



warimpex

Key figures of the Warimpex Group

EUR '000	H1/2008	Change	H1/2007
Revenues from			
Hotels & Resorts segment	41,587	33%	31,193
Revenues from			
Development & Asset Management segment	2,738	-35%	4,243
Total revenues	44,325	25%	35,436
Gains from the sale of project companies	9,585	312%	2,329
EBITDA	21,961	63%	13,452
EBIT	15,773	76%	8,939
Profit for the period	3,063	-45%	5,520
Net cash flows from operating activities	2,724	-68%	8,428
Equity and liabilities	583,400	38%	423,249
Equity	177,088	19%	149,320
Average number of shares in the period	36,000,000	3%	35,000,000
Earnings per share in EUR	0.09	-44%	0.16
Number of hotels	17	4	13
Number of rooms (adjusted for proportional share of ownership)	2,562	553	2,009
Number of office and commercial properties	7	–	7
Number of development projects	14	5	9
Average number of employees in the group	1,390	29%	1,078
	30/6/2008	Change	31/12/2007
Gross asset value (GAV) in EUR m	636,4	4%	614,8
Triple net asset value (NNNAV) in EUR m	341,4	-12%	387,4
NNNAV per share in EUR	9,5	-12%	10,8

Key share data

ISIN	AT0000827209
Number of shares	36.000.000
Ticker symbols	Stock Exchanges WXF Reuters WXF.B.VI
High *	EUR 10.91 PLN 40.89
Low *	EUR 5.70 PLN 19.85
Price as of 30 June 2008	EUR 5.70 PLN 19.85
* Last 52 weeks	

Warimpex is included in the following indices:

Vienna	ATX Prime, Immobilien-ATX
Warsaw	Market Main 250, Real estate developers
Research Reports:	
UniCredit CA-IB, 08.07.2008	Buy, target price EUR 8.00
Sal Oppenheim, 16.06.2008	Strong buy, target price EUR 9.60
RCB, 26.05.2008	Hold, target price EUR 7.60

100-day trading average	in Vienna approximately 15,400 shares in Warsaw approximately 2,800 shares
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Foreword by the Chairman of the Management Board

Dear Shareholders,

Since last year, prices for real estate stocks have declined significantly in virtually every market in the world. After a precipitous slide in the middle of January, Austrian real estate companies saw their stock prices recover somewhat over the remainder of the first quarter. Since then, they remained in a more or less lateral band until they hit new lows again at the end of June. Most exchange-listed real estate companies are now trading at prices well below their net asset value (NAV). This, in turn, means that investors expect real estate prices to decline.

All real estate holdings and ongoing development projects are assessed twice per year by the independent international real estate assessor CB Richard Ellis (CBRE), and the NAV for each calculated on the basis of the gross asset value.

Compared to 31 December 2007, the estimated real estate value has declined, primarily as a result of the high level of uncertainty on the market. There were relatively few real estate transactions and almost no hotel transactions in CEE in the first half of the year.

At 30 June 2008, the NNNNAV per share was EUR 9.5, approximately 12% lower than at the end of the year but still well above the current stock price.

Our business focuses on the development and operation of hotels. Through our business model, we generate continuous stable cash flows from the operation of our hotels. We also realise gains from the sale of properties that we develop ourselves, thereby increasing our cash flows and achieving further organic growth. Our ongoing strategy is sell one, develop three. Development revenues are generated through the sale of one project, and these gains are invested in new development projects through which our portfolio grows continuously. This active asset management allows us to pay out dividends every year.

Warimpex owns and operates hotels, but the management of these hotels is handled by separate hotel management companies. There are two principal ways to operate hotels: through operating leases and through management contracts.

- Under an operating lease, the key advantage for the owner is the stable long-term yield. Such agreements are generally concluded for a period of twenty to thirty years. The lessee bears the risk of generating the agreed lease payments even when market conditions change.
- Under a management contract, the hotel is run by a separate legal entity in the name of and for the owner, for example an international hotel chain. The management company is paid a fee for these services, and the revenues generated by the hotel go to the owner in full. The owner also bears all risk associated with the ownership and operation of the hotel, however. For this reason, management contracts are better suited to investors that are very familiar with the hotel industry. Unlike with rental or operating lease contracts, the investor cannot rely on a hotel company's location selection. The investor must be capable of adequately assessing the hotel market. This entails greater risk, but investing in the right markets and hotel concepts will also generate greater returns. The investor receives the profit generated by the hotel less the management fees, and participates to a much greater extent in the business success of the hotel.

Traditional operating leases generate a return on an investment, but only the hotel manager benefits from the upside potential. Under a management contract, the owner's returns are determined to a much greater extent by economic cycles and market forces.

We were one of the first companies to begin developing hotels in Eastern Europe in the early 1980s. We have very good knowledge of these markets and are confident that our self-developed brands angelo, andel's and Le Palais are innovative hotel concepts. The angelo Hotel in Prague, the first establishment to operate under this name, soon became a popular destination for lovers of design and modern architecture. angelo hotels include a restaurant and an avant-garde bar reminiscent of a 1970s jazz club with its large black and white photographs, pleasant indirect lighting and comfortable chairs.

Another angelo with 146 rooms was already opened in Munich in May 2008, and the next will open in Pilsen in October, in Ekaterinburg in May 2009 and in Katowice at the end of 2009.

Aside from the three angelo hotels that are currently under construction, we are also working on a large number of other development projects.

As this shows, we have already laid a solid foundation for the 2008 financial year in the first six months and are confident that we will make the most of the changed market conditions.



Franz Jurkowitsch

Investor relations

The shares of Warimpex Finanz- und Beteiligungs AG have been listed at the Vienna and Warsaw stock exchanges since 26 January and 29 January 2007, respectively.

Starting in the middle of 2007, the price of the Warimpex share began to decline in line with all other real estate stocks and the Austrian benchmark index IATX due to the turbulence on the financial markets brought about by the mortgage crisis in the USA. After a rapid slide in the middle of January, Austrian real estate stocks recovered somewhat and then moved more or less laterally until they fell to new lows again at the end of June. After listing at EUR 6.64 at the end of the year, our stock was trading at EUR 5.70 per share on 30 June 2008.

We feel that rising inflation and increasing awareness of the inflation situation among investors will be supportive of investments in real estate.

Stock buyback programme

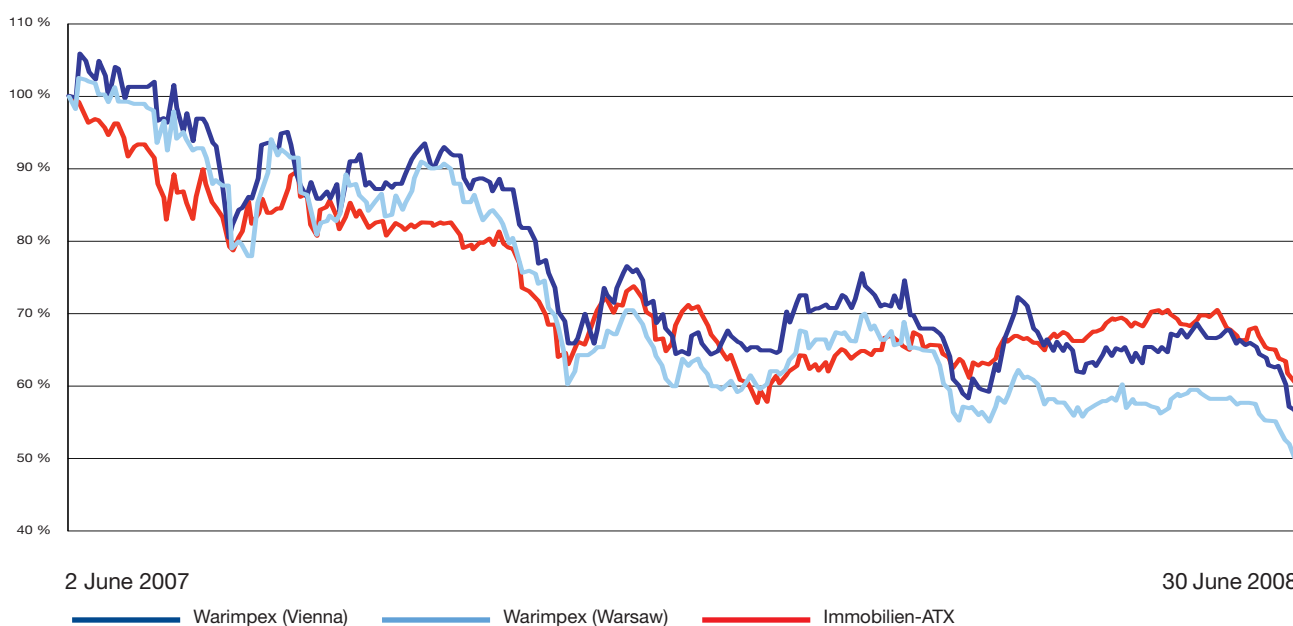
The ordinary annual general meeting on 29 May 2008 authorised the Management Board to purchase shares in the Company up to the maximum amount permitted by law of 10% of the total capital stock within a period of 30 months after the passing of the motion.

The buyback programme began on 21 July 2008, and the acquisition price range was set at EUR 3.00 to EUR 8.00. As of 8 August 2008, a total of 29,000 shares had been purchased at an average price of EUR 5.10. This corresponds to 0.08% of the capital stock.

The Management Board decided to take this measure because the current share price is roughly 50% below the NNNAV as of 30 June 2008, making this a good time to buy back outstanding shares either to be used for payment purposes in acquisitions or as bonuses for our employees.

Notices of any changes (§ 6 Publication Ordinance 2002) and the transactions that have been completed (§ 7 Publication Ordinance 2002) will be published solely at the web site of Warimpex Finanz- und Beteiligungs Aktiengesellschaft: www.warimpex.com.

Share price performance



GROUP MANAGEMENT REPORT

for the period 1 January to 30 June 2008

Economic environment

The growth market of hotel real estate in Eastern Europe

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

In April 2008, the International Monetary Fund (IMF) projected economic growth in the euro area of 1.4% for 2008 and 1.2% for 2009. Growth in the CEE region is expected to total 4.4% in 2008 and 4.3% in 2009, whereby individual countries such as Russia, Romania and Poland will likely achieve substantially higher growth rates. Even as the financial and mortgage crisis in the USA dampens economic growth overall, we feel that the CEE region and especially Russia will continue to grow at a considerably faster rate than the euro area.

Warimpex sees great potential and a need to make up ground in the hotel sector in Eastern Europe and other urban areas outside of the capital cities.

Markets

Poland

Existing portfolio: 6 hotels, 2 office properties

Warimpex holds a 50% interest in the five-star Hotel InterContinental and a 25% interest in the four-star Hotel Sobieski in Warsaw.

In Krakow Warimpex owns an andel's hotel and the three-star Hotel Chopin. Renovation work on 83 rooms at the Hotel Chopin was completed at the beginning of 2008, and the remaining 137 rooms and the lobby are to be refurbished by the beginning of 2009. In Międzyzdroje on the Polish Baltic coast Warimpex owns the Amber Baltic Spa Resort Hotel, a hotel ship and a 27-hole golf course.

The occupancy rate at the well-established Hotel InterContinental in Warsaw improved pleasingly to 79% in the first half of 2008 (previous year: 81%), and the average room rate was increased by approximately EUR 10. The occupancy rate at the Hotel Sobieski was somewhat lower (Q2 2008: 68%, Q2 2007: 71%), though here too the average room rate was increased. The occupancy rate at the Hotel Chopin increased from 71% to 73%, likewise at a higher average room rate. The andel's Hotel in Krakow was able to establish itself in the market just a few months after its opening in June last year and achieved a respectable occupancy rate of 63% in the reporting period.

The occupancy rate at the Amber Baltic beachfront resort fell slightly to 39% (2007: 42%), but the average room rate was increased by roughly 10%. Due to its position on the Baltic coast, occupancy rates at this hotel are subject to strong seasonal fluctuations, in contrast to those of city hotels.

In addition to the hotels listed above, Warimpex owns shares in the Sobieski Office and Parkur Tower office buildings in Warsaw through joint ventures. The Parkur Tower office building near Warsaw Airport, which was jointly developed by Warimpex and UBM and boasts some 8,500 sqm of lettable floor space, was fully let in the period under report. In the second quarter, an adjacent plot was purchased and is to be the site of two further office buildings with 30,000 sqm of lettable space after the completion of the next development phase.

Under development: 3 hotels, 1 budget hotel, 1 shopping centre

Two hotels of the design brands andel's and angelo are under construction in Łódź and in Katowice. The andel's in Łódź is scheduled to open at the beginning of next year, and the angelo in Katowice in the first quarter of 2010.

In the next two years, an office building in Krakow is to be converted into a Campanile budget hotel as part of a joint venture with Louvre Hotels. This property is expected to be transferred to the joint venture in the second half of the year.

Construction work is due to begin on the five-star luxury hotel Le Palais in Warsaw at the end this year, provided the necessary building permits are granted in time. The building is one of the few in Warsaw whose historic fabric has been preserved, and the process of obtaining building permission from the Office for the Preservation of Historic Monuments in Warsaw is proving more difficult than expected.

The plot that Warimpex purchased in Posen about one year ago was sold in the period under report at a modest profit.

In Białystok, Warimpex has commenced development of a shopping centre with approximately 19,000 sqm of lettable retail space and 11,000 sqm of lettable office space. Building permission is expected to be granted in the third quarter of 2008.

Occupancy rates and yields are still on the rise in Poland thanks to domestic tourism, which traditionally accounts for more business than foreign tourism.

Czech Republic**Existing portfolio: 6 hotels**

In Prague, the Warimpex Group owns the three five-star hotels Palace, Le Palais and Savoy, all of which are members of the "Leading Hotels of the World". Warimpex acquired the building adjacent to the Hotel Savoy in 2007 and plans to expand the hotel by approximately 25 additional rooms as well as enlarging the conference facilities.

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.

Occupancy rates and yields declined in the five-star and four-star segments alike in Prague for the first time. The reasons for the lower occupancy rates across the entire market in Prague are above all the relative strength of the Czech koruna, which is making trips to the Czech Republic more expensive, and an excessive supply of hotels. The effect of the strong koruna is being amplified by the weak dollar and the associated decline in the number of tourists from America.

In the period under review, the occupancy rates at the Group's two four-star hotels in Prague were roughly 60% (previous year: 63% and 67%), while occupancy rates of between 44% and 61% were achieved in the five-star segment (previous year: between 48% and 64%). However, the average room prices were stable at the five-star and four-star hotels.

At the Hotel Dvořák, the occupancy rate in the first half of the year was 84% (previous year: 89%); furthermore, the average room rate was raised by more than 10%.

Under development: 1 hotel

A hotel angelo is currently under construction in Pilsen. This 144-room establishment is scheduled to open in October 2008.

Hungary

Existing portfolio: 5 office properties

In Budapest Warimpex owns the Pauler, Csalogany, Erzsebet, Dioszegi and Sajka office buildings, which together have a total net floor space of around 21,000 sqm. During the reporting period, all 3,000 sqm of lettable space in the Pauler office building were let out after the building's complete renovation.

The tenant in the Csalogany office building terminated its lease. The office building has roughly 2,500 sqm of lettable space and is being completely renovated. The work includes the creation of ten new parking spaces and will be completed in December.

Under development: 1 budget hotel, 1 office property

Warimpex is currently planning the modernisation and redevelopment of the two towers of the Erzsebet office complex. One of the towers is to be converted into the Campanile budget hotel, while the other will continue to be let long term as office space following refurbishment. The rental contract was signed during the reporting period.

Romania

Existing portfolio/under development: 1 hotel

At the Airport Hotel angelo Bucharest, which Warimpex acquired last year, the lobby and conference rooms have already been adapted to the Angelo design and full thermal insulation installed on the facade. The renovation work on the first and second floors is also in its final phase. Here, existing office spaces are being converted into 69 additional hotel rooms. Once this work is complete, the hotel will have a total of 177 rooms. All renovation and conversion work is expected to be finished on schedule at the end of September.

The occupancy rate in the first half of 2008 was already a very encouraging 54% in spite of the renovation work.

Germany

Under development: 2 hotels

The Warimpex Group's first hotel in Germany, the 146-room angelo in Munich, was opened at the end of May 2008. This hotel was developed over a period of roughly 12 months in a joint venture with UBM by converting an existing office building.

Plans for the second phase of this project foresee the construction of city archives and a second hotel on the site.

The angelo in Munich achieved an occupancy rate of 50% already in its first month after opening.

The largest andel's hotel to date with more than 550 rooms and suites is currently under construction in Berlin. The basic structural building work was completed at the site on Landsberger Allee at the end of June. The andel's Berlin is scheduled to open at the beginning of next year.

France

Existing portfolio: 2 hotels

In Paris, Warimpex and its long-term partner UBM are the joint leaseholders of the four-star Hotel Dream Castle and the four-star Holiday Inn at Disneyland® Resort Paris, each of which have 400 rooms. At 79% and 66% (previous year: 70% and 68%), the occupancy rates for the hotels showed an extremely gratifying trend in the reporting period. The average room price also increased significantly.

Austria

Under development: 1 hotel including apartments

In Vienna, Warimpex is involved in developing the Palais Hansen on the city's Ringstraße boulevard into a high-end hotel and residential property together with Wiener Städtische/Vienna Insurance Group and Porr Solutions. The project, which is scheduled to open in 2010, is Warimpex's first in Austria.

The property development plan was prepared in collaboration with an architect and the collection of tenders from suitable hotel management companies commissioned in the reporting period.

Russia

Existing portfolio: 1 hotel

A 60% interest in an existing hotel at Koltsovo airport was purchased in the period under review, meaning that the Company has fulfilled the prerequisite for the development of an additional hotel at the airport. The Hotel Liner, which has been in operation for over twenty years, is to be renovated and developed into an international three-star hotel.

Vienna International took over the management of the Hotel Liner at the beginning of August.

Under development: 2 hotels, airport office park

The Airport City development is currently under construction in St. Petersburg, the first phase of which comprises a four-star hotel plus a 40,000 sqm office building. Warimpex is the majority owner of the project with a stake of 50%, while St. Petersburg Airport holds a further 15% and the CA Immo New Europe Fund 25%; in March of this year UBM also bought into this major development with a share of 10%. Construction is proceeding according to schedule, and the foundation slab has already been completed. The Airport City in St. Petersburg is set to open at the end of 2009.

Warimpex is also developing another airport project in Ekaterinburg. A new Hotel angelo is planned to coincide with the expansion of the airport and will boast a direct link to the new terminals. Construction work began in the second quarter of 2008 and is proceeding according to plan. The hotel is expected to open on schedule in the second quarter of 2009.

Budget hotels

Under development: 2 hotels

Together with Louvre Hotels, Warimpex plans to develop a chain of budget hotels in Central Europe that is to comprise around 80 hotels in Hungary, the Czech Republic, Slovakia and Poland in five to seven years' time.

The first joint hotel is to be opened in Zielona Gora in Poland at the end of 2009. A suitable, centrally located site for this project was acquired in the first quarter, as were other pieces of land in Budapest, Pécs and Wrocław.

Warimpex and Louvre are also currently involved in negotiations on the development of further budget hotels in the Hungarian cities of Győr and Debrecen. In Poland, two- to three-star hotels are to be built in Katowice, Krakow, Gdansk and Warsaw. In the Czech Republic the joint venture partners are currently focusing on Prague and Brno.

From autumn 2007 onwards, there was a general decline in the price of land as a result of the financial crisis. Since land prices play a decisive role in the development of budget hotels, acquisitions of land were partially deferred awaiting further developments.

Main business activities in the first half of 2008

• Acquisition of a further 50% stake in andel's Hotel Krakow

At the beginning of January 2008 the purchase of a further 50% interest in the parent company of andel's Hotel in Krakow was concluded. Warimpex is now the sole owner of the four-star hotel, which was developed jointly with UBM and opened last May.

• Acquisition of an airport hotel and a hotel development project at Ekaterinburg Airport

At the beginning of March Warimpex acquired a 60% stake in an existing airport hotel and a hotel development project that is likewise located on the premises of Koltsovo Airport in Ekaterinburg. The Hotel Liner, which has been operating for over 20 years, will be refurbished and further developed as an international three-star establishment. As part of the airport expansion project Warimpex will also build an additional 210-room hotel under its established angelo brand, which will boast a direct link to the new terminals. Construction work started in the second quarter of 2008, with the opening due to follow in June 2009.

• Sale of 10% stake in Airport City St. Petersburg project development company

At the end of the first quarter of 2008 UBM AG was brought on board as a further co-investor in the Airport City development at Pulkovo Airport in St. Petersburg, with Warimpex selling 10% of its shares for EUR 12 million. UBM, which was previously responsible for the technical planning, has thus become a new equity partner in the project. St. Petersburg Airport continues to hold an unchanged 15% stake, and the CA Immo New Europe Fund has held a 25% interest since the end of last year. Warimpex now owns 50% of the project company.

• Start of construction work on Hotel angelo in Katowice

Construction work began for a new Hotel angelo in Katowice at the end of the first quarter of 2008. The hotel will have 203 rooms and is scheduled to open in the first quarter of 2010.

• Acquisition of first pieces of land under the joint venture with Louvre Hotels

After evaluating first joint projects and making initial investment decisions in the financial year 2007, the joint venture has now acquired two plots of land in Budapest, Hungary, and Zielona Gora, Poland, in the first half of 2008. The site in Budapest is earmarked for a three-star Campanile brand hotel with around 280 rooms, which is due to open in 2010. Another Campanile hotel with roughly 80 rooms is planned in Zielona Gora, and is to open as the first joint hotel under this project at the end of 2009. Pieces of land for two additional Campanile hotels were purchased in Wroclaw and Pécs after the balance sheet date.

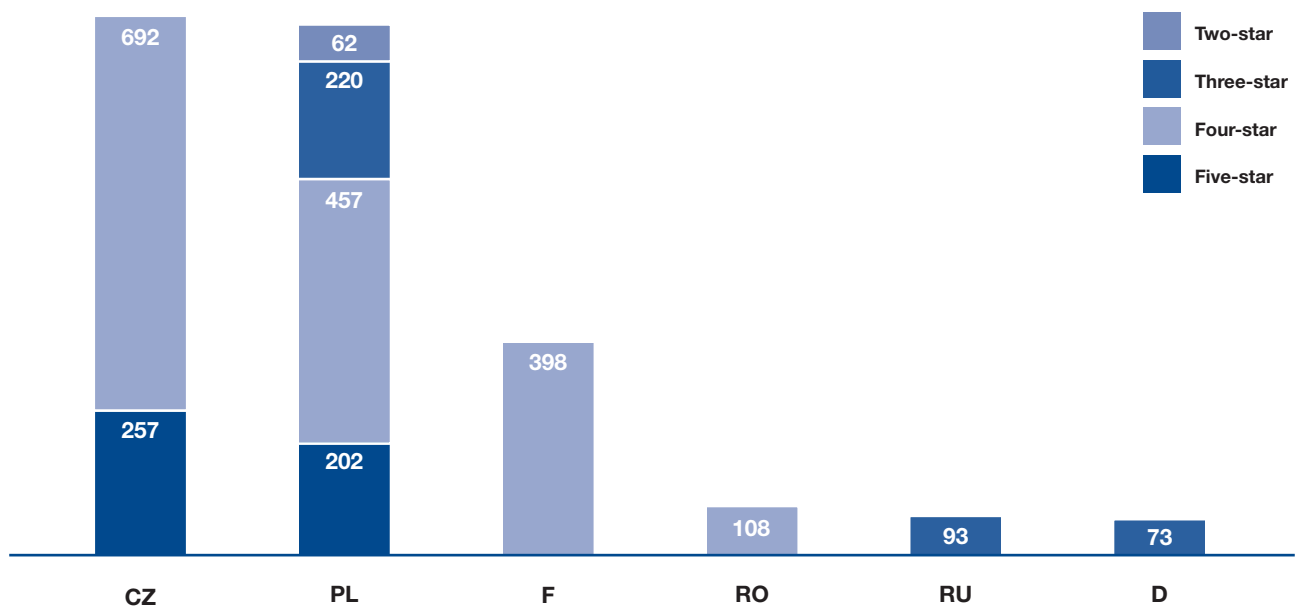
• Sale of the Villa Margareta in Karlovy Vary

At the end of April 2008 a villa in the Czech spa town of Karlovy Vary was sold to a private investor. The sales proceeds of approximately EUR 4.5 million were more than double the fair value of the property as determined by CBRE at 31 December 2007.

• Opening of the Hotel angelo in Munich

A new Hotel angelo was opened in Munich at the end of May. This designer hotel was developed together by Warimpex and UBM and is already the third of its kind after the angelo hotels in Prague and Bucharest. Three further angelo brand hotels are currently under construction in Katowice, Pilsen and Ekaterinburg.

Hotel portfolio (number of rooms adjusted for proportionate share of ownership) at 30 June 2008



In the first six months of 2008, the number of available hotel rooms (adjusted for the proportionate share of ownership) rose by 245, from 2,317 to 2,562 as at the reporting date of 30 June 2008. This is attributable to the acquisition of the additional shares in the andel's Hotel in Krakow, the acquisition of the Hotel Liner in Ekaterinburg and the opening of the Hotel angelo in Munich.

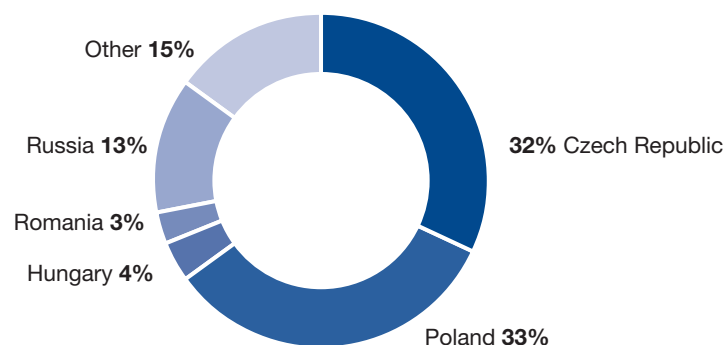
Aside from the budget hotels under the joint venture with Louvre Hotels, a total of 14 development projects are currently under implementation. Seven properties are currently under construction, of which four hotels with a total of 1,200 rooms (750 when adjusted for the proportionate share of ownership) are due to open by the middle of 2009.

Business development

As at the end of June 2008 the Warimpex Group portfolio comprised a total of 24 properties, 17 of which were hotels and seven office properties, plus numerous pieces of land and development projects in eight countries in Central and especially Eastern Europe. The focus of the portfolio is primarily on Hungary, the Czech Republic, Slovakia, Poland and Russia. Preparations are currently underway for further expansion into the new market of Romania as well as for market entry in Ukraine.

To enable an efficient, market-oriented response to ongoing developments, the Warimpex Group employs local staff in all the countries in which it is active.

Real estate assets by country (share of GAV)



Gross asset value (GAV) at 30 June 2008

The greatest share of the Company's gross asset value, 33%, is located in Poland, followed by the Czech Republic with 32%. The share of GAV in Russia increased to 13% as a result of the progress made in the Airport City development project.

In terms of sector breakdown, some 90% of the Group's real estate assets (excluding development projects) are hotels, while 10% are office properties.

Assets, financial position and earnings situation

Warimpex increased its sales revenues considerably in the reporting period. However, the Company's NNNAV decreased by roughly 12%.

Development of revenues

In the first six months of the financial year 2008, Warimpex was able to boost Group revenues by 25% from EUR 35.4 million to EUR 44.3 million. Compared to the first half of 2007, revenues from hotel operations rose from EUR 31.2 million to EUR 41.6 million, representing an increase of 33%. Following one-off effects in the first half of 2007, revenues from the letting of office properties and property development activities declined by 35% to EUR 2.7 million.

Earnings situation

Warimpex carries property, plant and equipment at cost less depreciation and amortisation, and increases in the value of real estate assets are not realised annually and recognised in income. The proceeds are only reported accordingly once a property is sold, so the profit indicators are strongly dependent on real estate sales and are therefore subject to fluctuations.

A "hybrid" real estate company pursues a strategy of developing projects, operating them after their completion and then selling them at a point in time at which the greatest added value can be attained based on the prevailing market conditions and project maturity.

In the first half of 2007 the Group sold its 50% share in a fully let office property, generating proceeds of EUR 2.2 million. In the first half of 2008 Warimpex sold a 10% stake in the Airport City development project in St. Petersburg to UBM, booking a profit of EUR 9.2 million from the transaction. In the first quarter of 2008 Warimpex also acquired the remaining 50% of the andel's Hotel in Krakow. The purchase was effected at a price below the fair market values of the acquired assets, which pursuant to IFRS 3 (business combinations) resulted in a positive contribution to profits but had no impact on cash flow.

A villa in the Czech town of Karlovy Vary that was used as a seminar room by Hotel Dvorak was sold at the end of April 2008. The price paid for the villa was considerably higher than the fair value calculated by CBRE and the book value. This transaction made a contribution of roughly EUR 4.3 million to the profit for the period.

EBITDA – EBIT

Earnings before interest, taxes, depreciation and amortisation (EBITDA) increased by 63% from EUR 13.5 million to EUR 22.0 million, while the operating result (EBIT) also showed a period-on-period increase from EUR 8.9 million to EUR 15.8 million. This increase of EUR 6.9 million is primarily attributable to higher gains from the sale of properties and real estate development projects, as explained above.

Financial result

The financial result changed from EUR –3.6 million to EUR –13.2 million. This difference of EUR 9.6 million is primarily due to a value adjustment of EUR 5.9 million relating to current financial assets in the first quarter of 2008 and higher interest expenses.

Profit for the period

The profit for the period fell from EUR 5.5 million to EUR 3.1 million, primarily due to the poor financial result.

Cash flow

The net cash flow from operating activities declined from EUR 8.4 million in the comparable period of 2007 to EUR 2.7 million, which is primarily attributable to lower cash receipts from operations and higher operating expenses in the development segment.

Real estate assets

As at 30 June 2008, the real estate portfolio of the Warimpex Group comprised seventeen hotels with a total of 3,617 rooms (2,562 rooms when adjusted for the proportionate share of ownership), plus seven office properties with a total lettable floor area of some 36,000 sqm (27,000 sqm when adjusted for the proportionate share of ownership).

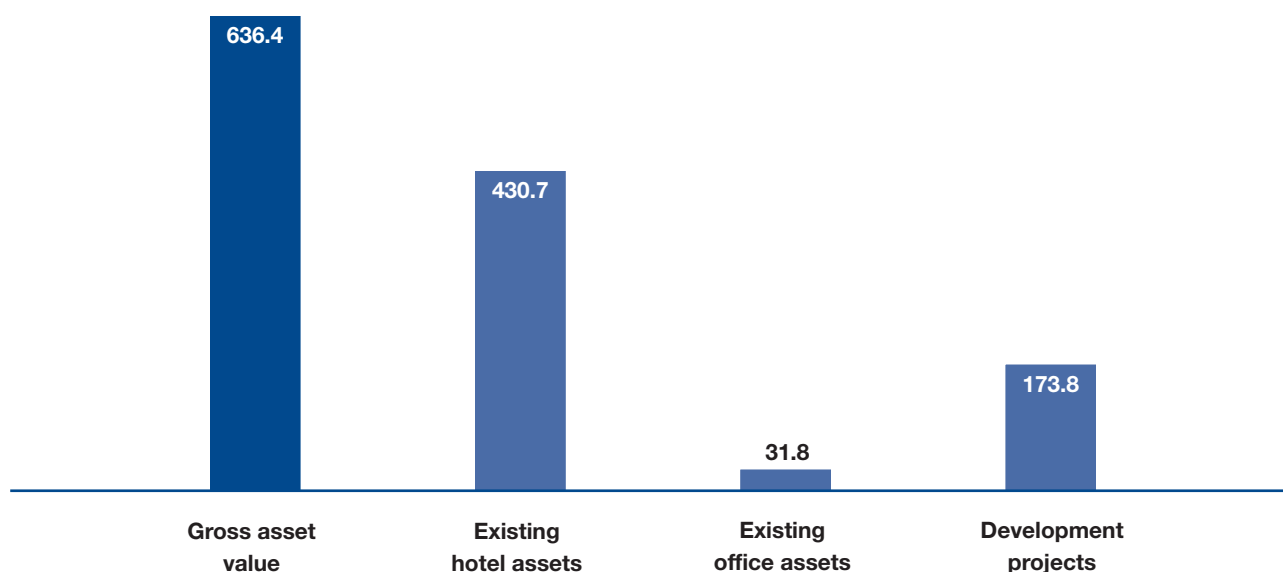
In addition, fourteen development projects are under construction or in advanced stages of development, not including the planned budget hotels.

In accordance with the regulations laid down in IAS 40.12 pertaining to owner-managed hotels, Warimpex carries its hotel properties at cost less depreciation and amortisation, and increases in the value of the remainder of the real estate portfolio are not realised annually and recognised in income. To allow comparison with other real estate companies that report unrealised profits, Warimpex reports the triple net asset value (NNNAV) in its Group management report.

All existing real estate and development projects are valued twice annually 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.

Calculation of gross asset value and net asset value

Gross asset value



As at the reporting date of 30 June 2008, the fair values of Warimpex's real estate assets amounted to EUR 636.4 million (31 December 2007: EUR 614.8 million). While especially the existing hotels in Prague were valued approximately 13% lower on the reporting date than at the end of the year because of lower returns and a considerably higher capitalisation factor (yield), the increase in the gross asset value can be attributed above all to the progress made in development projects and the new properties acquired in the reporting period. The yields also had to be increased for the Polish properties and development projects, which reduced the corresponding property values.

The yields in CEE had to be increased because of higher interest rates, margins and risk premiums. There is considerable uncertainty on the market, and for this reason there were relatively few real estate transactions and almost no hotel transactions that could be used as a benchmark in the first half of the year.

In Russia, the yields and the real estate values remained constant.

The capitalisation factor used to calculate the capitalised value ranged between 6.0% and 8.0% for the hotel properties in Poland (at 31 December 2007: 6.0% to 7.75%) and between 6.75% and 7.50% for those in the Czech Republic (at 31 December 2007: 6.50% to 7.50%).

The triple net asset value (NNNAV) of the Warimpex Group at 30 June 2008 declined in comparison to 31 December 2007 by EUR 46 million or 12% from EUR 341.4 million to EUR 329.9 million. The NNNAV per share declined accordingly from EUR 10.8 to EUR 9.5.

Calculation of the triple net asset value (NNNAV) according to the Best Practice Policy Recommendations published by the European Public Real Estate Association (EPRA) in May 2008 not including deferred taxes:

in EUR m	30/06/2008	31/12/2007
Equity before minority interests	171.8	177.0
Goodwill	-8.6	-7.4
Deferred tax assets	-4.0	-4.2
Deferred tax liabilities	22.0	19.1
Book value of existing hotel assets	342.1	287.9
Fair value of existing hotel assets	430.7	422.0
Book value of existing office property assets (investment properties)	22.8	22.4
Fair value of existing office property assets (investment properties)	31.8	37.7
Book value of development projects	96.9	87.2
Fair value of development projects	159.5	140.7
Book value of associated companies	8.9	8.2
Fair value of associated companies	8.9	8.2
Triple net asset value/EPRA	341.4	387.4
Number of shares	36.000.000	36.000.000
NNNAV per share in EUR	9.5	10.8

Material risks and other information

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

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. These risks may be increased due to factors on the financial markets that are beyond the control of the Company and may have an impact on the Company's ability to finance or sell projects. In addition, there are risks of rent default which may impact on both the current cash flow and on real estate valuation.

For information on major transactions with related parties, please consult the notes to the financial statements.

Outlook

Aside from the planned budget hotels, Warimpex is currently working on a total of fourteen development projects that underpin the growth strategy of the Warimpex Group in the countries of Central and Eastern Europe. The following hotels are under construction:

- | | |
|-----------------------------------|------------------------------------|
| • angelo, Pilsen, 144 rooms | (planned opening October 2008) |
| • andel's, Łódź, 278 rooms | (planned opening 1st quarter 2009) |
| • andel's, Berlin, 557 rooms | (planned opening 1st quarter 2009) |
| • angelo, Ekaterinburg, 210 rooms | (planned opening 2nd quarter 2009) |
| • angelo, Katowice, 203 rooms | (planned opening 1st quarter 2010) |

The following development project is also under construction:

- Airport City, St. Petersburg, business park with 40,000 sqm of office space and an international hotel with 300 rooms (planned opening 4th quarter of 2009)

The following projects are in advanced stages of development:

- Le Palais, Warsaw
- Multidevelopment, Krakow
- Hotel Munich
- Palais Hansen, Vienna
- Shopping centre, Białystok

The following projects are currently under development in a joint venture with Louvre Hotels:

- Campanile, Budapest
- Campanile, Zielona Gora
- Campanile, Wroclaw
- Campanile, Pécs

Ongoing expansion

For the four- and three-star-plus hotels – the andel's and angelo brands – further expansion opportunities are primarily being evaluated in the region's secondary metropolitan areas, while the further development of the Le Palais luxury brand is to be focused especially on the capital cities.

Vienna, 27 August 2008



Franz Jurkowitsch
Chairman of the Management Board



Georg Folian
Deputy Chairman of the Management Board



Christian Fojtl
Member of the Management Board



Alexander Jurkowitsch
Member of the Management Board

INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED **30 JUNE 2008**

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CONSOLIDATED INCOME STATEMENT

in EUR	Note	01-06/08	04-06/08	01-06/07	04-06/07
Revenues					
Revenues – Hotels & Resorts segment		41,586,865	24,735,644	31,192,993	19,308,841
Revenues – Development & Asset Management segment		2,738,421	1,317,783	4,242,522	1,605,113
		<u>44,325,286</u>	<u>26,053,427</u>	<u>35,435,515</u>	<u>20,913,954</u>
Gains from the sale of disposal groups					
Revenues from the sale of real estate (share deals)		18,250,000	6,275,000	7,366,489	–
Carrying amounts of the disposal groups sold		(8,665,249)	(5,908,922)	(5,037,187)	151,880
	[05]	<u>9,584,751</u>	<u>366,078</u>	<u>2,329,302</u>	<u>151,880</u>
Other income and expenses					
Changes in real estate projects under development or construction		(86,911)	(37,243)	(1,000,551)	(333,827)
Other income	[12]	4,334,224	4,201,459	4,748,773	4,718,310
		<u>4,247,314</u>	<u>4,164,216</u>	<u>3,748,222</u>	<u>4,384,483</u>
Expenses for materials and services received		(20,428,947)	(11,155,911)	(13,249,841)	(7,231,284)
Expenses for project development		(695,305)	(468,549)	(605,440)	(434,973)
Personnel expenses	[08]	(13,836,870)	(7,534,741)	(10,108,037)	(5,705,258)
Depreciation and amortisation expense		(6,188,027)	(3,233,906)	(4,512,428)	(2,348,024)
Other expenses	[09]	(4,215,899)	(2,317,906)	(4,097,946)	(2,644,459)
Negative goodwill recognised in income	[06]	2,981,013	54,562	–	–
		<u>(42,384,034)</u>	<u>(24,656,452)</u>	<u>(32,573,691)</u>	<u>(18,363,999)</u>
Operating profit		<u>15,773,317</u>	<u>5,927,270</u>	<u>8,939,348</u>	<u>7,086,319</u>
Finance revenue	[10]	1,787,753	1,257,110	2,094,987	1,488,928
Finance costs	[10]	(15,020,317)	(5,013,386)	(5,659,679)	(2,625,566)
Profit before tax		<u>2,540,753</u>	<u>2,170,994</u>	<u>5,374,656</u>	<u>5,949,681</u>
Current income tax expense	[11]	(71,826)	(36,762)	(26,274)	(5,699)
Deferred taxes	[11]	593,925	(146,942)	171,277	(531,734)
Profit for the period		<u>3,062,852</u>	<u>1,987,290</u>	<u>5,519,659</u>	<u>5,412,249</u>
Attributable to:					
– Equity holders of the parent		3,096,467	2,094,511	5,479,230	5,411,753
– Minority interests		(33,615)	(107,221)	40,430	496
		<u>3,062,852</u>	<u>1,987,290</u>	<u>5,519,659</u>	<u>5,412,249</u>
Earnings per share:					
undiluted, for the profit of the year attributable to ordinary equity holders of the parent		0,09	0,06	0,16	0,15

CONSOLIDATED BALANCE SHEET

in EUR	Note	30/06/2008 unaudited	31/12/2007 audited	30/06/2007 unaudited
ASSETS				
Non-current assets				
Property, plant and equipment	[12]	342,087,239	287,869,763	279,797,010
Plant under construction		96,888,952	87,190,312	32,503,331
		438,976,191	375,060,075	312,300,342
Investment properties	[13]	18,135,537	17,679,162	17,640,973
Goodwill		8,612,501	7,409,809	7,409,809
Acquired computer software		210,329	204,778	243,341
Investment in associates		8,876,171	8,229,836	–
Available-for-sale investments		–	–	269
Other financial assets	[14]	43,713,949	39,113,292	28,719,848
Deferred tax assets		4,028,897	4,208,795	4,235,315
		522,553,576	451,905,747	370,549,897
Current assets				
Inventories		2,696,613	2,200,984	2,450,895
Trade and other receivables	[16]	25,969,338	14,856,584	11,349,297
Available-for-sale investments		–	10,155,000	–
Other financial assets	[17]	1,936,887	557,436	713,557
Cash and short-term deposits		25,603,846	23,993,377	29,758,562
		56,206,684	51,763,381	44,272,311
Assets of a disposal group classified as held for sale	[07]	4,639,450	4,690,604	8,426,677
		60,846,134	56,453,984	52,698,988
TOTAL ASSETS		583,399,710	508,359,731	423,248,884

CONSOLIDATED BALANCE SHEET

in EUR	Note	30/06/2008 unaudited	31/12/2007 audited	30/06/2007 unaudited
EQUITY AND LIABILITIES				
<i>Equity attributable to equity holders of the parent</i>				
Issued capital		36,000,000	36,000,000	36,000,000
Capital reserves		55,576,939	55,576,939	55,980,655
Retained earnings		73,751,485	79,655,019	51,260,771
Other reserves		6,492,711	5,808,226	5,908,875
		171,821,136	177,040,184	149,150,301
<i>Minority interests</i>		5,266,514	267,837	169,323
Total equity		177,087,649	177,308,021	149,319,623
Non-current liabilities				
Interest-bearing loans and borrowings	[15]	267,865,548	208,623,172	197,116,050
Provisions		3,469,387	3,370,029	3,626,919
Other liabilities		819,443	813,691	627,461
Deferred tax liability		21,974,047	19,074,381	17,752,627
		294,128,424	231,881,273	219,123,056
Current liabilities				
Trade and other payables	[16]	27,684,822	22,947,844	18,235,603
Interest-bearing loans and borrowings	[15]	79,765,432	70,302,533	28,740,749
Derivative financial instruments	[17]	–	–	3
Income tax payable		(41,561)	719,425	138,923
Provisions		811,366	1,033,507	1,293,082
		108,220,059	95,003,310	48,408,359
Liabilities directly associated with assets classified as held for sale	[07]	3,963,578	4,167,127	6,397,845
		112,183,637	99,170,436	54,806,204
TOTAL EQUITY AND LIABILITIES		583,399,710	508,359,731	423,248,884

CONSOLIDATED CASH FLOW STATEMENT

in EUR	Note	1/1–30/6/2008	1/1–30/6/2007
Cash receipts from operating activities			
From the operation of hotels and rent received		43,682,425	34,254,055
From real estate development projects		572,516	2,112,144
Interest received		601,166	639,098
		<u>44,856,107</u>	<u>37,005,296</u>
Cash payments for operating activities			
For real estate development projects		(881,653)	(190,235)
For materials and services received		(20,276,043)	(14,280,671)
For personnel and related expenses		(13,799,776)	(10,108,402)
For other expenses		(6,245,720)	(3,886,562)
Income tax paid		(928,677)	(111,892)
		<u>(42,131,870)</u>	<u>(28,577,763)</u>
Net cash flows from operating activities		<u>2,724,237</u>	<u>8,427,533</u>
Cash flows from investing activities			
Relating to property, plant and equipment:			
Proceeds from the sale of property, plant and equipment	[12]	4,652,093	20,840
Purchase of property, plant and equipment	[12]	(48,953,614)	(19,842,590)
		<u>(44,301,520)</u>	<u>(19,821,750)</u>
Relating to investment properties:			
Proceeds from the sale of investment properties		–	–
Purchase/expansion of investment properties		(692,812)	(371,761)
		<u>(692,812)</u>	<u>(371,761)</u>
Relating to available-for-sale investments:			
Proceeds from the sale of available-for-sale investments	[10]	4,206,000	574,761
Purchase of available-for-sale investments		–	(12,480)
		<u>4,206,000</u>	<u>562,281</u>
Purchase of computer software		(53,950)	(6,180)
Relating to other financial assets:			
Loans granted and the repayment of granted loans		3,331,728	(2,128,699)
Other		(3,021)	(253,250)
Payments for associated companies		(646,336)	–
		<u>2,682,372</u>	<u>(2,381,949)</u>
		<u>(38,159,910)</u>	<u>(22,019,360)</u>

CONSOLIDATED CASH FLOW STATEMENT

in EUR	Note	1/1–30/6/2008	1/1–30/6/2007
Cash flows from business combinations, other changes in the scope of consolidation and the acquisition of minority interests			
Proceeds from the sale of disposal groups		10,250,000	3,210,106
Net cash of the companies sold		(884,648)	(80,459)
	[05]	9,365,352	3,129,647
Payments made for business combinations	[06]	(13,357,478)	(195,933)
Cash acquired from business combinations		978,965	312,631
		(12,378,512)	116,699
Payments for business combinations effected in previous periods		(4,736,642)	(14,202,000)
		(7,749,802)	(10,955,654)
Net cash flows used in/from investing activities and changes in the scope of consolidation		(45,909,711)	(32,975,015)
Cash flows from financing activities			
Cash receipts from capital measures		–	66,000,000
Payments made for capital measures		–	(5,091,697)
Cash receipts from/payments to minority interests		130,032	–
Proceeds from loans and borrowings	[15]	75,289,492	11,373,123
Repayment of loans and borrowings	[15]	(13,202,543)	(24,089,479)
Interest and other finance cost paid		(8,601,635)	(5,908,885)
Cash receipts from/payments for derivative financial transactions	[17]	(973,682)	–
Payments for dividends			
Equity holders of the parent		(9,000,000)	(5,400,000)
Net cash flows from/used in financing activities		43,641,665	36,883,062
Net change in cash and cash equivalents		456,191	12,335,580
Net foreign exchange difference		1,014,328	(172,844)
Cash and cash equivalents at 1 January		24,135,200	17,649,563
Cash and cash equivalents at end of period		25,605,718	29,812,299
Cash and cash equivalents at end of period break down as follows:			
Cash and cash equivalents of the Group		25,603,846	29,758,562
Cash and cash equivalents of a disposal group classified as held for sale		1,872	53,737
		25,605,718	29,812,299

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period from 1 January to 30 June 2008 – unaudited

in EUR	Issued capital	Capital reserve	Retained earnings	Other reserves	TOTAL	Minority interests	Total equity
At 1 January 2008	36,000,000	55,576,939	79,655,018	5,808,226	177,040,183	267,838	177,308,021
Foreign currency translation	–	–	–	566,953	566,953	4,123	571,076
(Deferred) tax effects of foreign currency translation	–	–	–	(16,159)	(16,159)	–	(16,159)
Net gains/losses from hedging	–	–	–	162,279	162,279	877	163,157
(Deferred) tax effects from hedging	–	–	–	(28,587)	(28,587)	(155)	(28,742)
Total income and expenses for the period recognised directly in equity	–	–	–	684,485	684,485	4,846	689,331
Changes in the scope of consolidation	–	–	–	–	–	5,029,913	5,029,913
Profit for the period	–	–	3,096,467	–	3,096,467	(33,615)	3,062,852
Total income and expenses for the period	–	–	3,096,467	684,485	3,780,953	5,001,144	8,782,096
Cash receipts from/payments to minority shareholders	–	–	–	–	–	(2,468)	(2,468)
Dividend payment	–	–	(9,000,000)	–	(9,000,000)	–	(9,000,000)
At 30 June 2008	36,000,000	55,576,939	73,751,485	6,492,711	171,821,136	5,266,514	177,087,649

for the period from 1 January to 30 June 2007 – unaudited

in EUR	Issued capital	Capital reserve	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	–	–	–	9,957	9,957	33,466	43,424
(Deferred) tax effects of foreign currency translation	–	–	–	352	352	162	514
Fair value gains of available-for-sale investments	–	–	–	83,571	83,571	–	83,571
(Deferred) tax effects of fair value gains	–	–	–	(28,314)	(28,314)	–	(28,314)
Net gains/losses from hedging	–	–	–	342,921	342,921	1,854	344,775
(Deferred) tax effects from hedging	–	–	–	(65,155)	(65,155)	(352)	(65,507)
Total income and expenses for the period recognised directly in equity	–	–	–	343,332	343,332	35,129	378,462
Changes in the scope of consolidation	–	–	–	–	–	(186,887)	(186,887)
Profit for the period	–	–	5,479,229	–	5,479,229	40,430	5,519,659
Assignment of negative minority shareholding	–	–	–	–	–	–	–
Total income and expenses for the period	–	–	5,479,229	343,332	5,822,562	(111,328)	5,711,233
Cash receipts from/payments to minority shareholders	–	–	–	–	–	–	–
Capital increase	6,000,000	60,000,000	–	–	66,000,000	–	66,000,000
Capital procurement costs	–	(5,010,786)	–	–	(5,010,786)	–	(5,010,786)
(Deferred) tax effects of capital procurement costs	–	991,441	–	–	991,441	–	991,441
Dividend payment	–	–	(5,400,000)	–	(5,400,000)	–	(5,400,000)
At 30 June 2007	36,000,000	55,980,655	51,260,771	5,908,875	149,150,301	169,323	149,319,623

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 registration number FN 78485 w. Its registered address is Floridsdorfer Hauptstrasse 1, A-1210 Vienna (formerly Porzellangasse 4, A-1090 Vienna), Austria. The interim financial statements of Warimpex Finanz- und Beteiligungs AG for the period ended 30 June 2008 were authorised for release by the directors on 27 August 2008. The main activities of the Company are described in Note [4] “Segment information”.

[02] Basis of preparation

The interim consolidated financial statements for the period ended 30 June 2008 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 2007.

The accounting and valuation methods applied in preparing the interim consolidated financial statements as of 30 June 2008 have remained unchanged from the consolidated financial statements as of 31 December 2007.

With respect to the changes effective under IFRS as of 1 January 2008 and their effects, please refer to the details stated in the consolidated annual financial statements as of 31 December 2007.

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 2008 – unaudited

in EUR	Hotels & Resorts		Development & Asset-Management		Total in EUR	
	2008	2007	2008	2007	2008	2007
External sales	41,586,865	31,192,993	2,738,421	4,242,522	44,325,286	35,435,515
Segment results	3,776,027	4,983,666	11,997,290	3,955,682	15,773,317	8,939,348
Investments						
• In tangible fixed assets and software	45,662,168	15,484,192	5,975,661	1,792,107	51,637,829	17,276,298
• In financial assets	(9,255)	202,371	10,848,531	5,625,836	10,839,276	5,828,207
• Finance leasing	–	–	–	–	–	–
Business combinations and other changes in the scope of consolidation	23,422,507	16,380,968	(17,203,509)	(5,069,899)	6,218,998	11,311,069
	69,075,419	32,067,530	(379,317)	2,348,044	68,696,103	34,415,574
Depreciation						
• Ordinary depreciation	(5,623,665)	(4,163,777)	(564,362)	(348,651)	(6,188,027)	(4,512,428)
Net cash flows from operating activities	7,753,851	8,832,105	(5,029,614)	(404,572)	2,724,237	8,427,533
Segment assets	454,884,986	334,253,930	128,514,723	88,994,955	583,399,710	423,248,884
Segment liabilities (gross)	(349,390,320)	(267,689,405)	(56,921,740)	(6,239,856)	(406,312,060)	(273,929,261)
Intragroup financing	40,616,724	30,722,593	(40,616,724)	(30,722,593)	–	–
Segment liabilities (net)	(308,773,596)	(236,966,812)	(97,538,465)	(36,962,449)	(406,312,060)	(273,929,261)
Average payroll	1,325	1,028	65	50	1,390	1,078

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

for the period from 1 January to 30 June 2008 – unaudited

in EUR	Luxury		Up-Market		Others	
	2008	2007	2008	2007	2008	2008
Sales revenues	11,393,984	9,170,059	27,131,506	19,833,306	3,061,375	2,042,280
Expenses for materials and services	(4,718,707)	(3,567,240)	(11,003,798)	(6,822,584)	(1,011,227)	(566,401)
Personnel expenses	(3,173,764)	(2,440,822)	(6,618,983)	(4,386,840)	(701,000)	(386,328)
Gross operating profit	3,501,514	3,161,996	9,508,725	8,623,882	1,349,148	1,089,552
<i>Employees Hotel</i>	353	308	817	593	137	87
Rooms available						
Total	661	641	2,519	1,708	368	207
Joint venture share	(202)	(269)	(738)	(519)	–	–
Time allocation	–	–	(108)	–	(55)	–
Rooms available Group	459	372	1,673	1,189	313	207
Rooms sold	295	241	1,009	751	220	154
Average room occupancy rate	64%	65%	60%	63%	70%	74%
Management fee	(655,579)	(458,406)	(1,447,619)	(1,271,567)	(197,011)	(148,900)
Property costs	(361,662)	(196,749)	(582,251)	(271,439)	(1,353)	(143,807)
Net operating profit	2,484,273	2,506,841	7,478,855	7,080,877	1,150,784	796,844
Other costs after GOP (net)	(345,501)	(260,833)	(769,659)	(710,164)	(63,920)	(60,863)
Pre-opening costs	–	–	(104,982)	(125,223)	–	–
Retail	–	–	–	–	46,465	–
Depreciation	(1,928,225)	(1,508,199)	(3,229,220)	(2,344,852)	(459,824)	(310,726)
Contribution to operating profit	210,546	737,810	3,374,995	3,900,638	673,506	425,255
thereof in						
• Czech Republic	(197,144)	454,104	2,082,025	3,336,866	–	–
• Poland	407,690	283,706	994,548	446,364	519,708	425,255
• France	–	–	565,624	117,408	–	–
• Germany	–	–	(75,204)	–	–	–
• Russia	–	–	–	–	153,798	–
• Romania	–	–	(191,997)	–	–	–
• Others	0	–	–	–	–	–
	210,546	737,810	3,374,995	3,900,638	673,506	425,255
Total for hotels in operation					4,259,047	5,063,703
Less expenses for hotels under construction/in planning phase					(483,020)	(80,038)
Segment contribution to operating profit					3,776,027	4,983,666

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

for the period from 1 January to 30 June 2008 – unaudited

in EUR	Luxury		Up-Market		Others	
	2008	2007	2008	2007	2008	2008
Cash receipts	11,217,312	9,259,025	26,308,110	19,875,512	2,929,596	1,835,279
Interest received	45,374	27,478	35,069	38,645	–	2,165
Cash paid for materials and services	(5,105,226)	(3,525,370)	(12,575,992)	(9,183,476)	(1,225,044)	(532,648)
Cash paid for personnel expenses	(3,154,160)	(2,574,027)	(6,703,757)	(4,609,041)	(713,003)	(427,668)
Cash paid for other expenses	(631,051)	(149,399)	(1,421,344)	(899,490)	(72,245)	(197,432)
Income tax paid	–	–	(521,042)	(53,071)	(95,676)	–
	2,372,249	3,037,706	5,121,043	5,169,080	823,628	679,696
thereof in						
• Czech Republic	875,892	1,968,417	2,114,056	4,273,465	–	–
• Poland	1,496,358	1,069,289	1,717,161	574,263	855,040	679,696
• France	–	–	289,927	321,351	–	–
• Germany	–	–	(372,981)	–	–	–
• Russia	–	–	–	–	(31,412)	–
• Romania	–	–	1,372,881	–	–	–
• Others	–	–	–	–	–	–
	2,372,249	3,037,706	5,121,043	5,169,080	823,628	679,696
Total for hotels in operation					8,316,920	8,886,482
Less expenses for hotels under construction/in planning phase					(563,069)	(54,378)
Segment contribution to operating profit					7,753,851	8,832,105

Analysis of the segment “Development & Asset Management” – year-on-year comparison

for the period from 1 January to 30 June 2008 – unaudited

in EUR	Asset Management		Development		Others	
	2008	2007	2008	2007	2008	2008
Sales revenues	1,781,664	1,076,128	553,130	2,826,823	403,628	339,571
Changes in real estate projects under development	–	–	(86,911)	(1,000,551)	–	–
Sale of subsidiaries & negative goodwill recognised in income	–	–	12,573,833	2,329,302	–	–
Other income	–	167,997	4,314,704	4,556,989	–	2,190
Expenses for materials	(668,404)	(350,238)	(153,360)	(128,077)	(388,442)	(301,904)
Project development expenses	(20,475)	(190,118)	(321,416)	(230,437)	–	–
Personnel expenses	(14,419)	(18,381)	(2,578,649)	(2,259,490)	(8,706)	–
Depreciation	(214,542)	(180,802)	(318,362)	(135,101)	(31,457)	(32,748)
Other operating expenses	(350,397)	(65,501)	(2,464,230)	(2,440,116)	(9,898)	(9,855)
Segment operating results	513,426	439,086	11,518,739	3,519,343	(34,875)	(2,746)
thereof in						
• Czech Republic	–	(29,347)	4,266,280	(64,450)	–	–
• Poland	(19,176)	195,531	(346,651)	(224,321)	(34,875)	(2,746)
• Germany	–	–	(14,515)	–	–	–
• France	–	–	(91,115)	(27,823)	–	–
• Austria	–	–	7,816,473	3,544,029	–	–
• Hungary	553,078	272,901	(102,606)	313,264	–	–
• Others	(20,475)	–	(9,128)	(21,356)	–	–
	513,426	439,086	11,518,739	3,519,343	(34,875)	(2,746)

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

for the period from 1 January to 30 June 2008 – unaudited

in EUR	Asset Management		Development		Others	
	2008	2007	2008	2007	2008	2008
Cash receipts from rent	1,974,607	1,131,071	722,303	1,603,134	530,513	389,715
Cash receipts from development	–	–	572,516	2,112,144	–	–
Interest received	3,698	3,844	471,504	560,642	208	73
Cash paid for development	(20,475)	(151,311)	(465,039)	88,300	118,682	–
Cash paid for materials and services	(862,176)	(494,094)	(115,391)	(146,599)	(417,766)	(327,873)
Cash paid for personnel expenses	(14,464)	(106,191)	(3,201,962)	(2,370,374)	(8,706)	–
Cash paid for other expenses	(277,833)	52,696	(3,718,508)	(2,679,629)	(11,632)	(11,845)
Income tax paid	(10,503)	(1,262)	(299,188)	(57,010)	–	–
Segment cash flow from operating activities	792,853	434,753	(6,033,766)	(889,394)	211,299	50,070
Cash flows from the sale of disposal groups			10,250,000	3,210,106		
Cash flow before investment and financing activities			4,216,234	2,320,713		
thereof in						
• Czech Republic	–	264,987	(68,578)	(77,707)	–	–
• Poland	102,821	97,648	(396,966)	(216,578)	92,617	50,070
• Germany	–	–	(5,197)	–	–	–
• Austria	–	–	(5,089,788)	(1,670,653)	–	–
• France	–	–	(326,309)	(1,159)	–	–
• Hungary	710,507	72,118	(133,047)	1,106,627	–	–
• Others	(20,475)	–	(13,881)	(29,923)	118,682	–
	792,853	434,753	(6,033,766)	(889,394)	211,299	50,070

[05] Sale of further 10% of the shares in “Avielen OAO St. Petersburg”

Under the share purchase agreement of 31 March 2008, a further 10% interest in “Avielen OAO St. Petersburg” was sold to a co-investor for EUR 12 million. By this partial sale the share held by Warimpex in the company was reduced from 60% to now 50% and the company was transferred from full consolidation to proportionate consolidation. The project company “Millenium Plaza Sp.z.o.o.” was also sold for EUR 6.25 million in Q2 of 2008. The partial sale and the transfer from full to proportionate consolidation have the following effects on the consolidated financial statements:

EUR

Property under construction	(17,259,370)
Non-current financial assets	(35,934)
Other current receivables	(69,041)
Cash and cash equivalents	(884,648)
	<u>(18,248,993)</u>
Minority interests	76,875
Third-party loans	82,903
Loans extended by Warimpex	8,838,715
Deferred tax liabilities	535,443
Other current payables	49,809
	<u>9,583,744</u>
Book value of the company assets sold	(8,665,249)
Agreed purchase price for the shares	18,250,000
Net sale price for the shares	<u>9,584,751</u>

Cash flow

Cash receipts and cash outflows from sold subsidiaries break down as follows:

Proceeds from the sale of the company shares	18,250,000
shown in “Other receivables” in the reporting period	(8,000,000)
• Gross proceeds from the sale of disposal groups	10,250,000
• Net cash of the companies sold	(884,648)
	<u>9,365,352</u>

[06] Business combinations IFRS 3

Under the share purchase agreement dated 10 January 2008 the Warimpex Group acquired a further 50% of the shares of “UBX Krakow Sp.z.o.o.”, making the Company the 100% owner of “andel's Hotel Krakow”. The acquisition price amounted to EUR 4.5 million. Loans in the amount of EUR 4.4 million were assumed by the Company. Furthermore, under a share purchase agreement dated 6 March 2008 the Company purchased 60% of the shares in “Reitano Holdings Limited”, which owns 100% of the existing “Hotel Liner” and a hotel development project at Ekaterinburg Airport, Russia. The purchase price of the shares amounts to USD 12,748,000.00 and will fall due in several tranches. For this reason, the final purchase price to be paid by the end of the year is subject to change depending on the development of the US\$/EUR exchange rate.

Under a share purchase agreement dated 20 March 2008 the Company acquired a further 50% of the shares of “Thermoenergia Sp.z.o.o.” and hence increased its interest in the company from previously 40% to now 90%. “Thermoenergia Sp.z.o.o.” was transferred from proportionate to full consolidation.

An additional share of 30% was acquired in the company “EI Invest Sp.z.o.o.”, bringing the share held by Warimpex group to 81%. The fair values of the identifiable assets and liabilities of the acquired companies as of the acquisition date were as follows:

	Hotel andel's Krakow	Hotel Liner Ekaterinburg	Thermo- energia	EI-Invest Sp.z.o.o.
Property, plant and equipment, software	21,133,775	14,085,087	628,812	–
Non-current financial assets	–	615,241	–	–
Other current receivables	160,780	360,453	41,885	–
Cash and cash equivalents	765,764	201,274	11,928	–
	22,060,318	15,262,055	682,625	–
Minority interests	–	(5,167,107)	(367)	60,686
Third-party loans	(5,807,216)	–	(327,442)	–
Loans extended by Warimpex	(2,216,113)	–	(218,230)	–
Deferred tax liabilities	(1,836,832)	(2,164,799)	–	–
Other current payables	(345,089)	(206,736)	(62,489)	–
	(10,205,250)	(7,538,642)	(608,529)	60,686
Fair value of net assets	11,855,069	7,723,413	74,096	60,686
Goodwill	–	1,182,134	–	20,557
Negative goodwill directly recognised in income	(2,920,129)	–	(60,884)	–
Total cost of business combination	8,934,939	8,905,547	13,212	81,243
Purchase price obligation unpaid	–	(4,577,465)	–	–
Cash payments made in the reporting period	8,934,939	4,328,083	13,212	81,243
Thereof cash payments for the purchase price	4,500,000	4,225,169	13,212	81,243
Thereof assumed loans to joint venture partner	4,428,618	–	–	–
Thereof ancillary costs associated with the purchase price	6,321	102,913	–	–
	8,934,939	4,328,083	13,212	81,243

[07] Subsidiaries classified as held for sale

The assets and liabilities of "Palminvest kft" developed as follows in the reporting period:

in EUR	At 1/1/2008	±Change 01–06/08	At 30/6/2008
Investment properties	4,445,643	81,888	4,527,531
Current receivables	103,138	6,909	110,047
Cash and cash equivalents	141,822	(139,950)	1,872
	4,690,604	(51,154)	4,639,450
Project loans	3,727,898	(173,652)	3,554,246
Deferred tax liabilities	326,303	(16,519)	309,784
Current payables	112,926	(13,378)	99,548
	4,167,127	(203,549)	3,963,578
<i>Net assets of the disposal group</i>	523,477	152,395	675,872

[08] Personnel expenses, average payroll

in EUR	1/1–30/6/2008	1/1–30/6/2007
Wages and salaries	(9,829,899)	(6,990,280)
Social insurance contributions	(2,368,431)	(1,829,881)
Other wage- and salary-related contributions	(519,948)	(287,799)
Voluntary staff costs	(153,079)	(17,766)
Billed costs for provided personnel	(478,196)	(548,913)
Payments for termination and post-employment benefits	(40,851)	(116,200)
Change in deferred entitlements for compensated absences	(384,766)	(195,741)
	(13,775,170)	(9,986,580)
Changes in social capital	(61,700)	(121,457)
	(13,836,870)	(10,108,037)

In the reporting period January to June, the Company employed an average staff of 1,390 (comparable period of the previous year: 1,078),

The increase in the average number of employees is basically due to the fact that the Hotel InterContinental Warsaw was included at a rate of only 33.33% (current period 50%) and Liner Hotel, Airport Hotel Angelo Bucharest, the Holiday Inn Paris and andel's Hotel Krakow had not yet been opened or not yet included in the scope of consolidation in the comparable period of the previous year.

The 37% increase in personnel expenses from EUR 10,108,037.00 to EUR 13,836,870.00 in the reporting period is partly due to the higher number of employees and partly to exchange rate appreciation, in particular of the Czech crown and Polish zloty.

Remuneration to the Management Board including the bonus entitlement of 5% of the consolidated profit amounted to EUR 678,824.00 in the reporting period (comparable period in the previous year: EUR 774,993.00).

[09] Other expenses

in EUR	1/1–30/6/2008	1/1–30/6/2007
Pre-opening costs	(264,982)	(125,223)
Legal fees	(1,241,219)	(511,930)
Proportionate costs for capital measures	–	(1,125,935)
Non-recoverable VAT	(210,405)	(138,366)
Property costs	(1,016,678)	(546,672)
Impairment of current assets	(63)	7,749
General administrative costs	(667,807)	(709,568)
Advertisement and marketing	(474,528)	(295,999)
Other	(340,217)	(652,003)
	<u>(4,215,899)</u>	<u>(4,097,946)</u>

[10] Financial result

in EUR	1/1–30/6/2008	1/1–30/6/2007
Financial revenue		
Interest income from cash management	534,878	906,506
Interest on loans granted to joint ventures	943,072	563,729
	<u>1,477,950</u>	<u>1,470,235</u>
Foreign currency gains on interest-bearing loans denominated in CHF	–	372,364
Derivative financial instruments	309,803	252,389
	<u>1,787,753</u>	<u>2,094,987</u>
Finance costs		
Interest on short-term borrowings, project loans and other loans	(7,928,297)	(5,116,516)
Interest on loans from minority shareholders	(2,250)	(1,551)
Interest on loans relating to joint ventures	(551,752)	(316,746)
Interest on loans from related parties	–	(8,868)
	<u>(8,482,299)</u>	<u>(5,443,681)</u>
Interest rate component for social capital	(75,066)	(53,651)
Foreign currency losses on interest-bearing loans denominated in CHF	(404,679)	–
Other finance costs	(109,273)	(50,662)
Losses on the sale of available-for-sale investments	*) (5,949,000)	(111,686)
	<u>(15,020,317)</u>	<u>(5,659,679)</u>

The credit spreads associated with last year's investment in the credit spread index booster notes have widened even further in the reporting period, representing a potential threat to the recoverability of the position.

The Company decided to sell this position in the first quarter of 2008 in order to avoid further losses. On 18 February 2008 the pro-rata interest for 63 days in the amount of EUR 158,182.50 was credited to the Company's account; the proceeds from the sale amounted to EUR 4,206,000.00, while the losses realised in the reporting period amounted to EUR 5,790,817.00.

The year-on-year increase in interest on short-term borrowings, project loans and other loans in the reporting period was in line with the development of liabilities.

[11] Income taxes

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

in EUR	1/1–30/6/2008	1/1–30/6/2007
Accounting profit before income tax	2,540,753	5,374,656
Accounting profit before income tax *25% (previous year 25%)	(635,188)	(1,343,664)
± Other foreign tax rates	(335,076)	(146,354)
± Tax free profits from the participation exemption (Sec, 10, Austrian CIT Act)	2,841,733	581,326
± Permanent differences	367,612	13,882
± Valuation allowance on deferred tax assets	(2,391,485)	1,042
± Income from first-time recognition of deferred tax assets	254,444	1,023,600
± Permanent differences relating to (negative) goodwill	745,253	(5,793)
± Effects of exchange rate fluctuations	(325,194)	20,964
	<u>522,099</u>	<u>145,004</u>
Thereof current income tax	(71,826)	(26,274)
Thereof changes in tax deferrals	593,925	171,277
Effective tax rate	-20,55%	-2,70%

[12] Property, plant and equipment

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

	30/6/2008	30/6/2007
Net carrying amount at 1 January	375,060,075	288,327,053
Changes in the scope of consolidation	18,577,280	11,274,547
Investments	50,889,158	16,891,493
Disposals	(317,759)	–
Depreciation	(5,886,156)	(4,256,766)
Exchange adjustments	653,593	64,015
Net carrying amount at 30 June	438,976,191	312,300,342
<i>Capitalised interest contained in additions</i>	<i>471,243</i>	<i>15,107</i>

During the reporting period, Villa Margareta in Karlovy Vary, the Czech Republic was sold for CZK 138 million. As this transaction took the form of an asset deal, this revenue of roughly EUR 4.3 million is reported under "Other income", while sales by means of share deals are recognised separately under the item "Gains from the sale of disposal groups".

<u>Cash flows from investments relate primarily to the following projects:</u>	1/1–30/6/2008	1/1–30/6/2007
Development progress on "Airport City St, Petersburg"	(4,365,593)	(4,623,793)
Development progress on the "Louvre-Hotels" joint venture	(1,916,390)	–
Expansion of "Airport Hotel Angelo Bucharest"	(3,866,091)	–
Expansion of "Hotel Chopin"	(805,377)	(88,433)
Acquisition of neighbouring property at "Parkur Tower"	(1,144,214)	–
Acquisition of neighbouring property at "Hotel Savoy" conversion	(121,293)	(2,080,250)
Construction progress "Hotel andel's Berlin"	(10,179,126)	(953,012)
Construction progress "Hotel Angelo Plzen"	(3,527,205)	(625,856)
Construction progress "Hotel andel's Lodz"	(14,088,747)	(728,027)
Completion of "Hotel Angelo Munich"	(4,550,388)	(269,366)
Completion of "UBX 2 – Prag" office building (sold on 30 March 2007)	–	(1,995,133)
Completion of "Hotel andel's Krakau"	–	(4,562,720)
	(44,564,424)	(15,926,591)
Other developments and current investment related to hotels	(4,389,189)	(3,916,000)
	(48,953,614)	(19,842,590)

[13] Investment properties

Investment properties comprise land and rights similar to land ownership, buildings including plant under construction, and equipment.

	30/6/2008	30/6/2007
Net carrying amount at 1 January	17,679,162	25,338,478
Transfers according to IFRS 5	-	(7,859,724)
Investments	694,721	371,761
Depreciation	(242,297)	(207,930)
Exchange adjustment	3,951	(1,613)
Net carrying amount on 30 June	18,135,537	17,640,973
Result from "Investment properties":		
Rental income and charged expenses	1,184,288	1,076,128
Direct expenses	(357,905)	(350,238)
	826,382	725,891

The fair value of all "Investment properties" at 30 June 2008 was EUR 26.02 million.

[14] Other financial assets

	30/6/2008	31/12/2007	30/6/2008
Loans	6,795,152	4,041,507	3,799,942
Payments for business combinations	15,131	15,131	-
Loans to joint ventures*)	30,003,547	28,739,072	18,061,657
Deposits blocked as collateral for guarantees	5,145,012	5,145,012	5,014,011
Loans to executive staff	125,216	117,253	111,530
Claims from liability insurance	917,657	917,657	816,876
Other non-current financial assets	712,235	137,660	915,832
	43,713,949	39,113,292	28,719,848

*) Loans to joint ventures changed as follows in the reporting period: (see also note 18 for details)

At 1 January 2008	28,739,072
Additions to the scope of consolidation as per note 5	8,838,715
Eliminations from the scope of consolidation as per note 6	(2,434,343)
Interest income as per note 10	943,072
Repayment of extended loans	(3,331,728)
Reclassification to "Loans" (finance leasing)	(2,750,000)
Exchange adjustments	(1,241)
At 30 June 2008	30,003,547

[15] Interest-bearing loans

	At 1/1/2008	Changes in the scope of consolidation	New debt	Repayment	Other changes	At 30/06/2008
a) Dedicated project loans with mortgage collateral						
<i>Fully consolidated companies</i>						
Hotel Diplomat	35,827,170	–	–	(753,362)	4,689	35,078,497
Hotel Palace	16,198,500	–	–	(661,000)	–	15,537,500
Hotel Chopin	12,337,312	–	–	–	–	12,337,312
Hotel angelo Prague	10,926,598	–	–	(297,500)	–	10,629,098
Hotel Amber Baltic	8,377,442	–	–	(523,096)	404,679	8,259,025
Hotel angelo Airport Hotel Bucharest	12,942,116	–	3,391,175	(261,468)	–	16,071,824
Hotel Savoy	7,961,259	–	–	(259,031)	–	7,702,228
Hotel andel's Lodz	–	–	16,059,830	–	–	16,059,830
Hotel andel's Krakow	8,021,525	8,021,525	–	(250,000)	–	15,793,049
Erszebet office building	8,000,000	–	72,500	–	–	8,072,500
Hotel Le Palais	7,271,690	–	–	(196,848)	–	7,074,842
Hotel Dvorak	6,167,204	–	–	(539,837)	–	5,627,366
Posen project development	3,869,251	–	–	(3,869,251)	–	–
Cetelem office building	2,463,767	–	–	(56,054)	–	2,407,713
Gas pipeline Warsaw	329,774	–	–	(31,937)	20,793	318,630
Gas heating plant Warsaw	223,525	306,938	–	(31,965)	29,398	527,896
Sajka office building	128,058	–	–	(22,854)	–	105,204
	141,045,191	8,328,463	19,523,505	(7,754,202)	459,560	161,602,516
<i>Proportionately consolidated joint ventures</i>						
Hotel InterContinental 50%	31,696,776	–	–	(375,005)	8,423	31,330,194
Hotel Dream Castle 50%	18,947,669	–	–	(87,010)	–	18,860,659
Hotel HolidayInn Paris 50%	6,000,000	–	2,000,000	–	(50,000)	7,950,000
Hotel andel's Berlin	–	–	10,450,000	–	–	10,450,000
Hotel angelo Munich 50%	10,731,073	–	5,108,315	–	–	15,839,388
Hotel angelo Pilsen 50%	–	–	3,034,702	–	–	3,034,702
Sobieski hotel and office building 25%	6,622,973	–	1,836,035	–	14,284	8,473,292
Parkur Tower office building 50%	3,983,411	–	1,718,354	–	–	5,701,765
	77,981,902	–	24,147,405	(462,015)	(27,293)	101,639,999
b) Other loans						
Short-term working capital loans	22,732,149	–	27,401,953	–	–	50,134,102
Short-term loans	411,613	12,027	–	(322,607)	(64,569)	36,464
Long-term loans from joint ventures	28,519,379	(2,214,309)	684,173	(4,501,999)	(12,964)	22,474,280
Leasing purchase options and loans	7,517,948	–	2,750,000	–	(73,442)	10,194,506
Interest-free loans	650,995	–	–	–	–	650,995
Long-term loans from minority shareholders	66,528	8,477	812,175	–	10,937	898,117
	59,898,612	(2,193,805)	31,648,302	(4,824,607)	(140,038)	84,388,464
Total	278,925,706	6,134,657	75,319,212	(13,040,824)	292,228	347,630,979
c) Under IFRS 5						
Pauler office building	3,727,898	–	–	(161,719)	(11,933)	3,554,246

[16] Current receivables and liabilities

	30/6/2008	31/12/2007	30/6/2007
Trade and other receivables			
Trade receivables	8,641,587	7,221,902	4,946,741
Receivables for taxes	6,842,425	4,649,558	3,820,694
Extended purchase price receivables relating to the sale of subsidiaries	8,000,000	–	–
Advance payments made	565,057	372,838	343,461
Other current receivables and other current assets	341,309	977,753	638,662
Receivables due from joint ventures	143,702	636,291	308,963
Receivables due from related parties	10,182	22,187	19,631
Deferred expenses	1,425,076	976,056	1,271,145
	25,969,338	14,856,584	11,349,297

Trade and other payables

Trade payables*)	12,847,319	7,910,444	5,883,830
Trade payables due to joint ventures	448,607	758,150	753,356
Purchase price obligations from business combinations	–	736,642	–
Trade payables due to related parties	1,849,523	2,649,715	2,746,227
Purchase price obligations	6,947,734	6,670,445	3,286,738
Other payables including accruals for compensated absences	4,712,936	3,342,782	5,098,416
Advance payments received	878,703	879,667	467,035
	27,684,822	22,947,844	18,235,603

*) Of the trade payables reported at 30 June 2008, roughly two thirds pertain to ongoing construction projects (roughly 25% of these liabilities pertained to ongoing construction projects at 31 December 2007).

[17] Derivative financial instruments

As of 30 June 2008 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:

	30/6/2008	30/6/2007
<i>Project loan Hotel Le Palais, Prague</i>		
Notional amount at 30 June (underlying: 3-month Euribor)	7,074,842	7,503,641
Fair value at 30 June formally expired, was agreed again in July 2008	–	–
<i>Project loan Hotel Chopin, Krakow</i>		
Notional amount at 30 June (underlying: 3-month Euribor)	12,337,312	12,687,617
Fair value at 30 June	475,411	414,928
<i>Project loan Hotel Sobieski, Warsaw</i> (amount of the Group's proportionate share)		
Notional amount at 30 June (underlying: 3-month Euribor)	8,473,292	6,986,535
Fair value at 30 June	145,182	27,303

Other derivative financial instruments

As of the end of the reporting period the Group is party to the following derivative financial instruments. Since there are no hedges for the exposures resulting from these financial instruments, the Group is exposed to interest rate risk and foreign currency risk for the whole term of the contracts.

			30/6/2008	30/6/2007
Knock Out CAP	Maturity date	Fair value		
	30.06.2009 buy cap	15,000,000 3-M-EURIBOR 4%	151,424	156,854
	14.04.2008 buy cap	5,000,000 3-M-EURIBOR 2% expired		114,471

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

			30/6/2008	30/6/2007
CMS Spread Cap	Maturity date	Fair value		
	05.06.2018 buy cap	900,000 10Y/2Y EUR CMS 0,75%	49,841	–
	05.06.2018 buy cap	54,600,000 10Y/2Y EUR CMS 1%	831,265	–
	05.06.2018 buy cap	4,200,000 10Y/2Y EUR CMS 1,1%	113,262	–
	05.06.2018 buy cap	21,000,000 10Y/2Y EUR CMS 1,25%	170,502	–

The Company bought the indicated caps on the interest difference between the 10-year EURIBOR and the 2-year EURIBOR during the reporting period. If the difference between the 10-year EURIBOR and the 2-year EURIBOR is greater than or equal to the indicated percentage rate on the respective maturity dates (the 5th of March, June, September and December), the Company receives the excess payment.

Negative fair values from derivative financial instruments are presented within "Derivative financial instruments" in the interim consolidated financial statements, positive fair values are presented within "Other financial assets".

[18] Transactions with related parties

	1/1–30/6/2008	1/1–30/6/2007
<i>Amber/Bocca private trust</i>		
Balance at 1 January	–	(755,081)
Dividend entitlements	(2,861,000)	(2,215,804)
Interest	–	(5,617)
± Payments	2,861,000	2,215,804
	–	(760,698)
<i>Management Board members with material shareholdings in the Company</i>		
Balance at 1 January	(1,027,341)	(681,153)
Regular remuneration and bonus entitlements	(402,424)	(452,735)
Dividend entitlements	(3,559,500)	(1,871,546)
± Payments	4,388,688	2,528,894
	(600,577)	(476,540)
<i>Other Management Board members</i>		
Balance at 1 January	(677,874)	(3,592,792)
Dividend entitlements	freefloat	freefloat
Regular remuneration and bonus entitlements	(276,400)	(322,258)
± Payments	553,442	3,597,345
	(400,832)	(317,705)
<i>Supervisory Board members</i>		
The Company purchased the project Avielen St. Petersburg from Friedrich Grassi, who was a member of the Supervisory Board until 29 May 2008, in financial year 2006. The Company fulfilled open purchase price obligations in connection with this purchase in the amount of EUR 4 million during the reporting period. No further amounts were open in relation to this purchase at the end of the reporting period (EUR 263,195.00 were still open at 30 June 2007).		
Profit shares totalling EUR 95,000.00 were paid to eight members of the Supervisory Board in the reporting period (profit shares were paid to four members of the Supervisory Board in the amount of EUR 22,000.00 in the previous year).		
<i>Vienna International AG (incl. KDAG Data GesmbH)</i>		
Balance at 1 January	(922,314)	(1,058,401)
Invoiced management fees	(1,923,394)	(1,782,389)
± Payments	2,007,776	1,932,332
	(837,932)	(908,458)
<i>Executive staff</i>		
Balance at 1 January	117,253	(1,657,507)
Exchange effects	7,963	1,904
± Payments	–	1,767,133
	125,216	111,530

Summary of receivables from and liabilities to related parties

	30/6/2008	30/6/2007
Other financial assets	125,216	111,530
Trade receivables and other receivables (current)	10,182	19,631
Trade liabilities and other liabilities (current)	(1,849,523)	(2,746,227)
	(1,714,124)	(2,615,066)

Joint ventures

The following transactions were conducted with joint ventures in the reporting period:

	1/1–30/6/2008	1/1–30/6/2007
Trade revenues	58,500	555,357
Loans granted to joint ventures		
Interest income related to joint ventures	972,791	563,729
Interest expense related to joint ventures*)	(522,033)	(316,746)

Interest expense from loans from joint venture partners related to plant under construction are not recognised in income, while interest charged on loans granted to joint ventures is always recognised in income.

	Loans granted to joint ventures changed as follows during the reporting period:			Loans granted by joint venture partners		
	At		At	At		At
	1/1/2008	Change	30/6/2008	1/1/2008	Change	30/6/2008
Sienna Hotel Sp.z.o.o.	9,466,589	330,641	9,797,230	(9,416,223)	(404,133)	(9,820,356)
Bürohaus Leuchtenbergring GmbH & Co. Besitz KG	1,837,062	356,811	2,193,873	(1,800,684)	(468,189)	(2,268,873)
GF Ramba Sp.z.o.o.	519,683	427,863	947,547	(519,509)	(425,857)	(945,366)
Thermo Energia Sp.z.o.o.	184,017	(184,017)	–	(44,273)	44,273	–
Louvre Warimpex Investment Holding S.a.r.l.	–	1,433,488	1,433,488	–	(1,429,719)	(1,429,719)
Melica Sp.z.o.o.	2,279,627	(1,472,120)	807,507	(2,234,194)	1,423,444	(810,749)
Avielen OAO	–	8,833,973	8,833,973	–	(969,710)	(969,710)
Hotel Paris II S.a.r.l.	125,687	3,513	129,199	(125,666)	(3,192)	(128,858)
Asset Paris II S.a.r.l.	6,158,644	(6,158,644)	–	(6,157,654)	6,157,654	–
UBX Krakow Sp.z.o.o.	2,216,113	(2,216,113)	–	(2,214,309)	2,214,309	–
UBX Katowice Sp.z.o.o.	368,486	187,792	556,278	(368,045)	(187,777)	(555,822)
UBX 3 s.r.o.	5,764	175	5,939	(6,039)	(182)	(6,221)
UBX Plzen s.r.o.	1,339,046	(205,007)	1,134,039	(1,361,422)	(20,892)	(1,382,314)
UBX Development s.a.r.l.	206,946	(206,946)	–	(207,151)	207,151	–
UBX 1 Objekt Berlin GmbH	4,029,850	107,121	4,136,971	(4,062,653)	(66,307)	(4,128,960)
UBX 2 Objekt Berlin GmbH	–	25,869	25,869	–	(25,776)	(25,776)
Hotelinvestments s.a.r.l.	1,558	76	1,634	(1,555)	–	(1,555)
	28,739,072	1,264,475	30,003,547	(28,519,379)	6,045,099	(22,474,280)

[19] Events after the balance sheet date

The ordinary annual general meeting on 29 May 2008 authorised the Management Board to purchase shares in the Company up to the maximum amount permitted by law of 10% of the total capital stock within a period of 30 months after the passing of the motion. This stock buyback programme began on 21 July 2008; the acquisition price range was set at EUR 3.00 to EUR 8.00. As of 8 August 2008, a total of 29,000 shares had been purchased at an average price of EUR 5.10 . This corresponds to 0.08% of the capital stock.

[20] Other commitments, litigation and contingencies

There were no changes in the reporting period with respect to other commitments, litigation and contingencies as compared to the situation described in the consolidated financial statements as of 31 December 2007.

Declaration by the Management Board

We confirm to the best of our knowledge that the consolidated interim financial statements as at 30 June 2008 prepared in accordance with the pertinent International Financial Reporting Standards give a true and fair view of the financial position, financial performance and cash flows of Warimpex Finanz- und Beteiligungs AG and of the entirety of the consolidated companies as an entity. These interim financial statements for this first half of the year were prepared in accordance with the standards of IAS 34, Interim Financial Reporting, as adopted in Directive 1606/2002/EC.

The Group management report for the first half of the year discusses important events that transpired during the first six months of the financial year, discusses major transactions with related persons and companies and describes the material risks and uncertainties that the Group will face in the remaining six months of the financial year.

Vienna, 27 August 2008



Franz Jurkowitsch
Chairman of the Management Board



Georg Folian
Deputy Chairman of the Management Board



Christian Fojtl
Member of the Management Board



Alexander Jurkowitsch
Member of the Management Board

Selected Warimpex Group Properties

1) Hotel Le Palais***, Prague**

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



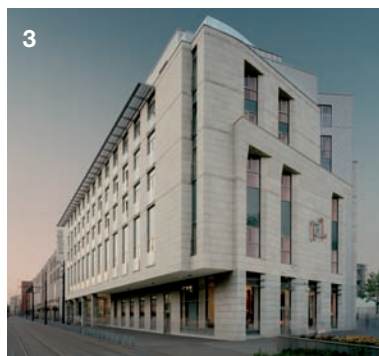
2) Hotel InterContinental***, Warsaw**

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



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

PL-31 547 Krakow, ul. Pawia 3
159 rooms (opened in June 2007)



4) andel's Hotel**, Berlin**

D-10407 Berlin,
Landsberger Allee 106
556 rooms
(opening scheduled for 1st quarter 2009)

5) andel's Hotel**, Łódź**

PL-91 065 Łódź, Ogrodowa 17
278 rooms
(opening scheduled for 1st quarter 2009)



6) angelo Airport Hotel**, Ekaterinburg-Koltsovo**

RU-Airport Ekaterinburg-Koltsovo
210 rooms
(opening scheduled for 4th quarter 2009)



7) Hotel Palace***, Prague**

CZ-111 21 Prague 1
124 rooms (opened in 1989)



8) angelo Hotel*, Munich**

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



8



Financial calendar

28 August 2008	Publication of results for 1st half of 2008
27 November 2008	Publication of results for for 1st–3rd quarter of 2008
27 April 2009	Publication of the Annual Report 2008
25 May 2009	Publication of results for 1st quarter of 2009
28 May 2009	Annual General Meeting
2 June 2009	Ex-dividend date
5 June 2009	Dividend payment date
28 August 2009	Publication of results for 1st half of 2009
26 November 2009	Publication of results for 1st–3rd quarter of 2009

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