



warimpex

Key figures of the Warimpex Group

in EUR '000	Q1 2007	Q1 2006
Revenues from Hotels & Resorts segment	11,884	7,591
Revenues from Asset Management & Development segment	2,637	1,004
Total revenues	14,522	8,595
Gains from the sale of project companies	2,177	–
EBITDA	4,017	1,225
EBIT	1,853	(650)
Profit for the period	107	(822)
Net cash flows from operating activities	390	(49)
Equity and liabilities	409,669	259,593
Equity	147,683	78,766
Number of hotels	12	8
Number of office and commercial properties	7	6
Number of hotel development projects	10	7
Ø employees in the Group	1,040	813

Key share data

■ ISIN	AT0000827209
■ Number of shares	36,000,000
■ Ticker symbol	Stock Exchanges WXF Reuters WXFB.VI
■ Issue price	EUR 11.00 PLN 42.83
■ High	EUR 14.00 PLN 56.00
■ Low	EUR 11.32 PLN 45.00
■ Price as of 30/3/2007	EUR 12.00 PLN 48.48

REPORT FOR THE FIRST QUARTER 2007

Economic environment

The growth market of 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 offices in Warsaw, Prague, and Budapest, Warimpex is today able to identify market opportunities quickly and efficiently.

Over the past decades, the Warimpex home markets of the Czech Republic, Poland and Hungary have undergone dramatic change and witnessed a highly dynamic development. The same applies to other interesting markets such as Russia and Romania in which the Group is already active and/or into which it plans to expand.

Despite slowing somewhat in comparison with earlier years, economic growth in the countries of the CEE region remains strong and is still clearly above the growth rates in the euro area.

With GDP growth of 5.8% in 2006 and expected GDP growth of 5.8% in 2007, Poland – the largest market in Central and Eastern Europe – is showing an impressive positive trend. The Czech Republic has maintained a very high level of economic expansion, with GDP up 6.1% in 2006 and a moderate 4.8% rise forecast for 2007. Only Hungary faced a slight decline in growth to 3.9%, a further downward move to 2.8% being expected in 2007.

Warimpex' newest market, Russia, is also seeing extremely dynamic development. In 2006 Russia achieved GDP growth of 6.7%, and a very robust 6.4% is forecast for 2007 as well.

Main business activities in the first quarter 2007

IPO in Vienna and Warsaw, January 2007

The flotation of Warimpex Finanz- und Beteiligungs AG in January 2007 was extremely successful, the shares being admitted for official trading on the Vienna and Warsaw Stock Exchanges. The demand for shares among domestic and foreign investors was significantly higher than the number on offer; Warimpex offered ten million shares, whereas the total demand was for more than 140 million shares. The issue was thus around 14 times oversubscribed at an offering price of EUR 11.00 or PLN 42.83.

Realisation of real estate projects – sale of an office building in Prague

At the end of March negotiations were started regarding the sale of an office property in Prague that is fully let and therefore ready for realisation, and a 50% stake in the holding company was sold to the joint venture partner.

This is in line with the strategy of a “hybrid” real estate company, which typically develops projects, operates and manages them upon completion and then sells them on, depending on the market situation and degree of maturity, as soon as the maximum value added can be attained.

Selling a property strengthens the cash flow. In accordance with the long-term strategy of “develop 3, sell 1”, the proceeds of a sale are reinvested in about three new development projects. In addition, Warimpex is one of the few real estate companies that distributes dividends each year.

This strategy allows the Group to earn annual cash profits while simultaneously expanding its real estate assets.

Business development

Warimpex now has a presence in six countries in Central and notably Eastern Europe. The focus of the Group's portfolio is on the home markets of the Czech Republic, Poland and Hungary as well as the promising future market of Russia.

In terms of sector breakdown, the lion's share of approximately 90% of the Group's existing real estate assets are hotel properties, with office properties accounting for around 10%.

In the reporting period Warimpex succeeded in achieving a clear improvement in all its key business indicators. The first quarter of 2007 thus continued the dynamic course of expansion begun in the prior financial year. Revenues were increased by 69% from EUR 8.6m to EUR 14.5m in comparison to the first three months of the previous year. The two major profit indicators also showed a clear rise: earnings before interest, taxes, depreciation and amortisation (EBITDA) surged 228% from EUR 1.2m to EUR 4.0m, and the operating result (EBIT) also showed a period-on-period upswing from EUR -0.7m to EUR 1.9m.

Due to the effect of seasonality the first quarter is usually the weakest of the year in the hotel trade and not representative of the overall trend for the year as a whole. As a rule, the second and third quarters are the strongest in terms of revenues.

Financial position

As at the reporting date of 31 March 2007 the Warimpex Group's real estate portfolio comprised twelve hotels with a total of more than 2,600 rooms, plus seven office properties with a total lettable floor area of some 36,000 sqm.

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

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, a comparison of the Group's assets, financial position and earnings situation with that of real estate companies that report unrealised profits is only possible to a limited extent. To enhance comparability Warimpex reports both the Triple Net Asset Value and the annual increase in NNAV separately.

For real estate developer Warimpex a project is only realised when it is finally sold, for only then can Warimpex determine the "true" market value of the property and report the proceeds accordingly.

Poland

Existing portfolio: 5 hotels, 2 office properties

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

In Międzyzdroje on the Baltic coast Warimpex owns the Amber Baltic Spa Resort Hotel, a hotel ship and a 27-hole golf course. Warimpex has been the owner of the three-star Hotel Chopin in Krakow since July 2006.

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

Under development: 5 hotels, 1 budget hotel, 1 shopping centre

The Andel's Hotel in Krakow is under construction and will open on 29 May 2007. The design hotel is already the second of its kind after the Andel's Hotel in Prague, which opened its doors in 2002.

Construction work on a further Andel's Hotel in Łódź started in the first quarter, with completion scheduled for 2008.

In Katowice, the Hotel Angelo Katowice project is at the development stage. In Krakow an existing office building was purchased for conversion into a two- to three-star hotel in the coming two years. Construction work on these two projects is due to start in 2007.

In Warsaw, project development is under way on a five-star luxury hotel of the Le Palais brand, with construction work expected to begin in the third quarter of 2007.

In Białystok Warimpex has commenced development of a shopping centre with budget hotel.

Czech Republic**Existing portfolio: 6 hotels**

In Prague, the Warimpex Group owns the five-star hotels Savoy, Palace, and Le Palais, all of which are members of the "Leading Hotels of the World".

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

Under development: 1 hotel

In the Czech Republic, the Hotel Angelo project in Plzeň is currently in the pipeline. Construction work is slated to commence in the second quarter of 2007.

Hungary**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.

Under development: 1 budget hotel, 1 office property

The Erzsebet office complex was acquired at the end of 2006. Centrally located, the building is partially let and consists of two separate office towers with a total floor area of approximately 15,000 sqm. Plans are to modernise the office complex in stages, with one office tower to be redeveloped as a budget hotel while the other continues to be let as office space.

Germany**Under development: 3 hotels**

A 550-room Andel's Hotel is under development in Berlin, with interior work scheduled to start in the second quarter of 2007.

In Munich Warimpex is developing a Hotel Angelo together with a partner, with construction work scheduled to commence in mid-2007. Plans for the second phase of this project foresee the development of city archives and a second hotel on the site.

France

Existing portfolio: 1 hotel

In Paris Warimpex and a joint venture partner have been the joint leaseholders of the 400-room four-star Hotel Dream Castle since June 2006. Waimpex was the original developer of this hotel project.

Russia

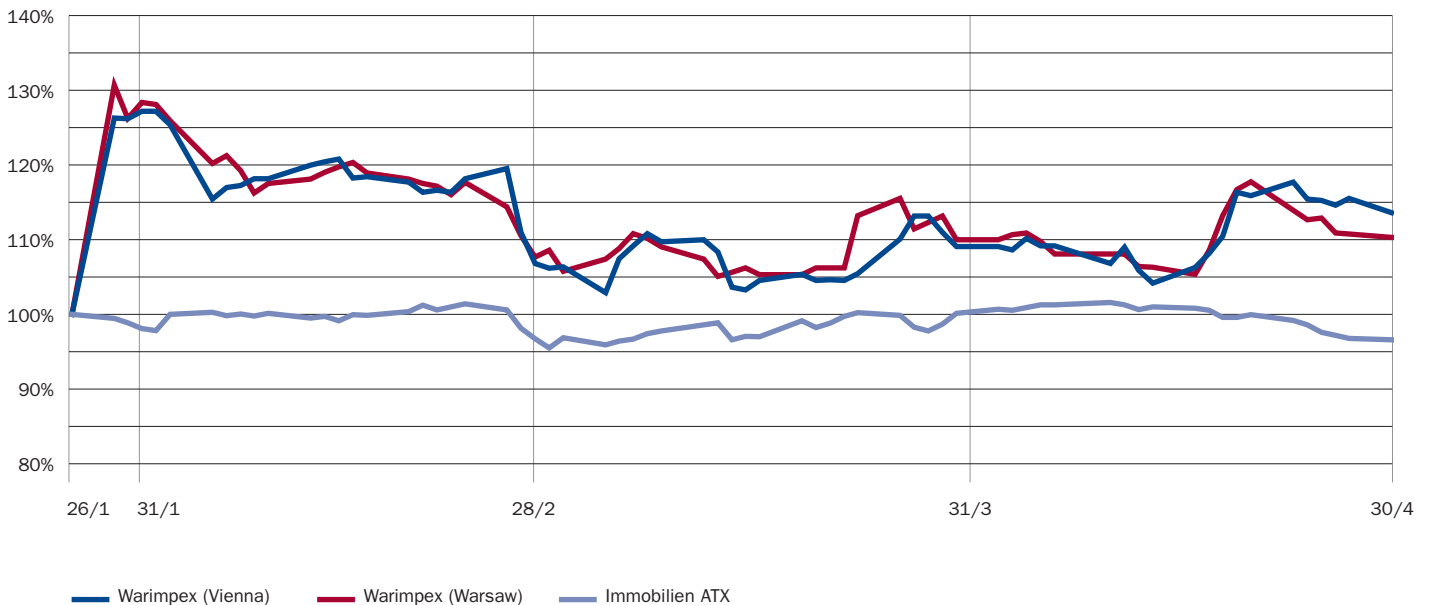
Under development: 1 hotel

In co-operation with St. Petersburg Airport, Warimpex has started developing a business park on a 62,000 sqm plot beside Pulkovo Airport in St. Petersburg. On this piece of land, plans foresee the construction of a four-star hotel from an international hotel chain as well as an office building with about 16,000 sqm of lettable space in a first phase. Another office building is to be developed in a second phase. Project development proceeded successfully in the first quarter, so construction work can be expected to start in 2007.

Investor Relations

Warimpex Finanz- und Beteiligungs AG shares have been listed at the Vienna stock exchange since 27 January 2007 and at the Warsaw stock exchange since 29 January 2007. Following highs of EUR 14.00 and PLN 56.00 in the first few days of trading, demand calmed slightly; at end of quarter on 30 March 2007 the share was trading at EUR 12.00 and PLN 48.48. The stock received a fresh boost in mid-April following the announcement that Poland and Ukraine will be the hosts of the European Football Championships in 2012.

Share price performance



Outlook

At the end of May Warimpex will open the Andel's Hotel in Krakow, thus raising its number of hotels in Central and Eastern Europe from eleven to twelve.

Warimpex operates in an economic environment characterised by above-average growth. To strengthen the market position of the Warimpex Group in its home markets, Warimpex will start construction of the following hotels in 2007:

- Le Palais, Warsaw
- Angelo, Plzeň
- Angelo, Munich
- Internationales hotel, St. Petersburg
- Andel's, Berlin
- Angelo, Katowice
- Multidevelopment, Krakow

The following hotels are currently under construction:

- Andel's, Krakow
(opening 29 May 2007)
- Andel's, Łódź

Plans for the second quarter of 2007 foresee the acquisition of an additional 16.67% stake in the InterContinental Hotel in Warsaw as well as the remaining 50% interest in Andel's Hotel Krakow. Furthermore, negotiations regarding a hotel in Romania and a further hotel development project in Poland are currently at an advanced stage, with acquisition to be expected in the second quarter of 2007.

Budget hotels

With its joint venture partner Louvre Hotels, Warimpex will start developing a chain of budget hotels in mid-2007. Under the joint venture, the two companies will expand Louvre Hotels' existing successful hotel brands – Campanile, Première Classe and Kyriad – in the region (Czech Republic, Poland, Hungary, Slovenia and Slovakia). In a first investment phase 30 new budget hotels are to be built.

Warimpex will act as developer in the joint venture, while Louvre Hotels acts as the hotel operator.

Ongoing expansion

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

Additional hotels in existing and new markets such as Slovakia, Serbia, Romania, Russia and Ukraine are to complement the portfolio in the future.

Based on its controlled strategy of expansion and additional financial resources the Warimpex Group will press ahead with its dynamic programme of investment. The company therefore expects to continue delivering commensurate growth.

PRIMARY SEGMENTS – OVERVIEW

for the period 1 January to 31 March 2007 – *unaudited*

in EUR	“Hotels & Resorts”		“Asset Management & Development”		Total	
	2007	2006	2007	2006	2007	2006
External sales	11,884,152	7,590,539	2,637,409	1,004,266	14,521,561	8,594,805
Segment results	161,866	(597,464)	1,691,163	(53,030)	1,853,029	(650,494)
Capital expenditure						
– on tangible fixed assets and software	7,498,188	3,078,914	1,163,089	1,071,148	8,661,277	4,150,062
– on financial assets	799	43	402,535	1,224,928	403,334	1,224,971
Depreciation						
– ordinary depreciation	(2,051,451)	(1,766,421)	(112,953)	(109,410)	(2,164,404)	(1,875,832)
Net cash flow from operating activities	1,552,216	825,738	(1,162,595)	(874,358)	389,621	(48,620)
Segment assets	292,561,675	183,844,298	117,107,552	75,748,403	409,669,227	259,592,701
Segment liabilities (gross)	(243,908,339)	(154,475,891)	(18,077,452)	(26,351,188)	(261,985,791)	(180,827,079)
Intra-group financing	32,482,633	19,907,251	(32,482,633)	(19,907,251)	–	–
Segment liabilities (net)	(211,425,706)	(134,568,640)	(50,560,085)	(46,258,439)	(261,985,791)	(180,827,079)
Average payroll	989	767	51	46	1,040	813

SECONDARY SEGMENTS – OVERVIEW

for the period 1 January to 31 March 2007 – *unaudited*

in EUR	Czech Republic	Poland	Hungary	Austria	Germany	France	Other
External sales 2007	6,998,213	3,932,672	1,572,182	561,605	79,692	1,377,196	–
External sales 2006	6,519,528	1,662,652	293,505	(16,075)	135,008	188	–
Segment assets 2007	157,967,204	116,696,649	23,634,587	62,700,936	16,334,148	27,988,942	4,346,761
Segment assets 2006	153,829,402	50,520,006	11,453,042	29,859,737	13,213,955	690,915	25,642
Capital expenditure 2007	1,500,239	4,626,099	83,406	528,832	218,136	28,171	2,079,726
Capital expenditure 2006	2,894,043	1,387,473	106	1,093,163	248	–	–
Depreciation 2007	(1,103,995)	(722,544)	(71,923)	–	–	(265,942)	–
Depreciation 2006	(1,358,576)	(424,521)	(62,594)	(20,000)	(9,900)	(241)	–

CONSOLIDATED INCOME STATEMENT

for the period 1 January to 31 March 2007

in EUR	Note	1/1-31/3/2007 <i>unaudited</i>	1/1-31/3/2006 <i>unaudited</i>
Revenues – Segment “Hotels & Resorts”		11,884,152	7,590,539
Revenues – Segment “Asset Management & Development”	1	2,637,409	1,004,266
		14,521,561	8,594,805
Changes in real estate projects under development or construction	1	(666,724)	302,445
Gains from the sale of Group subsidiaries	2	2,177,422	–
Other income		30,462	2,948
		1,541,161	305,394
Expenses for materials and services received		(6,018,557)	(3,888,761)
Expenses for project development		(170,467)	(432,333)
Personnel expenses	3	(4,402,779)	(2,763,868)
Depreciation and amortisation expense		(2,164,404)	(1,875,832)
Other expenses		(1,453,486)	(889,860)
Negative goodwill recognised in income		–	299,961
		(14,209,692)	(9,550,693)
Operating profit		1,853,029	(650,494)
Finance revenue	4	606,059	967,458
Finance costs	4	(3,034,113)	(1,253,802)
Profit before tax		(575,025)	(936,839)
Income tax expense	6	(20,575)	(252,587)
Deferred taxes		703,011	367,454
Profit for the period		107,411	(821,971)
Attributable to:			
– Equity holders of the parent		67,477	(828,134)
– Minority interests		39,934	6,163
		107,411	(821,971)
Earnings per share:			
Basic, for the profit for the period attributable to ordinary equity holders of the parent		0.00	(0.02)

CONSOLIDATED BALANCE SHEET

at 31 March 2007

ASSETS		As of	As of	As of
		31/3/2007	31/12/2006	31/3/2006
in EUR	Note	<i>unaudited</i>	<i>audited</i>	<i>unaudited</i>
Non-current assets				
Property, plant and equipment		289,491,711	288,327,053	191,512,395
Investment properties		17,467,194	25,338,478	9,040,781
Goodwill		7,400,765	7,400,765	6,089,466
Acquired computer software		225,992	244,577	192,439
Available-for-sale investments		39,209	603,145	1,778,889
Other financial assets		26,488,009	26,491,931	17,572,008
Deferred tax asset		3,155,106	2,529,622	2,808,895
		344,267,987	350,935,572	228,994,873
Current assets				
Inventories		2,729,212	3,148,360	2,258,334
Trade and other receivables		13,128,223	12,959,409	3,576,236
Available-for-sale investments		–	–	–
Other financial assets		373,678	308,314	145,610
Cash and short-term deposits		40,858,222	17,649,563	11,010,055
		57,089,334	34,065,645	16,990,234
Assets of a disposal group classified as held for sale	5	8,311,906	–	13,607,594
		65,401,240	34,065,645	30,597,828
Total assets		409,669,227	385,001,217	259,592,701

EQUITY AND LIABILITIES

in EUR	Note	As of 31/3/2007 <i>unaudited</i>	As of 31/12/2006 <i>audited</i>	As of 31/3/2006 <i>unaudited</i>
Equity attributable to equity holders of the parent				
Issued capital	6	36,000,000	30,000,000	15,000,000
Capital reserves	6	54,556,321	–	–
Retained earnings		51,249,018	51,181,541	46,129,984
Other reserves		5,529,262	5,565,543	5,928,628
		147,334,602	86,747,084	67,058,613
Minority interests		348,834	280,651	11,707,009
Total equity		147,683,436	87,027,735	78,765,622
Non-current liabilities				
Interest-bearing loans and borrowings	4	164,781,810	169,981,798	108,127,283
Provisions		3,485,792	3,478,290	6,253,047
Other liabilities		625,254	631,367	221,796
Deferred tax liability		17,264,569	17,348,669	13,419,050
		186,157,425	191,440,124	128,021,176
Current liabilities				
Trade and other payables		17,861,008	38,698,938	11,313,457
Interest-bearing loans and borrowings	4	49,972,435	65,844,876	29,262,547
Derivative financial instruments		765	129,839	442,765
Income tax payable		169,026	253,392	539,127
Provisions		1,432,484	1,606,312	1,540,471
		69,435,717	106,533,358	43,098,367
Liabilities directly associated with assets classified as held for sale				
	5	6,392,649	–	9,707,536
		75,828,366	106,533,358	52,805,903
Total equity and liabilities		409,669,227	385,001,217	259,592,701

CONSOLIDATED CASH FLOW STATEMENT

for the period 1 January to 31 March 2007

in EUR	1/1-31/3/2007 <i>unaudited</i>	1/1-31/3/2006 <i>unaudited</i>
Cash receipts from operating activities		
- from the operations of hotels and rent received	14,789,105	9,274,848
- from real estate development projects	1,620,399	-
- Interest received	228,918	43,739
	16,638,422	9,318,588
Cash payments for operating activities		
- for real estate development projects	(255,421)	(684,507)
- for materials and services received	(8,236,070)	(4,894,222)
- for personnel and related expenses	(4,527,061)	(2,783,588)
- for other expenses	(3,151,872)	(972,144)
- Income tax paid	(78,376)	(32,748)
	(16,248,801)	(9,367,208)
Net cash flows from operating activities	389,620	(48,621)
Cash flows from investing activities		
<i>Relating to property, plant and equipment</i>		
- Proceeds from the sale of property, plant and equipment	2,999	2,948
- Purchase of property, plant and equipment	(9,889,631)	(3,817,571)
	(9,886,632)	(3,814,623)
<i>Relating to investment properties</i>		
- Proceeds from the sale of investment properties	-	-
- Purchase of investment properties	(67,076)	(1,589)
	(67,076)	(1,589)
<i>Relating to available-for-sale investments</i>		
- Proceeds from the sale of available-for-sale investments	535,939	5,037,000
- Purchase of available-for-sale investments	-	-
	535,939	5,037,000
Purchase of computer software	(5,114)	(6,228)
<i>Relating to other financial assets</i>		
- Loans granted	(194,824)	(970,619)
- Other cash flows relating to financial assets	(48,694)	-
	(243,518)	(970,619)
	(9,666,402)	243,941

in EUR	Note	1/1–31/3/2007 <i>unaudited</i>	1/1–31/3/2006 <i>unaudited</i>
Cash flows from business combinations, other changes in the scope of consolidation and acquisition of minority interests			
Proceeds from the sale of disposal groups		215,000	–
Cash and cash equivalents of disposal groups		(80,459)	–
	2	134,541	–
Payments made for business combinations		–	(1,950,827)
Cash acquired from business combinations		–	66,482
		–	(1,884,345)
Payments for business combinations effected in previous periods		(15,888,989)	(4,700,000)
		(15,754,448)	(6,584,345)
Net cash flows used in/from investing activities and changes in the scope of consolidation		(25,420,850)	(6,340,404)
Cash flows from financing activities			
Cash receipts from capital measures	6	66,000,000	–
Payments relating to capital measures	6	(4,335,362)	–
Cash receipts from/payments to minority interests		330	(40)
Proceeds from loans and borrowings		6,624,376	5,590,910
Repayment of loans and borrowings		(16,987,963)	(6,106,316)
Interest and other finance costs paid		(2,878,991)	(1,095,341)
Dividends paid			
Dividends paid to equity holders of the parent		–	–
Net cash flows from/used in financing activities		48,422,390	(1,610,786)
Net change in cash and cash equivalents		23,391,160	(7,999,812)
Net foreign exchange difference		(87,951)	10,082
Cash and cash equivalents at 1 January		17,649,563	19,592,893
Cash and cash equivalents at end of period		40,952,771	11,603,164
<i>Cash and cash equivalents at end of period can be analysed as follows:</i>			
Cash and cash equivalents of the Group		40,858,222	11,010,055
Cash and cash equivalents of a disposal group classified as held for sale		94,550	593,109
		40,952,772	11,603,164

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period 1 January to 31 March 2007 – *unaudited*

in EUR	Issued capital	Capital reserves	Retained earnings	Other reserves	Total	Minority interests	Total equity
At 1 January 2007	30,000,000	–	51,181,541	5,565,543	86,747,084	280,651	87,027,735
Foreign currency translation	–	–	–	(92,625)	(92,625)	27,757	(64,868)
(Deferred) tax effects of foreign currency translation	–	–	–	1,087	1,087	162	1,249
Fair value gains of available-for-sale investments	–	–	–	83,571	83,571	–	83,571
(Deferred) tax effects of fair value gains of available-for-sale investments	–	–	–	(28,314)	(28,314)	–	(28,314)
Net gains (losses) from hedging	–	–	–	–	–	–	–
(Deferred) tax effects of hedging	–	–	–	–	–	–	–
Other transfers	–	–	–	–	–	–	–
Total income and expenses for the period recognised directly in equity	–	–	–	(36,281)	(36,281)	27,919	(8,362)
Changes in the scope of consolidation	–	–	–	–	–	–	–
Profit for the period	–	–	67,477	–	67,477	39,934	107,411
Losses of minority interests allocated against majority interests	–	–	–	–	–	–	–
Total income and expense for the period	–	–	67,477	(36,281)	31,196	67,853	99,049
Other changes in minority interests	–	–	–	–	–	330	330
Capital increase	6,000,000	54,556,321	–	–	60,556,321	–	60,556,321
Agreed dividend	–	–	–	–	–	–	–
At 31 March 2007	36,000,000	54,556,321	51,249,018	5,529,262	148,434,266	348,834	147,683,436

in EUR	Issued capital	Capital reserves	Retained earnings	Other reserves	Total	Minority interests	Total equity
At 1 January 2006	15,000,000	–	46,958,118	5,926,903	67,885,020	11,686,516	79,571,537
Foreign currency translation	–	–	–	1,725	1,725	14,370	16,096
(Deferred) tax effects of foreign currency translation	–	–	–	–	–	–	–
Fair value gains of available-for-sale investments	–	–	–	–	–	–	–
(Deferred) tax effects of fair value gains of available-for-sale investments	–	–	–	–	–	–	–
Net gains (losses) from hedging	–	–	–	–	–	–	–
(Deferred) tax effects of hedging	–	–	–	–	–	–	–
Other transfers	–	–	–	–	–	–	–
Total income and expenses for the period recognised directly in equity	–	–	–	1,725	1,725	14,370	16,096
Changes in the scope of consolidation	–	–	–	–	–	–	–
Profit for the period	–	–	(828,133)	–	(828,133)	6,163	(821,971)
Losses of minority interests allocated against majority interests	–	–	–	–	–	–	–
Total income and expense for the period	–	–	(828,133)	1,725	(826,408)	20,533	(805,875)
Other changes in minority interests	–	–	–	–	–	(40)	(40)
Capital increase	–	–	–	–	–	–	–
Agreed dividend	–	–	–	–	–	–	–
At 31 March 2006	15,000,000	–	46,129,984	5,928,628	67,058,613	11,707,009	78,765,622

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

for the period 1 January to 31 March 2007

1. Changes in real estate projects under development and recognition of income

In the reporting period the Örs Utca residential real estate project was recognised in income with sales revenues in the amount of EUR 1.1 million. As of 31 March 2007 the value of the as yet unsold part of the project less payments received (reported under "Inventories") amounts to EUR 1.5 million.

2. Sale of shareholding in UBX Praha 2 s.r.o.

Under a contract dated 30 March 2007, 50% of the shares in the company UBX Praha 2 s.r.o. were sold to the joint venture partner for EUR 2.15 million. The assets and liabilities of the sold company (proportionate to the 50% interest) developed as follows in the reporting period:

in EUR	At 1 January 2007	± Q1 2007	At 30 March 2007
Property 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
External loans and borrowings	(2,720,705)	(1,789,870)	(4,510,576)
Loans from Warimpex	(454,113)	–	(454,113)
Deferred tax liability	(27,380)	–	(27,380)
Other current liabilities	(1,291,407)	919,173	(372,234)
	(4,493,606)	(870,697)	(5,364,303)
Book value of net assets of the sold company	(27,422)	–	–
Agreed sale price for the shares	2,150,000	–	–
Net proceeds from sale of the company	2,177,422	–	–

Cash flow

Cash receipts and cash outflows relating to the sale of the joint venture in the reporting period 1 January to 31 March 2007 break down as follows:

in EUR	
Sale price for the shares	2,150,000
Loans assumed by the purchaser	908,226
Thereof not yet paid at the end of the period and reported under "Other receivables"	(2,843,226)
– Gross proceeds from the sale of disposal groups	215,000
– Net cash and cash equivalents of the company sold	(80,459)
	134,541

3. Personnel expenses, average number of employees

In the first quarter 2007 the Group employed an average of 1,040 employees (same period of previous year: 813).

The increase in the number of employees is essentially attributable to the hotels Chopin Krakow, Angelo Prague, Sobieski Warsaw and Dream Castle Paris, which were not yet open and/or not yet included in Warimpex' consolidated financial statements in the comparable period of the previous year.

The 59% increase in personnel expenses from EUR 2,763,868.00 in the first quarter of the previous year to EUR 4,402,779.00 in the reporting period is on the one hand due to the higher number of employees; in addition, the number of Management Board members was raised vis-à-vis the previous year from 2 to 4.

This item also contains one-off bonuses of approximately EUR 0.15 million relating to the IPO effected in the period under report.

4. Finance revenue and finance cost

The finance revenue for the reporting period contains foreign currency gains from the valuation of loans denominated in CHF plus fair value gains amounting to EUR 169,431.00 from derivative financial instruments; in the comparable period of the previous year these amounted to EUR 823,708.00.

The 142% increase in finance costs from EUR 1,253,802.00 in the first quarter of the previous year to EUR 3,034,113.00 in the period under report is attributable to the increase in interest-bearing loans and borrowings on the one hand and to the rise in the EURIBOR on the other.

Analysis of financial liabilities

in EUR	Current	Non-current	Total
At 1 January 2007	65,844,876	169,981,798	235,826,674
Transfers in accordance with IFRS 5	(371,023)	(5,929,833)	(6,300,856)
Changes in scope of consolidation	(192,950)	(4,317,626)	(4,510,576)
New borrowings	222,319	6,402,057	6,624,376
Repayments	(15,576,442)	(1,391,449)	(16,967,891)
Foreign exchange adjustments	45,655	36,862	82,517
At 31 March 2007	49,972,435	164,781,810	214,754,245
<i>Cf. at 31 March 2006</i>	<i>29,262,547</i>	<i>108,127,283</i>	<i>137,389,829</i>

New borrowings primarily pertains to scheduled loan drawdowns for the Andel's Krakow hotel project and tranche drawdowns for the duration of UBX Praha 2 s.r.o.'s inclusion in the consolidated financial statements; the latter was deconsolidated as of 30 March 2007.

Repayments pertain to scheduled quarterly repayments on project loans as well as to repayment of short-term working capital loans.

5. Subsidiaries classified as held for sale

By decision of the Management Board at the end of the first quarter 2007 the subsidiaries Bocca kft and Palminvest Kft. were classified as held for sale. Their assets and liabilities were transferred in accordance with IFRS 5 and broke down as follows as at 31 March 2007:

in EUR	Bocca kft	Palminvest Kft.	Total
Investment properties	3,829,511	4,187,362	8,016,873
Current receivables	41,047	143,400	184,446
Cash and cash equivalents	8,782	85,768	94,550
Deferred tax claims	–	16,037	16,037
	3,879,340	4,432,566	8,311,906
Project loans	2,585,069	3,715,787	6,300,856
± Change in first quarter	(27,649)	7,577	(20,072)
Deferred tax liabilities	50,151	–	50,151
Current liabilities	42,621	19,093	61,714
	2,650,193	3,742,456	6,392,649
Net assets of the disposal group	1,229,148	690,109	1,919,257

6. Capital increase in the course of an IPO in January 2007

On 26 and 28 January 2007 respectively a capital increase was effected through issue of new shares on the Vienna and Warsaw stock exchanges. Since no tax advantage is expected in the foreseeable future the gross costs directly attributable to the capital measure were recognised directly in equity.

Selected Warimpex Group properties

1) Hotel InterContinental*****, Warsaw

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

2) Hotel Dream Castle****, Paris

F-77703 Magny le Hongre,
Marne la Vallée,
40 Avenue de la Fosse des Pressoirs
400 rooms (opened in 2004)

3) Andel's Hotel****, Krakow

PL-31 154 Krakow, ul. Pawia
159 rooms (opening in May 2007)

4) Hotel Angelo****, Plzeň

CZ-301 00 Plzeň, Klicperova
144 rooms (anticipated opening
in 2008)



5) Andel's Hotel****, Berlin

D-10407 Berlin,
Landsberger Allee 106
500 rooms (anticipated opening
in 2008)

6) Airportcity, St. Petersburg

RU-St. Petersburg Pulkovo Airport,
Pulkovo 17A
Business park with hotel and office
building (anticipated opening in 2010)

Financial calendar

31 May 2007	Annual General Meeting
5 June 2007	Ex-dividend date
8 June 2007	Dividend payment date
30 August 2007	Publication of results for the 1 st half of 2007
29 November 2007	Publication of results for the 3 rd quarter of 2007

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