REPORT ON THE FIRST HALF OF **2011**

warimpex

KEY FIGURES OF THE WARIMPEX GROUP

in EUR thousands		1–6/2011	Change	1–6/2010
Revenues from the Hotels & Resorts segment		48,412	14%	42,593
Revenues from the Development & Asset Management segment		2,739	-39%	4,526
Total revenues		51,153	9%	47,119
Gains from the sale of project companies		1,924	-38%	3,117
EBITDA		9,358	2%	9,197
EBIT		7,627	-43%	13,416
Profit for the period		-3,157	–	3,729
Net cash flows from operating activities		7,918	72%	4,601
Equity and liabilities		612,644	-1%	618,994
Equity		85,779	-2%	87,258
Average shares in the period	number of shares	54,000,000	24%	43,533,499
Earnings/loss per share	in EUR	-0.06	–	0.08
Number of hotels		21	0	21
Number of rooms (adjusted for proportionate share of ownership)		3,367	-54	3,421
Number of office and commercial properties		5	0	5
Average number of employees in the Group		1,570	-98	1,668

		30/6/2011	Change	30/6/2010
Gross asset value (GAV)	in EUR m	599.5	4%	579.2
Triple net asset value (NNNAV)	in EUR m	190.2	6%	178.5
NNNAV per share	in EUR	3.52	6%	3.31
End-of-period share price		2.05	12%	1.83

FOREWORD BY THE CHAIRMAN OF THE MANAGEMENT BOARD

Dear Shareholders,

Market conditions were largely as we expected in the first half of 2011. The financial markets opened further during the second quarter, and the transaction markets continued to recover noticeably. The most significant improvement was seen in hotel operations, in large part thanks to the increasing pace of growth in business and tourist travel. Revenues from hotel operations rose by 14 per cent compared with the first six months of 2010 to reach EUR 48.4 million. This change was primarily the result of significantly higher revenues from our recently opened hotels in Ekaterinburg, Łódź, Katowice and Berlin, which have established themselves on the market and are now enjoying stable levels of business.

Warimpex's core markets continued to develop differently in the second quarter of 2011, but occupancy rates and room rates were raised across the portfolio. The markets in Poland, Germany and France continued to develop satisfactorily. Average room rates were generally increased in Poland while occupancy remained stable. In Germany and France, on the other hand, occupancy rates rose further while room rates remained stable. After recovering only slowly for some time, the Czech market was a standout during the reporting period. In particular, the five-star segment grew for the first time in several quarters and saw significantly higher occupancy rates. The average room rates were also increased in the region. The growth market of Russia also developed as expected and showed high growth rates.

This positive trend was especially evident in the cash flow from operating activities, which rose by 72 per cent to EUR 7.9 million because of the improved performance of the hotels. EBITDA, the most important indicator for real estate companies and a metric that is not distorted by the industry-specific valuation methods, are solidly positive and improved further in annual comparison.

Warimpex was able to successfully tap the financial markets during the last quarter. Between the end of April and end of May 2011, Warimpex placed a convertible bond with a total nominal value of PLN 66.3 million (roughly EUR 16.8 million) on the Warsaw stock exchange. This measure also opens up interesting financing options for us for the future. The issue proceeds will primarily be used to optimize the current financing structure, to ensure financial flexibility and to fund development projects. We are especially proud of the fact that Warimpex is now the first foreign company that is active on the bond market of the Warsaw stock exchange.

Warimpex was also active on the transaction markets and sold its 25 per cent share in Sobieski Hotel in Warsaw. This is the first major transaction in CEE since the global financial crisis and is a clear sign of reawakening investor demand and the revival of the transaction market in the region. The sale fits in seamlessly with Warimpex's strategy of regularly selling properties to raise capital for its development work and new projects.

Our development projects are also progressing well. Our budget hotel project with Starwood Capital and Louvre Hotels is on schedule. Two Campanile and Première Classe budget hotels are currently under construction in the centre of the Polish city of Wrocław and should be completed in the first quarter of 2012. Our Airport City development project in St. Petersburg is also proceeding smoothly. The first stage of the project, a four-star Crowne Plaza hotel (InterContinental Group) and the adjacent office building with 21,000 square metres of space, is to open in the fourth quarter of 2011, and the remaining 18,000 square metres can be completed as early as 2012 depending on rental demand.

The Warimpex property portfolio was valuated by the independent international appraiser CB Richard Ellis (CBRE) as of 30 June 2011. The impairment losses recognized in 2009 could be reversed in part, but not to the extent expected due to the noticeable increase in tension once again on the financial markets. This had a significant impact on the operating result, which failed to improve as desired yet despite the higher EBITDA and the positive trend seen over the past months. However, the NNNAV increased by 6 per cent in annual comparison.

Warimpex took key steps in the first half of 2011. Now, it will be especially important to utilize the new momentum on the transaction market to sell additional properties. Despite the fact that the very troubling developments on the international financial markets in the past weeks have made the conditions under which Warimpex is operating considerably more difficult again, we look to the future with optimism. We have excellent and viable projects in the pipeline and are certain that we will benefit from the traditionally stronger second half of the year in the hotel sector.

Franz Jurkowitsch

BUSINESS HIGHLIGHTS

• 3–7/2011	Sale of a 12.5 per cent share in Sobieski Hotel, Warsaw
• 4–5/2011	Successful placement of a convertible bond with a volume of PLN 66.3 million or EUR 16.8 million on the Warsaw stock exchange
• 7/2011	Sale of the remaining 12.5 per cent share in Sobieski Hotel, Warsaw

INVESTOR RELATIONS

After closing 2010 at EUR 2.68 and PLN 10.17, the share price remained stable in the first quarter of 2011. The stock markets were more volatile in the second quarter. The closing price on 30 June 2011 was EUR 2.05 and PLN 8.20.

At the end of April and the end of May, convertible bonds with a total nominal value of PLN 66.3 million (roughly EUR 16.8 million) and a denomination of PLN 250,000 (roughly EUR 63,500) were successfully placed with a term of three years and a coupon of 8.5 per cent p.a., payable semi-annually.

The conversion price was set at PLN 12.79 (roughly EUR 3.25). This bond grants the right of exchange or subscription for up to 5,179,828 bearer shares in the Company.

As of 30 June 2011, the financial ratio was 67 per cent.

Since our IPO, we have maintained an open and proactive communication policy with our investors. Warimpex participated in investor conferences in Kitzbühel, Zürs, Warsaw and London in 2011.

GROUP MANAGEMENT REPORT

for the period from 1 January to 30 June 2011

ECONOMIC ENVIRONMENT

The following analysis pertains to the period up to the reporting date, 30 June 2011. Changes that occurred in the market environment after this date were not taken into account here. In April 2011 (World Economic Database), the International Monetary Fund (IMF) upped its economic forecast for 2011 slightly compared with October 2010. The Eurozone economy is now expected to grow by 1.7 per cent in 2010 (October 2010 projection: 1.7 per cent), and by 1.6 per cent (1.5 per cent) in 2011. The CEE economy is now expected to expand by 4.2 per cent in 2010 (3.7 per cent). The IMF's 2011 economic growth projections for Central and Eastern Europe were also upped significantly from 3.1 per cent to 3.7 per cent. Individual economies such as Poland are expected to expand by 3.8 per cent in 2010 and 3.6 per cent in 2011. After contracting by 7.9 per cent in 2009, Russia's economy is also expected to grow by a significant 4.0 per cent in 2010 and 4.8 per cent in 2011.

MARKETS

POLAND

Existing portfolio: 7 hotels, 2 office properties

Warimpex holds a 50 per cent interest in the five-star InterContinental and a 12.5 per cent interest in the four-star Sobieski Hotel in Warsaw. Warimpex sold a 12.5 per cent stake in Sobieski Hotel to the majority shareholder at the end of March, reducing its interest from 25 per cent to 12.5 per cent. The remaining 12.5 per cent were sold at the end of July, after the reporting date.

In Krakow, Warimpex has leased the four-star-plus andel's hotel since September 2009 and also owns the three-star Hotel Chopin. In Łódź, Warimpex opened a further andel's in June 2009; in March 2010, the first angelo hotel in Poland (a joint venture with UBM) opened in Katowice. In Międzyzdroje on the Baltic coast, Warimpex owns the Amber Baltic Spa Resort Hotel; the 27-hole golf course was sold in February 2011.

The occupancy rate at the InterContinental remained constant at 77 per cent in the first half (H1 2010: 78 per cent), but the average room rate was increased. Occupancy at the Sobieski Hotel was up markedly compared to last year (H1 2011: 62 per cent, H1 2010: 55 per cent), but the average room rate in euros fell slightly. The occupancy rate at the Chopin Hotel fell from 59 per cent to 52 per cent, and the average room rate was increased slightly. At the andel's hotel in Krakow, the occupancy rate fell slightly (H1 2011: 62 per cent, H1 2010: 66 per cent), and the average room rate rose marginally. The andel's hotel in Łódź achieved an occupancy rate of 55 per cent in the first half of 2011 (H1 2010: 51 per cent), and the average room rate remained stable. The occupancy rate at the Amber Baltic beachfront resort came in at 38 per cent (H1 2010: 32 per cent), and room rates remained stable. Due to its location on the Baltic coast, occupancy rates at this hotel are subject to strong seasonal fluctuations, in contrast to city hotels.

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

Under development: 2 office buildings, 1 shopping centre

At the end of 2010, Warimpex sold a project company in Warsaw that is converting one of the few historic buildings in the city into a modern office building. Warimpex has undertaken to complete the project as a developer. Construction started at the beginning of 2011 and is scheduled to be completed at the end of 2012.

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

CZECH REPUBLIC

Existing portfolio: 7 hotels

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

In the first half of the year, the two four-star hotels in Prague achieved occupancy rates of 62 and 50 per cent (H1 2010: 54 and 49 per cent), and the average room rates were increased by roughly 10 per cent at both establishments. The five-star segment showed clear signs of improvement for the first time in several quarters, with occupancy rates of between 48 and 51 per cent (H1 2010: between 37 and 51 per cent). The average room rates also increased compared with the first half of the previous year. At the Dvořák spa hotel in Karlovy Vary, the occupancy rate was 76 per cent (H1 2010: 74 per cent). The average room rate was raised by roughly 10 per cent. At the angelo hotel in Plzeň, the occupancy rate for the first half of 2011 came to 41 per cent (H1 2010: 45 per cent), and the average room rate was increased slightly.

HUNGARY

Existing portfolio: 3 office properties

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

The Dioszegi office building has roughly 800 square metres of lettable space and is fully occupied. About 70 per cent of the roughly 600 square metres of lettable space in the Sajka office building was rented out in the first quarter of 2011.

Of the two towers in the Erzsebet office complex, tower B was completely renovated and handed over to the tenant in May 2009. It was completely rented out in the reporting period. Tenants are currently being sought for tower A; plans are in place to modernize and rent this tower as well.

ROMANIA

Existing portfolio: 1 hotel

The angelo Airporthotel in Bucharest, which Warimpex acquired in 2007 and expanded by 69 rooms in 2008 along with adapting it to the angelo design, saw an occupancy rate of 42 per cent in the first half of 2011 (H1 2010: 38 per cent). The average room rate remained stable.

GERMANY

Existing portfolio: 2 hotels

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

At the angelo hotel in Munich, the occupancy rate came to 77 per cent (H1 2010: 72 per cent), and the average room rate remained constant. Occupancy in Berlin came to 62 per cent in the first half of 2011 (H1 2010: 61 per cent). The average room rate did not change.

Under development: 1 hotel expansion, 1 conference centre

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

FRANCE

Existing portfolio: 2 hotels

In Paris, Warimpex and its partner UBM are the joint leaseholders of the four-star Dream Castle Hotel and the four-star Magic Circus at Disneyland® Resort Paris, each of which have about 400 rooms. The occupancy rates at the hotels were encouraging in the period, at 62 and 48 per cent (H1 2010: 49 and 41 per cent). The average room rates fell slightly at both hotels.

AUSTRIA

Under development: 1 hotel including apartments

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

RUSSIA

Existing portfolio: 2 hotels

In Russia, Warimpex holds 60 per cent of the Liner Hotel and the angelo hotel at Koltsovo airport in Ekaterinburg. While the existing Liner Hotel enjoyed very satisfactory occupancy in the first half of the year, occupancy at the considerably more expensive angelo hotel was lower but still significantly higher than in the previous year (H1 2011: 31 per cent, H1 2010: 10 per cent).

Under development: 1 hotel, airport office park

The Airport City development project is currently under construction in St. Petersburg. The first phase comprises a four-star Crowne Plaza hotel (InterContinental Group) plus office buildings with 39,000 square metres of space. The hotel is scheduled to be completed in the fourth quarter of 2011. The adjoining office building with 21,000 square metres of space is also scheduled to be completed in the fourth quarter of 2011, and the remaining 18,000 square metres can be completed as early as 2012 depending on rental demand.

BUDGET HOTELS

Under development: 7 hotels

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

The first joint hotels are to be opened in Wrocław in the first quarter of 2012, and then in Bydgoszcz and Zielona Góra. Construction work in Wrocław began in the fourth quarter of 2010. The completion of the hotels in Katowice and Budapest is planned for the middle of 2013. Suitable properties have been purchased, and the necessary building permits have already been issued for Budapest. Financing for the hotel in Budapest was secured in the summer of 2010.

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

Under construction:

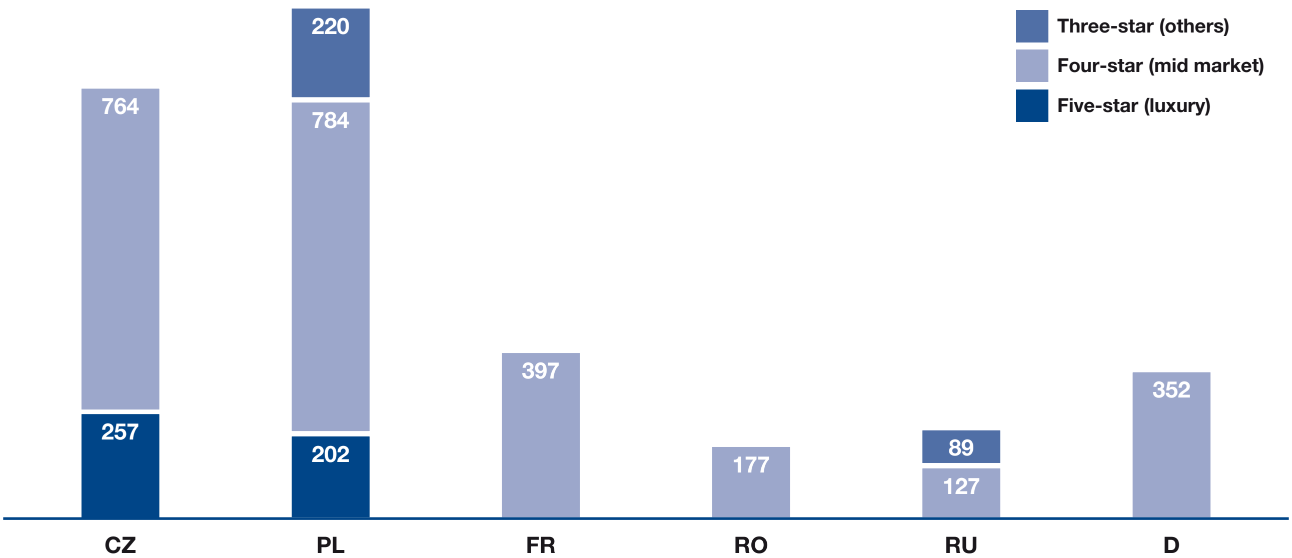
- Campanile hotel, Wrocław (152 rooms, opening scheduled for Q1 2012)
- Première Classe hotel, Wrocław (136 rooms, opening scheduled for Q1 2012)

In design phase:

- Campanile hotel, Budapest (284 rooms)
- Campanile hotel, Zielona Góra (84 rooms)
- Campanile hotel, Bydgoszcz (117 rooms)
- Campanile hotel, Katowice (105 rooms)
- Campanile hotel, Ostrava (112 rooms)
- Première Classe hotel, Katowice (90 rooms)
- Première Classe Hotel, Ostrava (100 rooms)

In addition, an option was secured in the second half of 2010 for a further property at a central location in Brno, the second largest city in the Czech Republic, for the development of a Campanile hotel with 136 rooms.

Hotel portfolio (number of rooms adjusted for proportionate share of ownership) at 30 June 2011



Compared with 30 June 2010, the number of hotel rooms (adjusted for the proportionate share of ownership) fell by 54 from 3,421 to 3,367 as of 30 June 2011. This can be attributed to the sale of the share in Sobieski Hotel.

ASSETS, FINANCIAL POSITION AND EARNINGS SITUATION

The first half of 2011 saw the hotel industry recover substantially. Occupancy rates and room rates increased across the portfolio.

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

Development of revenues

Consolidated turnover improved considerably, rising 9 per cent from EUR 47.1 million to EUR 51.2 million. Revenues from hotel operations increased by 14 per cent from EUR 42.6 million in the first six months of 2010 to EUR 48.4 million, primarily due to revenues from the new hotels that were opened in Ekaterinburg, Berlin, Łódź and Katowice in 2009 and 2010, which began operating in the middle of the crisis and are now gradually becoming established on the market. It generally takes between one and three years for a newly opened hotel to become established and generate stable revenues. Revenues from the rental of offices and the provision of development services decreased from EUR 4.5 million to EUR 2.7 million. While revenues from the rental of offices fell only marginally from EUR 1.4 million to EUR 1.2 million, the billing of an approach ramp whose construction was included in the purchase price of the property in Łódź brought one-off income in the development sub-segment in the first quarter of 2010, causing sales revenues in this sub-segment to fall from EUR 2.3 million to EUR 1.2 million.

Segment reporting*

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

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

Hotels & Resorts segment in EUR thousands	**1–6/2011**	1–6/2010
Revenues for the Group	48,413	42,593
Average number of hotel rooms for the Group	3,506	3,496
Group NOP	10,464	8,188

Development & Asset Management segment in EUR thousands	**1–6/2011**	1–6/2010
Revenues for the Group	2,739	4,526
Gains from the sale of project companies	1,924	3,317
Segment EBITDA	44	2,353

Earnings situation

Warimpex sold a 12.5 per cent share in Sobieski Hotel in Warsaw in the first half of 2011. The profit from this transaction was EUR 1.5 million. Warimpex still held 12.5 per cent of the hotel as of 30 June 2011, and sold this share after the reporting date.

In the first half of 2010, Warimpex sold a 16.69 per cent share in the Palais Hansen development project in Vienna for a price of EUR 7.3 million. The profit from this transaction was EUR 3.1 million.

EBITDA – EBIT

Compared to the first half of 2010, earnings before interest, tax, depreciation and amortization (EBITDA) rose from EUR 9.2 million to EUR 9.4 million, and earnings before interest and taxes (EBIT) fell from EUR 13.4 million to EUR 7.6 million.

All properties were valued by an external international appraiser as of 30 June 2010 and 30 June 2011. Property values on the real estate markets in Eastern Europe are beginning to stabilize, and impairment write-downs in the amount of EUR 7.9 million (H1 2010: EUR 14.5 million) were reversed as of June 2011. Scheduled write-downs are recognized independent of this.

Profit for the period

The profit for the first half came to minus EUR 3.2 million (H1 2010: EUR 3.7 million).

Cash flow

The cash flow from operations also improved considerably by 72 per cent from EUR 4.6 million to EUR 7.9 million thanks to significantly better hotel performance.

REAL ESTATE ASSETS

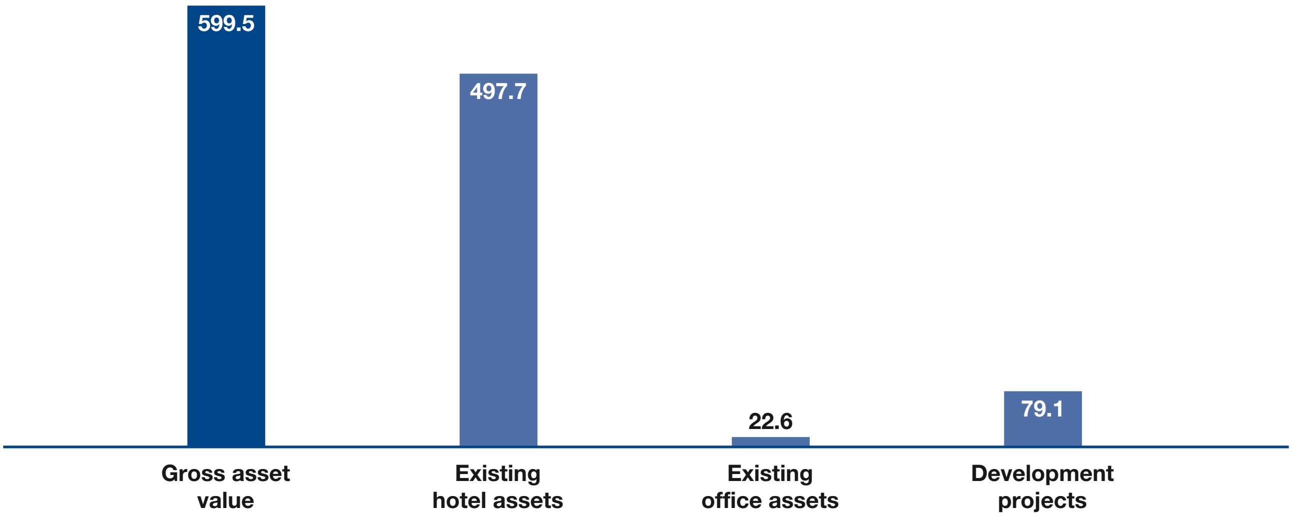
At 30 June 2011, the real estate portfolio of the Warimpex Group comprised twenty-one hotels with a total of 5,015 rooms (3,367 rooms when adjusted for the proportionate share of ownership), plus five office properties with a total lettable floor area of some 28,000 square metres (18,000 square metres when adjusted for the proportionate share of ownership).

Because of the provisions of IAS 40.12 pertaining to owner-operated hotels, Warimpex recognizes its properties at cost less depreciation and amortization. Any increases in the value of other properties are not recognized in profit in the respective reporting period. To allow comparison with other real estate companies that report unrealized profits, Warimpex reports the triple net asset value (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.

The net asset value (NAV) is calculated on the basis of the gross asset value (fair value of the Company's real estate assets).



The fair values of Warimpex's real estate assets on the reporting date of 30 June 2011 totalled EUR 599.5 million (30 June 2010: EUR 579.2 million).

The capitalization factors (yields) used to calculate the earning capacity of hotel properties in Poland ranged from 6.50 to 9.50 per cent (June 2010: 6.50 to 9.50 per cent), in the Czech Republic from 7.50 to 9.00 per cent (7.75 to 9.00 per cent), in Germany from 6.75 to 7.00 per cent (6.75 to 7.25 per cent), in France at 7.75 per cent (7.75 to 8.00 per cent) and in Russia from 11.50 to 12.00 per cent (11.50 to 12.00 per cent). Office properties were discounted at rates ranging from 8.00 to 13.00 per cent (8.00 to 13.00 per cent).

The triple net asset value (NNNAV) for the Warimpex Group increased by EUR 11.7 million or 6 per cent from EUR 178.5 million on 30 June 2010 to EUR 190.2 million on 30 June 2011. The NNNAV per share increased by 6 per cent in annual comparison to EUR 3.52. The NNNAV per share increased by 1 per cent from the end of 2010.

The triple net asset value (NNNAV) is as follows:

in EUR m	6/2011		6/2010	
Equity before minority interests		88.9		90.0
Goodwill		-0.9		-0.9
Deferred tax assets	1.6		0.8	
Deferred tax liabilities	13.5	11.9	12.8	12.0
Book value of existing hotel assets	414.8		422.9	
Fair value of existing hotel assets	497.8	83.0	483.3	60.4
Book value of existing office property assets (investment properties)	20.3		23.6	
Fair value of existing office property assets (investment properties)	22.6	2.3	26.4	2.8
Book value of development projects	74.1		55.3	
Fair value of development projects	79.1	5.0	69.5	14.2
Book value of associated companies	–		5.6	
Fair value of associated companies	–	–	5.6	–
Triple net asset value	**190.2**			**178.5**
Number of shares at 30 June	54,000,000			54,000,000
NNNAV per share in EUR	**3.52**			**3.31**

MATERIAL RISKS AND OTHER DISCLOSURES

(a) Operating risks

In the Hotels & Resorts segment, Warimpex is exposed to the general risks inherent to the tourism industry such as economic fluctuations, political risks, and increasing 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 25 and 26 to the consolidated financial statements as of 31 December 2010.

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 invests in real estate in a limited number of countries, and is therefore exposed to increased risk that local conditions such as an excess supply of properties can affect the development of business. 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.

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.

(b) Foreign exchange and financing risks
Aside from derivative forms of financing, the most significant financial instruments used by the Group are current account and bank loans, and cash, cash equivalents and short-term 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 to reduce the Group's exposure to interest rate risk. The Group's risk management policies provide for a risk-oriented relationship between fixed-rate and variable-rate financial liabilities. The risk of fluctuations in market interest rates (usually the EURIBOR) to which the Group is exposed results primarily from its variable-rate long-term financial liabilities. Warimpex uses derivative financial instruments to manage this risk.

The financial market crisis, and especially the failure of key investment banks and the government acquisition of shares in a large number of other banks that began in the middle of September 2008 has caused a large degree of uncertainty in the world economy and the real estate market. These events also caused a high degree of uncertainty with regards to what market participants will do. If these events repeat themselves, prices and value developments can be subject to higher volatility. The risk of insufficient liquidity also means that it may be difficult to successfully sell properties on the market depending on the prevailing conditions.

Many experts believe that the real estate transaction market is out of the woods, and the paralysis that had the markets firmly in its grip at the end of 2008 and in the first half of 2009 has abated. This is definitely a positive sign, and it has become possible and probable that assets can be sold at acceptable prices. A number of sales transactions are currently being prepared. We assume that we will be able to sell a property in the near future. Further properties can be sold on short notice to raise liquidity, if needed.

It will be necessary to extend, repay or refinance operating credit lines or to convert them into long-term financing in the next twelve months. Another option for securing this financing is the issue of a bond or convertible bond or a capital increase. If these measures are not sufficient, projects must be sold to obtain additional liquidity.

Major transactions with related parties are discussed in the Notes to these financial statements.

EVENTS AFTER THE BALANCE SHEET DATE

Regarding material events after the balance sheet date, reference is made to Note 17 in the Group financial statements.

OUTLOOK

The following properties are currently under construction:

- Airport City, St. Petersburg, business park with 40,000 square metres of office space and an international hotel with 300 rooms (opening of the hotel and phase 1a scheduled for the fourth quarter of 2011, phase 1b scheduled for as early as 2012)
- Le Palais office building, Warsaw (opening scheduled for the end of 2012)
- Palais Hansen Kempinski hotel, Vienna (opening scheduled for the end of 2012)

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

- Campanile hotel, Wrocław (152 rooms, opening scheduled for Q1 2012)
- Première Classe hotel, Wrocław (136 rooms, opening scheduled for Q1 2012)

Vienna, 29 August 2011

Franz Jurkowitsch
Chairman of the Management Board

Georg Folian
Deputy Chairman of the Management Board

Christian Fojtl
Member of the Management Board

Alexander Jurkowitsch
Member of the Management Board

SELECTED WARIMPEX GROUP PROPERTIES

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

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

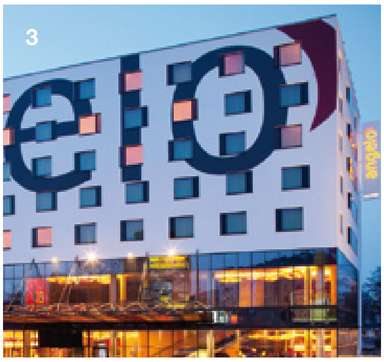
3) angelo hotel**, Katowice**
PL-40-086 Katowice, ul. Sokolska 24
203 rooms (opened in March 2010)

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

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

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

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



INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF **30 JUNE 2011**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from 1 January to 30 June 2011 – unaudited

in EUR	Note	1–6/11	4–6/11	1–6/10	4–6/10
Revenues					
Revenues – Hotels & Resorts segment		48,412,503	28,762,652	42,592,575	25,197,943
Revenues – Development & Asset Management segment		2,739,269	1,298,190	4,526,135	1,569,508
		51,151,772	**30,060,842**	**47,118,710**	**26,767,451**
Income from the sale of properties					
Gains from the sale of real estate		3,124,424	–	7,747,121	142,882
Carrying amounts, loans and borrowings assumed by the purchaser		(1,200,676)	–	(4,430,571)	–
	[05]	**1,923,748**	**–**	**3,316,550**	**142,882**
Other income and expenses					
Changes in real estate projects under development or construction		–	–	(1,341,454)	(1,584)
Other income		–	(530)	1,160,658	19,645
		–	**(530)**	**(180,796)**	**18,060**
Expenses for materials and services rendered		(23,315,075)	(12,463,163)	(21,561,469)	(11,724,101)
Expenses for project development		(566,360)	(433,979)	(86,291)	(20,912)
Personnel expenses	[06]	(15,237,065)	(8,041,052)	(14,582,678)	(7,821,552)
Depreciation and amortization expense		(9,464,819)	(4,670,457)	(9,900,084)	(5,020,591)
Impairments		(210,567)	(210,567)	(348,046)	(981,082)
Reversal of impairment write-downs		7,944,854	5,756,258	14,467,374	11,598,171
Other expenses	[07]	(4,599,185)	(2,115,877)	(4,826,825)	(2,451,431)
		(45,448,218)	**(22,178,837)**	**(36,838,018)**	**(16,421,499)**
Operating profit		**7,627,302**	**7,881,474**	**13,416,446**	**10,506,895**
Financial revenue	[08]	2,190,774	1,622,530	1,702,614	1,168,623
Finance costs	[08]	(12,977,935)	(9,260,986)	(13,152,347)	(7,096,724)
Profit before tax		**(3,159,859)**	**243,019**	**1,966,714**	**4,578,794**
Current income taxes	[09]	(10,356)	(19,557)	(1,164,682)	(1,141,580)
Deferred taxes	[09]	13,319	(373,557)	2,927,032	948,043
Profit for the period		**(3,156,896)**	**(150,095)**	**3,729,064**	**4,385,257**
Foreign currency translation		21,099	222,029	(2,390,449)	(1,180,170)
Fair value measurement of financial instruments available for sale		(2,674)	(1,228)	–	–
Net gains/losses from hedging		129,896	(72,589)	(270,324)	(111,963)
(Deferred) taxes recognized in equity		(28,441)	7,805	71,491	59,498
Total income and expenses for the period		**(3,037,016)**	**5,922**	**1,139,781**	**3,152,622**
Profit for the period attributable to:					
- Equity holders of the parent		(3,255,345)	(468,388)	3,687,872	4,413,620
- Non-controlling interests		98,449	318,292	41,191	(28,363)
		(3,156,896)	(150,095)	3,729,064	4,385,257
Total income/expenses for the period attributable to:					
- Equity holders of the parent		(3,876,898)	(709,622)	1,973,061	3,469,863
- Non-controlling interests		839,882	715,544	(833,280)	(317,241)
		(3,037,016)	5,922	1,139,781	3,152,622
Earnings per share:					
Undiluted, for the profit for the period attributable to ordinary equity holders of the parent		(0.06)	(0.01)	0.08	0.10
Diluted, for the profit for the period attributable to ordinary equity holders of the parent		(0.06)	(0.01)	0.08	0.10

CONSOLIDATED BALANCE SHEET

as of 30 June 2011

in EUR	Note	30/6/2011 unaudited	31/12/2010 audited	30/6/2010 unaudited
ASSETS				
Non-current assets				
Property, plant and equipment	[10]	458,539,431	461,928,351	465,601,706
Investment properties	[11]	61,205,228	55,021,114	46,415,179
Goodwill		921,266	921,266	921,266
Other intangible assets		168,236	236,051	318,509
Associated companies		–	–	5,589,797
Other financial assets		61,649,756	62,552,132	69,588,709
Deferred tax assets		1,629,399	1,578,047	775,159
		584,113,317	**582,236,961**	**589,210,325**
Current assets				
Inventories		1,599,955	1,696,136	1,633,300
Trade and other receivables	[14]	8,873,258	8,855,363	11,697,394
Financial instruments available for sale	[05]	5,859,876	3,366,870	–
Other financial assets	[15]	27,172	42,093	33,911
Cash and short-term deposits		12,170,412	10,793,875	16,419,291
		28,530,673	24,754,336	29,783,895
TOTAL ASSETS		**612,643,990**	**606,991,297**	**618,994,220**
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the parent				
Issued capital		54,000,000	54,000,000	54,000,000
Capital reserves		71,387,604	70,921,626	71,193,043
Retained earnings		(38,205,769)	(34,950,425)	(36,516,846)
Treasury shares		(301,387)	(301,387)	(301,387)
Other reserves		2,008,426	2,629,978	1,665,991
		88,888,874	92,299,793	90,040,801
Minority interests		(3,109,608)	(3,949,489)	(2,782,380)
Total equity		**85,779,266**	**88,350,304**	**87,258,421**
Non-current liabilities				
Interest-bearing loans and borrowings	[13]	401,580,488	392,804,699	412,830,064
Convertible bonds	[12]	16,389,449	–	–
Provisions		3,426,120	3,457,155	3,501,244
Other payables	[14]	1,526,508	9,497,605	1,238,516
Deferred tax liabilities		13,463,606	14,017,512	12,823,649
		436,386,171	**419,776,971**	**430,393,473**
Current liabilities				
Trade and other payables	[14]	22,112,798	14,621,701	24,272,932
Interest-bearing loans and borrowings	[13]	66,247,764	81,154,377	73,677,709
Derivative financial instruments	[15]	1,007,961	1,591,624	1,083,129
Income tax payable		86,200	199,590	92,236
Provisions		1,023,830	1,296,730	2,216,319
		90,478,553	**98,864,022**	**101,342,326**
TOTAL EQUITY AND LIABILITIES		**612,643,990**	**606,991,297**	**618,994,220**

CONSOLIDATED CASH FLOW STATEMENT

for the period from 1 January to 30 June 2011 – unaudited

in EUR	Note	**1–6/11**	**4–6/11**	1–6/10	4–6/10
Cash receipts from operating activities					
From the operation of hotels and rent received		50,342,018	27,930,014	44,796,899	23,412,535
From real estate development projects		859,022	481,341	1,428,231	1,336,151
Interest received		38,988	28,360	65,735	28,399
		51,240,028	28,439,715	46,290,866	24,777,085
Cash payments for operating activities					
For real estate development projects		(615,715)	(435,354)	(477,264)	420,320
For materials and services received		(22,207,266)	(11,753,231)	(23,451,191)	(12,850,616)
For personnel and related expenses		(15,052,081)	(7,800,677)	(14,334,984)	(7,724,970)
For other expenses		(5,404,498)	(2,151,648)	(3,272,940)	(1,844,777)
Income tax paid		(42,675)	(43,711)	(153,965)	(70,309)
		(43,322,236)	(22,184,621)	(41,690,344)	(22,070,352)
Net cash flows from operating activities		**7,917,792**	**6,255,094**	**4,600,522**	**2,706,733**
Cash flows from investing activities					
Proceeds from the disposal of property, plant and equipment		–	(2,553)	969,601	17,131
Purchase of property, plant and equipment	[10]	(7,782,753)	(5,538,166)	(12,188,031)	(8,541,863)
Purchase of investment properties		(10,175,218)	(8,198,273)	(2,167,971)	(1,333,669)
Acquisition of software		(7,121)	(923)	(3,036)	(4,425)
Payouts from granted loans		(1,969,164)	(1,885,737)	(3,509,545)	(1,510,826)
Income/payments for other financial assets		71,483	49,990	(420,892)	18,491
Acquisition of shares in associated companies		–	–	(350,562)	(94,462)
		(19,862,772)	**(15,575,662)**	**(17,670,436)**	**(11,449,624)**
Cash flows from the sale of business entities					
Proceeds from the sale of disposal groups and properties	[05]	3,124,424	2,197,350	6,750,000	(500,000)
Cash and cash equivalents of disposal groups	[05]	(646,415)	–	–	–
Purchase price payments for business entities sold/purchased in prior periods		284,162	2,102	(95,705)	–
Net cash flows from/used in financing activities		**2,762,170**	**2,199,452**	**6,654,295**	**(500,000)**
Cash flows from financing activities					
Cash received from capital measures		–	–	25,726,979	25,726,979
Cash received from the issue of convertible bonds		15,587,467	15,587,467	–	–
Proceeds from loans and borrowings	[13]	23,683,247	11,601,981	7,839,903	(26,320,305)
Repayment of loans and borrowings	[13]	(18,397,563)	(11,991,066)	(14,627,336)	17,745,346
Interest and other finance costs paid		(9,707,797)	(6,346,383)	(8,288,577)	(4,950,372)
Proceeds/payments from financial instruments available for sale	[05]	(733,325)	(375,387)	–	–
Income/payments for derivative financial instruments		–	–	(2,039)	613
Net cash flows from/used in financing activities		**10,432,028**	**8,476,612**	**10,648,929**	**12,202,261**
Net change in cash and cash equivalents		1,249,219	1,355,496	4,233,310	2,959,370
Net foreign exchange difference		127,319	62,467	252,539	28,483
Cash and short-term deposits at the start of the period		10,793,875	10,752,450	11,933,442	13,431,438
Cash and cash equivalents at the end of the period		**12,170,413**	**12,170,413**	**16,419,291**	**16,419,291**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period from 1 January to 30 June 2011 – unaudited

in EUR	Issued capital	Capital reserves	Retained earnings	Treasury shares	Other reserves	Total	Minority interests	Total equity
At 1 January 2011	**54,000,000**	**70,921,626**	**(34,950,425)**	**(301,387)**	**2,629,978**	**92,299,793**	**(3,949,489)**	**88,350,304**
Issue of convertible bond	–	465,978	–	–	–	465,978	–	465,978
Profit for the period	–	–	(3,255,344)	–	–	(3,255,344)	98,449	(3,156,895)
Other income/expense	–	–	–	–	(621,553)	(621,553)	741,433	119,880
Total income and expenses for the period	–	–	(3,255,344)	–	(621,553)	(3,876,897)	839,882	(3,037,015)
As of 30 June 2011	**54,000,000**	**71,387,604**	**(38,205,769)**	**(301,387)**	**2,008,426**	**88,888,874**	**(3,109,608)**	**85,779,266**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

in EUR	Issued capital	Capital reserves	Retained earnings	Treasury shares	Other reserves	Total	Minority interests	Total equity
At 1 January 2010	**39,599,999**	**59,627,010**	**(40,204,719)**	**(301,387)**	**3,380,802**	**62,101,706**	**(1,949,100)**	**60,152,606**
	–							
Capital increase	14,400,001	14,400,001	–	–	–	28,800,002	–	28,800,002
Capital procurement costs	–	(3,778,623)	–	–	–	(3,778,623)	–	(3,778,623)
(Deferred) taxes related to capital procurement costs	–	944,656	–	–	–	944,656	–	944,656
Profit for the period	–	–	3,687,872	–	–	3,687,872	41,191	3,729,064
Other income/expense	–	–	–	–	(1,714,811)	(1,714,811)	(874,471)	(2,589,283)
Total income and expenses for the period	–	–	3,687,872	–	(1,714,811)	1,973,061	(833,280)	1,139,781
As of 30 June 2010	**54,000,000**	**71,193,043**	**(36,516,846)**	**(301,387)**	**1,665,991**	**90,040,801**	**(2,782,380)**	**87,258,421**

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

[01] Corporate information

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

The interim financial statements as of 30 June 2011 were released for publication by the Company's management on 29 August 2011. The main activities of the Company are described in Note [04] "Business segments".

[02] Basis for preparation

The interim consolidated financial statements for the period ended 30 June 2011 have been prepared in accordance with IAS 34. Interim financial statements do not contain all information and notes included in annual financial statements; they should therefore be read in conjunction with the consolidated financial statements as of 31 December 2010.

The interim financial statements as of 30 June 2011 were not audited and were not reviewed by an independent financial auditor.

The accounting and valuation methods applied in preparing the interim consolidated financial statements as of 30 June 2011 have remained unchanged from the consolidated financial statements as of 31 December 2010.

With respect to the changes effective under IFRS as of 1 January 2011 and their effects, please refer to the details stated in the consolidated annual financial statements as of 31 December 2010.

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

[03] Seasonal fluctuations in results

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

[04] Business segments – overview

for the period from 1 January to 30 June 2011 – unaudited

	Hotels & Resorts		Development & Asset Management		Total in EUR	
in EUR	**2011**	2010	**2011**	2010	**2011**	2010
External sales	48,412,503	42,592,575	2,739,269	4,526,135	51,151,772	47,118,710
Segment results	7,841,958	9,039,234	(214,656)	4,377,212	7,627,303	13,416,446
Investments						
• In property, plant and equipment including intangible assets	6,141,900	6,669,147	10,055,618	2,955,240	16,197,518	9,624,387
• In financial assets	3,613	–	971,084	8,422,319	974,697	8,422,319
Depreciation						
• Ordinary depreciation	(9,020,572)	(9,363,082)	(444,246)	(537,002)	(9,464,819)	(9,900,084)
• Impairments	–	(343,046)	(210,567)	(5,000)	(210,567)	(348,046)
• Reversal of impairment write-downs	7,549,240	11,901,361	395,613	2,566,013	7,944,854	14,467,374
Net cash flows from operating activities	9,682,945	5,406,653	(1,765,152)	(806,131)	7,917,793	4,600,522
Segment assets	471,018,002	475,975,790	141,625,988	143,018,430	612,643,990	618,994,220
Segment liabilities (gross)	(446,392,611)	(469,942,199)	(80,472,112)	(61,793,600)	(526,864,723)	(531,735,799)
Intragroup financing	59,875,220	56,480,255	(59,875,220)	(56,480,255)	–	–
Segment liabilities (net)	(386,517,392)	(413,461,944)	(140,347,332)	(118,273,855)	(526,864,723)	(531,735,799)
Average payroll	1,509	1,585	61	83	1,570	1,668

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

for the period from 1 January to 30 June 2011 – unaudited

	Luxury		Upmarket		Others	
in EUR	**2011**	2010	**2011**	2010	**2011**	2010
Revenues	8,709,172	7,610,488	37,119,317	32,301,679	2,483,242	2,636,318
Expenses for materials	(4,008,394)	(3,762,068)	(15,271,623)	(13,489,695)	(735,431)	(713,522)
Personnel expenses	(2,553,553)	(2,349,933)	(9,248,225)	(8,851,995)	(701,272)	(732,229)
Gross operating profit	2,147,225	1,498,487	12,599,469	9,959,989	1,046,539	1,190,567
Hotel employees	*270*	*267*	*1,091*	*1,144*	*134*	*163*
Rooms available						
Total	661	661	3,986	3,986	370	370
thereof available	660	658	3,968	3,905	369	352
Joint venture share	(202)	(202)	(1,237)	(1,132)	–	–
Time allocation	–	–	(53)	(84)	–	–
Rooms available Group	**458**	**456**	**2,679**	**2,688**	**369**	**352**
Rooms sold	285	272	1,477	1,405	259	249
Average room occupancy	**62%**	**60%**	**55%**	**52%**	**70%**	**71%**
Management fee	(469,071)	(385,424)	(1,877,720)	(1,700,971)	(172,320)	(187,322)
Lease/rent	–	–	(1,148,185)	(1,146,460)	(40,924)	(57,567)
Exchange adjustments	(27,310)	(7,103)	(188,287)	691,085	24,565	(7,669)
Property costs	(201,293)	(193,651)	(1,190,696)	(1,438,384)	(37,271)	(26,701)
Net operating profit	**1,449,550**	**912,309**	**8,194,581**	**6,365,258**	**820,590**	**911,307**
Other income after GOP	–	–	29,560	(4,168)	71,212	48,258
Other costs after GOP	(191,820)	(151,623)	(770,814)	(744,792)	(115,205)	(77,132)
Pre-opening costs	–	–	–	(196,905)	–	–
Depreciation	(1,809,836)	(1,794,379)	(5,895,616)	(6,259,545)	(1,313,818)	(1,308,953)
Impairments	–	–	–	(343,046)	–	–
Reversal of impairment write-downs	1,344,033	724,654	2,743,687	6,735,876	3,461,520	2,215,795
Contribution to operating profit	**791,928**	**(309,038)**	**4,301,399**	**5,552,678**	**2,924,298**	**1,789,275**

	2011	2010
Total for hotels in operation: Subtotal I	**8,017,625**	**7,032,914**
thereof effects from write-downs	*(1,470,029)*	*(29,597)*
thereof effects from foreign exchange differences	*(191,033)*	*676,313*
Total for hotels in operation: Subtotal II	**9,678,687**	**6,386,199**
Less expenses for hotels under construction/in design phase	(175,666)	2,006,319
Segment contribution to operating profit	**7,841,958**	**9,039,234**

	Luxury		Upmarket		Others	
in EUR	**2011**	2010	**2011**	2010	**2011**	2010
thereof in						
• Czech Republic	3,473,379	3,061,958	10,594,624	9,517,104	–	–
• Poland	5,235,793	4,548,529	9,494,008	8,201,366	1,483,831	1,734,900
• France	–	–	7,909,213	6,973,112	–	–
• Romania	–	–	1,109,123	1,056,229	–	–
• Germany	–	–	6,198,940	5,894,339	–	–
• Russia	–	–	1,842,969	655,362	1,070,623	949,676
	8,709,172	**7,610,488**	**37,148,877**	**32,297,511**	**2,554,454**	**2,684,576**
thereof GOP in						
• Czech Republic	135,886	(161,561)	3,838,661	3,252,411	–	–
• Poland	2,011,339	1,660,048	3,966,617	3,157,670	611,469	695,882
• France	–	–	2,179,705	1,788,025	–	–
• Romania	–	–	324,657	243,449	–	–
• Germany	–	–	1,653,404	1,701,397	–	–
• Russia	–	–	636,426	(182,963)	435,070	494,685
	2,147,225	**1,498,487**	**12,599,469**	**9,959,989**	**1,046,539**	**1,190,567**
thereof operating result in						
• Czech Republic	230,542	(497,194)	3,083,970	1,406,072	–	–
• Poland	561,385	188,156	528,014	3,608,213	83,877	125,639
• France	–	–	597,838	123,171	–	–
• Romania	–	–	126,031	373,769	–	–
• Germany	–	–	168,822	651,055	–	–
• Russia	–	–	(203,276)	(609,602)	2,840,421	1,663,635
	791,928	**(309,038)**	**4,301,399**	**5,552,678**	**2,924,298**	**1,789,275**

Segment cash flow Hotels & Resorts

for the period from 1 January to 30 June 2011 – unaudited

	Luxury		Upmarket		Others	
in EUR	**2011**	2010	**2011**	2010	**2011**	2010
Cash receipts	8,517,292	7,454,760	37,024,440	31,830,047	2,601,812	2,699,984
Interest received	9,026	10,298	1,952	119	–	–
Expenses for materials	(4,009,898)	(3,915,985)	(17,000,002)	(17,176,160)	(550,300)	(867,529)
Personnel expenses	(2,605,800)	(2,427,565)	(9,488,138)	(8,998,016)	(778,480)	(791,995)
Cash paid for other expenses	(455,612)	(304,429)	(3,220,321)	(1,477,031)	(58,032)	(97,534)
Income tax paid	–	–	(48,663)	(201,764)	7,606	–
	1,455,009	**817,080**	**7,269,269**	**3,977,195**	**1,222,605**	**942,926**
thereof in						
• Czech Republic	(221,301)	(301,517)	2,301,710	1,766,072	–	–
• Poland	1,676,310	1,118,596	1,670,059	659,383	513,079	423,383
• France	–	–	1,412,500	1,220,110	–	–
• Romania	–	–	(30,554)	(2,699)	–	–
• Germany	–	–	2,068,981	872,890	–	–
• Russia	–	–	(153,428)	(538,562)	709,526	519,542
• Others	–	–	–	–	–	–
	1,455,009	817,080	7,269,269	3,977,195	1,222,605	942,926

Total for hotels in operation	**9,946,883**	**5,737,200**
Less expenses for hotels under construction/in design phase	(263,938)	(330,548)
Segment cash flow from operating activities	**9,682,945**	**5,406,653**

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

for the period from 1 January to 30 June 2011 – unaudited

	Asset Management		Development		Others	
in EUR	**2011**	2010	**2011**	2010	**2011**	2010
Revenues	1,223,757	1,371,396	1,151,780	2,341,380	363,732	813,359
Changes in real estate projects under development	–	–	–	(1,341,454)	–	–
Sale of properties	–	–	1,923,748	3,316,550	–	–
Other income	–	–	–	2,482	–	–
Expenses for materials	(222,486)	(418,836)	(258,075)	(189,838)	(293,104)	(713,513)
Project development expenses	–	–	(550,626)	(69,415)	–	–
Personnel expenses	–	(1,093)	(2,154,106)	(2,119,579)	–	–
Depreciation	(380,885)	(348,586)	(38,962)	(150,206)	(24,399)	(38,210)
Impairments	(120,000)	(5,000)	(90,567)	–	–	–
Reversal of impairment write-downs	229,522	1,762,563	166,092	789,147	–	14,303
Other operating expenses	(104,007)	3,272	(989,516)	(624,179)	(46,553)	(17,331)
Segment operating result	**625,900**	**2,363,717**	**(840,232)**	**1,954,888**	**(324)**	**58,608**
thereof in						
• Czech Republic	–	–	(25,261)	(15,837)	–	–
• Poland	137,740	339,791	160,861	1,097,046	(324)	58,608
• Germany	95,141	1,739,133	(9,063)	(10,937)	–	–
• France	–	–	(98,435)	(25,391)	–	–
• Austria	–	–	(731,424)	624,612	–	–
• Hungary	393,020	284,793	(97,168)	(105,485)	–	–
• Others	–	–	(39,742)	390,879	–	–
	625,900	**2,363,717**	**(840,232)**	**1,954,888**	**(324)**	**58,608**

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

for the period from 1 January to 30 June 2011 – unaudited

	Asset Management		Development		Others	
in EUR	**2011**	2010	**2011**	2010	**2011**	2010
Cash receipts from rent	1,280,103	1,201,272	499,755	662,792	418,617	948,043
Cash receipts from development	–	–	859,022	1,428,231	–	–
Interest received	2,557	1,799	15,984	53,519	9,469	2
Cash paid for development	4,128	2,272	(554,381)	(310,845)	–	–
Expenses for materials	(130,556)	(431,088)	(222,421)	(200,640)	(294,089)	(857,757)
Personnel expenses	(450)	(894)	(2,018,929)	(1,990,560)	–	–
Cash paid for other expenses	(238,259)	(10,792)	(1,348,634)	(1,327,474)	(46,191)	(21,990)
Income tax paid	58	7,689	(934)	40,293	–	–
Segment cash flow from operating activities	**917,580**	**770,257**	**(2,770,538)**	**(1,644,686)**	**87,806**	**68,298**
Cash receipts from the sale of properties	–	–	3,124,424	6,750,000	–	–
Cash flow before investments and financing	**917,580**	**770,257**	**353,886**	**5,105,314**	**87,806**	**68,298**
thereof in						
• Czech Republic	–	–	(39,719)	(9,354)	–	–
• Poland	199,823	446,547	103,374	1,490,399	87,806	68,298
• Germany	98,307	63,459	(15,564)	(10,686)	–	–
• Austria	–	–	(2,578,517)	(3,113,916)	–	–
• France	–	–	(122,029)	(136,834)	–	–
• Hungary	615,321	257,980	(95,407)	(98,115)	–	–
• Others	4,128	2,272	(22,676)	233,820	–	–
	917,580	**770,257**	**(2,770,538)**	**(1,644,686)**	**87,806**	**68,298**

[05] Sale of shares

As documented in the notarial deed dated 31 March 2011, 12.5% of Europa Hawk S.a.r.l., sole owner of the companies Melica Sp.o.o. (owner of the Sobieski property) and Hotel Jan Sobieski II Sp.z.o.o. (operator of Sobieski Hotel), was sold.

The purchase price was EUR 2.2 million and was received on 3 April 2011. The company, which was previously consolidated using the equity method, was deconsolidated; the remaining 12.5% share was transferred to the item "Financial instruments available for sale".

In February 2011, the Company's stake in Golf Amber Baltic Sp.z.o.o. was sold for PLN 0.5 million, and the remaining 10% held by the Company in Prozna Properties Sp.z.o.o., the majority of which was disposed of in 2010, was also sold.

All sales and the associated deconsolidations had the following effect on the interim financial statements:

	Sobieski	Golf	Prozna	Total
Property, plant and equipment	(8,604,832)	(118,296)	–	(8,723,128)
Investment properties	(3,021,854)	–	–	(3,021,854)
Loans from Warimpex	(945,399)	–	–	(945,399)
Deferred tax assets	(78,646)	–	–	(78,646)
Inventories, other current receivables	(287,679)	(68,106)	–	(355,786)
Transfer of the remaining 12.5% of Sobieski (AfL)	2,200,000	–	–	2,200,000
Financial instruments available for sale	–	–	(446,862)	(446,862)
Cash and cash equivalents	(639,586)	(6,829)	–	(646,415)
	(11,377,996)	(193,231)	(446,862)	(12,018,089)
Non-current loans	9,186,958	–	–	9,186,958
Current loans	346,124	–	–	346,124
Personnel-related and other long-term provisions	118,802	–	–	118,802
Deferred tax liabilities	699,027	–	–	699,027
Other current payables and provisions	325,335	141,167	–	466,502
	10,676,246	141,167	–	10,817,413
Carrying amount of the proportionate net assets of the sold companies	(701,750)	(52,064)	(446,862)	(1,200,676)
Agreed (net) purchase price for the shares	2,200,000	74,424	850,000	3,124,424
Net income from property sales	1,498,250	22,359	403,138	1,923,748

Cash flow

Cash receipts and cash outflows from sold shares during the reporting period were as follows:

	Sobieski	Golf	Prozna	Total
Agreed payments from the sale of shares and properties	2,200,000	74,424	850,000	3,124,424
Net cash of the companies sold	(639,586)	(6,829)	–	(646,415)
	1,560,414	67,595	850,000	2,478,009

Financial instruments available for sale changed as follows in the reporting period:

	At 1/1/2011	Additions	Tranfers	Disposals	Applied interest	± Fair value	At 30/6/2011
Roundabout Sp.z.o.o.	10,188	–	–	–	5,318	(2,674)	12,832
Palais Hansen Immobilienentwicklung GmbH	2,909,820	728,007	–	–	–	–	3,637,827
Prozna Properties Sp.z.o.o.	446,862	–	–	(446,862)	–	–	–
Europa Hawk S.a.r.l. (Sobieski hotel and office building)	–	–	2,200,000	–	9,217	–	2,209,217
	3,366,870	728,007	2,200,000	(446,862)	14,535	(2,674)	5,859,876

[06] Personnel expenses, average payroll

The Company had an average of 1570 employees in the second quarter of 2011 (4–6/2010: 1668).

	1 January to 30 June	
in EUR	**2011**	2010
Wages and salaries	(11,453,041)	(10,922,269)
Social security costs	(2,503,488)	(2,430,228)
Other payroll-related taxes and contributions	(420,494)	(377,720)
Voluntary employee benefits	(25,000)	(116,000)
Expenses for posted employees	(568,736)	(628,810)
Remuneration paid to Supervisory Board members appointed by the works council	–	–
Changes in accrual for compensated absences	(36,967)	(32,911)
Payments for termination and post-employment benefits	(176,915)	(8,872)
	(15,184,642)	(14,516,810)
Changes in pensions and other long-term employee benefits	(52,424)	(65,868)
	(15,237,065)	(14,582,678)

[07] Other expenses

	1 January to 30 June	
in EUR	**2011**	2010
Pre-opening costs	–	(196,905)
Legal fees	(272,718)	(325,659)
General administration	(751,291)	(754,287)
Advertisement and marketing	(202,695)	(241,304)
Non-recoverable VAT	(202,091)	(179,101)
Lease payments for andel's Krakow and other rents	(1,189,109)	(1,204,027)
Supervisory Board members' fees	(95,000)	(95,000)
Property costs *)	(1,258,224)	(1,570,234)
Others	(628,057)	(260,308)
	(4,599,185)	(4,826,825)

*) A provision formed in the previous year for property taxes for the andel's hotel in Berlin was released in the amount of EUR 310 thousand (proportionate to the Company's stake in the hotel) because the final tax assessments were lower.

[08] Financial result

in EUR	1 January to 30 June 2011	2010
Financial revenue		
Interest income from cash management	64,440	28,221
Interest on loans made to joint ventures	1,188,083	1,273,220
Interest from financial instruments available for sale	9,217	–
Interest on loans made to associated companies	–	39,558
Interest income from derivative financial transactions	–	361,615
Price gains on PLN-denominated bonds	209,034	–
Fair value adjustment of derivative financial instruments	720,000	–
	2,190,774	1,702,614
Finance costs		
Interest on short-term borrowings, project loans and other loans	(9,087,898)	(8,961,616)
Interest on other non-current liabilities	(299,551)	(541,220)
Interest on bonds	(231,305)	–
Interest on loans relating to joint ventures	(403,232)	(522,069)
Interest on loans from minority shareholders	(45,682)	(44,790)
	(10,067,668)	(10,069,696)
Fair value adjustment of derivative financial instruments	(281,153)	(52,369)
Interest cost for provisions for pensions and other long-term employee benefits	(36,891)	(82,882)
Foreign currency losses on interest-bearing loans denominated in CHF	(916,269)	(2,636,587)
Finance costs (including costs for the issue of convertible bonds)	(1,675,954)	(310,812)
	(12,977,935)	(13,152,347)

[09] Income tax paid

A reconciliation between tax expense and the Group's domestic tax rate (valid corporate income tax rate in Austria) of 25% for the first half of 2011 (2010: 25%) is as follows:

in EUR	1 January to 30 June 2011	2010
Profit before tax	**(3,159,859)**	**1,966,714**
Accounting profit before income tax *25% (prior year: 25%)	789,965	(491,678)
± Other foreign tax rates	(210,001)	150,774
± Tax-free profits from the participation exemption (§ 10 KStG)	501,094	–
± Permanent differences	(227,905)	67,914
± Impairment of deferred tax assets	(675,014)	1,592,113
± Income from first-time recognition of deferred tax assets	(32,087)	47,828
± Effects of changes in equity	(24,680)	51,362
± Effects of exchange rate fluctuations	(118,407)	344,037
	2,964	1,762,350

[10] Property, plant and equipment

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

in EUR	at 30/6/2011	30/6/2010
Net carrying amounts at 1 January	461,928,351	457,740,434
Additions	6,338,065	7,345,661
Reclassification of investment properties	495,000	162,464
Sobieski consolidation disposal	(8,723,128)	–
Disposals	–	(396,654)
Depreciation	(8,970,431)	(9,469,173)
Impairments	(210,567)	(348,046)
Reversal of impairments	7,676,767	12,704,811
Exchange adjustment	5,373	(2,137,791)
Net carrying amounts at 30 June	458,539,431	465,601,706
Thereof property under construction	*36,017,953*	*38,703,058*

"Investments" and the cash flow from "Purchase of property, plant and equipment" pertain primarily to the Airport City St. Petersburg project and the Louvre project.

[11] Investment properties

The item "Investment properties" comprises land and rights equivalent to land as well as buildings including plant under construction (plant under construction was recognized under "Property, plant and equipment" in the prior period).

in EUR	at 30/6/2011	30/6/2010
Net carrying amounts at 1 January	55,021,114	42,885,519
Additions	9,852,332	2,275,691
Transfers of property, plant and equipment	(495,000)	(162,464)
Sobieski consolidation disposal	(3,021,854)	–
Depreciation	(380,885)	(348,586)
Impairments	–	–
Reversal of impairments	229,522	1,762,563
Exchange adjustment	–	2,457
Net carrying amounts at 30 June	61,205,228	46,415,179
Thereof property under construction	*52,219,641*	*37,022,690*
Result from "Investment properties":		
Rental income and charged expenses	1,239,823	1,389,314
Direct expenses	(222,486)	(418,836)
	1,017,338	970,478

"Investments" and the cash flow from "Purchase of investment properties" pertain primarily to the Airport City St. Petersburg project.

[12] Convertible bonds

A PLN-denominated convertible bond was issued in the amount of PLN 66.25 million in the reporting period. The denomination is PLN 250,000. The convertible bond has a term of three years and comes due for redemption on 6 May 2014. Coupon dates are 6 November and 6 May of each year. The holders of the bond can exchange the bond for bearer shares in the Company at a conversion price of PLN 12.79 (roughly EUR 3.25).

[13] Changes in financial liabilities – overview

	Current	Non-current	Total
At 1 January 2011	81,154,377	392,804,699	473,959,076
Sobieski consolidation disposal	(346,124)	(9,186,958)	(9,533,083)
New borrowings	124,690	23,558,557	23,683,247
Repayment of loans	(15,592,505)	(2,805,058)	(18,397,563)
Deferred interest	906,327	(648,046)	258,280
Foreign exchange effects and other changes	1,000	(2,142,705)	(2,141,705)
As of 30 June 2011	66,247,764	401,580,488	467,828,252
See level as of 30 June 2010	*73,677,709*	*412,830,064*	*486,507,773*

The following loans relate to the individual projects as follows:

	At 30/6/2011	At 1/1/2011	New borrowings	Repayment of loans	Changes in scope of consolidation	Other changes	At 30/6/2011
a) Project-related loans secured by mortgages							
Subsidiaries (full consolidation)							
for andel's hotel Łódź	50,000,000	50,000,000	–	–	–	–	50,000,000
for Diplomat Hotel	30,479,593	29,065,368	–	(361,731)	–	–	28,703,637
for angelo hotel Ekaterinburg	38,248,543	37,312,100	–	–	–	240,458	37,552,558
for angelo Airporthotel Bucharest	11,000,000	11,000,000	–	–	–	–	11,000,000
for Palace Hotel	13,524,500	13,524,500	–	(345,500)	–	–	13,179,000
for Chopin Hotel	11,051,838	10,694,351	–	–	–	3,292	10,697,644
for angelo hotel Prague	11,553,995	11,251,598	–	(183,748)	–	–	11,067,850
for Erzsebet office building	11,827,772	11,638,441	–	(248,777)	–	–	11,389,664
for Amber Baltic Hotel	7,534,145	7,387,866	–	–	–	265,011	7,652,877
for Savoy Hotel	6,229,028	5,276,245	–	(441,288)	–	–	4,834,956
for Le Palais Hotel	6,463,657	6,465,657	–	(113,760)	–	1,000	6,352,897
for Warsaw gas pipeline	151,932	130,095	–	(30,537)	–	(790)	98,768
for Warsaw gas heating plant	240,693	–	–	–	–	–	–
for Dvořák spa hotel	19,576,032	19,155,710	–	(223,532)	–	2,760	18,937,699
	217,881,728	212,901,931	–	(1,948,873)	–	511,732	211,467,550
Joint ventures (proportionate consolidation)							
for InterContinental 50%	29,397,578	28,797,847	–	(608,154)	–	–	28,189,693
for Dream Castle Hotel 50%	17,911,446	17,338,565	–	(160,281)	–	–	17,178,284
for andel's hotel Berlin 50%	34,250,000	33,725,000	–	(366,500)	–	–	33,358,500
for Magic Circus Hotel Paris 50%	9,755,625	9,656,875	–	(150,000)	–	1,250	9,508,125
for Leuchtenbergring project 49.5%	15,681,430	15,680,851	–	–	–	–	15,680,851
for Sobieski hotel and office building 25%	8,119,876	8,001,413	–	(64,725)	(7,936,689)	–	–
for Parkur Tower office building 50%	5,287,183	5,172,876	–	(107,139)	–	–	5,065,737
for angelo hotel Katowice 50%	10,153,000	10,157,823	–	(102,323)	–	–	10,055,500
for Airport City St. Petersburg 50%[1)]	–	4,825,177	15,507,638	(4,825,177)	–	–	15,507,638
for the Louvre subgroup 50%	–	1,596,794	34,748	–	–	–	1,631,542
for angelo hotel Plzeň 50%	6,390,568	6,297,381	–	(100,000)	–	2,400	6,199,781
	354,828,433	354,152,532	15,542,386	(8,433,171)	(7,936,689)	515,382	353,843,200

	At 30/6/2011	At 1/1/2011	New borrowings	Repayment of loans	Changes in scope of consolidation	Other changes	At 30/6/2011
b) Other loans and facilities							
Short-term borrowing facilities	45,960,001	49,721,571	–	(11,115,343)	–	–	38,606,227
Long-term borrowing facilities	29,147,957	20,976,915	–	1,691,494	–	651,258	23,319,668
Current loans	363,339	253,137	–	(190,543)	–	–	62,594
Non-current loans from joint ventures	43,130,968	35,690,602	7,728,534	1	(945,399)	(3,042,500)	39,431,238
Lease purchase options and loans	8,893,737	9,049,924	5,000	(350,000)	–	–	8,704,924
Non-interest-bearing loans	2,450,995	2,450,995	–	–	(650,995)	–	1,800,000
Non-current loans from minority interests	1,732,344	1,663,401	407,327	–	–	(10,326)	2,060,401
	131,679,340	119,806,545	8,140,861	(9,964,391)	(1,596,394)	(2,401,568)	113,985,053
Total financial liabilities	486,507,773	473,959,076	23,683,247	(18,397,563)	(9,533,083)	(1,886,185)	467,828,252

[1] The bridge loan for the Airport City St. Petersburg project was repaid in the reporting period; the project loan outstanding as of the reporting date is secured with a pledged deposit account with a balance of EUR 3.5 million.

[14] Current receivables and liabilities

	30/6/2011	at 31/12/2010	30/6/2010
Trade and other receivables			
Trade receivables	5,340,917	5,098,273	6,421,080
Receivables from tax authorities	819,921	729,446	534,716
Extended purchase price receivables relating to the sale of subsidiaries	530,010	814,172	622,500
Advance payments made	238,245	224,322	1,122,243
Other receivables and assets	1,015,910	924,409	1,696,352
Receivables due from associated companies	5,639	3,890	3,863
Receivables due from joint ventures	226,897	232,854	228,013
Receivables due from related parties	122	750	1,773
Deferred expenses	695,598	827,247	1,066,854
	8,873,258	**8,855,363**	**11,697,394**
Trade and other payables – current			
Trade payables	6,337,422	7,846,234	9,209,435
Interest-bearing construction invoices from the completion of andel's Łódź *)	8,324,090	–	7,976,670
Trade payables due to joint ventures	621,055	687,881	648,079
Trade payables due to related parties	2,121,206	1,571,463	943,904
Purchase price obligations	237,500	237,500	237,500
Other payables including accruals for compensated absences	3,310,266	3,438,086	4,502,943
Advance payments received	1,161,259	840,537	754,401
	22,112,798	**14,621,701**	**24,272,932**
Trade and other payables – non-current			
Purchase price obligation for andel's hotel Łódź *)	–	8,149,039	–
Purchase price adjustment for andel's hotel Berlin	774,564	774,564	638,387
Security deposits received	740,451	560,583	581,262
Other	11,492	13,418	18,867
	1,526,507	**9,497,604**	**1,238,516**

*) The open amount due from the completion of the andel's hotel Łódź was deferred by the general contractor until 30 June 2012.

[15] Derivative financial instruments

15a) Interest rate collars in connection with finance loans

As of 30 June 2011, 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:

	30/6/2011	30/6/2010
Project loan Chopin Hotel, Krakow		
Notional amount at 30 June (underlying: 3-month Euribor)	10,697,644	11,051,838
Fair value at 30 June	(417,728)	(737,529)
Project loan angelo hotel, Prague		
Notional amount at 30 June (underlying: 3-month Euribor)	11,067,850	11,553,995
Fair value at 30 June	27,172	33,911
Project loan Sobieski Hotel, Warsaw (adjusted for the Group's share)		
Notional amount at 30 June (underlying: 3-month Euribor)	sold	8,119,876
Fair value at 30 June	–	–

Other derivative financial instruments

15b) Back stock option

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

The volatility used to determine the fair value of the option is primarily derived from the historical volatility.

This option (IFRS 2) was open with the following parameters on the reporting date:

Share price (underlying)	EUR 2.054	
Execution price	EUR 2.00	
Risk-free interest rate	1.3%	
Expected volatility	30.0%	
Option term	14/5/2012	
Earliest possible execution date	15/5/2010	
Expected dividend payment	None	
Value as of 30 June 2011 (reported under the derivative financial instruments)		(324,000)
The value at the time of conclusion was		(705,600)
Intrinsic value of the debts on 30 June 2011		(77,600)

15c) Cross currency swap

On 6 November and 6 May (starting on 6 November 2011 and ending on 6 May 2014), the Company receives 8.5% interest for the nominal amount of PLN 38.2 million and pays 6.7% interest for the nominal amount of EUR 9,714,514.21.

Fair value as of 30 June 2011	(266,233)

[16] Transactions with related parties

The total amount of compensation due to the directors for the reporting period amounted to EUR 0.526 million (1–6/2010: EUR 0.491 million). Vienna International AG assessed management fees totalling EUR 2.195 million (1–6/2010: EUR 2 million).

[17] Events after the balance sheet date

On 28 July 2011, the remaining shares in Sobieski Hotel (AfL 12.5%) were sold at their fair value. The Company will also receive a performance component that still must be calculated and that will be between EUR 0.2 and 0.8 million.

[18] Other commitments, litigation and contingencies

There were no changes in the reporting period with respect to other commitments, litigation and contingencies as compared to the situation described in the consolidated financial statements as of 31 December 2010.

A shareholder lodged an objection at the Annual General Meeting of Warimpex Finanz- und Beteiligungs AG and filed a lawsuit to contest resolutions.

Vienna, 29 August 2011

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

DECLARATION BY THE MANAGEMENT BOARD

We confirm to the best of our knowledge that these interim consolidated financial statements as of 30 June 2011 as prepared in accordance with the relevant international financial accounting standards give a true and fair view of the financial position, financial performance and cash flows of Warimpex Finanz- und Beteiligungs AG and all of its consolidated subsidiaries. These interim financial statements were prepared according to IAS 34, Interim Financial Reporting, as adopted in Regulation 1606/2002/EC.

The interim management report discusses important events during the first six months of the financial year, explains major transactions with related individuals and entities, and describes the most important risks and uncertainties to which the Company will be exposed in the remaining six months of the financial year.

Vienna, 29 August 2011

Franz Jurkowitsch
Chairman of the Management Board
Responsibilities:
Strategy, investor relations and corporate communications

Georg Folian
Deputy Chairman of the Management Board
Responsibilities:
Finance and accounting, financial management and personnel

Christian Fojtl
Member of the Management Board
Responsibilities:
Information management, organization and legal issues

Alexander Jurkowitsch
Member of the Management Board
Responsibilities:
Planning, construction and IT

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Financial calendar

30 Aug 2011	Publication of results for the first half of 2011
29 Nov 2011	Publication of the results for the third quarter of 2011
3 Apr 2012	Publication of the Annual Report for 2011
8 May 2012	Annual General Meeting
24 May 2012	Publication of the results for the first quarter of 2012
30 Aug 2012	Publication of results for the first half of 2012
28 Nov 2012	Publication of the results for the third quarter of 2012

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