo 1,000	Immediately callable	Up to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Interest-bearing loans and borrowings	22,787	10,991	38,859	80,617	168,110	321,362
Other liabilities (non-current)	–	3	31	206	980	1,220
Trade an other payables	11,540	9,148	2,094	147	–	22,929
Derivative financial instruments	–	–	–	–	–	–
Income taxes payable	–	–	719	–	–	719
Liabilities IFRS 5	66	85	–	918	2,523	3,592
	34,392	20,226	41,704	81,888	171,613	349,823

EUR 17.5 million of the financial liabilities with maturities over 5 years have maturities of more than 10 years.

26.5. Capital management:

The primary objective of the Group's capital management policy is to ensure that the Group preserves the high credit rating and favourable equity ratio required to support its business activities and in order to maximise the value of the Company's shares.

The Group is not subject to capital requirements, either under its articles of association or under external regulations.
The Group philosophy is geared towards consistently enhancing the intrinsic value of the Company and generating distributable profits for dividend payments.

The Group monitors its capital on the basis of its equity ratio, which should be between 20 % and 40 %. The equity ratio is calculated by comparing the Company's equity with total assets; at 31 December 2007 the equity ratio was 35 % (2006: 23 %).

[27] Financial instruments

Primary financial instruments of the Group comprise “Financial instruments available for sale”, “Trade receivables” and “Cash and short-term deposits” on the asset side. As regards liabilities, “Interest-bearing loans and borrowings” and “Trade and other payables” are classified as financial instruments.

27.1. Fair value

The table below shows the carrying values and fair values of all financial instruments comprised in the consolidated financial statements, including the financial instruments of disposal groups classified as held for sale.

The fair value of loans was assessed by comparing the future cash flows generated on the basis of existing terms and conditions with market terms for new loans as of 31 December 2007.

	Carrying value		Fair value	
In EUR	**2007**	2006	**2007**	2006
Financial assets				
Cash and short-term deposits	23,993,377	17,649,563	23,993,377	17,649,563
Financial instruments available for sale	10,155,000	603,145	10,155,000	603,145
Other financial assets*)	39.113.292	26.491.931	39.113.292	26.491.931
Derivative financial instruments	557,436	308,314	557,436	308,314
	73.819.105	45.052.953	73.819.105	45.052.953
Financial liabilities				
Current loans	(411,613)	(265,585)	(411,613)	(265,585)
Derivative financial instruments	–	(129,839)	–	(129,839)
Variable-rate loans*)	(281,300,943)	(234,609,257)	(277,607,735)	(234,263,744)
Fixed-rate loans	(223,525)	(242,906)	(223,525)	(242,906)
	(281,936,081)	(235,247,588)	(278,242,874)	(234,902,074)

*) Excluding loans from joint venture partners or minority interests and excluding loans to joint venture partners; including cash and cash equivalents and loans from disposal groups according to IFRS 5.

The fair value of available-for-sale investments was assessed on the basis of the respective market rates. The fair value of derivative financial instruments and loans was calculated by discounting the expected future cash flows at market rates. The fair value of other financial assets was assessed on the basis of the respective market rates.

27.2. Interest rate risk of primary financial instruments

The following table presents the carrying amounts and fair values of variable-rate debt instruments of the Group which are subject to interest rate risk. The table shows these amounts according to their contractual maturities.

Bank loans where there is a breach of the loan agreement are presented as being due within one year in accordance with the accounting treatment in the consolidated balance sheet, even though management believes that the project loans will be repaid over their agreed contractual maturities.

Amounts in EUR 1,000 for the financial year **ended 31 Dec. 2007**	Within 1 year	2009	2010	2011	2012	> 5 Yahre	Total
Cash and short-term deposits	23,993	–	–	–	–	–	23,993
Available-for-sale-investments	10,155	–	–	–	–	–	10,155
Bridge loans	(31,310)	(2,233)	–	–	–	–	(33,542)
Finance leases	–	–	–	–	–	(18,948)	(18,948)
Loans where there is a breach of the loan agreement as of the balance sheet date	(7,495)	–	–	–	–	–	(7,495)
Overdrafts	(22,732)	–	–	–	–	–	(22,732)
	(27,389)	(2,233)	–	–	–	(18,948)	(48,569)
Diplomat (until 2017)	(1,464)	(1,559)	(1,659)	(1,767)	(1,881)	(27,498)	(35,827)
Palace (until 2017)	(1,322)	(1,352)	(1,372)	(1,382)	(1,392)	(9,379)	(16,199)
Chopin (until 2016)	(606)	(644)	(685)	(728)	(773)	(8,902)	(12,337)
Angelo Prague (until 2016)	(599)	(625)	(652)	(681)	(707)	(7,663)	(10,927)
Amber Baltic (until 2016)	(869)	(895)	(922)	(949)	(978)	(3,765)	(8,377)
Savoy (until 2016)	(547)	(582)	(619)	(659)	(701)	(4,853)	(7,961)
Erzsebet (until 2016)	–	(332)	(352)	(374)	(398)	(6,544)	(8,000)
Dvořák (until 2012)	(1,111)	(1,163)	(1,163)	(1,163)	(1,567)	–	(6,167)
Sobieski (until 2021)	(250)	(250)	(250)	(250)	(250)	(5,373)	(6,623)
Parkur Tower (until 2016)	(172)	(184)	(195)	(208)	(219)	(3,006)	(3,983)
Cetelem (until 2018)	(121)	(128)	(136)	(144)	(153)	(1,783)	(2,464)
Gas pipeline (2012)	(63)	(63)	(63)	(63)	(63)	(16)	(330)
Sajka Utca (until 2011)	(46)	(47)	(35)	–	–	–	(128)
Intercont Sienna (until 2016)	(716)	(966)	(1,216)	(1,216)	(1,216)	(26,365)	(31,697)
Andel's Krakow (2017)	(248)	(248)	(298)	(298)	(348)	(6,580)	(8,022)
	(8,134)	(9,037)	(9,618)	(9,882)	(10,646)	(111,724)	(159,042)
	(35,523)	**(11,270)**	**(9,618)**	**(9,882)**	**(10,646)**	**(130,672)**	**(207,611)**

27.2. Interest rate risk of primary financial instruments – continued

Amounts in EUR 1,000 for the financial year **ended 31 Dec. 2006**	Within 1 year	2008	2009	2010	2011	> 5 Yahre	Total
Cash and short-term deposits	17,650	–	–	–	–	–	17,650
Available-for-sale investments	603	–	–	–	–	–	603
Bridge loans	(18,763)	–	–	–	–	–	(18,763)
Finance leases	–	–	–	–	–	(19,426)	(19,426)
Loans where there is a breach of the loan agreement as of the balance sheet date	(20,496)	–	–	–	–	–	(20,496)
Overdrafts	(17,988)	–	–	–	–	–	(17,988)
	(38,995)	–	–	–	–	(19,426)	(58,421)
Diplomat (until 2017)	(1,759)	(1,852)	(1,950)	(2,053)	(2,162)	(27,829)	(37,605)
Palace (until 2017)	(1,292)	(1,322)	(1,352)	(1,372)	(1,382)	(10,771)	(17,491)
Chopin (until 2016)	(581)	(612)	(651)	(691)	(734)	(9,706)	(12,976)
Angelo Prague (until 2016)	(573)	(599)	(625)	(652)	(681)	(8,509)	(11,639)
Amber Baltic (until 2016)	(904)	(931)	(959)	(987)	(1,017)	(4,901)	(9,698)
Savoy (until 2016)	(602)	(634)	(667)	(702)	(740)	(5,155)	(8,500)
Le Palais (until 2017)	(379)	(399)	(419)	(441)	(464)	(5,589)	(7,691)
Dvořák (2012)	(1,063)	(1,115)	(1,167)	(1,167)	(1,167)	(1,587)	(7,265)
Sobieski (2021)	(263)	(263)	(263)	(263)	(263)	(5,688)	(7,000)
Pauler (until 2022)	(229)	(229)	(229)	(229)	(229)	(2,569)	(3,716)
Parkur Tower (until 2016)	(178)	(357)	(357)	(357)	(357)	(1,604)	(3,209)
Andels (until 2016)	(193)	(201)	(210)	(219)	(228)	(1,192)	(2,244)
Cetelem (until 2018)	(142)	(149)	(156)	(164)	(172)	(1,803)	(2,585)
Gas pipeline (2012)	(59)	(59)	(59)	(59)	(59)	(88)	(382)
Sajka Utca (until 2011)	(46)	(46)	(47)	(38)	–	–	(176)
Andel's Krakow (2017)	–	(250)	(250)	(300)	(300)	(676)	(1,776)
	(8,261)	(9,016)	(9,360)	(9,693)	(9,954)	(87,667)	(133,950)
	(47,255)	**(9,016)**	**(9,360)**	**(9,693)**	**(9,954)**	**(107,093)**	**(192,370)**

27.3. Hedging activities relating to interest-bearing loans and borrowings

As of the reporting date 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:

in EUR	2007	2006
Project loan Hotel Le Palais, Prague		
Underlying: 3-month EURIBOR		
Notional amount at 31 December	7,271,690	7,690,818
Fair value at 31 December	–	(13)
Finanzkredit Hotel Chopin, Krakau		
Underlying: 3-month EURIBOR 3.91 %		
Notional amount at 31 December	12,337,312	12,975,511
Fair value at 31 December	312,255	70,153
Project loan Hotel InterContinental Warsaw		
(adjusted for the Group's share)		
Underlying: 3-month EURIBOR		
Notional amount at 31 December	expired	20,253,395
Fair value at 31 December	expired	(129,062)
Project loan Hotel Sobieski, Warsaw		
(adjusted for the Group's share)		
Underlying: 3-month EURIBOR (3.866 %/4.5 %)		
Notional amount at 31 December	6,622,973	7,000,000
Fair value at 31 December	68,308	26,837

27.3. Hedging activities relating to interest-bearing loans and borrowings – continued

These derivative financial instruments are designated exclusively for hedging the interest rate risk resulting from financial liabilities. Notional amounts presented relate to the volume of the underlying of the derivative financial instrument as of the reporting date. Actual cash flows from the derivative financial instruments are only a small fraction of the notional value. Fair values presented were obtained from the financing banks. The valuation of derivative financial instruments requires a certain degree of subjective judgement; as a result the figures presented in this report may deviate from the values subsequently realised in the market. The negative fair values of these instruments are presented within current liabilities under the heading "Derivative financial instruments", positive fair values are presented within current assets under the heading "Other financial assets".

27.4. Other derivative financial instruments

As of the end of the reporting period the Group is party to the following derivative financial instruments. All derivative financial instruments outstanding as of the reporting date have been concluded between Warimpex Finanz- und Beteiligungs AG, Vienna, and Raiffeisenlandesbank Wien-Niederösterreich. Since there are no hedges for the exposures resulting from these financial instruments, the Group is exposed to interest rate risk and foreign currency risk for the whole term of the contracts.

In EUR			Fair value **2007**	2006
Knock Out CAP	Maturity Date			
	30/06/2009 buy Cap	15.000.000 3-M-EURIBOR 4 %	110,232	141,311
	14/04/2008 buy Cap	5.000.000 3-M-EURIBOR 2 %	66,641	70,013

In 2004 the Company purchased an interest rate cap based on the 3-month EURIBOR for a notional amount of EUR 15 million. If the EURIBOR exceeds 4 %, the Company receives the excess payment. The knock-out rate is 6 %.

			Fair value **2007**	2006
FX Options	Maturity Date			
	10/04/2008 >=1.45	EUR/CHF 5 million/strike 1.525	–	(765)

Subject to the condition that the CHF exchange rate falls to or below EUR 1.45 by 14 April 2008, the Company is obliged to purchase the CHF equivalent of EUR 5 million at a fixed rate of 1.525. The option premium received by the Company for selling this option was granted in the form of an interest rate cap on the 3-month EURIBOR, the strike price of which is 2 %.

Negative fair values from derivative financial instruments are presented within “Current liabilities”, positive fair values are presented within current “Other financial assets”.

[28] Events after the balance sheet date

28.1. Acquisition of 50 % of the shares in "UBX-Krakow Sp.z.o.o."

On 10 January 2008 the Warimpex Group acquired 50 % (from formerly 50 % to now 100 %) of the shares of "UBX-Krakow Sp.z.o.o." from the joint venture partner. The acquisition price amounted to EUR 4.5 million. Loans in the amount of EUR 4.5 million from the joint venture partner to "UBX-Krakow Sp.z.o.o." were assumed by the Company.

"UBX-Krakow Sp.z.o.o." will now be transferred from proportionate consolidation to full consolidation; the fair values of the identifiable assets and liabilities of "UBX-Krakow Sp.z.o.o." as at the acquisition date were:

	EUR Recognised on acquisition	EUR Carrying value
Property, plant and equipment, computer software	33,000,000	22,932,473
Other financial assets (loans from Warimpex)	(4,432,226)	(4,432,226)
Trade and other receivables	345,889	345,889
Cash and cash equivalents acquired	1,531,528	1,531,528
	30,445,191	20,377,664
Interest-bearing loans and borrowings	20,471,668	20,471,668
Deferred tax liabilities	1,912,830	–
Current liabilities	714,507	714,507
	23,099,005	21,186,175
Fair value of net assets	7,346,185	(808,511)
Negative goodwill directly recognised in income	(2,846,185)	
Total cost of the business combination	4,500,000	

28.2. Credit spread index booster notes

The credit spreads associated with the investment specified in Note 14 widened further after the balance sheet date, representing a potential threat to the recoverability of the investment.
In order to avoid further losses, the Company decided to close out the position. Interest paid out on a pro-rata basis for 63 days amounting to EUR 158,182.50 was credited to account on 18 February; sales proceeds amounted to EUR 4,206,000.00. The loss realised in the first quarter of 2008 amounted to EUR 5,790,817.00.

28.3. Ekaterinburg project

Under a share purchase agreement dated 6 March 2008 Warimpex purchased 60 % of the shares in the existing "Hotel Liner" and a hotel development project at Ekaterinburg Airport. The purchase is subject to the fulfilment of certain closing conditions. The purchase price of the shares amounts to USD 12,748,000.00.

28.4. Sale of 10 % of 60 % of the shares held in "Avielen OOO" (31 March 2008)

With contract dated 31 March 2008, the Company, against a consideration of EUR 12 million sold a further 10 % of its interest in "Avielen OOO" to a co-investor.

Vienna, April 14 2008

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

INDEPENDENT AUDITOR´S REPORT*

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Warimpex Finanz- und Beteiligungs Aktiengesellschaft, Vienna, for the financial year from 1 January, 2007 to 31 December, 2007. These consolidated financial statements comprise the balance sheet as at December 31, 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended 31 December, 2007, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

The Company's management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and in accordance with International Standards on Auditing, issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*) A publication or dissemination of the annual statements in a version deviating from the audited (non-abbreviated German) version (e.g. an abridged version or translation) may not quote our Auditor's Report nor include any other reference to our audit without our authorisation.

INDEPENDENT AUDITOR´S REPORT*

Opinion

Our audit did not give rise to any objections.

Based on the results of our audit in our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the group as of December 31, 2007, and of its financial performance and its cash flows for the financial year from January 1, 2007 to December 31, 2007 in accordance with International Financial Reporting Standards as adopted by the EU.

Report on Other Legal and Regulatory Requirements

Laws and regulations applicable in Austria require us to perform audit procedures whether the consolidated management report is consistent with the consolidated financial statements and whether the other disclosures made in the consolidated management report do not give rise to misconception of the position of the Group.

In our opinion, the consolidated management report for the group is consistent with the consolidated financial statements.

Vienna, 14 April 2008

ERNST & YOUNG

WIRTSCHAFTSPRÜFUNGSGESELLSCHAFT MBH

MAG. HELMUT MAUKNER EH	MAG. ALEXANDER WLASTO EH
Wirtschaftsprüfer	Wirtschaftsprüfer

*) A publication or dissemination of the annual statements in a version deviating from the audited (non-abbreviated German) version (e.g. an abridged version or translation) may not quote our Auditor’s Report nor include any other reference to our audit without our authorisation..

Declaration by the Management Board

We confirm to the best of our knowledge that the consolidated financial statements give a true and fair view of the financial position, financial performance and cash flows of the Group as required by the applicable accounting standards and that the Group management report gives a true and fair view of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties the Group faces.

Vienna, 14 April 2008

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

Report by the Supervisory Board

In regular meetings held during the course of the financial year 2007 the Supervisory Board of Warimpex Finanz- und Beteiligungs AG was kept informed by the Management Board about significant business transactions, the course of business and the situation of the company and discharged the duties incumbent upon it by virtue of the law and the company's articles of association.
The annual financial statements and consolidated financial statements for the year ended 31 December 2007 were audited by Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H., the auditor chosen in accordance with § 270 of the Austrian Commercial Code. The final result of this audit revealed no grounds for objection. The legal provisions were fully complied with, so that an unqualified auditors’ report was issued.

By resolution of 25 April 2008 the Supervisory Board approved the financial statements for the year ended 31 December 2007 and the management report for the business year 2007, which are thereby adopted. The Supervisory Board declares its acceptance of the consolidated financial statements and the Group management report as submitted. The Supervisory Board has examined and approved the Management Board's proposal for the distribution of profits for the financial year 2007.

The flotation of Warimpex Finanz- und Beteiligungs AG completed in January 2007 was extremely successful, generating a demand for shares among domestic and foreign investors that was significantly higher than the number on offer.

Gert Hoppe, a member of the Supervisory Board since 2003, stepped down from his mandate at the end of May 2007. The Supervisory Board thanks Mr. Hoppe for his longstanding collaboration with the Company. Friedrich Grassi has taken over the mandate for the remaining term of one year. A business associate of Warimpex since as early as 1989, Grassi was the Company’s partner in the development of the Hotel Diplomat in Prague.

In addition, four further members were elected to the Supervisory Board at the Annual General Meeting held at the end of May:
- Alicja Kornasiewicz, member of the Management Board of CA IB Corporate Finance GmbH in Vienna and CEO of UniCredit CA IB Polska S.A.
- Alarich Fenyves, former deputy CEO of Creditanstalt AG, partner at Roland Berger Strategy Consultants in Vienna
- William Henry Marie de Gelsey, Senior Advisor at CA IB Corporate Finance Ltd.
- Wolfgang Mitterberger, member of the Management Board of Raiffeisen Wohnbaubank AG

In view of the continued good business performance the Supervisory Board would like to express its special thanks to the Management Board, executives and staff of the Warimpex Group for their efforts in the financial year just ended.

Vienna, 25 April 2008

Alarich Fenyves
Chairman of the Supervisory Board

Selected Warimpex Group properties

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

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

3) Andel's Hotel**, Krakow**
PL-31 547 Krakow, ul. Pawia 3
159 rooms (opened in May 2007)

4) Angelo Airporthotel**, Bucharest**
RO-075100, Bucharest – Otopeni
283 Caleo Bucurestilor
108 rooms
(opened in 2001, acquired in July 2007)

5) Andel's Hotel**, Berlin**
D-10407 Berlin,
Landsberger Allee 106
556 rooms
(opening scheduled for 1st quarter 2009)

6) Andel's Hotel**, Łódź**
PL-91 065 Łódź, Ogrodowa 17
278 rooms
(opening scheduled for 1st quarter 2009)

7) Airportcity, St. Petersburg
RU-St. Petersburg,
"Pulkovo 2" International Airport
300 rooms Crowne Plaza Hotel,
40,000 sqm of office space
(opening scheduled for 4th quarter 2009)

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Financial calendar

26 May 2008	Publication of results for the 1st quarter of 2008
29 May 2008	Annual General Meeting
3 June 2008	Ex-dividend date
6 June 2008	Dividend payment date
28 August 2008	Publication of results for the 1st half of 2008
27 November 2008	Publication of results for the 3rd quarter of 2008

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