ANNUAL REPORT **2011**

warimpex

KEY FIGURES OF THE WARIMPEX GROUP

EUR '000		**2011**	**Change**	Retrospective adjustment[2] 2010
Revenues from the Hotels & Resorts segment		58,613	11%	52,950
Revenues from the Development & Asset Management segment		6,312	16%	5,439
Total revenues		64,925	11%	58,389
Income from the sale of properties		3,018	-66%	8,756
EBITDA		12,492	-3%	12,932
EBIT		9,662	-34%	14,665
Profit for the year		7,240	–	-2,036
Net cash flow from operating activities		8,209	26%	6,496
Equity and liabilities		412,284	4%	394,806
Equity		76,582	10%	69,811
Issued capital		54,000	–	54,000
Equity ratio		19%	1%	18%
Adjusted equity ratio[1]		32%	–	32%
Average number of shares in the financial year	units	54,000,000	–	54,000,000
Earnings/loss per share	in EUR	0.12	–	-0.01
Proposed dividend per share	in EUR	0.00	–	0.00
Payout ratio		–	–	–
Number of shares at 31 December	units	54,000,000	–	54,000,000
Number of hotels		21	–	21
Number of rooms (adjusted for proportionate share of ownership)		3,462	41	3,421
Number of office and commercial properties		5	–	5
Average number of employees in the Group		1,150	0%	1,147

		31/12/2011	**Change**	31/12/2010
Gross asset value (GAV)	in EUR m	605.2	3%	589.7
Triple net asset value (NNNAV)	in EUR m	172.6	2%	169.2
NNNAV per share	in EUR	3.2	3%	3.1
End-of-year share price	in EUR	0.78	-71%	2.68

[1] Assuming that the real estate assets are recognized at their fair values
[2] Regarding retrospective adjustment, please see the information on page 22 and Note 2.02.

CONTENTS

WARIMPEX

Warimpex is a “hybrid” real estate company that develops and operates properties itself as an asset manager and property owner until the time at which the highest added value can be realized through sale. The majority of these projects is located in Central and Eastern Europe.

Accordingly, the Warimpex Group generates stable cash flows from the operation of hotel properties and the letting of commercial and office space while simultaneously realizing proceeds from real estate sales.

The Warimpex Group’s real estate development projects and the operation of its properties have an impact on the social, ecological and economic environments in which it does business. Because of this, the Company bears great responsibility. It has firmly anchored the fulfilment of this responsibility into its corporate culture, and sees living up to this responsibility as a central element in its success.

WARIMPEX – AN OVERVIEW

Evolution of the Warimpex Group

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

Development and Asset Management

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

As of the end of 2011, Warimpex was the owner, co-owner or leaseholder of twenty-one business and luxury hotels with a total of more than 4,800 rooms (3,462 rooms when adjusted for the proportionate share of ownership), plus five commercial and office buildings with a total floor area of some 43,000 square metres (roughly 30,000 square metres when adjusted for the proportionate share of ownership) in Poland, Germany, the Czech Republic, Russia, Hungary, Romania and France.

Three-star-plus and four-star hotels – the andel's and angelo hotel brands – are built in primary and secondary metropolitan areas.

HIGHLIGHTS IN 2011

Operational highlights

- 03/2011 Sale of a 12.5 per cent share in Sobieski Hotel, Warsaw
- 05/2011 Successful placement of a convertible bond with a volume of PLN 66.3 million or EUR 16.8 million on the Warsaw stock exchange
- 07/2011 Sale of the remaining 12.5 per cent share in Sobieski Hotel, Warsaw
- 11/2011 Sale of the budget hotel development joint venture
- 12/2011 Opening of Airport City St. Petersburg

Financial highlights

- Revenues increased by 11 per cent
- EBITDA of EUR 12.5 million
- A part of the impairment losses recognized in the previous financial years was reversed in the reporting period, resulting in EUR 12.9 million in write-ups
- EBIT of EUR 9.7 million
- Positive profit for the year in the amount of EUR 7.2 million
- Earnings per share of EUR 0.12
- Valuation by CBRE puts real estate assets at EUR 605.2 million
- Triple net asset value (NNNAV) per share of EUR 3.2

CORPORATE GOVERNANCE REPORT

Warimpex is committed to compliance with the Austrian Code of Corporate Governance as well as the Polish best practices for listed companies. The Management Board declares that it complies with both sets of guidelines to the best of its ability. The Company fulfils all the legal requirements as well as observing virtually all the comply-or-explain rules set forth in the Austrian Code. Deviations from individual corporate governance rules relate to the Company's structure and/or to Polish rules that are not complied with due to the Company's primary orientation towards the relevant Austrian regulations.
Detailed explanations are available on the Company's web site at **www.warimpex.com**.

Austrian Code of Corporate Governance, as amended in January 2010

The Austrian Code of Corporate Governance (as amended in January 2010 and which was applied for financial year 2011, www.corporate-governance.at) contains rules that must be followed (L-rules), rules that are not mandatory for the Company but for which justification must be provided in the event of non-compliance (C-rules), and rules that are entirely optional for the Company and for which no justification must be provided in cases of non-compliance (R-rules). Overall, the Company's statutes and the internal terms of reference for the Management Board and the Supervisory Board comply with the L-rules in full, and with all of the C-rules except as explained below:

- The Company has neither outsourced its internal auditing functions nor set up a separate staff unit for internal auditing purposes, which would be required by Rule 18. The Company has no intention to make such changes at this time. The Management Board has judged that such measures would be disproportionately cost intensive, and the implementation of Rule 18 is not planned for the foreseeable future for cost reasons.
- The principles governing the remuneration paid to the members of the Management Board and Supervisory Board are published, as is the total remuneration paid to all members of the Management Board and Supervisory Board. The Company has opted not to disclose the individual amounts paid to each Management Board and Supervisory Board member pursuant to Rule 31 and Rule 51 in order to respect the privacy of the members of these Boards, and because this information is of relatively little value to investors. For information relating to Rules 27 and 30, please consult Note 6.03 in the Notes to the consolidated financial statements.
- An assessment by the balance sheet auditor of the effectiveness of the Company's risk management system in accordance with Rule 83 did not take place because the operational risk management system is installed at the level of the Group's subsidiaries, and because equity-investment-specific risk management is an integral part of equity investment management in the Company's function as a holding company.

All members of the Supervisory Board are independent as defined by C-Rule 53 of the Austrian Code of Corporate Governance. The guidelines for independence are the same guidelines as published in Annex 1 to the Code. A directors and officers liability insurance policy has been taken out.

The Management Board

The terms of reference for the Management Board govern the composition and procedures of the Board, collaboration between the Management Board and Supervisory Board, how conflicts of interest are to be handled, the reporting and disclosure obligations of the Board, and what decisions require the approval of the Supervisory Board (including the most important business transactions of the Company's material subsidiaries). The Management Board generally meets at least every two weeks to exchange information and decide on motions.

Working Principles of the Supervisory Board

The Supervisory Board discusses the position and objectives of the Company and adopts motions to fulfil its duties, in particular the supervision and strategic assistance of the Management Board. In addition to the composition, procedures, working principles and responsibilities of the Supervisory Board, the terms of reference for this Board also govern how conflicts of interest are to be handled and specify the Supervisory Board committees (Audit Committee, Personnel Committee and Project Committee) and their responsibilities and powers. The Supervisory Board held eight meetings during the reporting period. Meetings were also held between the Supervisory Board and Management Board to discuss issues of Company management. All members of the Supervisory Board were physically present at more than half of the meetings of this Board during the reporting period.

Committees

The Supervisory Board appoints an Audit Committee, a Project Committee and a Personnel Committee from among its members.

A separate strategy committee has not been formed because all such issues are handled by the Supervisory Board as a whole. The committees are appointed for the duration of the tenure of their members. Each committee elects a chairman and a deputy chairman from among its members. For more information, see the section “Bodies of the Company”.

Men and women completing the same tasks and having the same education receive equal salaries at Warimpex, and the ratio of women to men at the Warimpex head office is 1:1. There are no concrete measures at this time to promote women in managerial positions.

Poland – Code of Best Practice for WSE Listed Companies

In accordance with the statutes of the Warsaw stock exchange and in connection with the application for admission of the Company’s shares for trading at this exchange, the Company is obligated to disclose which Polish corporate governance rules from the Code of Best Practice for WSE Listed Companies it intends to follow, and which it will not follow (with an explanation of the reasons for non-compliance).

The Company has decided to follow these Polish corporate governance rules with the following exceptions, which are due to the structure of the Company and to the provisions of Austrian law, to which the Company is subject. In particular, the Company has decided not to comply with the following rules from the Code of Best Practice for WSE Listed Companies (as amended in October 2011) for the indicated reasons:

- Rule I.1 and I.12: The Company communicates with its shareholders, investors and analysts through traditional means of communication and through modern means of communication such as the Internet. Ad hoc releases, minutes of the annual general meetings and other publications can be found in the Investor Relations area of the Company’s web site (www.warimpex.com). Webcasts of the Company’s annual general meeting are currently not offered, but will be offered in future when required by law.
- Rule I.4: Company capital measures that entail the acquisition of shareholder‘s rights are executed at the same time or during the same periods in Austria and Poland; excepted from this are annual general meetings, which are always held at a venue in Austria.
- Rule I.9: The WSE recommends that listed companies and their shareholders strive to attain a balanced ratio of women to men in managerial and supervisory board functions. The ratio of women to men at the Warimpex head office is 1:1. There are no concrete measures at this time to promote women in managerial positions or on the Supervisory Board.
- Rule II.1 1): The statues of the Company can be viewed on its web site. Internal documents such as terms of reference for its governing bodies are not published.
- 2): Curricula vitae are only published on the web site for candidates for the Supervisory Board.
- 7): In accordance with Austrian law, questions from shareholders about agenda items are documented in the minutes of the annual general meetings, but not published by the Company on its own web site.
- Rule III.1: An assessment of the work of the Supervisory Board and reports by the Supervisory Board on the internal control system and the risk management system are included in the annual report and published on the Company’s web site. Shareholders can pose questions in this connection at the annual general meeting as permitted by law.

BODIES OF THE COMPANY

Supervisory Board

Günter Korp
Chairman of the Supervisory Board
Chairman of the Audit Committee/finance expert
Chairman of the Personnel Committee
Year of birth: 1945, First appointed: 16 October 2009
Current period of office ends at the annual
general meeting for financial year 2011

Wolfgang Mitterberger
First Deputy Chairman of the Supervisory Board
Member of the Audit Committee
Member of the Project Committee
Member of the Personnel Committee
Year of birth: 1966, First appointed: 31 May 2007
Current period of office ends at the annual
general meeting for financial year 2011

Heinrich Geyer
Second Deputy Chairman of the Supervisory Board
Member of the Audit Committee
Member of the Project Committee
Member of the Personnel Committee
Year of birth: 1939, First appointed: 3 November 1993
Current period of office ends at the annual
general meeting for financial year 2012

Hannes Palfinger
Member of the Supervisory Board
Year of birth: 1973, First appointed: 3 May 2011
Current period of office ends at the annual
general meeting for financial year 2012
Member of the supervisory board of Palfinger AG

William Henry Marie de Gelsey
Member of the Supervisory Board
Year of birth: 1921, First appointed: 31 May 2007
Current period of office ends at the annual
general meeting for financial year 2011
Member of the board of directors of
Gedeon Richter Ltd, Budapest

Harald Wengust
Member of the Supervisory Board
Chairman of the Project Committee
Year of birth: 1969, First appointed: 16 October 2009
Current period of office ends at the annual
general meeting for financial year 2011
Member of the board of Speymill Macau Property Co PLC
Chairman of the supervisory board of
Informica Real Estate AG (since August 2011)

Management Board

Franz Jurkowitsch (2nd from right)
Chairman of the Management Board
Year of birth: 1948
First appointed: 2 September 1986
Appointed until 2 September 2016
Responsibilities:
Strategy, investor relations, corporate communications
Member of the supervisory board of S&T System Integration & Technology Distribution AG, Vienna (until July 2011)
Chairman of the supervisory board of Vienna International Hotelmanagement AG, Vienna

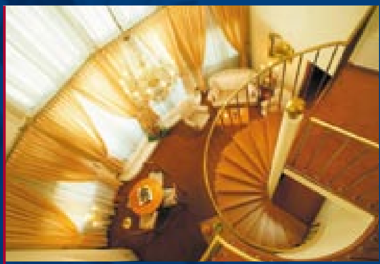
Georg Folian (2nd from left)
Deputy Chairman
Year of birth: 1948
First appointed: 2 September 1986
Appointed until 2 September 2016
Responsibilities:
Finances and accounting, financial management, human resources
Deputy chairman of the supervisory board of Vienna International Hotelmanagement AG, Vienna

Christian Fojtl (far right)
Member of the Management Board
Year of birth: 1964
First appointed: 31 July 2006
Appointed until 31 July 2016
Responsibilities:
Information management, organization, legal

Alexander Jurkowitsch (far left)
Member of the Management Board
Year of birth: 1973
First appointed: 31 July 2006
Appointed until 31 July 2016
Responsibilities: Planning, construction, information technology

MILESTONES 2011

Sale of a 12.5 per cent share in Sobieski Hotel, Warsaw

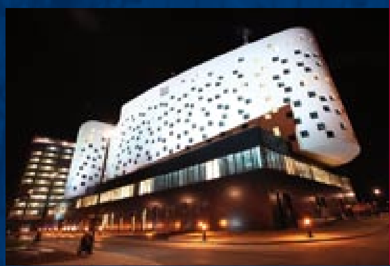


Sale of the remaining 12.5 per cent share in Sobieski Hotel, Warsaw

Sale of the budget hotel development joint venture

January | February | March | April | May | June | July | August | September | October | November | December

Opening of Airport City St. Petersburg



Successful placement of a convertible bond with a volume of PLN 66.3 million or EUR 16.8 million on the Warsaw stock exchange

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)

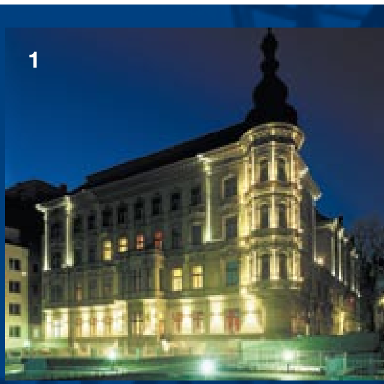
3) angelo hotel**, Katowice**
PL-40-086 Katowice, ul. Sokolska 24
203 rooms (opened in March 2010)

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)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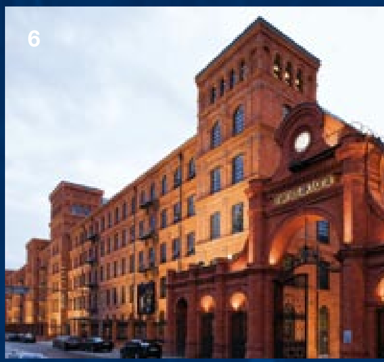
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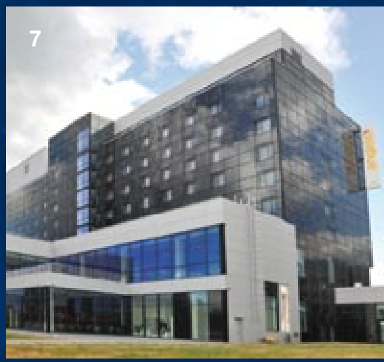
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warimpex

FOREWORD BY THE CHAIRMAN OF THE MANAGEMENT BOARD

Dear Shareholders,

Warimpex enjoyed success in its hotel operations, current development projects and transaction business in 2011. By the second half of the year, however, the worsening economic conditions began having a clear impact, especially on the financing markets. We are all familiar with the problems in Southern Europe as a negative factor for the Eurozone. For me, however, the fact that all of the markets in which we are active were growth markets in 2011 and the fact that the projections are very conservative but all positive are good signs in any case. This confirms that we are definitely on the right path with our investments in Central and Eastern Europe.

Before I talk about our business segments in detail, I want to note a change in our accounting methods. The recognition method for joint ventures was changed from the proportionate consolidation method to the equity consolidation method in the reporting period. The values of these entities were adjusted using this method for previous years as well to ensure comparability. This change brings us into line with the requirements of IFRS which will be mandatory starting in financial year 2013, and means that we are already providing you with more reliable and relevant information about our Company.

Our hotels developed positively in nearly all markets, enabling us to achieve double-digit sales growth in 2011 again. Our traditionally strong locations in Munich, Berlin and Paris saw improvements in occupancy and also the average room rate. The same trend was seen on difficult markets like the Czech Republic and Romania, but at a considerably lower level. In our most important market, Poland, especially our hotels in Warsaw reported strong growth, with the InterContinental hotel there posting its best result ever. The hotels in secondary Polish cities like Krakow, Łódź and Katowice did not see such stellar performance, but also profited from good growth. Conditions on the Russian hotel market also improved substantially. Occupancy was especially improved at our angelo hotel at Ekaterinburg airport, a positive sign for our recently completed project at St. Petersburg airport.

The good performance of our hotels led to a positive result for the year of EUR 7.2 million and a 26 per cent increase in the cash flow from operating activities. EBITDA, one of our most important indicators because it is not distorted by industry-specific valuation methods, remained well in the black at EUR 12.5 million, though it did fall by a slight 3 per cent compared with 2010 primarily due to lower income from the sale of project companies and real estate. The net operating profit from hotel operations increased considerably by 20 per cent from EUR 21.8 to EUR 26.2 million.

Conditions on the transaction markets were also good for the most part. After a period of virtual stagnation in 2009 and 2010, a number of hotel and office properties changed hands in Europe in 2011 – though activity on the CEE market was less robust than in Western Europe. We were responsible for one of the first significant transactions on the CEE market since the global financial crisis, the sale of Sobieski Hotel in Warsaw (25 per cent share held by Warimpex). This was followed by the sale of our 50 per cent share in our budget hotel development project to our joint venture partner Starwood Capital Group at the end of 2011. The sale covered two hotel projects that are currently under construction and a series of properties that we successfully prepared for development under the joint venture. A key reason behind the decision to exit this project was our strategy of focusing on our core brands like angelo and andel's.

In the Development segment, we completed our current project at St. Petersburg airport as planned. The four-star Crowne Plaza hotel, which is operated by the InterContinental Group, and a neighbouring office building with 17,000 square metres of lettable space were opened in December 2011. The remaining 15,000 square metres are to be completed from the end of 2012 depending on rental demand. After our Liner and angelo hotels at Ekaterinburg airport, this is another important step for us on the growth market of Russia. Now, the top priority in our development pipeline is the completion of Palais Hansen in Vienna, a star in the city's luxury hotel segment.

And finally, we also took a major positive step on the financial markets by floating a convertible bond. The bond was placed on the Warsaw stock exchange in the spring of 2011 with a total nominal value of PLN 66.3 million (roughly EUR 16.8 million). This makes Warimpex the first foreign company to be active on the bond market of the Warsaw stock exchange.

Given the current market situation, especially the new tightening on the financing markets, we will focus on bolstering our Company's foundation in 2012 so that we are ideally positioned to seize promising new development opportunities when they arise. To this end, we are working to strengthen our financing structure, build up our angelo brand and continue the successful operation of our existing properties.

I wish to sincerely thank all of our employees as well as you, esteemed shareholders, for the success you made possible and the trust you placed in us in 2011.

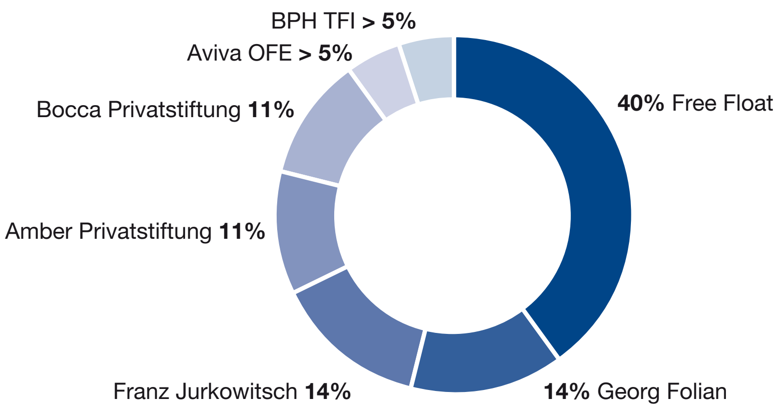
Franz Jurkowitsch

INVESTOR RELATIONS

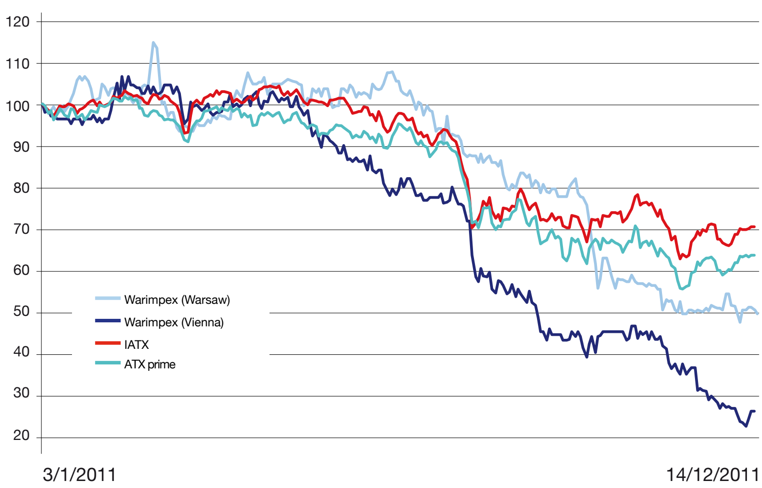
After closing 2010 at EUR 2.68 and PLN 10.17, the share price remained stable in the first quarter of 2011. The stock markets were more volatile in the second and third quarters. The share price fell considerably in the fourth quarter, and the stock closed at EUR 0.78 and PLN 2.95 on 30 December 2011.

At the end of April and the end of May, convertible bonds with a total nominal value of PLN 66.3 million and a denomination of PLN 250,000 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. This bond grants the right of exchange or subscription for up to 5,179,828 bearer shares in the Company. As of 31 December 2011, the financial ratio was 68 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, Frankfurt and London in 2011.

Shareholder structure As of 30 March 2012



Share price performance



Key share data

ISIN
AT0000827209

Number of shares at 31 December 2011
54,000,000

Ticker symbols
Stock exchanges WXF
Reuters WXFB.VI

High*
EUR 2.75 | PLN 10.89

Low*
EUR 0.69 | PLN 2.95

Price at 31 December 2011
EUR 0.78 | PLN 2,95
* Last 52 weeks

Warimpex is included in the following indices:

Vienna
ATX Prime, Immobilien-ATX

Warsaw
Market Main 50, Plus, WIG

100-day trading average
in Vienna approximately 41,000 shares
in Warsaw approximately 14,000 shares

GROUP MANAGEMENT REPORT

for the financial year from 1 January to 31 December 2011

MARKETS

POLAND

Economic environment

The economy grew by 4.4 per cent in the first half of 2011 and is projected to have grown by 4 per cent for 2011 as a whole. This high growth can be attributed to high public-sector investments and resurging exports. Because of the current economic uncertainties, growth is expected to slow to 2.5 per cent in 2012. Private consumption and private investment activity are expected to improve slightly in 2013, which should push economic growth to 2.8 per cent.[1]

Top rents for office properties rose again (plus 8.0 per cent) in Warsaw in 2011, while yields remained stable in annual comparison.[2] In the hotel industry, occupancy rose by 1.1 per cent to 73 per cent, while the average room rate in euros increased by 10 per cent to EUR 90.[3]

Existing portfolio: 6 hotels, 1 office property

Warimpex holds a 50 per cent interest in the five-star InterContinental in Warsaw. Warimpex sold its 25 per cent share in Sobieski Hotel and office complex in 2011.

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

The occupancy rate at the InterContinental hotel fell moderately to 76 per cent in 2011 (2010: 78 per cent), but the average room rate in euros increased by more than 10 per cent. Occupancy at the Sobieski Hotel, which was sold in July, was up slightly in the first seven months compared with last year (2011: 60 per cent, 2010: 56 per cent), and the average room rate in euros decreased marginally. The andel's hotel in Łódź achieved an occupancy rate of 54 per cent in 2011 (2010: 51 per cent), and the average room rate in euros increased slightly. The occupancy rate at the Chopin Hotel fell from 64 per cent to 57 per cent, but the average room rate remained stable. At the andel's hotel in Krakow, the occupancy rate also increased (2011: 71 per cent, 2010: 70 per cent), and the average room rate rose by 7 per cent. The occupancy rate at the Amber Baltic beachfront resort came in at 45 per cent (2010: 42 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, and cannot be compared to those of city hotels.

In addition to the hotels listed above, Warimpex owns 50 per cent of the Parkur Tower office building in Warsaw.

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. The sale of this development project is planned.

[1] European Commission – European Economic Forecast Autumn 2011
[2] CB Richard Ellis Market View EMEA Rents and Yields Q4 2011
[3] HotStats European Chain Hotels

CZECH REPUBLIC

Economic environment
GDP growth in the Czech Republic came to 1.8 per cent in 2011. With the ongoing euro crisis, various fiscal measures including a VAT increase and a poorer business climate index, GDP growth is only expected to come to 0.7 per cent in 2012. Improvement to 1.7 per cent is projected for 2013.[4]

In Prague, occupancy rates rose by an average of 3.1 per cent to reach 69 per cent, while the average room rate in euros remained stable at EUR 80.[5]

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. At the end of 2011, Golden Tulip (part of Louvre/Starwood Capital Group) was appointed as the new manager of Savoy Hotel.

In the period under review, the two four-star hotels in Prague achieved occupancy rates of 60 and 69 per cent (2010: 57 and 63 per cent), and the average room rates continued to improve and were up by 8 per cent in annual comparison. Occupancy increased in the five-star segment as well and ranged between 55 and 62 per cent (2010: 46 and 62 per cent). The average room rates did not decline for the first time in two years, and rose by between 3 and 19 per cent in annual comparison. At the Dvořák hotel in Karlovy Vary, the occupancy rate for the year was 76 per cent (2010: 76 per cent). The average room rate rose by 8 per cent. Occupancy at the angelo hotel in Plzeň remained stable at 46 per cent, while the average room rate improved by 7 per cent.

HUNGARY

Economic environment
After declining by 6.8 per cent in 2009 and growing by 1.3 per cent in 2010, GDP is projected to have increased by 1.4 per cent in 2011. Uncertainty about further fiscal measures and the weak forint will dampen consumer demand and investments in 2012, and are expected to depress growth to 0.5 per cent. GDP growth is currently projected at 1.4 per cent for 2013.[6]

Top rents remained stable in annual comparison in Budapest, but prime yields fell by 25 basis points and the vacancy rate is still very high.[7]

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, about 100 per cent of which is occupied. The Sajka office building with its roughly 600 square metres of lettable space was used by the Group for its own purposes in 2010 and was partially let out in 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.

[4] European Commission – European Economic Forecast Autumn 2011
[5] HotStats European Chain Hotels
[6] European Commission – European Economic Forecast Autumn 2011
[7] CB Richard Ellis Market View EMEA Rents and Yields Q4 2011

ROMANIA

Economic environment

Bottoming out after two years of decline, the economy is projected to have expanded by 1.7 per cent in 2011. After having driven growth in 2011, exports are expected to improve even further and liven domestic demand in 2012, bringing economic growth to 2.1 per cent for the year. Growth of 3.4 per cent is expected for 2013.

In the Bucharest market as a whole, occupancy rates rose while average room rates remained stable at a low level.

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 41 per cent in 2011 (2010: 40 per cent). The average room rate in euros rose by 3 per cent.

GERMANY

Economic environment

The German economy recovered very rapidly after its marked contraction in 2009 (minus 5.1 per cent). Thanks to higher exports, especially in the automobile industry and in plant and machine building, GDP grew again by 3.7 per cent in 2010. GDP growth is expected to come in at 2.9 per cent in 2011, 0.8 per cent in 2012 and 1.5 per cent in 2013.[8]

In Berlin, occupancy rates rose by an average of 3.0 percentage points to 75.2 per cent, while the average room rate improved by 0.7 per cent to EUR 128. In Munich, occupancy rates rose by an average of 0.5 percentage points to 77.3 per cent, and the average room rate improved by 1.1 per cent to EUR 123.[9]

Existing portfolio: 2 hotels

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

Occupancy at the angelo in Munich was 80 per cent (2010: 78 per cent). After the average room rate increased by roughly 30 per cent in 2010, it fell again by 2 per cent in the reporting period. Occupancy at the andel’s hotel in Berlin came to 69 per cent in 2011 (2010: 64 per cent). The average room rate rose slightly.

Under development: 1 hotel, 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 and commercial real estate. Planning is currently under way for both projects.

[8] European Commission – European Economic Forecast Autumn 2011
[9] HotStats European Chain Hotels

FRANCE

Economic environment

The economy accelerated slightly in 2011, growing by 1.6 per cent compared with 1.5 per cent in 2010, thanks to one-off factors such as the “cash for clunkers” programme and investments in new inventories. Because of the elimination of these one-off effects, GDP is only expected to grow by 0.6 per cent in 2012. In 2013, the economy is projected to grow by 1.4 per cent.[10]

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 continued to develop encouragingly in 2011 at 76 and 68 per cent (2010: 72 and 65 per cent). The average room rate also increased moderately at both hotels.

AUSTRIA

Economic environment

After solid GDP growth of 3.8 per cent in the first half of 2011, the economy slowed considerably in the second half of the year. Economic growth for 2011 as a whole is projected at 2.9 per cent. With weakened private consumption and expected restrictions in the availability of credit, GDP is only expected to increase by 0.9 per cent in 2012 and 1.9 per cent in 2013.[11]

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 beginning of 2013, is Warimpex’s first in Austria. A renowned operator and leaseholder was won for Palais Hansen, the hotel operator Kempinski. Construction work commenced at the beginning of September 2010.

RUSSIA

Economic environment

The fall in commodities prices and the strong reversal in global capital flows hit the country hard and GDP fell by 7.9 per cent in 2009. GDP growth rebounded to 4.0 per cent in 2010. The economy is expected to have grown solidly in 2011 (3.9 per cent) and is projected to grow by 3.8 per cent in 2012 and 4.0 per cent in 2013. This trend is being driven by increased investment demand, higher commodities prices and a further recovery of consumer spending.[12]

Rental demand was sufficient in St. Petersburg in 2011, and average rental rates rose significantly compared with the previous year.

Existing portfolio: 3 hotels, 1 office building

In Russia, Warimpex holds 60 per cent of the Liner Hotel and the angelo hotel at Koltsovo airport in Ekaterinburg. The angelo hotel Ekaterinburg, which has a direct link to the new terminals, was opened in the third quarter of 2009. In St. Petersburg, Warimpex holds 50 per cent of Airport City St. Petersburg. In the first phase of the project, a four-star Crowne Plaza hotel (InterContinental Group) and an office building with 17,000 square metres of lettable space were opened at the end of December 2011. Airport City St. Petersburg is being developed by OAO AVIELEN A.G. in a joint venture with CA Immo and UBM and is directly next to Pulkovo 2 international airport. It is the first premium-class business centre in the region and is a key infrastructure project in the growing economic centre of St. Petersburg.

[10] European Commission – European Economic Forecast Autumn 2011
[11] European Commission – European Economic Forecast Autumn 2011
[12] European Commission – European Economic Forecast Autumn 2011

While the Liner Hotel again enjoyed very satisfactory occupancy in 2011, occupancy at the more expensive angelo hotel nearly doubled (2011: 36 per cent, 2010: 19 per cent) and the average room rate in euros remained stable.

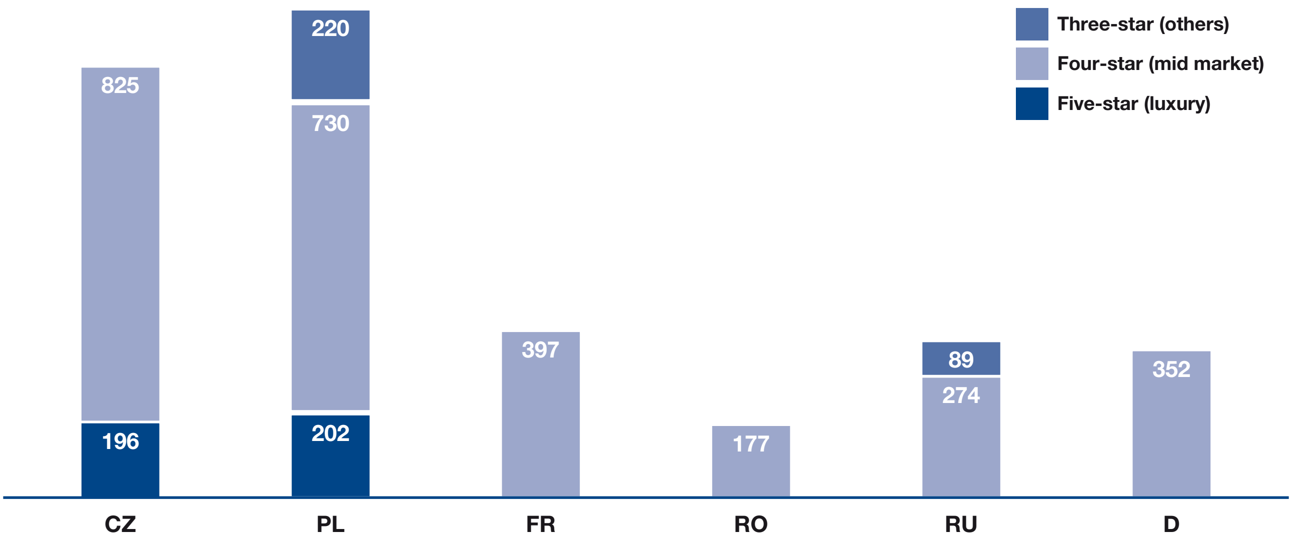
Under development: 1 office building

The shell of a second office building that will have 15,000 square metres of lettable space has also been completed at Airport City. This building will be completed in accordance with rental demand and the available financing.

BUDGET HOTELS

The 50 per cent share in the budget hotel development project was sold to the joint venture partner, a subsidiary of Starwood Capital Group, at the end of 2011. The sale covered two hotels that are currently under construction in Wrocław, Poland, and a series of properties that the joint venture successfully prepared for development.

Hotel portfolio (number of rooms adjusted for proportionate share of ownership) as of 31 December 2011



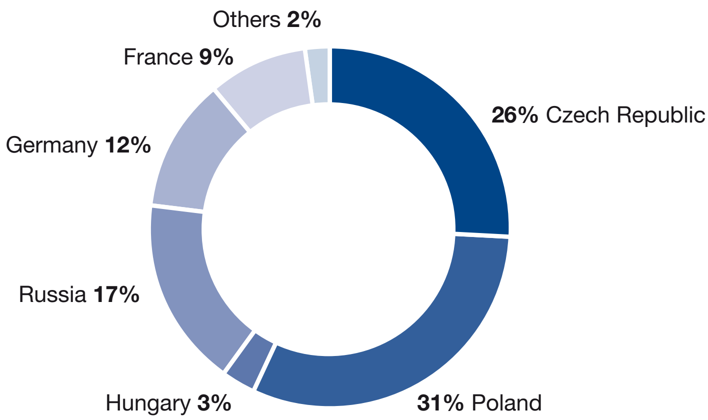
Compared with 31 December 2010, the number of hotel rooms (adjusted for the proportionate share of ownership) increased by 41 from 3,421 to 3,462 as of 31 December 2011. This can be attributed to the opening of the Crowne Plaza hotel in St. Petersburg at the end of 2011, which was partially offset by the sale of Sobieski Hotel in Warsaw.

BUSINESS DEVELOPMENT

As of the end of December 2011, the Warimpex Group portfolio comprised a total of twenty-six properties, twenty-one of which were hotels and five office properties. The Group also holds a large number of properties and development projects in eight countries in Central and especially Eastern Europe. The focus of the portfolio is primarily on Poland, Germany, the Czech Republic and Russia.

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

Real estate assets by country (share of GAV)



Gross asset value (GAV) as of 31 December 2011

The greatest share of the Company's gross asset value, 31 per cent, is located in Poland, followed by the Czech Republic with 26 per cent; the share in Russia increased from 13 to 17 per cent due to the completion of Airport City St. Petersburg. In terms of sector breakdown, roughly 96 per cent of the Group's real estate assets (excluding development projects) are hotels, while 4 per cent are office properties.

ASSETS, FINANCIAL POSITION AND EARNINGS SITUATION

The recognition method for joint ventures was changed from the proportionate consolidation method to the equity consolidation method in the reporting period; the values of these entities were adjusted accordingly for the previous years.

This change was made so that the financial statements can provide more reliable and relevant information for the intended readers. The IASB is also of the opinion that the proportionate consolidation of joint ventures is not an adequate recognition method, and will not permit this method to be applied for financial years beginning on or after 1 January 2013.

Result for the financial year 2011

		Retrospective adjustment	
Consolidated income statement (in thousands of euros)	**2011**	2010	2009
Revenues			
Hotels & Resorts	58,613	52,950	46,410
Development & Asset Management	6,312	5,439	4,288
	64,925	**58,389**	**50,698**
Gains from the sale of real estate	12,253	20,080	34,738
Carrying amounts, loans and borrowings assumed by the purchaser	-9,234	-11,323	-30,828
Income from the sale of properties	**3,018**	**8,756**	**3,910**
Change in real estate projects under development or construction	–	-1,314	1,264
Other income	1,007	304	617
	1,007	**-1,011**	**1,881**
	68,950	**66,134**	**56,489**
Expenses			
Expenses for materials and services rendered	-26,992	-26,557	-23,079
Expenses for project development	-3,001	-104	-1,147
Personnel expenses	-18,756	-18,628	-17,378
Other expenses	-7,710	-7,912	-11,235
Total expenses	**-56,459**	**-53,201**	**-52,839**
EBITDA	**12,492**	**12,936**	**3,650**
Depreciation and amortization on property, plant and equipment and intangible assets	-2,829	1,732	-59,835
Impairment of goodwill	–	–	-1,430
EBIT	**9,663**	**14,665**	**-57,615**
Financial revenue	3,873	592	1,802
Finance costs	-18,894	-19,210	-18,441
Result from joint ventures	12,436	916	-18,807
Pre-tax profit	7,077	-3,038	-93,061
Profit for the year	**7,240**	**-2,036**	**-93,960**

Development of revenues

Business with the operation of hotels continued to develop positively in 2011. After a very difficult year in 2009, conditions improved considerably in 2010 and again in 2011. Conditions on Warimpex's core hotel markets were varied, however. Revenues in the Western European markets of Munich, Berlin and Paris grew again. Revenues in the Czech Republic and especially Prague also improved substantially after two very lean years in 2009 and 2010. Revenue growth in Poland was inconsistent from region to region. While sales increased substantially at the hotels in Warsaw and the InterContinental hotel had its best year ever, growth rates in secondary cities were not nearly as robust but were nevertheless positive.

About 90 per cent of revenues came from the operation of hotel properties, even though these contribute substantially less than 90 per cent of the Warimpex Group's EBITDA. This is explained by the fact that proceeds from the sale of real estate projects are not shown in the item "Revenues", because real estate transactions are usually carried out through a sale of shareholdings. Sales proceeds from the sale of properties are shown under "Gains from the sale of real estate". The carrying values of the properties and any loans assumed by the buyer are deducted from these amounts. Gains realized from share deals of this kind are reported in the item "Income from the sale of properties".

Consolidated sales increased by 11 per cent from EUR 58.4 million to EUR 64.9 million in financial year 2011. Sales revenues from hotel operations increased from EUR 53.0 million in 2010 to EUR 58.6 million, primarily due to general revenue growth across the portfolio but especially in Prague and Ekaterinburg.

Revenues from the rental of offices and the provision of development services increased from EUR 5.4 million to EUR 6.3 million. While revenues from the rental of offices remained constant, revenues in the Development sub-segment rose as a result of the progress of construction for the Le Palais office building in Warsaw.

Earnings situation

Warimpex recognizes its tangible non-current assets at cost minus depreciation, and does not recognize any increases in the value of its real estate assets in the profit and loss account. Any such value increases are not recognized until the asset is actually sold. As a result, earnings are highly dependent on the sale of properties and fluctuate significantly.

The typical strategy of a "hybrid" real estate company is to develop projects, operate and manage them upon completion and then sell them on, depending on the market situation and degree of maturity, as soon as the highest foreseeable value-added can be realized.

Income from the sale of properties:

Warimpex sold its 25 per cent share in Sobieski Hotel in Warsaw in 2011. The profit from this transaction was EUR 1.9 million. At the end of the year, Warimpex sold its 50 per cent share in the budget hotel development joint venture to its joint venture partner. The profit from this transaction was roughly EUR 1.0 million.

In 2010, Warimpex sold a 16.69 per cent share in the Palais Hansen development project in Vienna for a price of EUR 7.2 million. The profit from this transaction was EUR 3.1 million, and Warimpex still holds 9.88 per cent of the project. At the end of 2010, Warimpex sold the Le Palais office building development project in Warsaw, and entered into an obligation to complete the property for the purchaser. The profit from the sale amounted to EUR 5.0 million.

EBITDA

Earnings before interest, taxes, depreciation and amortization (EBITDA) fell marginally by 3 per cent from EUR 12.9 million in 2010 to EUR 12.5 million. This slight decrease can be attributed to lower earnings from the sale of project companies and properties (minus EUR 5.7 million), even with significantly higher earnings in the Hotels & Resorts segment due to improved sales revenues.

EBIT

Property values are increasingly stabilizing on the Eastern European markets. Thanks to the fact that better occupancy levels and room rates allowed the fair values of its hotels to stabilize, the Company was able to reverse impairment charges from previous years in the amount of EUR 12.9 million (2010: EUR 15.7 million). Nevertheless, scheduled write-downs in the amount of EUR 12.1 million (2010: EUR 12.1 million) and impairment charges of EUR 3.6 million (2010: EUR 1.9 million) were recognized in the period.

Because of the decreased level of write-ups and lower income from the sale of properties, EBIT fell from EUR 14.7 million to EUR 9.7 million despite the significant increase in revenues from the Hotels and Resorts segment.

Financial result

The financial result improved noticeably from minus EUR 17.7 million to minus EUR 2.6 million. Interest on current account loans, long-term project financing and other loans, and convertible bonds increased from EUR 13.9 million in 2010 to EUR 15.2 million in 2011.

Non-cash losses of EUR 2.2 million (2010: EUR 4.7 million) in connection with CHF-denominated loans and unrealized losses from derivative financial instruments had a negative impact on the financial result for the period.

The result from joint ventures improved from EUR 0.9 million to EUR 12.4 million, above all as a result of higher write-ups on extended loans (2011: EUR 9.9 million, 2010: EUR 4.6 million) and lower allocated losses (2011: EUR 9.9 million, 2010: EUR 4.6 million).

Profit for the year

The Warimpex Group's profit for the year improved from minus EUR 2.0 million to plus EUR 7.2 million in annual comparison. This improvement can be attributed primarily to the better performance of the hotels and a higher profit from joint ventures, but was reduced by lower impairment reversals and gains from the sale of real estate.

Segment reporting

(For more information, see the detailed comments in [05] Segment information in the Notes.)

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

Hotels & Resorts segment

EUR '000	**2011**	2010	2009
Revenues for the Group	103,443	96,364	79,608
Average number of hotel rooms for the Group*	3,556	3,519	3,089
Group NOP	26,226	21,844	17,052

*See Note 5.01., "Hotels & Resorts segment"

Sales revenues from hotels grew at a significantly higher rate in the reporting period than in 2009 and 2010. The average number of available rooms rose slightly by 1 per cent while sales revenues from hotel operation increased by 7 per cent from EUR 96.25 million to EUR 103.25 million.

The net operating profit (the gross operating profit or GOP calculated according to the Uniform System of Accounts for the Lodging Industry less costs after GOP) improved by 20 per cent to EUR 26.21 million. The higher NOP margin can above all be attributed to improved occupancy levels and room rates.

Development & Asset Management segment

EUR '000	**2011**	2010	2009
Revenues for the Group	7,388	6,799	5,650
Income from the sale of properties	3,018	8,756	3,910
Segment EBITDA	-627	5,774	-3,181

Revenues in the Development & Asset Management segment rose by 9 per cent from EUR 6.8 million to EUR 7.4 million. This improvement can primarily be attributed to the settlement of development services in connection with the order for the completion of the Le Palais office building in Warsaw.

The results in this segment depend heavily on the sale of real estate holdings (share deals) and properties (asset deals) and are subject to significant year-on-year fluctuation.

Warimpex sold its 25 per cent share in the Sobieski Hotel in Warsaw in 2011. The profit from this transaction was EUR 1.9 million. At the end of the year, Warimpex sold its 50 per cent share in the budget hotel development joint venture to its joint venture partner. The profit from this transaction was roughly EUR 1.0 million.

In 2010, Warimpex sold a 16.69 per cent stake in the Palais Hansen development project in Vienna, the Le Palais office building development project in Warsaw, a share in a development property in Warsaw and a stake in an energy project. The profit from these sales came to EUR 8.8 million.

Financial position

Consolidated balance sheet EUR ’000	2011	2010	2009
Assets			
Non-current assets	393,951	377,947	383,333
Current assets	18,334	16,859	20,542
Total assets	**412,285**	**394,806**	**403,875**
Equity and liabilities			
Issued capital	54,000	54,000	39,600
Retained earnings and reserves	25,382	19,767	9,826
Minority interests	-2,800	-3,956	-1,955
Total equity	**76,582**	**69,811**	**47,470**
Non-current liabilities	243,269	240,489	252,402
Current liabilities	92,434	84,505	104,003
Total liabilities	**335,703**	**324,995**	**356,405**
Total equity and liabilities	**412,285**	**394,806**	**403,875**

Warimpex being a property developer, the assets side of the balance sheet is dominated by property, plant and equipment. Despite the sale of assets, the non-current assets remained stable due to value increases and the completion of Airport City St. Petersburg.

As two thirds of the properties held by the Warimpex Group are financed via long-term project loans, non-current debt makes up the majority of the liabilities side of the balance sheet.

The Group’s equity ratio increased by 1 per cent in year-on-year terms to 19 per cent. In view of the fact that Warimpex carries property, plant and equipment at cost less depreciation and amortization, a comparison of the Group’s equity ratio with that of other real estate companies is possible only to a limited extent. Assuming that the real estate assets are recognized at their fair values, the equity ratio would be 32 per cent (2010: 32 per cent) (NAV/adjusted balance sheet total).

Cash flows

Consolidated cash flow statement EUR ’000	2011	2010	2009
Cash receipts from operating activities	66,019	58,782	54,551
Cash payments from operating activities	-57,810	-52,286	-48,655
Net cash flows from operating activities	**8,209**	**6,496**	**5,896**
Net cash flows from investing activities	-1,521	-1,009	-48,106
Net cash flows in/from financing activities	-6,606	-5,495	24,523
Cash and cash equivalents at end of year	**7,016**	**7,292**	**7,380**

Cash flows from operating activities

The cash flow from operating activities improved substantially from EUR 6.5 million in the 2010 financial year to EUR 8.2 million in the reporting period. While the net operating cash flow increased in the Hotels & Resorts segment, cash flows from operating activities remained stable in the Development & Asset Management segment.

While cash payments for the operation of hotels and the letting of office buildings develop at about the same rate as cash receipts from operating activities, cash payments for project development may be subject to pronounced annual fluctuations.

For more information, see the detailed comments in [05] Segment information in the Notes.

Cash flows from investing activities

The cash outflow from investing activities consisted mainly of payments made for property, plant and equipment (EUR 2.8 million) and joint ventures (EUR 9.6 million), and was partially offset by cash received for the sale of disposal groups and real estate (EUR 9.1 million).

Cash flows from interest-bearing debt finance

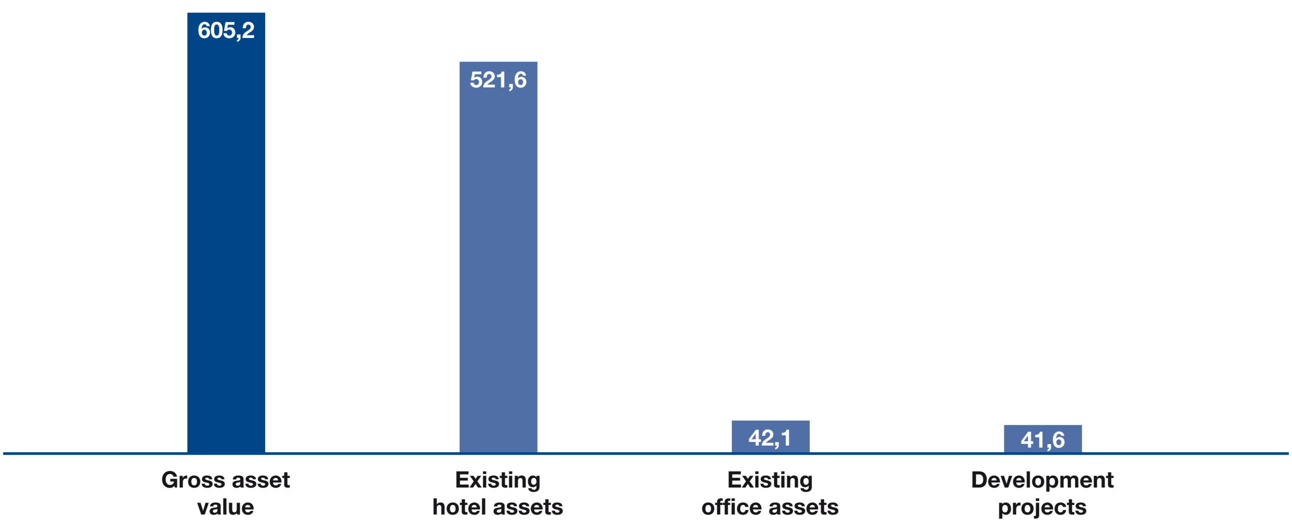
The change in the cash flows from financing activities can primarily be attributed to cash receipts from the issue of a convertible bond in the amount of EUR 16.6 million and the repayment of loans in the amount of EUR 20.4 million.

REAL ESTATE ASSETS

As at 31 December 2011, the real estate portfolio of the Warimpex Group comprised twenty-one hotels with over 5,000 rooms (3,461 rooms when adjusted for the proportionate share of ownership) plus five office properties with a total lettable floor area of roughly 43,000 square metres (30,000 square metres when adjusted for the proportionate share of ownership).

Calculation of gross asset value and net asset value

Gross asset value



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 real estate appraiser used the discounted cash flow (DCF) approach to calculate the fair values of the properties.

The capitalization factors (yields) used to calculate the earning capacity of hotel properties in Poland ranged from 6.25 to 9.50 per cent (2010: 6.50 to 9.50 per cent), in the Czech Republic from 7.75 to 9.00 per cent (7.75 to 9.00 per cent), in Germany from 6.75 to 7.25 per cent (6.75 to 7.00 per cent), in France was 7.25 per cent (7.25 per cent) and in Russia ranged from 11.00 to 12.00 per cent (11.50 to 12.00 per cent). Office properties in Hungary, Poland and Russia were discounted at a rate ranging from 8.75 to 11.50 per cent (2010: 8.00 to 9.50 per cent).

Warimpex's gross asset value came in at EUR 605.2 million at 31 December 2011 (2010: EUR 589.7 million), EUR 272.6 million of which was from joint ventures (2010: EUR 261.9 million). This slight increase can be attributed primarily to property sales offset by new investments and write-ups. The Group's triple net asset value (NNNAV) rose from EUR 169.2 million in 2010 to EUR 172.6 million as at 31 December 2011.

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

in EUR m	**12/2011**		Retrospective adjustment 12/2010	
Equity before minority interests		79.4		73.8
Goodwill		-0.9		-0.9
Deferred tax assets	-0.4		-0.3	
Deferred tax liabilities	12.4	12.0	12.9	12.6
Book value of existing hotel assets	268.6		266.6	
Fair value of existing hotel assets	306.8	38.1	302.3	36.3
Book value of existing office property assets (investment properties)	13.9		14.9	
Fair value of existing office property assets (investment properties)	14.4	0.5	15.7	0.8
Book value of development projects	8.1		5.4	
Fair value of development projects	11.5	3.4	9.1	3.7
Book value of joint ventures	92.3		78.5	
Fair value of joint ventures	132.4	40.1	121.4	42.9
Triple net asset value		**172.6**		**169.2**
Number of shares at 31 December		54.0		54.0
NNNAV per share in EUR		**3.2**		**3.1**

MATERIAL RISKS AND UNCERTAINTIES TO WHICH THE GROUP IS EXPOSED

As an international group, Warimpex is exposed to various economic and financial risks as part of its daily operations.

(a) General

As part of its risk management system, Warimpex has set internal risk management targets for the Management Board and Company staff and adapts these targets to the prevailing market conditions. These risk management targets include special regulations and define responsibilities for risk assessment, control mechanisms, monitoring, information management, and communication within the Company and with external parties.

There is a clearly defined organization within Warimpex and especially within the Management Board that governs responsibilities and authorizations in this connection to enable risks to be identified at an early stage and appropriate action to be taken. The Management Board's guidelines and the guidelines for the Supervisory Board define the responsibilities and obligations of the Company's bodies.

(b) 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.

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 both on 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.

(c) 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 beginning of 2009 has abated. That is definitely a positive sign, and it has again become possible and probable that assets can be sold at acceptable prices. A number of sales transactions are currently being prepared. After the balance sheet date, a term sheet was signed for the sale of the InterContinental hotel in Warsaw. We assume that this transaction will be concluded in the coming months.

The consolidated financial statements show current financial liabilities in the amount of EUR 72.4 million as of the reporting date. It will be necessary to extend or refinance these operating credit lines or to convert them into long-term financing in the coming twelve months. A bond or convertible bond may also be issued to raise financing. If these measures are not sufficient, projects must be sold to obtain additional liquidity.

(d) Reporting on key characteristics of the internal control system and the risk management system as relevant for the accounting process

The Management Board bears overall responsibility for the Group's risk management system, while operational responsibility lies with the managers of the respective business units.

This makes the internal reports that are submitted to Group headquarters particularly important in ensuring that risks are recognized at an early stage so that suitable countermeasures can be taken. To this end, the operating units submit weekly and monthly reports to the Management Board with all necessary information.

The Group has enacted uniform standards for all subsidiaries governing the implementation and documentation of the entire internal control system, and therefore also the accounting process in particular. This is intended to prevent the risks that can lead to incomplete or erroneous financial reporting.

The internal reports that are prepared by the subsidiaries are also subjected to plausibility reviews at the Group headquarters and are compared with the planning calculations to ensure that suitable countermeasures can be taken in the event of deviations. To this end, the companies are required to submit annual budgets and medium-term plans, which must be approved by the Management Board.

The correctness of the accounts at the subsidiaries is monitored by the hotel manager (e.g. Vienna International, InterContinental Hotel Group, Louvre Hotels) as well as by the Group holding company. The annual financial statements of all operating hotel companies are also reviewed by external financial auditors.

The risk management system is primarily monitored by the Management Board, and compliance with the prescribed risk management targets and methods in the preparation of quarterly and annual financial statements is ensured by the following units and individuals:
- Management Board, especially the Chief Financial Officer
- Group accounting department
- Audit Committee (only for annual financial statements)

The current development of business and foreseeable opportunities and risks are discussed at regular meetings between the Management Board and local managers.

Quarterly financial statements are prepared by the Group accounting department in accordance with IAS 34, Interim Financial Reporting, reviewed by the Chief Financial Officer and then approved for publication by the Management Board. Annual financial statements are studied and approved by the Supervisory Board and by the Audit Committee before they are published.

HUMAN CAPITAL

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

Particularly in the hotel sector, well qualified, service-oriented staff are crucial to an establishment’s reputation and, as a consequence, have a decisive impact on its occupancy rates. The Group’s experienced asset managers also play a key role in Warimpex’s success. The fact that the Development & Asset Management segment has seen extremely low employee turnover over the past few years is an indication of the good working atmosphere.

With a view to constantly expanding the key skills and capabilities of its employees, Warimpex places great emphasis on continuing education and training. The Group has especially high requirements for all of its managerial staff in terms of commitment to quality, well founded technical expertise and flexibility.

In the reporting period, an average of 1,094 (previous year: 1,078) employees worked for the Hotels & Resorts segment and 56 (previous year: 69) in the Development & Asset Management segment.

SUSTAINABILITY

The Warimpex Group's real estate development projects and the operation of its properties have an impact on the social, ecological and economic environments in which it does business. Because of this, the Company bears great responsibility. It has firmly anchored the fulfilment of this responsibility into its corporate culture, and sees living up to this responsibility as a central element in its success.

Disclosures pursuant to § 243a Uniform Commercial Code

The share capital of Warimpex Finanz- und Beteiligungs AG amounts to EUR 54,000,000 and is divided into 54,000,000 non-par-value bearer shares.

To the best of the Management Board's knowledge, none of these shares are subject to limitations on voting rights or the transfer of shares.

The following shareholders each hold interests amounting to more than 10 per cent of the Company's share capital:

Georg Folian	14%
Franz Jurkowitsch	14%
Bocca Privatstiftung	11%
Amber Privatstiftung	11%

The annual general meeting on 31 May 2007 authorized the Management Board to issue convertible bonds granting the right of conversion or share subscription for up to a total of 9 million shares within five years, subject to the approval of the Supervisory Board. The subscription right of the existing shareholders was waived.

At the end of April and the end of May 2011, convertible bonds with a total nominal value of PLN 66.3 million and a denomination of PLN 250,000 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. This bond grants the right of exchange or subscription for up to 5,179,828 bearer shares in the Company.

The annual general meeting on 3 May 2011 authorized the Management Board to increase the share capital of the Company by as much as EUR 5,400,000 within five years through the issue of up to 5,400,000 bearer shares against cash payment or contributions in kind, in one or multiple tranches, with or without the exclusion of pre-emptive subscription rights, and to set the issue price and the issue terms in coordination with the Supervisory Board.

The buyback programme began on 21 July 2008 and ran until the end of 2008, with the acquisition price range set at EUR 3.00 to EUR 8.00. As of 31 December 2008, a total of 66,500 shares had been purchased at an average price of EUR 4.53. This corresponds to 0.18 per cent of the capital stock.

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

EVENTS AFTER THE BALANCE SHEET DATE

Regarding material events after the balance sheet date reference is made to item 27 in the Notes to the consolidated financial statements.

OUTLOOK

Seven real estate projects are currently under construction or in advanced stages of development. The following hotel projects are currently under construction:

- Le Palais office building, Warsaw (opening scheduled for the end of 2012)
- Palais Hansen Kempinski hotel, Vienna (opening scheduled for Q1 2013)
- Airport City, St. Petersburg, additional 15,000 square metres of office space in the business park

Given the current market situation, especially the new tightening on the financing markets, we will focus on bolstering our Company's foundation in 2012 so that we are ideally positioned to seize promising new development opportunities when they arise. To this end, we are working to strengthen our financing structure and continue the successful operation of our existing properties.

Vienna, 25 April 2012

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

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED **31 DECEMBER 2011**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the financial year from 1 January to 31 December 2011

EUR	Note	2011	Retrospective adjustment 2010	2009
Revenues				
Revenues – Hotels & Resorts segment		58,612,991	52,949,861	46,410,246
Revenues – Development & Asset Management segment		6,311,780	5,439,437	4,287,622
	6.01.	**64,924,772**	**58,389,298**	**50,697,868**
Income from the sale of properties				
Gains from the sale of real estate		12,252,625	20,079,867	34,737,562
Carrying amounts, loans and borrowings assumed by the purchaser		(9,234,468)	(11,323,492)	(30,827,583)
	[04]	**3,018,156**	**8,756,375**	**3,909,979**
Other income and expenses				
Changes in real estate projects under development or construction	[15]	–	(1,314,444)	1,264,444
Other income		1,007,443	303,599	616,529
		1,007,443	(1,010,845)	1,880,973
Expenses for materials and services rendered	6.02.	(26,992,040)	(26,557,209)	(23,078,512)
Expenses for project development	6.02.	(3,000,771)	(104,618)	(1,147,033)
Personnel expenses	6.03.	(18,756,421)	(18,628,238)	(17,378,058)
Depreciation, amortization, impairments and write-ups on property, plant and equipment, investment properties and intangible assets	6.04.	(2,829,171)	1,732,343	(59,835,183)
Thereof reversal of impairment write-downs		*12,861,965*	*15,734,935*	–
Other expenses	6.05.	(7,709,635)	(7,912,281)	(11,235,098)
Impairment of goodwill	[12]	–	–	(1,429,626)
		(59,288,038)	(51,470,004)	(114,103,510)
Operating profit		**9,662,333**	**14,664,825**	**(57,614,690)**
Financial revenue	6.07.	3,872,994	591,622	1,801,857
Finance costs	6.06.	(18,894,065)	(19,210,231)	(18,441,370)
Result from joint ventures	13.3.	12,435,537	915,824	(18,806,557)
Profit before tax		**7,076,798**	**(3,037,960)**	**(93,060,760)**
Income tax	[07]	(324,316)	(246,958)	(1,031,011)
Deferred income tax	[07]	488,001	1,249,236	132,112
Profit for the period		**7,240,484**	**(2,035,681)**	**(93,959,659)**
Foreign currency translation		(742,423)	(1,131,665)	(888,569)
Net gains/losses from hedging		(138,916)	(80,419)	(734,628)
(Deferred) taxes recognized in equity		22,340	(51,993)	260,491
Other income/expense		**(858,999)**	**(1,264,077)**	**(1,362,707)**
Total income and expenses for the period		**6,381,485**	**(3,299,758)**	**(95,322,366)**
Profit for the period attributable to:				
- Equity holders of the parent		6,478,723	(528,796)	(87,811,812)
- Non-controlling interests		761,761	(1,506,885)	(6,147,847)
		7,240,484	(2,035,681)	(93,959,659)
Total income/expenses for the period attributable to:				
- Equity holders of the parent		5,149,170	(1,308,217)	(88,916,860)
- Non-controlling interests		1,232,315	(1,991,541)	(6,405,506)
		6,381,485	(3,299,758)	(95,322,366)
Earnings per share:				
Undiluted, for the profit for the period attributable to ordinary equity holders of the parent	[08]	0.12	(0.01)	(2.40)
Diluted, for the profit for the period attributable to ordinary equity holders of the parent	[08]	0.12	(0.01)	(2.40)

CONSOLIDATED BALANCE SHEET
at 31 December 2011

EUR	Note	2011	Retrospective adjustment (Opening balance sheet 2010) 2010	2009
ASSETS				
Non-current assets				
Property, plant and equipment	[09]	277,149,161	274,451,818	276,221,789
Investment properties	[10]	13,562,844	14,893,989	15,036,577
Goodwill	[12]	921,266	921,266	921,266
Other intangible assets	[11]	219,470	295,867	409,536
Joint ventures	[13]	92,252,489	78,511,088	69,056,586
Associated companies		–	–	9,337,412
Other financial assets	[14]	9,493,936	8,566,815	12,248,164
Deferred tax assets	[07]	351,654	305,916	101,896
		393,950,821	**377,946,759**	**383,333,225**
Current assets				
Inventories	[15]	1,497,460	1,035,092	2,358,220
Trade and other receivables	[17]	5,825,035	5,122,854	10,719,554
Financial instruments available for sale	[16]	3,988,802	3,366,870	–
Other financial assets	26.3.	6,795	42,093	84,241
Cash and short-term deposits	[18]	7,015,958	7,292,046	7,380,244
		18,334,050	**16,858,955**	**20,542,260**
TOTAL ASSETS		**412,284,871**	**394,805,713**	**403,875,484**
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the parent				
Issued capital	[08]	54,000,000	54,000,000	39,599,999
Capital reserves		71,387,604	70,921,626	59,627,010
Retained earnings		(46,797,314)	(53,258,449)	(52,729,653)
Treasury shares	[08]	(301,387)	(301,387)	(301,387)
Other reserves	[19]	1,093,045	2,405,011	3,229,705
		79,381,948	73,766,802	49,425,674
Non-controlling interests		*(2,800,148)*	*(3,955,816)*	*(1,955,336)*
Total equity		**76,581,800**	**69,810,986**	**47,470,338**
Non-current liabilities				
Convertible bonds	22.1.	13,774,416	–	–
Interest-bearing loans and borrowings	22.2.	212,224,507	214,578,820	232,531,486
Provisions	[20]	4,017,065	4,464,765	4,526,857
Other payables	[21]	866,610	8,594,703	464,726
Deferred tax liabilities	[07]	12,386,386	12,850,989	14,879,340
		243,268,983	**240,489,276**	**252,402,409**
Current liabilities				
Trade and other payables	[21]	16,385,504	9,416,032	28,012,392
Interest-bearing loans and borrowings	22.2.	72,414,075	72,738,135	70,744,005
Derivative financial instruments	26.3.	2,199,317	1,591,624	467,205
Income tax payable		104,575	215,922	192,450
Provisions	[20]	1,330,616	543,738	4,586,683
		92,434,087	**84,505,451**	**104,002,736**
TOTAL EQUITY AND LIABILITIES		**412,284,871**	**394,805,713**	**403,875,484**

CONSOLIDATED CASH FLOW STATEMENT

for the financial year from 1 January to 31 December 2011

EUR	Note	**2011**	Retrospective adjustment 2010	2009
Cash receipts from operating activities				
From the operation of hotels and rent received		62,271,660	58,397,389	50,809,044
From real estate development projects		3,681,605	143,137	2,270,124
Interest received		65,508	241,989	1,472,212
		66,018,772	**58,782,515**	**54,551,380**
Cash payments for operating activities				
For real estate development projects		(2,093,353)	(16,886)	(1,186,885)
For materials and services received		(28,023,352)	(26,071,014)	(21,280,829)
For personnel and related expenses		(19,080,217)	(18,770,963)	(18,193,188)
For other expenses		(8,143,175)	(7,268,434)	(6,161,972)
For income taxes		(469,738)	(158,993)	(1,832,396)
		(57,809,834)	**(52,286,289)**	**(48,655,270)**
Net cash flows from operating activities		**8,208,938**	**6,496,226**	**5,896,110**
Cash flows from investing activities				
Cash paid for				
the acquisition of property, plant and equipment		(2,764,887)	(9,909,798)	(52,199,026)
the acquisition of investment properties		(129,586)	(213,493)	(4,428,760)
the acquisition of available-for-sale financial instruments		(1,078,982)	–	–
the acquisition of software		(25,262)	(930)	(303,119)
other financial assets		72,107	1,481,593	(1,675,516)
joint ventures	13.4.	(9,550,648)	(6,420,224)	(19,688,295)
		(13,477,259)	(15,062,853)	(78,294,716)
Cash receipts from				
the sale of disposal groups and real estate		9,097,192	16,389,138	30,241,362
less cash and cash equivalents of disposal groups		(6,829)	(2,701,780)	(52,778)
the satisfaction of purchase price claims and sales transactions from previous periods		371,078	366,000	–
the sale of available-for-sale financial instruments		1,120,394	–	–
the return of joint ventures	13.4.	1,374,440	–	–
		11,956,275	14,053,358	30,188,584
Net cash flows from investing activities		**(1,520,984)**	**(1,009,495)**	**(48,106,132)**
Cash flows from financing activities				
Cash received from capital measures		–	28,716,885	8,099,998
Payments made in connection with capital measures		–	(3,096,512)	(449,928)
Payments for the purchase of treasury shares	[08]	–	–	(10,368)
Payments received from and made to minority interests		(76,649)	68,450	–
Cash received from the issue of convertible bonds		16,554,991	–	–
Proceeds from loans and borrowings	22.2.	12,375,723	14,653,280	91,168,185
Repayment of loans and borrowings	22.2.	(20,429,427)	(31,941,886)	(63,301,913)
Interest and other finance costs paid		(15,030,220)	(13,895,499)	(13,197,916)
Inflows and outflows for derivative financial instruments		–	–	1,944,516
Dividends paid	[08]	–	–	–
Net cash flows from/used in financing activities		**(6,605,582)**	**(5,495,283)**	**24,252,574**
Net change in cash and cash equivalents		82,373	(8,552)	(17,957,448)
Net foreign exchange difference		(358,460)	(79,646)	(173,872)
Cash and cash equivalents at 1 January		7,292,046	7,380,244	25,511,564
Cash and cash equivalents at end of year		**7,015,958**	**7,292,046**	**7,380,244**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year from 1 January to 31 December 2011

EUR	Issued capital	Capital reserves	Retained earnings	Treasury shares	Other reserves	TOTAL	Minority interests	Total equity
As of 1 January 2009	**36,000,000**	**55,576,939**	**41,480,912**	**(291,019)**	**8,282,960**	**141,049,792**	**4,456,240**	**145,506,032**
retrospectively adjusted	**–**	**–**	**(11,232,522)**	**–**	**(13,624)**	**(11,246,145)**	**(6,070)**	**(11,252,216)**
As of 1 January 2009 after retrospective adjustment	36,000,000	55,576,939	30,248,390	(291,019)	8,269,336	129,803,647	4,450,170	134,253,816
Changes in the scope of consolidation	–	–	–	–	(19,230)	(19,230)	–	(19,230)
Revaluation reserve	–	–	4,833,769	–	(4,833,769)	–	–	–
(Deferred) tax effects from revaluation	–	–	–	–	918,416	918,416	–	918,416
Capital increase	3,599,999	4,499,999	–	–	–	8,099,998	–	8,099,998
Capital procurement costs	–	(599,904)	–	–	–	(599,904)	–	(599,904)
(Deferred) taxes related to capital procurement costs	–	149,976	–	–	–	149,976	–	149,976
Purchase of treasury shares	–	–	–	(10,368)	–	(10,368)	–	(10,368)
Profit for the period	–	–	(87,811,812)	–	–	(87,811,812)	(6,147,847)	(93,959,659)
Other income/expense	–	–	–	–	(1,105,049)	(1,105,049)	(257,659)	(1,362,708)
Total income and expenses for the period	–	–	–	–	–	(88,916,861)	(6,405,506)	(95,322,367)
As of 31 December 2009 or 1 January 2010 retrospectively adjusted	**39,599,999**	**59,627,010**	**(52,729,653)**	**(301,387)**	**3,229,705**	**49,425,674**	**(1,955,336)**	**47,470,338**
Changes in the scope of consolidation	–	–	–	–	(45,273)	(45,273)	(77,389)	(122,662)
Other changes in minority interests	–		–	–	–	–	68,450	68,450
Capital increase	14,400,001	14,400,001	–	–	–	28,800,002	–	28,800,002
Capital procurement costs	–	(4,140,512)	–	–	–	(4,140,512)	–	(4,140,512)
(Deferred) taxes related to capital procurement costs	–	1,035,128	–	–	–	1,035,128	–	1,035,128
Profit for the period	–	–	(528,796)	–	–	(528,796)	(1,506,885)	(2,035,681)
Other income/expense	–	–	–	–	(779,421)	(779,421)	(484,656)	(1,264,077)
Total income and expenses for the period	–	–	–	–	–	(1,308,217)	(1,991,541)	(3,299,758)
As of 31 December 2010 or 1 January 2011 retrospectively adjusted	**54,000,000**	**70,921,626**	**(53,258,449)**	**(301,387)**	**2,405,011**	**73,766,802**	**(3,955,816)**	**69,810,986**
Issue of convertible bond	–	465,978	–	–	–	465,978	–	465,978
Other changes in minority interests	–	–	–	–	–	–	(76,649)	(76,649)
Profit for the period	–	–	6,478,723	–	–	6,478,723	761,761	7,240,484
Other income/expense	–	–	–	–	(1,311,965)	(1,311,965)	470,554	(841,411)
Total income and expenses for the period	–	–	–	–	–	5,149,170	1,232,315	6,381,485
As of 31 December 2011	**54,000,000**	**71,387,604**	**(46,797,314)**	**(301,387)**	**1,093,045**	**79,381,948**	**(2,800,148)**	**76,581,800**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year from 1 January to 31 December 2011

[01] Corporate information

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

The audited consolidated financial statements of Warimpex Finanz- und Beteiligungs AG for the reporting year ended 31 December 2011 were authorized for release to the Supervisory Board by the Management Board on 25 April 2012. It is the duty of the Supervisory Board to review the consolidated financial statements and state whether the consolidated financial statements are approved.

The main activities of the Company are described in the segment information.

[02] Basis for preparation

2.01. General

The consolidated financial statements of Warimpex Finanz- und Beteiligungs AG and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU. As a general rule, the consolidated financial statements have been prepared on a historical cost basis; excepted from this rule are derivative financial investments, which are stated at fair value.

The consolidated financial statements are based on the going concern principle. Liquidity-generating measures are necessary for the continuation of operations, and their implementation involves significant uncertainties. The Management Board of Warimpex assumes that it will be possible to secure sufficient liquidity through suitable measures to continue the operations of the Company. Please also see Note 25.4.

The Group's reporting currency is the euro. The consolidated financial statements are presented in full euros except where otherwise indicated. Rounding differences may arise from the summation of rounded figures.

Financial statements prepared in accordance with local accounting regulations were reconciled with IFRS and uniform group accounting guidelines by the Group's accounting department in Vienna. All companies included in the consolidated financial statements prepare their financial statements as of 31 December.

A list of all subsidiaries and joint ventures included in the consolidated financial statements is given in Note 3.

2.02. Changes in accounting policies

2.02.a The Group reassessed its recognition method for joint ventures in 2011. Until now, the Group has recognized its interests in joint ventures using proportionate consolidation in accordance with IAS 31. Joint ventures were recognized in the consolidated financial statements using the proportionate consolidation method until the joint management of the venture by the Group ceased.

In 2011, the Group decided to change its existing recognition method and to account for its shares in joint ventures using the equity method.

The Group feels that this method provides more reliable and relevant information for its intended readers. Based on the publication of IFRS 11 in May 2011, the IASB is also of the opinion that the proportionate consolidation of joint ventures is not an adequate recognition method when the partner companies have no rights or obligations in connection with the assets and liabilities or expenses and income.

The joint ventures controlled by the Group fulfil these requirements.

2.02.b The changes were applied retrospectively in accordance with IAS 8 and caused changes in the financial information for the previous periods. The opening balance of every component of equity was changed for the earliest presented period and the other comparison values for every earlier period were adjusted as if the new recognition method had always been applied.

Because of the voluntary change in the recognition method, the following changes are shown in the financial and earnings position for the years 2009 and 2010:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR	31 December 2010 Before adjustment	31 December 2010 Retrospectively adjusted	31 December 2009 Before adjustment	31 December 2009 Retrospectively adjusted
Revenues				
Hotels & Resorts segment	96,364,418	52,949,861	79,607,960	46,410,246
Development & Asset Management segment	6,799,256	5,439,437	5,649,884	4,287,622
	103,163,674	58,389,298	85,257,844	50,697,868
Income from the sale of properties	8,756,375	8,756,375	3,909,979	3,909,979
Changes in real estate projects under development or construction	(1,314,444)	(1,314,444)	1,264,444	1,264,444
Other income	385,270	303,599	944,728	616,529
Expenses for materials and services rendered	(48,567,995)	(26,557,209)	(40,494,771)	(23,078,512)
Expenses for project development	(150,622)	(104,618)	(1,591,607)	(1,147,033)
Personnel expenses	(29,430,933)	(18,628,238)	(27,078,425)	(17,378,058)
Depreciation and amortization (impairments and write-ups) on property, plant and equipment and intangible assets	1,640,905	1,732,343	(78,396,131)	(59,835,183)
Other expenses	(10,098,441)	(7,912,281)	(14,158,868)	(11,235,098)
Impairment of goodwill	–	–	(1,429,626)	(1,429,626)
Operating profit	**24,383,789**	**14,664,825**	**(71,772,433)**	**(57,614,690)**
Financial revenue	3,314,513	591,622	3,937,050	1,801,857
Finance costs	(25,306,681)	(19,210,231)	(23,698,197)	(18,441,370)
Result from joint ventures	–	915,824	(824,292)	(18,806,557)
Profit before tax	**2,391,621**	**(3,037,960)**	**(92,357,873)**	**(93,060,760)**
Income tax	(270,693)	(246,958)	(1,092,990)	(1,031,011)
Deferred income tax	1,626,480	1,249,236	783,616	132,112
Profit for the period	**3,747,408**	**(2,035,682)**	**(92,667,247)**	**(93,959,659)**
Foreign currency translation	(1,055,726)	(1,131,665)	(747,702)	(888,569)
Net gains/losses from hedging	(80,419)	(80,419)	(734,628)	(734,628)
(Deferred) taxes recognized in equity	(54,061)	(51,993)	257,097	260,491
Other income/expense	**(1,190,206)**	**(1,264,077)**	**(1,225,233)**	**(1,362,707)**
Total income and expenses for the period	**2,557,202**	**(3,299,758)**	**(93,892,480)**	**(95,322,366)**
Profit for the period attributable to:				
- Equity holders of the parent	5,254,294	(528,796)	(86,519,399)	(87,811,812)
- Non-controlling interests	(1,506,885)	(1,506,885)	(6,147,847)	(6,147,847)
	3,747,408	(2,035,681)	(92,667,247)	(93,959,659)
Total income/expenses for the period attributable to:				
- Equity holders of the parent	4,548,743	(1,308,217)	(87,486,974)	(88,916,860)
- Non-controlling interests	(1,991,540)	(1,991,541)	(6,405,506)	(6,405,506)
	2,557,203	(3,299,758)	(93,892,480)	(95,322,366)

ASSETS	31 December 2010		31 December 2009	
EUR	Before adjustment	Retrospectively adjusted	Before adjustment	Retrospectively adjusted
Non-current assets				
Property, plant, equipment and investment properties	516,949,465	289,345,807	500,625,953	291,258,366
Intangible assets	1,157,318	1,217,133	1,319,066	1,330,802
Joint ventures and associated companies	–	78,511,088	9,337,412	78,393,998
Other financial assets	62,552,132	8,566,815	67,421,539	12,248,164
Deferred tax assets	1,578,047	305,916	1,112,352	101,896
	582,236,961	377,946,759	579,816,321	383,333,225
Current assets				
Inventories, securities and current receivables	13,960,461	9,566,909	19,123,077	13,162,015
Cash and short-term deposits	10,793,875	7,292,046	11,933,442	7,380,244
TOTAL ASSETS	**606,991,297**	**394,805,714**	**610,872,840**	**403,875,483**
EQUITY AND LIABILITIES				
Attributable to equity holders of the parent	92,299,794	73,766,802	62,101,705	49,425,674
Minority interests	(3,949,489)	(3,955,816)	(1,949,100)	(1,955,336)
	88,350,305	69,810,986	60,152,605	47,470,338
Non-current liabilities				
Interest-bearing loans and borrowings	392,804,699	214,578,820	418,559,227	232,531,486
Provisions and other liabilities	12,954,760	13,059,468	4,609,584	4,991,583
Deferred tax liabilities	14,017,512	12,850,989	16,159,365	14,879,340
	419,776,971	240,489,276	439,328,176	252,402,409
Current liabilities				
Interest-bearing loans and borrowings	81,154,377	72,738,135	70,552,125	70,744,005
Provisions and other liabilities	17,709,645	11,767,316	40,839,933	33,258,731
	98,864,022	84,505,451	111,392,058	104,002,736
TOTAL EQUITY AND LIABILITIES	**606,991,298**	**394,805,712**	**610,872,840**	**403,875,483**
CONSOLIDATED CASH FLOW STATEMENT				
Cash receipts from operating activities				
From the operation of hotels and rent received	103,293,097	58,397,389	83,952,487	50,809,044
From real estate development projects	291,277	143,137	2,270,124	2,270,124
Interest received	878,322	241,989	1,848,303	1,472,212
	104,462,697	58,782,515	88,070,915	54,551,380
Cash payments for operating activities				
For real estate development projects	(475,979)	(16,886)	(1,920,498)	(1,186,885)
For materials and services received	(48,536,126)	(26,071,014)	(37,544,832)	(21,280,829)
For personnel and related expenses	(29,441,553)	(18,770,963)	(28,000,623)	(18,193,188)
For other expenses	(8,874,476)	(7,268,434)	(7,540,610)	(6,161,972)
For income taxes	(147,800)	(158,993)	(1,912,890)	(1,832,396)
	(87,475,933)	(52,286,289)	(76,919,453)	(48,655,270)
Net cash flows from operating activities	**16,986,763**	**6,496,226**	**11,151,462**	**5,896,110**
Investment cash flow	**(15,371,333)**	**(1,009,495)**	**(73,078,464)**	**(48,106,132)**
Financing cash flow	**(2,768,149)**	**(5,495,283)**	**40,897,250**	**24,252,574**
Net change in cash	(1,152,719)	(8,552)	(21,029,752)	(17,957,448)
Net foreign exchange difference	13,152	(79,646)	(149,154)	(173,872)
Cash on 1 January	11,933,442	7,380,244	33,112,348	25,511,564
Cash on 31 December	**10,793,875**	**7,292,046**	**11,933,441**	**7,380,244**

2.02.c New and changed standards and interpretations
The other applied recognition and measurement principles were not changed compared with the previous year. One exception was the following new and amended standards and interpretations, which were applied starting on 1 January 2011:
- IAS 24 Related party disclosures (amended), applicable from 1 January 2011,
- IAS 32 Financial instruments: recognition and measurement (amended), applicable from 1 January 2011,
- Improvements to the IFRS 2010 (May 2010).

The application of these standards and interpretations is described below.

IAS 24 Related party disclosures (amended)
The IASB published an amendment to IAS 24 that includes a clarification of the definition of related parties. The application of the amendment had no effects on the presentation of the Group's assets, financial position and earnings situation.

IAS 32 Financial instruments: recognition and measurement (amended)
The IASB published an amendment changing the definition of a financial liability according to IAS 32 allowing companies to classify certain subscription rights and options or warrants as equity instruments. The amendment can be applied when the rights entitle the holder to purchase a fixed number of equity instruments in the company for a fixed amount in any currency and the company offers these rights to all current holders of the same class of its non-derivative equity instruments on a proportionate basis. The application of the amendment had no effects on the presentation of the Group's assets, financial position and earnings situation because it does not hold any such instruments.

Improvements to the IFRS
In May 2010, the IASB issued its third collective standard to amend a number of different IFRS standards with the primary objective of eliminating inconsistencies and clarifying specific formulations. The collective standards include transitional provisions for each amended IFRS.

IFRS 7 Financial instruments – Information: The objective of the amendment was to simplify the required information by reducing the amount of information required for received collateral and to improve the information by requiring additional qualitative information that supplements the quantitative information. The Group meets the revised disclosure requirements in Annex 26.
IAS 1 Presentation of Financial Statements: The amendment clarifies that a company can present the analysis of each component of the other result in the statement of changes in equity or in the notes. The Group presents this analysis in Note 19.

IFRS 11
On 12 May 2011, the IASB published IFRS 11 Joint Arrangements. This governs the recognition of joint ventures and joint operations. Both types of arrangements are based on joint control.

Joint arrangements are classified either as joint operations or joint ventures:
1. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement.
2. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (joint venturers) have rights to the net assets of the arrangement.

The classification of a joint arrangement as a joint operation or joint venture depends on the rights and obligations of the parties. Companies are required to assess the kind of arrangements that they are party to in consideration of the structure and form of the agreement, the contractual provisions agreed by the parties and other relevant facts and circumstances.

Regardless of the purpose, structure or form of the agreement, the classification of joint arrangements depends on the rights and obligations to which the parties are subject on the basis of the agreement.

A joint arrangement under which the assets and liabilities that are associated with the arrangement are kept in a separate vehicle can be a joint venture or a joint operation.

A joint arrangement that is not structured as a separate vehicle is a joint operation. In these cases, the recognition is based on the rights to assets and obligations to cover liabilities assigned to the parties in the agreement as well as the associated entitlement to proceeds and obligation to cover expenses from the arrangement.

Joint ventures are to be recognized solely by means of the equity method according to IAS 28.

2.03. Basis of consolidation

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

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

Subsidiaries are included in the consolidated financial statements by full consolidation from the acquisition date, which is the date when the Group obtains control of the subsidiary. They continue to be consolidated until the date that the Group's control of the company ceases.

Business combinations are accounted for according to the purchase method. All subsidiaries that have to be consolidated have been included in the consolidated financial statements. For information on the accounting treatment of joint ventures, please see Note 2.05.

A minority interest is a share in the equity of a subsidiary that cannot be directly or indirectly attributed to its parent company. These interests are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated balance sheet, separately from the equity attributable to equity holders of the parent. Losses are also attributed to non-controlling shares when this results in a negative balance. Changes in interests in subsidiaries not leading to a loss of control over the subsidiary are recognized as equity transactions.

2.04. Important accounting judgements and estimates

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

Please see Notes 2.01. and 25.4. regarding the liquidity-generating measures necessary for the continuation of operations.

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

Write-ups and impairment of property, plant and equipment, plant under construction and investment properties
The Group performs semi-annual tests for the impairment of property, plant and equipment, plant under construction and investment properties. This requires the estimation of the recoverable amount. The recoverable amount is the higher of the value in use or fair value, less selling expenses. If the carrying amount of an asset is greater than the recoverable amount, the asset is written down to its recoverable amount. The recoverable amount is estimated on the basis of an external valuation. Impairment charges that have been recognized are reversed when a valuation completed after the recognition of the last impairment charge indicates a higher recoverable amount. In this case, the carrying amount of the asset is written up to the recoverable amount. This amount may not exceed the carrying amount that would apply for the asset had scheduled depreciation but no impairment charges been applied up to the reporting date.

Because of better forecasts, impairment losses from previous years in the amount of EUR 12,861,965 were reversed during the reporting period. See also Note 6.04.

The value in use is calculated on the basis of the discounted anticipated future cash flows before taxes, discounted to the present value taking appropriate risk considerations into account.

The discounted cash flow (DCF) approach was used to calculate the fair values of the properties, which were measured by an external real estate appraiser.

For these assets, there is no material difference between the value in use and the fair value less selling expenses.

The recoverable amount depends heavily on the applied yield and the expected future cash inflows, as well as on the growth rate used for extrapolation purposes. All projections were subject to a higher level of uncertainty because of the financial and economic crisis. There was especially a high level of uncertainty with regards to the markets in Eastern Europe, and it may still be necessary to make significant changes in the carrying amounts of assets in the coming financial years.

The yield reflects current market valuations arising from uncertainties about the amounts and timing of future cash flows. The hotel yields for the calculation were as follows: for Poland between 6.25% and 9.5% (2009 and 2010: 6.5% to 9.5%), for the Czech Republic between 7.5% and 9% (2009 and 2010: 7.0% to 9.0%) and for Russia between 11% and 12% (2010: 11.5% to 12%; 2009: 11% to 12%).

The planning period is ten years plus the terminal value (residual value in year ten).. The valuation includes a country-specific inflation rate.

A 0.5% lower yield would increase the reversal of impairment charges by EUR 2.6 million, while a 0.5% higher yield would increase the impairment charges by EUR 2.6 million.

The international financial and economic crisis has had an especially detrimental impact on the tourism sector. This caused a reduction in occupancy rates and the average room rate, and therefore has a direct effect on the projected future cash flows.

If the expected cash flows were 10% higher (or lower), the impairment charges would fall by EUR 10.8 million (or rise by EUR 20.47 million).

Please see Notes 9 and 10 for information on the carrying amounts of these assets.

Deferred tax assets

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

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

At 31 December 2011, the value of all deferred tax assets amounted to EUR 42,955,179 (2010: EUR 40,921,591; 2009: EUR 34,335,892). Less value adjustments on deferred tax assets of EUR 29,773,434 (2010: EUR 32,288,787; 2009: EUR 28,020,007) and after balancing with the deferred tax liabilities of EUR 12,860,090 (2010: EUR 8,326,888; 2009: EUR 6,213,989), the Company reported a balance of EUR 351,654 (2010: EUR 305,916; 2009: EUR 101,896). See Note 7.

2.05. Interests in joint ventures

Interests in other companies are classified as interests in joint ventures when there is joint control of the entity by two or more partners. The Group recognizes its interests in joint ventures using the equity method. See also Note 2.02.

In accordance with the equity method of accounting, the shares in joint ventures are recognized in the balance sheet at cost plus any changes in the share of net assets of the joint venture held by the Group. The goodwill associated with a joint venture is included in the carrying value of the respective interest and is not subject to regular amortization or impairment tests. The Group's share in the profit or loss of the associated company is recognized in the statement of comprehensive income.

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

The balance sheet dates and the accounting policies with regard to transactions and events that are similar in nature and occur under comparable circumstances are the same for the joint venture and the Group.

After applying the equity method, the Group determines whether or not it is necessary to recognize additional impairment charges for its interests in joint ventures. At every reporting date, the Group determines whether or not there are objective reasons to believe that the value of an interest in a joint venture may be lower than its carrying amount. If this is the case, the difference between the recoverable amount of the share in the joint venture and the carrying amount of the interest is recognized as an impairment charge on the statement of comprehensive income.

Allocated profits from the joint venture are added to the reported value of the interest, losses allocated from the joint venture are deducted up to the acquisition costs of the interest, and losses allocated beyond this are recorded as impairment losses on extended loans.

If the reported value of and loans extended to a joint venture have been written down to zero because of the allocation of losses and if the proportionate equity in the joint venture is negative beyond this, an assessment is completed to determine whether provisions must be formed in connection with related liabilities or issued guarantees.

At 31 December 2011, provisions in the amount of EUR 976,801 (2010: EUR 1,131,210; 2009: EUR 1,292,423) had been formed for impending losses in connection with joint ventures. See Note 20.2.

The financial statements of joint ventures are prepared for the same reporting period as that of the parent company, using consistent accounting policies. Adjustments are made to eliminate any differences in accounting policies that may exist.

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

Joint ventures are recognized in the consolidated financial statements using the equity method until the joint management of the venture by the Group ceases.

The changes in the values of joint ventures are presented in Note 13.

2.06. Financial instruments

2.06.1. Financial instruments in general:

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

Financial assets measured at fair value through profit or loss:

The category of financial assets measured at fair value through profit or loss includes all derivative financial instruments not held for hedging purposes.

Loans and receivables:

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

Available-for-sale financial assets:

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

2.06.2. Trade and other receivables

Trade receivables, which generally have a term of ten to ninety days, are recognized and carried at original invoice amount less impairment charges for any uncollectable amounts. An impairment charge is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

2.06.3. Derecognition of financial assets and liabilities

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

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

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

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

2.06.4. Impairment loss of financial assets

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

Assets carried at amortized cost

If there is objective evidence that an impairment loss has been incurred on assets carried at amortized cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The amount of the loss is recognized in profit or loss.

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

Impairment losses of trade receivables are partly recognized using value adjustment accounts. The decision of whether a default risk is accounted for by means of a value adjustment account or a direct value adjustment of the receivables item depends on the degree of reliability to which the risk situation can be assessed.

If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any reversal of an impairment loss is recognized in the statement of comprehensive income to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

Available-for-sale financial assets

At every reporting date the Group determines whether or not there is evidence of an impairment for available-for-sale financial assets. A significant or longer-term decline of the fair value to below the acquisition costs would represent this type of evidence.

If an available-for-sale asset is impaired, the cumulative loss is recognized on the statement of comprehensive income under financial expenses and deducted from the reserve for value changes for available-for-sale financial assets.

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

2.06.5. Financial liabilities

Financial liabilities are initially recognized at the fair value of the consideration received less directly attributable transaction costs, and subsequently at amortized cost using the effective interest rate method. Gains and losses are recognized in the statement of comprehensive income when the liabilities are derecognized, as well as through the amortization process.

2.06.6. Leases

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

The Group as lessee

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

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the statement of comprehensive income.

If the Group will obtain ownership at the end of the lease term, capitalized leased assets are fully depreciated over the estimated useful life of the asset.

Where there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, capitalized leased assets are fully depreciated over the shorter of the estimated useful life of the asset and the lease term.

Lease payments for operating leases are written down as an expense on the statement of comprehensive income over the term of the lease.

The Group as lessor

Leases under which all material risks and benefits incidental to ownership of the leased item are not transferred from the Group to the lessee are classified as operating leases.

The Group has concluded leases for the commercial letting of its investment properties. These have been classified as operating leases.

The non-cancellable rental income amounts to: EUR 1.2 million for up to one year (2010: EUR 1.1 million; 2009: EUR 1.6 million); there is no secured rental income for periods beyond this.

2.06.7. Derivative financial instruments and hedging

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

Cash flow hedges

These are instruments held to protect against the risk of fluctuations in cash flows associated with an asset or liability on the balance sheet, for example loans subject to variable interest, a risk that may materialize in connection with a forecast transaction, or the currency risk associated with a firm off-balance-sheet commitment.

The effective portion of the gain or loss on the hedging instrument is recognized directly in equity, while any ineffective portion is recognized immediately on the statement of comprehensive income.

Amounts taken to equity are transferred to the statement of comprehensive income when the hedged transaction affects the statement of comprehensive income, such as when the hedged financial income or financial expense is recognized or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or a non-financial liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or non-financial liability.

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

Other derivative financial instruments
A back stock option was concluded in the prior reporting period as part of the capital increase. This agreement is share-based remuneration as defined by IFRS 2 with the option of cash settlement or settlement in equity instruments, with the counterparty having the right to choose the form of settlement. The fair value of the equity component of the compound financial instrument is zero. The fair value of the debt component is calculated on every balance sheet date. A standard method pursuant to IFRS 2 is used to calculate the value (Monte Carlo simulation). See Note 26.4.

2.06.8. Fair value hierarchy
The Group uses the following hierarchy for determining and reporting the fair values of financial instruments:
Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2: methods for which all inputs that have a material determining influence on the fair price are directly or indirectly observable
Level 3: methods for which all inputs that have a material determining influence on the fair price are neither directly nor indirectly observable

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

Where the transactions that are relevant in determining an entity's functional currency change, this will lead to a change in the functional currency of the respective entity. The functional currency of each reporting entity within the Group is presented in Note 3.

Foreign currency transactions and balances
Foreign currency transactions are translated into the functional currency by the Group member company at the valid spot rate on the date of the transaction. Monetary assets and liabilities in a foreign currency are translated into the functional currency on the reporting date using the valid spot rate on the reporting date.

For subsidiaries pertaining to the segment Hotels & Resorts and for whom the respective local currency is not the functional currency, all transactions affecting current income and expenses are translated on the basis of monthly interim financial statements at the weighted average exchange rate for the respective month. Significant transactions are translated at the spot rate that is valid for the date of the transaction. All translation differences are recognized in profit or loss.

Non-monetary items measured at historical cost in a foreign currency are translated at the valid exchange rate on the date of the transaction.

Translation of the financial statements of the entities included in the consolidated financial statements
The assets and liabilities of the foreign subsidiaries are translated into euros at the valid rate on the reporting date. Depending on the item, income and expenses are either translated using the rate on the date of the transaction (interest expense), average rates or historical rates (write-downs). All exchange differences arising on translation are taken directly to a separate component of equity. Upon disposal of a foreign entity, the deferred cumulative amount relating to the particular subsidiary previously recognized in equity is transferred to the statement of comprehensive income.

The exchange rates at 31 December 2011, which have been applied for all items that are translated at the closing rate as of the reporting date, are as follows:

		31/12/2011	31/12/2010	31/12/2009
Polish zloty	(PLN/EURO)	4.4168	3.9603	4.1082
Czech koruna	(CZK/EURO)	25.800	25.060	26.465
Hungarian forint	(HUF/EURO)	311.13	278.75	270.84
Swiss franc	(CHF/EURO)	1.2156	1.2504	1.4836
US dollar	(USD/EURO)	1.2939	1.3362	1.4406
Russian rouble	(RUB/EURO)	41.6714	40.3331	43.3883
Romanian leu	(RON/EURO)	4.3197	4.2848	4.2282

2.08. Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment charges. Standard depreciation rates are calculated for the estimated useful lives of the assets. Where significant components of an item of property, plant and equipment have different useful lives, depreciation is based on the useful lives of these components. Replacements that are capitalized are amortized over their estimated useful lives.

For accounting purposes, hotels are separated into their most significant components (land and rights equivalent to land, building fabric, heating facilities and other technical equipment, and furniture) and depreciated individually. See Note 9.

Straight-line depreciation is based on the estimated useful life of the asset. The carrying amounts of property, plant and equipment items are tested for impairment whenever there is evidence to indicate that the carrying amount of the asset is greater than its recoverable amount.
Production costs of property, plant and equipment developed by the Group contain direct expense plus allocated material and production overheads. Borrowing costs are capitalized where they can be directly attributed to the project under development through specific project financing or loans from joint venture partners or minority shareholders. These costs are written down over the estimated useful economic lives of the respective assets.

A property, plant and equipment item is derecognized upon its disposal or when no further economic benefit is expected from the continued use or disposal of the asset. The gains or losses associated with the derecognition of the asset are determined by calculating the difference between the net selling proceeds and the carrying amount of the asset and are reported on the statement of comprehensive income in the period in which the asset is derecognized.

2.09. Investment properties

Investment properties are measured at historical acquisition or production cost less accumulated depreciation and impairment charges. Depreciation rates are calculated for the estimated useful lives of the assets. Replacements that are capitalized are amortized over their estimated useful lives. The carrying amount does not contain costs of day-to-day servicing of an investment property.

Real estate held as investment property is classified as such when there is no intention to sell it or use it for Group purposes.

Investment properties are derecognized upon the sale of such properties or when no further continued use is possible or no future economic benefit is expected from their disposal. Gains or losses from the disposal of investment property are recognized through profit or loss in the period in which the property is sold.

2.10. Business combinations and goodwill

Business combinations are accounted for using the acquisition accounting method. The acquisition cost of a business entity is measured as the total of consideration made valued at its fair value at the time of the transaction and plus non-controlling interest in the acquired entity. For each business combination, the management of the parent company values the non-controlling interests in the acquired entity either at their fair value or as the proportionate share of the identifiable net assets of the acquired entity. Costs incurred in connection with the business combination are recognized on the statement of comprehensive income.

When the Group acquires a business entity, it determines the proper classification and designation of the financial assets and assumed liabilities in accordance with the provisions of the contract, the economic conditions and the general conditions prevailing at the time of the transaction. This also includes the separation of embedded derivatives.
For successive share purchases, the share of equity in the entity previously held by the acquiring company is remeasured at its fair value at the time of the transaction and the resulting gain or loss recognized on the statement of comprehensive income.

The agreed consideration is recognized at its fair value at the time of transaction. Subsequent changes in the fair value of conditional consideration representing an asset or liability are recognized either in the statement of comprehensive income or directly in equity in accordance with IAS 39.

Goodwill acquired in a business combination is initially measured at cost, this being the excess of the cost of the business combination over the Group’s interest in the net fair value of the acquired entity’s identifiable assets and liabilities. If this consideration is less than the current fair value of the net assets of the acquired subsidiary, the difference is recognized in the statement of comprehensive income.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

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

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

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

2.11. Other intangible assets

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

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

2.12. Impairment of non-financial assets

At least once each year, the Group assesses whether there is any indication that an asset may be impaired. When such an indication exists, the Group estimates the recoverable amount of the asset. The recoverable amount is the higher of the value in use or fair value, less selling expenses. If the carrying amount of an asset is greater than the recoverable amount, the asset is written down to its recoverable amount. The value in use is calculated on the basis of the discounted anticipated future cash flows before taxes, discounted to the present value taking appropriate risk considerations into account. An appropriate valuation model is used to determine the fair value less selling costs (see Note 2.04.).

With the exception of goodwill, a previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset’s recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount. This amount may not exceed the carrying amount that would apply for the asset had scheduled depreciation but no impairment charges been applied up to the reporting date. Such a write-up is recognized immediately in the period in which it is identified.

For real estate projects under development, the project’s development progress is compared with market values and projected income forecasts. Impairment is recognized when original project development expectations show a negative change and the carrying amount is higher than the recoverable amount.

2.13. Other financial assets

Other financial assets contain other loans. Please see Note 2.06.4. regarding valuation.

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

2.14. Inventories

Inventories are valued at the lower of acquisition cost, production cost or net realizable value. Inventories consist primarily of raw materials and merchandise (food and beverages) pertaining to the operations of hotels and resorts. Consumption is recorded based on the FIFO method.

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

2.15. Cash and cash equivalents

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

2.16. Provisions

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

2.17. Pensions and other post-employment benefits

Provisions for severance payments and long-term service bonuses for employees and members of the Management Board are primarily recognized for employees of Austrian Group companies, since employees in Poland, the Czech Republic and Hungary are not entitled to similar benefits and local laws only provide for a very limited range of employee benefits.

Pension commitments have been made in favour of the directors of the parent company. These plans also include benefits to dependants. The Group's pension plans are defined benefit plans and are unfunded.

All long-term provisions for pensions and other post-employment benefits are calculated using the projected unit credit method. The pension and salary increase is estimated at 3% (previous years: 2.125%) for severance payments, jubilee benefits and pensions. The calculations are based on a discount rate of 5.125% (previous year: 5.125%). A fluctuation discount of 0% (previous year: 0%) was applied. The provision is valued in accordance with the actuarial tables AVÖ für Angestellte.

Actuarial profits and losses are recognized in the statement of comprehensive income when they occur. The interest component is taken into account in finance expenses.

Pension reimbursement insurance was taken out for the pension plan of the directors and their dependants. Annual contributions are made to this insurance plan, which is dedicated to the coverage of the pension obligation and is of a long-term nature. It is not a pension plan asset within the meaning of IAS 19 and must be capitalized separately according to IAS 19.104a.
This reimbursement right is valued at EUR 2,213,832 (2010: EUR 1,852,982; 2009: EUR 1,475,012) and reported under "Other non-current financial assets". It is measured at fair value (covering funds including profit share).

2.18. Revenue recognition

Revenues are recognized in accordance with IAS 18:
- Revenues from the sale of goods or rendering of services and income from rent are recognized when the significant risks and rewards of ownership of the goods have passed to the buyer or when the services have been effectively rendered.
- Interest income is recognized as interest entitlements accrue.
- Dividend income is recognized when the Group's right to receive the payment is established.

Gains from the sale of subsidiaries

- In the case of the loss of control of a subsidiary, revenue is recognized in accordance with IAS 27.34. In the case of the sale of a subsidiary, the difference between the sale price and net assets plus cumulative foreign currency translation differences and the non-impaired goodwill are recognized in income.

Revenue from construction contracts pursuant to IAS 11

- Construction contracts are recognized using the percentage of completion (POC) method. The expected contract revenue is recognized in revenues based on the stage of completion. The percentage of completion, which serves as the basis for the amount of the contract revenue carried, is generally determined based on the proportion of work completed as of the balance sheet date relative to the estimated total amount of work to be performed. If it is not possible to reliably estimate the result of the construction contract, contract revenue is only recognized in the amount of the contract costs incurred. The contract costs are recognized for the period in which they are incurred. If it is likely that the total contract costs will exceed the total contract revenue, the expected loss is immediately recognized in full.

The contract revenue recognized in the period amounts to EUR 2.3 million and was recognized in revenues. The contract costs come to EUR 2.9 million and were recognized in expenses for project development.

2.19. Taxes

2.19.1. Current tax assets and liabilities

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

2.19.2. Deferred taxes

Deferred income tax is provided for using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, with the exception of deferred tax liabilities from initial recognition of goodwill, an asset or a liability under a transaction other than a business combination which at the time of the transaction had an impact on neither the result according to the Austrian Commercial Code nor the taxable result.

Deferred tax assets are recognized for all deductible temporary differences, unused tax losses and carryforwards of unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and carryforwards of unused tax credits can be utilized.

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

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

Income tax relating to items recognized directly in equity is recognized in equity and not in the statement of comprehensive income.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authority.

2.19.3. Value added tax (VAT)

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

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

2.20. Treasury shares

When the Group acquires its own shares, these are recognized at cost and deducted from equity. The purchase, sale, issue or redemption of treasury shares is not recognized on the statement of comprehensive income. Differences between the carrying amount and the consideration are recognized in the capital reserves.

2.21. Convertible bonds

When a convertible bond is issued, the future payment flows are discounted for the agreed term with the agreed interest rate plus a premium that would have been paid had a bond without conversion rights been issued. The difference between the cash value without conversion rights and the nominal value is recognized directly in equity as a dilution effect. The transaction costs are distributed over the term.

See the additional information in Note 22.1.

[03] Companies included in the consolidated financial statements

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

Consolidated entities	Domicile	Shareholding direct	Shareholding indirect	Consolidation method[1] 2011	Consolidation method[1] 2010	Capital stock	Currency	Segment[2]	Av. staff[3]	Functional currency 2011	Functional currency 2010
Grassi Hotelbeteiligungs- und Errichtungs GesmbH	A-Vienna	100%	–	FC	FC	2,943,252	EUR	D&A	–	EUR	EUR
Grassi H1 Hotelbeteiligungs GmbH	A-Vienna	–	100%	FC	FC	35,000	EUR	D&A	–	EUR	EUR
Palais Hansen Immobilien-entwicklung GmbH	A-Vienna	–	9.88%	EC	EC	35,000	EUR	D&A	–	EUR	EUR
Leuchtenbergring HotelbetriebsgesmbH	D-Munich	–	50%	EC	EC	25,000	EUR	H&R	–	EUR	EUR
Recoop Tour a.s.	CZ-Prague	–	100%	FC	FC	24,000,000	CZK	H&R	124	EUR	EUR
WX-Leuchtenbergring GmbH	D-Munich	100%	–	FC	FC	25,000	EUR	H&R	–	EUR	EUR
Bürohaus Leuchtenbergring - - GmbH & Co. Besitz KG	D-Munich	–	49.50%	EC	EC	100,000	EUR	H&R	–	EUR	EUR
- GmbH & Co. KG	D-Munich	–	49.50%	EC	EC	60,000	EUR	H&R	–	EUR	EUR
- Verwaltungs GmbH	D-Munich	–	49.50%	EC	EC	25,565	EUR	H&R	–	EUR	EUR
UBX Objekt Berlin Ges.m.b.H	D-Munich	50%	–	EC	EC	25,000	EUR	H&R	–	EUR	EUR
UBX 2 Objekt Berlin Ges.m.b.H	D-Munich	50%	–	EC	EC	25,000	EUR	H&R	–	EUR	EUR
UBX 3 Objekt Berlin Ges.m.b.H.	D-Munich	50%	–	EC	EC	25,000	EUR	H&R	–	EUR	EUR
Revital z.R.t.	HU-Budapest	100%	–	FC	FC	220,500,000	HUF	D&A	–	HUF	HUF
Becsinvestor kft	HU-Budapest	100%	–	FC	FC	35,380,000	HUF	D&A	–	EUR	EUR
Goldmark kft[6]	HU-Budapest	–	liquidated	–	FC	liquidated	HUF	D&A	–	HUF	HUF
Warimpex Investconsult kft	HU-Budapest	100%	–	FC	FC	10,000,000	HUF	D&A	–	EUR	EUR
Elsbeth kft	HU-Budapest	100%	–	FC	FC	103,000,000	HUF	D&A	–	EUR	EUR
WX Hotel B1 kft[6]	HU-Budapest	liquidated	–	–	FC	liquidated	HUF	H&R	–	EUR	EUR
Warimpex Leasing GmbH	A-Vienna	100%	–	FC	FC	500,000	EUR	H&R	–	EUR	EUR
Amber Baltic Sp.z.o.o.	PL-Miedzyzdroje		100%	FC	FC	38,325,000	PLN	H&R	116	EUR	EUR
Golf Amber Baltic Sp.z.o.o.[4]	PL-Miedzyzdroje		sold	–	FC	sold	PLN	H&R	–	EUR	EUR
Hansa Sp.z.o.o.	PL-Miedzyzdroje		100%	FC	FC	430,000	PLN	H&R	–	EUR	EUR
Evropský Investicni Holding a.s.	CZ-Prague	–	100%	FC	FC	100,000,000	CZK	H&R	33	EUR	EUR
UBX Praha 1 s.r.o.	CZ-Prague	100%	–	FC	FC	33,200,000	CZK	H&R	43	EUR	EUR
Warimpex CZ s.r.o.	CZ-Prague	100%		FC	FC	200,000	CZK	D&A	–	CZK	CZK
Balnex 1 a.s.	CZ-Prague	100%	–	FC	FC	4,557,000	CZK	H&R	112	EUR	EUR
KHD s.r.o.[5]	CZ-Prague	–	–	FC	FC	2,000,000	CZK	H&R	–	EUR	EUR
MEP s.r.o.	CZ-Prague	100%	–	FC	FC	82,800,000	CZK	H&R	1	EUR	EUR
MEP s.r.o. (formerly Balnex I a.s.) Kommanditgesellschaft[6]	PL-Miedzyzdroje		liquidated	–	FC	liquidated	PLN	H&R	–	EUR	EUR
Hotel Palace Praha s.r.o.	CZ-Prague	100%	–	FC	FC	147,000,000	CZK	H&R	65	EUR	EUR
Le Palais Praha s.r.o.	CZ-Prague	100%	–	FC	FC	155,801,500	CZK	H&R	50	EUR	EUR
Vladinvest Praha s.r.o.	CZ-Prague	100%	–	FC	FC	3,100,000	CZK	D&A	–	EUR	EUR
UBX 3 s.r.o.	CZ-Prague	50%	–	EC	EC	200,000	CZK	H&R	–	EUR	EUR
UBX Plzen s.r.o.	CZ-Prague	50%	–	EC	EC	200,000	CZK	H&R	–	EUR	EUR
Hotelinvestments s.a.r.l.	LU-Luxembourg	50%	–	EC	EC	20,000	EUR	D&A	–	EUR	EUR
UBX Development (France) s.a.r.l.	F-Paris	50%	–	EC	EC	50,000	EUR	D&A	–	EUR	EUR
UBX II (France) s.a.r.l.	F-Paris	–	50%	EC	EC	50,000	EUR	H&R	–	EUR	EUR
Hotel Paris II s.a.r.l.	F-Paris	50%	–	EC	EC	650,000	EUR	H&R	–	EUR	EUR
Warimpex Polska Sp.z.o.o.	PL-Warsaw	100%	–	FC	FC	9,095,000	PLN	D&A	13	PLN	PLN

Consolidated entities	Domicile	Shareholding direct	Shareholding indirect	Consolidation method[1] 2011	Consolidation method[1] 2010	Capital stock	Currency	Segment[2]	Av. staff[3]	Functional currency 2011	Functional currency 2010
El Invest Sp.z.o.o.	PL-Warsaw	71%	10%	FC	FC	1,300,000	PLN	D&A	–	PLN	PLN
Multidevelopment Sp.z.o.o.	PL-Warsaw	100%	–	FC	FC	50,000	PLN	D&A	7	PLN	PLN
Chopin Sp.z.o.o.	PL-Krakow	100%	–	FC	FC	11,207,000	PLN	H&R	62	EUR	EUR
Evita Investments Sp. z o.o.	PL-Warsaw	100%	–	FC	FC	2,000,000	PLN	D&A	–	PLN	PLN
Synergie Patrimoine S.A.	LU-Luxembourg	100%	–	FC	FC	31,000	EUR	H&R	–	EUR	EUR
Andel's Łódź Sp.z.o.o.	PL-Warsaw	–	100%	FC	FC	50,000	PLN	H&R	166	EUR	EUR
Goulds Investments S.A.	LU-Luxembourg	100%	–	FC	FC	31,000	EUR	H&R	–	EUR	EUR
Sienna Hotel Sp.z.o.o.	PL-Warsaw	33.33%	16.67%	EC	EC	81,930,000	PLN	H&R	–	EUR	EUR
Lanzarote Sp.z.o.o.	PL-Warsaw	33.33%	16.67%	EC	–	5,000	PLN	H&R	–	EUR	–
RLX Dvořák s.a.r.l.[5]	LU-Luxembourg	–	–	FC	FC	31,000	EUR	H&R	–	EUR	EUR
WX Rondo One Holding s.a.r.l.[6]	LU-Luxembourg	liquidated	–	FC	FC	liquidated	EUR	D&A	–	EUR	EUR
WX Krakow Holding S.A.	LU-Luxembourg	100%	–	FC	FC	31,000	EUR	H&R	–	EUR	EUR
UBX Krakow Sp.z.o.o.	PL-Warsaw	–	100%	FC	FC	50,000	PLN	H&R	88	EUR	EUR
Prozna Development Sp. z o.o.	PL-Warsaw	–	100%	FC	FC	50,000	PLN	D&A	–	EUR	EUR
WX Bialystok Holding S.A.	LU-Luxembourg	100%	–	FC	FC	31,000	EUR	D&A	–	EUR	EUR
Kopernik Development Sp.z.o.o.	PL-Warsaw	–	100%	FC	FC	25,000	PLN	D&A	–	PLN	PLN
WX Warsaw Holding S.A.	LU-Luxembourg	100%	–	FC	FC	31,000	EUR	H&R	–	EUR	EUR
GF Ramba Sp.z.o.o.	PL-Warsaw	–	50%	EC	EC	138,800	PLN	D&A	–	EUR	EUR
Europa Hawk s.a.r.l.[4]	LU-Luxembourg	sold	–	EC	EC	sold	EUR	H&R	–	EUR	EUR
Melica Sp.z.o.o.[4]	PL-Warsaw	–	sold	EC	EC	sold	PLN	H&R	–	EUR	EUR
Hotel Jan III Sobieski Sp.z.o.o [4]	PL-Warsaw	–	sold	EC	EC	sold	PLN	H&R	–	EUR	EUR
UBX Katowice Sp.z.o.o.	PL-Warsaw	50%	–	EC	EC	50,000	PLN	H&R	–	EUR	EUR
Sugura S.A.	LU-Luxembourg	100%	–	FC	FC	31,000	EUR	H&R	–	EUR	EUR
Comtel Focus S.A.	RO-Bucharest	–	100%	FC	FC	10,232,402	RON	H&R	71	EUR	EUR
Reitano Holdings Limited	Cyprus	60%	–	FC	FC	4,275,187	EUR	H&R	–	EUR	EUR
SAO Horeka Koltsovo	RU-Ekaterinburg	–	60%	FC	FC	157,600,000	RUB	H&R	6	RUB	RUB
OOO RusAvia Horeka	RU-Ekaterinburg	–	60%	FC	FC	1,000,000	RUB	H&R	157	RUB	RUB
OAO Avielen AG	RU-St. Petersburg	55%	–	EC	EC	370,000,500	RUB	H&R	–	RUB	EUR
LOUVRE sub-group[4]											
WX Budget Hotel Holding S.A.	LU-Luxembourg	100%	–	FC	FC	80,000	EUR	H&R	–	EUR	EUR
SCG Louvre Warimpex Investment Holding s.a.r.l.[4]	LU-Luxembourg	–	sold	EC	EC	sold	EUR	H&R	–	EUR	EUR
Louvre Warimpex Development GesmbH	A-Vienna	100%	–	FC	EC	50,000	EUR	H&R	3	EUR	EUR
Louvre Warimpex Development Sp.z.o.o.[4]	PL-Warsaw	–	sold	EC	EC	sold	PLN	H&R	2	PLN	PLN
LWIH Property Holding (Poland) Sp z.o.o. Holding Sp.z.o.o.[4]	PL-Warsaw	–	sold	EC	EC	sold	PLN	H&R	–	PLN	PLN
LWHP3 Poland Sp z.o.o.[4]	PL-Warsaw	–	sold	EC	EC	sold	PLN	H&R	–	PLN	PLN
LWHP4 Poland Sp z.o.o.[4]	PL-Warsaw	–	sold	EC	EC	sold	PLN	H&R	–	PLN	PLN
LWHP5 Poland Sp.z.o.o.[4]	PL-Warsaw	–	sold	EC	EC	sold	PLN	H&R	–	PLN	PLN
Louvre Warimpex Kft.	HU-Budapest	–	100%	FC	EC	12,600,000	HUF	H&R	–	HUF	HUF
Louvre Warimpex Property HU2 kft	HU-Budapest	–	100%	FC	EC	600,000	HUF	H&R	–	HUF	HUF
Louvre Warimpex Property HU3 kft[6]	HU-Budapest	–	liquidated	–	EC	liquidated	HUF	H&R	–	HUF	HUF
SCG WX Property CZ1 s.r.o.[4]	CZ-Prague	–	sold	EC	EC	sold	CZK	H&R	–	CZK	CZK
SCG WX Property Brno s.r.o.[4]	CZ-Brno	–	sold	EC	EC	sold	CZK	H&R	–	CZK	CZK

[1] FC = full consolidation, EC = equity method of consolidation (information for 2010 relates to the retrospective change in the recognition method)
[2] Segment: D&A: Development & Asset Management; H&R: Hotels & Resorts (see [5] Segment information in the Notes).
[3] The average number of employees relates to the number of employees in relation to the Group's share in the subsidiary or joint venture and is presented on a pro-rata basis for those companies that did not participate in the Group for the whole year. Employees of joint ventures are not shown because these entities are treated as a financial investment according to the equity method.
[4] Companies that were sold during the reporting period were included in the consolidated financial statements for the periods in which they were still owned by the Group.
[5] These companies are still being consolidated despite their sale because the Group still holds the majority of the risks and rewards of ownership.
[6] Liquidated companies are included in the consolidated financial statements for the periods in which they were still owned by the Group.

[04] Real estate sales and other changes in the scope of consolidation

4.01. Disposals of real estate and shares

In February 2011, the Company's stake in Golf Amber Baltic Sp.z.o.o. was sold for PLN 0.3 million (EUR 75 thousand).

As documented in the notarial deed dated 31 March 2011, half of the 25% stake in 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 for a gross price of EUR 2.7 million. The remaining 12.5 per cent were sold on 28 July 2011 for a further EUR 3 million (gross).

On 30 November, the Group's stake (50%) in the Louvre sub-group was sold to the joint venture partner for EUR 7.25 million. As part of the sale, the companies Louvre Warimpex Development GesmbH, Louvre Warimpex kft and Louvre Warimpex Property HU2 kft were carved out of the sub-group and fully consolidated in the Warimpex Group starting on 1 December 2011.

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

	EUR
Property, plant and equipment	3,306,340
Interests in joint ventures	(6,715,934)
Current receivables	(68,106)
Cash and cash equivalents	(6,829)
	(3,484,530)
Provisions for pensions and other long-term employee benefits	–
Third party loans – current	(3,424,636)
Other current payables	141,167
	(3,283,469)
Agreed (net) purchase price for the shares and real estate	12,252,625
Book value	(6,767,999)
Covered loans from Warimpex	(2,047,707)
Costs associated with the sales transactions	(418,762)
Net sale price for the shares	3,018,156

Cash flow

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

• Agreed payments from the sale of shares and properties	12,252,625
• Covered loans from Warimpex	(2,047,707)
• Costs associated with the sales transactions	(418,762)
• Net cash of the companies sold	(6,829)
• Less purchase price claims retained on the reporting date deposited in escrow accounts	(688,963)
	9,090,363

4.02. Disposals of real estate and shares in previous years

Disposals in 2010 concerned the (partial) sale of the shares in the associated companies Palais Hansen and GATX, a development property in Prague and in Warsaw, the partial sale of Prozna Properties Sp.z.o.o. and the sale of the shares in Thermo Energia Sp.z.o.o.

In 2009, the andel's hotel in Krakow, the Hansa hotel ship, the shares in Bocca kft and a property in Teplice in the Czech Republic were sold.

All sales and the associated deconsolidations in the previous years had the following effect on the financial statements:

EUR	2010	2009
Property, plant and equipment	(6,407,396)	(27,029,283)
Investment properties	–	(3,992,995)
Shares in associated companies	(7,119,277)	–
Current receivables	(103,258)	591,638
Financial instruments available for sale	446,862	–
Cash and cash equivalents	(60,343)	(52,778)
	(13,243,412)	(30,483,417)
Other reserves (foreign exchange differences)	45,273	19,230
Minority interests	77,389	–
Loans	3,012,065	3,574,423
Provisions	1,046,572	22,745
Other current payables	397,575	5,445
	4,578,874	3,621,843
Carrying amount of the proportionate net assets of the sold shares and real estate	(8,664,538)	(26,861,575)
Agreed (net) purchase price for the shares and real estate	20,079,867	34,737,562
Covered loans from Warimpex	(2,641,437)	(4,200,000)
Costs/revenue	(17,516)	233,992
Net sale price for the shares	8,756,375	3,909,979

Cash flow

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

• Agreed payments from the sale of shares and properties	20,079,867	34,737,562
• Covered loans from Warimpex	(2,641,437)	(4,200,000)
• Costs/revenue	(17,516)	233,992
• Net cash of the companies sold	(60,343)	(52,778)
• Less purchase price claims outstanding on the reporting date	(691,672)	(488,500)
	16,668,899	30,230,276

[05] Segment information

The Warimpex Group's operations are divided into two business segments: Hotels & Resorts and Development & Asset Management. The business activity and operating region of each company is taken into account when determining the segment for internal management reporting purposes.
Transactions between business segments contain the recharging of intragroup services as well as project development services. The services are charged at cost plus a profit margin. The following tables present revenue and profit and certain asset and liability information regarding the Group's business segments for the years ended 31 December 2011 and the comparison figures for the years 2010 and 2009.

As is the case for all fully consolidated companies, proportionate profit from joint ventures is included in the segment information. The differences from the equity method are presented in a reconciliation statement.

5.01. Hotels & Resorts segment:

For purposes of capital employed and used, this segment is subdivided into "Hotels in operation", which contribute to the Group's profit, and "Hotels under development", which only generate costs until completion and opening.

Hotels in operation are further classified into the sub-segments Luxury (Palace Hotel, Le Palais and Savoy; InterContinental Warsaw on a proportionate basis) and Upmarket (Diplomat Hotel, Dvořák, angelo Prague, Airporthotel Bucharest, andel's Krakow, Amber Baltic, andel's Łódź and angelo Ekaterinburg; angelo Plzeň, andel's Berlin, Dreamcastle, Magic Circus, Airport City St. Petersburg, angelo Munich, angelo Katowice on a proportionate basis; and Hotel Sobieski on a pro-rata basis until its sale at the end of Q1 2011). "Others" consists of Chopin Hotel in Krakow, Liner Hotel in Ekaterinburg and the golf course in Miedzyzdroje, Poland, until its sale in February 2011. The Savoy Hotel underwent a rebranding and a change of management at the end of the reporting period. Assets and liabilities were transferred to the Upmarket sub-segment, while profit is contained in full in the Luxury sub-segment.

Segment results Hotels & Resorts:

The segment Hotels & Resorts is analyzed according to the cost of sales method for purposes of internal Group reporting. The GOP (gross operating profit, computed according to the Uniform System of Accounts for the Lodging Industry) contains all sales revenues, costs of materials and services and employee expenses that are directly related to the operation of the hotel.
Management fees generally amount to 4% of sales revenues and 8% of GOP. "Property costs" contain insurance premiums, land taxes and expenses from operating leases.
Other costs after GOP include personnel expenses for administrative staff as well as expenses of the owner of the hotel which are not directly attributable to the operations of the hotel.

5.02. Development & Asset Management segment:

For purposes of capital employed and used, this segment is subdivided into Asset Management (all office and commercial buildings which are rented to tenants, completed or under development) and Development (all management activities of the Group holding company). Others relates to the Group's development activities in a broader sense which do not belong to the Warimpex Group's core business (primarily energy projects in Poland).
The sub-segment Asset Management is divided into "rented out" (Dioszegi, Sajka Utca and Elsbet Utca tower B) and "under construction" (Elsbet Utca tower A)
The operating cash flow in the sub-segment Development is generally negative if no construction contracts for third parties are recognized, since this segment primarily contains gains from the sale of subsidiaries. Such gains are presented in the cash flow from changes in the scope of consolidation.

Segment overview in thousands of euros	Hotels & Resorts			Development & Asset Management		
	2011	2010	2009	**2011**	2010	2009
SEGMENT RESULT						
External sales	103,443	96,364	79,608	7,388	6,799	5,650
Inter-segment sales	(1,189)	1,853	(2,893)	1,189	(1,853)	2,893
Income from the sale of properties	–	–	–	3,018	8,756	3,910
Changes in real estate projects under development	–	–	–	–	(1,314)	1,264
Other income	1,007	3	384	19	151	102
Expenses for materials and services rendered	(47,817)	(46,026)	(38,060)	(1,673)	(2,542)	(2,435)
Expenses for project development	–	(10)	(428)	(3,107)	(141)	(1,163)
Personnel expenses	(25,957)	(25,611)	(23,529)	(3,717)	(3,820)	(3,549)
Other expenses	(7,976)	(7,751)	(6,740)	(2,555)	(2,116)	(6,960)
Segment EBITDA	22,701	16,969	11,235	(627)	5,774	(3,181)
Scheduled amortization and depreciation	(18,513)	(18,923)	(15,747)	(986)	(971)	(904)
Impairments	(2,059)	(1,516)	(58,721)	(8,952)	(409)	(3,025)
Write-ups	16,301	20,638	–	–	2,822	–
± Goodwill	–	–	(1,409)	–	–	(21)
Segment result from ordinary operations	18,430	17,169	(64,642)	(10,564)	7,215	(7,131)
Financial revenue	37	51	836	3,893	882	806
Finance costs	(17,412)	(17,921)	(15,440)	(7,866)	(5,004)	(5,963)
Result from joint ventures	–	–	–	4,789	4,810	4,946
Income tax	(311)	(196)	(812)	(7)	(75)	(281)
Deferred income tax	5,805	1,073	6,981	1,907	553	(6,197)
Segment result	**6,549**	**175**	**(73,076)**	**(7,848)**	**8,382**	**(13,821)**
SEGMENT BALANCE SHEET						
Real estate and goodwill	454,577	451,793	443,633	76,440	62,861	55,552
Joint ventures	–	–	–	–	–	–
Other financial assets	11	(193)	155	9,483	15,907	18,114
Deferred tax assets	3,177	1,208	856	5,257	370	256
Non-current assets	457,765	452,807	444,644	91,180	79,138	73,922
Inventories and receivables	10,589	8,723	16,540	5,985	1,829	2,499
Securities and other financial assets	7	42	101	3,989	3,367	(17)
Cash and short-term deposits	9,393	5,957	9,588	8,053	4,837	2,345
Segment assets	**477,754**	**467,529**	**470,873**	**109,206**	**89,171**	**78,750**
Convertible bonds, interest-bearing loans and borrowings	335,827	339,326	344,262	122,854	93,063	98,730
Other liabilities and reserves	30,898	32,144	44,694	17,349	12,537	16,915
Segment liabilities	**366,725**	**371,470**	**388,956**	**140,203**	**105,601**	**115,645**
SEGMENT CASH FLOW						
Cash receipts from operating activities						
From the operation of hotels and rent received	103,945	98,176	78,293	4,075	5,117	5,660
From real estate development projects	–	–	–	3,700	291	2,270
Interest received	37	50	820	86	829	1,028
	103,982	98,225	79,113	7,861	6,237	8,958
Cash payments for operating activities						
For real estate development projects	–	(208)	(606)	(2,783)	(268)	(1,315)
For materials and services received	(49,227)	(45,780)	(35,406)	(1,640)	(2,756)	(2,139)
For personnel and related expenses	(25,768)	(25,409)	(23,824)	(4,212)	(4,032)	(4,176)
For other expenses	(8,522)	(6,870)	(5,408)	(5,390)	(2,004)	(2,132)
For income taxes	(485)	(113)	(1,574)	(1)	(35)	(338)
Net cash flows from operating activities	**19,981**	**19,845**	**12,294**	**(6,165)**	**(2,858)**	**(1,143)**
Investment cash flow	(19,954)	(16,410)	(77,584)	(7,993)	6,193	(16,058)
Financing cash flow	(11,686)	(22,238)	35,777	25,436	19,470	5,121
Net change in cash and cash equivalents	**(11,660)**	**(18,803)**	**(29,513)**	**11,278**	**22,805**	**(12,080)**
Average payroll	1,562	1,531	1,381	56	74	85

Segment total on 31 December			Reconciliation Difference			Total on 31 December		
2011	2010	2009	**2011**	2010	2009	**2011**	2010	2009
110,832	103,164	85,258	**(45,907)**	(44,774)	(34,560)	**64,925**	58,389	50,698
–	–	–	**0**	–	–	**0**	–	–
3,018	8,756	3,910	**–**	–	–	**3,018**	8,756	3,910
–	(1,314)	1,264	**–**	–	–	**–**	(1,314)	1,264
1,026	154	486	**(19)**	150	131	**1,007**	304	617
(49,490)	(48,568)	(40,495)	**22,498**	22,011	17,416	**(26,992)**	(26,557)	(23,079)
(3,107)	(151)	(1,592)	**107**	46	445	**(3,001)**	(105)	(1,147)
(29,674)	(29,431)	(27,078)	**10,917**	10,803	9,700	**(18,756)**	(18,628)	(17,378)
(10,531)	(9,867)	(13,700)	**2,821**	1,955	2,465	**(7,710)**	(7,912)	(11,235)
22,075	22,743	8,053	**(9,583)**	(9,810)	(4,403)	**12,492**	12,932	3,650
(19,499)	(19,894)	(16,650)	**7,437**	7,812	6,328	**(12,061)**	(12,082)	(10,322)
(11,011)	(1,925)	(61,746)	**7,381**	5	12,233	**(3,630)**	(1,920)	(49,513)
16,301	23,460	–	**(3,439)**	(7,725)	–	**12,862**	15,735	–
–	–	(1,430)	**–**	–	–	**–**	–	(1,430)
7,865	24,384	(71,772)	**1,797**	(9,719)	14,158	**9,662**	14,665	(57,615)
3,930	933	1,642	**(57)**	(341)	160	**3,873**	592	1,802
(25,278)	(22,925)	(21,403)	**6,384**	3,715	2,962	**(18,894)**	(19,210)	(18,441)
4,789	4,810	4,946	**7,647**	(3,894)	(23,753)	**12,436**	916	(18,807)
(318)	(271)	(1,093)	**(6)**	24	62	**(324)**	(247)	(1,031)
7,712	1,626	784	**(7,224)**	(377)	(652)	**488**	1,249	132
(1,300)	**8,557**	**(86,897)**	**8,540**	**(10,593)**	**(7,063)**	**7,240**	**(2,036)**	**(93,960)**
531,017	514,654	499,185	**(239,165)**	(224,091)	(206,596)	**291,853**	290,563	292,589
–	–	–	**92,252**	78,511	78,394	**92,252**	78,511	78,394
9,494	15,714	18,269	**–**	(7,147)	(6,021)	**9,494**	8,567	12,248
8,434	1,578	1,112	**(8,082)**	(1,272)	(1,010)	**352**	306	102
548,945	531,946	518,566	**(154,994)**	(153,999)	(135,233)	**393,951**	377,947	383,333
16,574	10,551	19,039	**(9,251)**	(4,394)	(5,961)	**7,322**	6,158	13,078
3,996	3,409	84	**–**	–	(0)	**3,996**	3,409	84
17,446	10,794	11,933	**(10,430)**	(3,502)	(4,553)	**7,016**	7,292	7,380
586,960	**556,700**	**549,623**	**(174,675)**	**(161,894)**	**(145,747)**	**412,285**	**394,806**	**403,875**
			–	–	–	**–**	–	–
458,681	432,389	442,992	**(160,268)**	(145,072)	(139,716)	**298,413**	287,317	303,275
48,247	44,682	61,609	**(10,957)**	(7,004)	(8,479)	**37,290**	37,678	53,130
506,928	**477,071**	**504,601**	**(171,225)**	**(152,077)**	**(148,195)**	**335,703**	**324,995**	**356,405**
108,020	103,293	83,952	**(45,748)**	(44,896)	(33,143)	**62,272**	58,397	50,809
3,700	291	2,270	**(19)**	(148)	–	**3,682**	143	2,270
123	878	1,848	**(57)**	(636)	(376)	**66**	242	1,472
111,843	104,463	88,071	**(45,824)**	(45,680)	(33,520)	**66,019**	58,783	54,551
(2,783)	(476)	(1,920)	**689**	459	734	**(2,093)**	(17)	(1,187)
(50,867)	(48,536)	(37,545)	**22,844**	22,465	16,264	**(28,023)**	(26,071)	(21,281)
(29,980)	(29,442)	(28,001)	**10,900**	10,671	9,807	**(19,080)**	(18,771)	(18,193)
(13,912)	(8,874)	(7,541)	**5,769**	1,606	1,379	**(8,143)**	(7,268)	(6,162)
(486)	(148)	(1,913)	**16**	(11)	80	**(470)**	(159)	(1,832)
13,815	**16,987**	**11,151**	**(5,606)**	**(10,491)**	**(5,255)**	**8,209**	**6,496**	**5,896**
(27,947)	(10,217)	(93,642)	**26,426**	9,207	45,536	**(1,521)**	(1,009)	(48,106)
13,750	(2,768)	40,897	**(20,355)**	(2,727)	(16,645)	**(6,606)**	(5,495)	24,253
(382)	**4,002**	**(41,593)**	**464**	**(4,011)**	**23,636**	**82**	**(9)**	**(17,957)**
1,618	1,605	1,466	**(468)**	(458)	(420)	**1,150**	1,147	1,047

Hotels & Resorts sub-segment in thousands of euros

	Luxury 2011	Luxury 2010	Luxury 2009	Upmarket 2011	Upmarket 2010	Upmarket 2009	Others 2011	Others 2010	Others 2009
ANALYSIS OF SEGMENT RESULTS									
Revenues	18,004	16,543	15,380	79,761	73,863	58,211	5,391	5,829	5,892
Expenses for materials	(7,974)	(7,912)	(7,408)	(32,394)	(31,321)	(24,399)	(1,617)	(1,614)	(1,889)
Personnel expenses	(5,029)	(4,868)	(4,930)	(18,834)	(18,070)	(15,737)	(1,214)	(1,462)	(1,483)
Gross operating profit	**5,002**	**3,763**	**3,042**	**28,534**	**24,471**	**18,074**	**2,561**	**2,753**	**2,520**
Hotel employees	*271*	*263*	*308*	*1,122*	*1,092*	*907*	*131*	*141*	*134*
Total rooms	*459*	*459*	*459*	*3,033*	*2,720*	*2,535*	*370*	*370*	*370*
Rooms available	*458*	*456*	*458*	*2,730*	*2,704*	*2,320*	*368*	*359*	*311*
Rooms sold	*299*	*300*	*265*	*1,617*	*1,394*	*888*	*276*	*140*	*207*
Average room occupancy	**65%**	**66%**	**58%**	**59%**	**52%**	**38%**	**75%**	**39%**	**67%**
Management fee	(1,005)	(598)	(628)	(4,507)	(4,141)	(3,282)	(301)	(410)	(415)
Lease/rent	–	–	–	(2,336)	(2,278)	(921)	(79)	(123)	(108)
Exchange adjustments	(53)	(40)	155	(484)	742	347	44	(553)	(101)
Property costs	(484)	(447)	(332)	(578)	(1,167)	(1,149)	(88)	(129)	(151)
Net operating profit	**3,460**	**2,678**	**2,237**	**20,629**	**17,628**	**13,070**	**2,137**	**1,538**	**1,745**
Revenues after GOP	–	(1)	1	128	40	3	168	91	120
Development costs	–	–	–	–	–	–	–	–	–
Other costs after GOP	(486)	(351)	(311)	(3,070)	(4,069)	(5,813)	(265)	(188)	(216)
Scheduled amortization and depreciation	(3,869)	(3,678)	(3,769)	(13,478)	(14,145)	(10,342)	(1,166)	(1,100)	(1,630)
Impairments	(233)	(995)	(5,925)	(27)	(312)	(47,376)	(1,170)	(210)	(703)
Write-ups	1,785	1,941	–	14,515	18,482	–	–	216	–
Contribution to operating profit	**658**	**(406)**	**(7,767)**	**18,697**	**17,625**	**(50,458)**	**(295)**	**347**	**(684)**
Thereof sales revenues in									
• Czech Republic	7,780	7,271	7,219	22,496	21,125	20,375	–	–	–
• Poland	10,224	9,272	8,161	19,730	19,360	13,435	3,013	3,696	3,754
• Romania	–	–	–	2,187	2,214	2,168	–	–	–
• Russia	–	–	–	5,190	2,281	186	2,378	2,133	2,138
• Germany	–	–	–	13,202	12,364	7,716	–	–	–
• France	–	–	–	16,956	16,518	14,331	–	–	–
Thereof GOP in									
• Czech Republic	794	364	81	8,108	7,134	7,242	–	–	–
• Poland	4,208	3,399	2,961	8,681	7,611	5,233	1,437	1,679	1,643
• Romania	–	–	–	661	522	378	–	–	–
• Russia	–	–	–	1,817	360	216	1,124	1,074	877
• Germany	–	–	–	4,169	3,681	1,396	–	–	–
• France	–	–	–	5,098	5,163	3,610	–	–	–
Thereof contribution to operating profit									
• Czech Republic	(363)	(1,119)	(8,121)	5,382	3,675	(12,354)	–	–	–
• Poland	1,021	713	353	2,766	7,807	(11,157)	423	253	317
• Romania	–	–	–	360	646	(4,852)	–	–	–
• Russia	–	–	–	6,726	(266)	(17,626)	(719)	94	(1,001)
• Germany	–	–	–	2,285	4,287	(3,444)	–	–	–
• France	–	–	–	1,178	1,476	(1,025)	–	–	–
• Others	–	–	–	–	–	–	–	–	–

Under development and construction			Segment total on 31 December			Reconciliation Difference			Total on 31 December		
2011	2010	2009	2011	2010	2009	2011	2010	2009	2011	2010	2009
–	–	–	103,156	96,235	79,483	(44,839)	(43,399)	(33,213)	58,317	52,835	46,270
–	–	–	(41,984)	(40,847)	(33,697)	19,426	19,313	15,441	(22,558)	(21,534)	(18,256)
–	–	–	(25,076)	(24,400)	(22,150)	10,776	10,581	9,172	(14,300)	(13,819)	(12,979)
–	**–**	**–**	**36,096**	**30,988**	**23,636**	**(14,637)**	**(13,505)**	**(8,601)**	**21,459**	**17,483**	**15,035**
–	–	–	*986*	*750*	*752*	*(454)*	*304*	*192*	*532*	*1,054*	*944*
–	–	–	*3,568*	*3,549*	*3,364*	*(1,233)*	*(1,214)*	*(1,240)*	*2,335*	*2,335*	*2,124*
–	–	–	*3,556*	*3,519*	*3,089*	*(1,229)*	*(1,184)*	*(965)*	*2,328*	*2,335*	*2,124*
–	–	–	*2,192*	*1,834*	*1,360*	*(831)*	*(549)*	*(262)*	*1,361*	*1,285*	*1,098*
			62%	**52%**	**44%**	**68%**	**46%**	**27%**	**58%**	**55%**	**52%**
–	–	–	(5,812)	(5,149)	(4,325)	2,662	2,244	1,557	(3,151)	(2,905)	(2,768)
–	–	–	(2,415)	(2,401)	(1,029)	9	55	77	(2,405)	(2,346)	(952)
–	–	–	(493)	150	401	254	(466)	(209)	(239)	(316)	192
–	–	–	(1,150)	(1,743)	(1,632)	1,199	1,786	1,083	49	43	(548)
–	**–**	**–**	**26,226**	**21,844**	**17,052**	**(10,513)**	**(9,886)**	**(6,093)**	**15,713**	**11,958**	**10,959**
–	–	–	296	130	125	–	(15)	16	296	115	141
–	(10)	(428)	–	(10)	(428)	–	10	428	–	–	–
–	(387)	(583)	(3,821)	(4,995)	(6,923)	1,140	993	3,463	(2,680)	(4,002)	(3,461)
–	–	(6)	(18,513)	(18,923)	(15,747)	7,244	7,576	6,671	(11,269)	(11,347)	(9,076)
(630)	–	(4,716)	(2,059)	(1,516)	(58,721)	657	–	11,019	(1,402)	(1,516)	(47,702)
–	–	–	16,301	20,638	–	(3,439)	(6,046)	–	12,862	14,592	–
(630)	**(397)**	**(5,732)**	**18,430**	**17,169**	**(64,642)**	**(4,911)**	**(7,368)**	**15,504**	**13,519**	**9,801**	**(49,138)**
–	–	–	30,276	28,396	27,594	(860)	(1,404)	(695)	29,415	26,993	26,899
–	–	–	32,967	32,328	25,349	(12,965)	(13,114)	(10,471)	20,003	19,214	14,878
–	–	–	2,187	2,214	2,168	–	–	–	2,187	2,214	2,168
–	–	–	7,568	4,414	2,324	(857)	–	–	6,711	4,414	2,324
–	–	–	13,202	12,364	7,716	(13,202)	(12,364)	(7,716)	–	–	–
–	–	–	16,956	16,518	14,331	(16,956)	(16,518)	(14,331)	–	–	–
–	–	–	8,901	7,498	7,323	(15)	34	15	8,886	7,532	7,338
–	–	–	14,326	12,690	9,837	(5,355)	(4,695)	(3,611)	8,971	7,995	6,226
–	–	–	661	522	378	–	–	–	661	522	378
–	–	–	2,941	1,434	1,092	–	–	–	2,941	1,434	1,092
–	–	–	4,169	3,681	1,396	(4,169)	(3,681)	(1,396)	–	–	–
–	–	–	5,098	5,163	3,610	(5,098)	(5,163)	(3,610)	–	–	–
–	(7)	(5)	5,019	2,549	(20,480)	124	294	4,398	5,143	2,843	(16,081)
–	(8)	(2,634)	4,211	8,765	(13,120)	(2,248)	(2,281)	2,866	1,963	6,484	(10,254)
–	–	–	360	646	(4,852)	–	–	–	360	646	(4,852)
–	–	–	6,007	(172)	(18,627)	47	–	676	6,054	(172)	(17,951)
–	(1)	(2,227)	2,285	4,285	(5,672)	(2,285)	(4,285)	5,672	–	–	–
–	–	–	1,178	1,476	(1,025)	(1,178)	(1,476)	1,025	–	–	–
(630)	(381)	(866)	(630)	(381)	(866)	630	381	866	–	–	–

	Luxury			Upmarket			Others		
	2011	2010	2009	**2011**	2010	2009	**2011**	2010	2009
ANALYSIS OF SEGMENT CASH FLOW									
Cash receipts	18,483	16,453	15,462	79,772	75,538	57,197	5,689	6,185	5,634
Interest received	27	24	17	10	25	698	–	–	105
Development costs	–	–	–	–	–	–	–	–	–
Expenses for materials	(8,571)	(8,489)	(7,959)	(38,106)	(35,253)	(24,868)	(2,550)	(2,036)	(2,579)
Personnel expenses	(5,242)	(5,066)	(5,184)	(19,175)	(18,489)	(16,801)	(1,351)	(1,630)	(1,593)
Cash paid for other expenses	(838)	(470)	(585)	(7,527)	(5,522)	(4,340)	(156)	(811)	(311)
Income tax	–	–	–	(438)	(173)	(1,574)	(47)	62	–
Cash flow from operating activities	**3,860**	**2,452**	**1,752**	**14,536**	**16,126**	**10,311**	**1,585**	**1,769**	**1,256**
thereof in									
• Czech Republic	266	(469)	(603)	5,017	4,661	3,883	–	–	–
• Poland	3,594	2,921	2,355	4,091	5,113	3,677	1,324	1,038	1,068
• Romania	–	–	–	(514)	521	(91)	–	–	–
• Russia	–	–	–	389	(156)	33	261	731	188
• Germany	–	–	–	2,331	2,555	1,551	–	–	–
• France	–	–	–	3,222	3,432	1,258	–	–	–
• Others	–	–	–	–	–	–	–	–	–
SEGMENT ASSET STRUCTURE									
Property, plant and equipment and goodwill	68,901	78,521	79,502	353,235	320,398	282,315	27,110	27,015	51,458
Other non-current assets	(26)	8	8	3,215	930	685	(0)	(0)	0
Other current assets	988	1,350	1,495	8,389	6,611	13,686	1,227	750	639
Cash and cash equivalents	1,587	1,033	1,341	7,397	4,459	6,144	409	376	450
Sub-segment assets	**71,449**	**80,912**	**82,345**	**372,237**	**332,399**	**302,830**	**28,746**	**28,141**	**52,546**
Interest-bearing loans and borrowings	46,988	54,064	56,665	277,631	270,817	268,715	11,208	11,239	11,389
Other non-current liabilities	0	–	–	8,686	17,214	7,101	1,904	1,172	3,334
Other current liabilities	1,582	1,268	1,251	17,410	9,936	30,053	1,256	1,142	661
Sub-segment liabilities	**48,570**	**55,333**	**57,916**	**303,726**	**297,966**	**305,869**	**14,368**	**13,554**	**15,384**
CHANGES IN FIXED ASSETS									
At 1 January	78,521	79,502	88,947	320,398	282,315	227,260	27,015	51,458	29,467
Changes in the scope of consolidation	–	–	–	(8,300)	–	–	(118)	–	–
Segment reclassifications	(7,757)	–	–	36,981	30,442	121,099	2,439	(23,520)	152
Additions	453	737	203	4,040	4,499	20,388	387	249	24,707
Disposals	–	1,014	46	–	(0)	(27,172)	–	–	–
Impairment of goodwill	–	–	–	–	–	(1,409)	–	–	–
Scheduled amortization and depreciation	(3,869)	(3,678)	(3,769)	(13,480)	(14,145)	(10,342)	(1,166)	(1,100)	(1,630)
Impairments	(233)	(995)	(5,925)	(27)	(312)	(47,376)	(1,170)	(210)	(703)
Write-ups	1,785	1,941	–	14,515	18,482	–	–	216	–
Exchange effects	–	–	–	(892)	(883)	(133)	(277)	(78)	(535)
Fixed assets on 31 December	**68,901**	**78,521**	**79,502**	**353,235**	**320,398**	**282,315**	**27,110**	**27,015**	**51,458**
CHANGES IN FINANCIAL LIABILITIES									
Loans on 1 January	54,064	56,665	60,189	270,817	268,715	154,011	11,239	11,389	12,033
Changes in the scope of consolidation	–	–	–	(6,145)	–	–	–	–	–
New borrowings	–	–	–	195	2,878	78,142	366	534	–
Repayment of loans	(2,245)	(2,638)	(3,557)	(5,265)	(9,241)	(28,524)	(352)	(701)	(651)
Capitalized interest	4	38	34	2,785	(473)	103	(46)	18	7
Segment reclassifications	(4,835)	–	–	15,074	7,709	64,769	–	–	–
Exchange effects	–	–	–	171	1,230	216	–	–	–
Loans on 31 December	**46,988**	**54,064**	**56,665**	**277,631**	**270,817**	**268,715**	**11,208**	**11,239**	**11,389**

Under development and construction			Segment total on 31 December			Reconciliation Difference			Total on 31 December		
2011	2010	2009	**2011**	2010	2009	**2011**	2010	2009	**2011**	2010	2009
–	–	–	**103,945**	98,176	78,293	**(44,805)**	(44,846)	(32,103)	**59,139**	53,330	46,190
–	–	–	**37**	50	820	**(26)**	(31)	(23)	**11**	19	798
–	(208)	(606)	**–**	(208)	(606)	**–**	208	606	**–**	–	–
–	(2)	1	**(49,227)**	(45,780)	(35,406)	**22,390**	22,024	15,855	**(26,837)**	(23,757)	(19,550)
–	(225)	(247)	**(25,768)**	(25,409)	(23,824)	**10,672**	10,671	9,799	**(15,095)**	(14,739)	(14,026)
–	(66)	(172)	**(8,522)**	(6,870)	(5,408)	**2,376**	1,463	1,534	**(6,146)**	(5,408)	(3,875)
–	(2)	(0)	**(485)**	(113)	(1,574)	**28**	25	(10)	**(457)**	(88)	(1,584)
–	**(503)**	**(1,025)**	**19,981**	**19,845**	**12,294**	**(9,365)**	**(10,488)**	**(4,342)**	**10,615**	**9,357**	**7,952**
–	(32)	(4)	**5,283**	4,160	3,275	**9**	28	213	**5,292**	4,188	3,489
–	2	(415)	**9,009**	9,075	6,684	**(4,350)**	(5,002)	(2,351)	**4,659**	4,073	4,333
–	–	–	**(514)**	521	(91)	**–**	–	–	**(514)**	521	(91)
–	(7)	1	**650**	568	222	**528**	7	(1)	**1,178**	575	221
–	(4)	(1)	**2,331**	2,551	1,550	**(2,331)**	(2,551)	(1,550)	**–**	–	–
–	–	–	**3,222**	3,432	1,258	**(3,222)**	(3,432)	(1,258)	**–**	–	–
–	(463)	(606)	**–**	(463)	(606)	**–**	463	606	**–**	–	–
5,331	25,858	30,359	**454,577**	451,793	443,633	**(185,222)**	(182,678)	(175,803)	**269,355**	269,114	267,830
0	77	318	**3,188**	1,015	1,011	**(2,972)**	(731)	(849)	**216**	284	163
(10)	54	822	**10,596**	8,765	16,641	**(4,906)**	(4,340)	(5,887)	**5,690**	4,425	10,754
–	89	1,654	**9,393**	5,957	9,588	**(6,578)**	(2,277)	(3,578)	**2,815**	3,680	6,010
5,322	**26,078**	**33,152**	**477,754**	**467,529**	**470,873**	**(199,678)**	**(190,025)**	**(186,117)**	**278,076**	**277,503**	**284,757**
–	3,205	7,492	**335,827**	339,326	344,262	**(134,840)**	(134,826)	(132,104)	**200,987**	204,500	212,158
0	266	285	**10,590**	18,652	10,720	**(830)**	(1,846)	(1,613)	**9,760**	16,806	9,107
60	1,146	2,010	**20,308**	13,493	33,974	**(5,173)**	(4,545)	(6,535)	**15,135**	8,948	27,439
60	**4,617**	**9,787**	**366,725**	**371,470**	**388,956**	**(140,843)**	**(141,217)**	**(140,252)**	**225,882**	**230,253**	**248,704**
25,858	30,359	118,672	**451,793**	443,633	464,345	**(182,678)**	(175,803)	(168,332)	**269,114**	267,830	296,013
(7,983)	–	(1,212)	**(16,401)**	–	(1,212)	**16,283**	–	1,212	**(118)**	–	–
(31,168)	(7,377)	(120,575)	**495**	(455)	676	**(495)**	455	(676)	**–**	–	–
19,911	5,497	38,127	**24,790**	10,982	83,426	**(23,453)**	(8,775)	(25,757)	**1,338**	2,208	57,669
–	(2,715)	–	**–**	(1,701)	(27,126)	**–**	–	124	**–**	(1,701)	(27,002)
–	–	–	**–**	–	(1,409)	**–**	–	–	**–**	–	(1,409)
–	0	(6)	**(18,515)**	(18,923)	(15,747)	**7,246**	7,576	6,671	**(11,269)**	(11,347)	(9,076)
(630)	–	(4,716)	**(2,059)**	(1,516)	(58,721)	**657**	–	11,019	**(1,402)**	(1,516)	(47,702)
–	–	–	**16,301**	20,638	–	**(3,439)**	(6,046)	–	**12,862**	14,592	–
(657)	95	68	**(1,826)**	(866)	(600)	**657**	(86)	(64)	**(1,169)**	(952)	(664)
5,331	**25,858**	**30,359**	**454,577**	**451,793**	**443,633**	**(185,222)**	**(182,678)**	**(175,803)**	**269,355**	**269,114**	**267,830**
3,205	7,492	67,888	**339,326**	344,262	294,120	**(134,826)**	(132,104)	(121,548)	**204,500**	212,158	172,572
(1,712)	–	–	**(7,857)**	–	–	**7,857**	–	–	**–**	–	–
10,469	3,251	4,730	**11,030**	6,663	82,872	**(10,664)**	(5,917)	(12,103)	**366**	746	70,769
(1,769)	–	–	**(9,631)**	(12,581)	(32,732)	**4,181**	2,895	1,473	**(5,451)**	(9,686)	(31,259)
46	(46)	–	**2,789**	(464)	143	**(1,388)**	516	(46)	**1,401**	52	97
(10,239)	(7,492)	(65,126)	**–**	216	(357)	**–**	(216)	357	**–**	–	–
–	–	–	**171**	1,230	216	**(0)**	0	(237)	**171**	1,230	(21)
–	**3,205**	**7,492**	**335,827**	**339,326**	**344,262**	**(134,840)**	**(134,826)**	**(132,104)**	**200,987**	**204,500**	**212,158**

Development & Asset Management sub-segment in thousands of euros

	DEVELOPMENT						ASSET MANAGEMENT		
	Primary			Other			Rented out		
	2011	2010	2009	**2011**	2010	2009	**2011**	2010	2009
ANALYSIS OF SEGMENT RESULTS									
Revenues	4,473	2,835	1,366	580	1,305	1,139	2,336	2,659	3,145
Changes in real estate projects under development	–	(1,314)	1,264	–	–	–	–	–	–
Sale of real estate	3,018	8,756	3,910	–	–	–	–	–	–
Other operating income	19	151	102	–	–	–	–	–	–
Materials and services received	(532)	(597)	(398)	(483)	(1,212)	(1,055)	(658)	(732)	(982)
Project development expenses	(3,107)	(141)	(1,163)	–	–	–	–	–	–
Personnel expenses	(3,717)	(3,817)	(3,540)	–	–	–	–	(2)	(9)
Other operating expenses	(2,436)	(1,790)	(6,639)	(112)	(111)	(19)	(7)	(215)	(302)
Impairment of goodwill	–	–	–	–	–	(21)	–	–	–
Scheduled amortization and depreciation	(214)	(276)	(458)	(22)	(80)	(103)	(749)	(615)	(343)
Impairments	(1,460)	(42)	(1,971)	–	(364)	(109)	–	(3)	(290)
Write-ups	–	1,143	–	–	–	–	–	1,679	–
Contribution to operating profit	**(3,957)**	**4,908**	**(7,527)**	**(37)**	**(463)**	**(167)**	**921**	**2,770**	**1,218**
Thereof sales revenues in									
• Czech Republic	379	357	226	–	–	–	–	–	–
• Hungary	–	83	160	–	–	–	1,205	1,171	1,556
• Poland	2,979	2,038	518	580	1,305	1,139	787	1,219	1,305
• Germany	–	–	–	–	–	–	343	270	284
• Austria	1,115	357	462	–	–	–	–	–	–
• Luxembourg	–	–	–	–	–	–	–	–	–
Thereof contribution to operating profit									
• Czech Republic	(86)	(15)	179	–	–	–	–	–	–
• Hungary	(171)	(198)	(316)	–	–	–	378	492	805
• Poland	(2,170)	2,901	(2,081)	(37)	(463)	(167)	319	460	484
• Russia	(125)	76	151	–	–	–	–	–	–
• Germany	3	(21)	(2)	–	–	–	225	1,819	(71)
• Austria	(2,428)	2,208	(5,422)	–	–	–	–	–	–
• Luxembourg	1,021	(45)	(36)	–	–	–	–	–	–
ANALYSIS OF SEGMENT CASH FLOW									
Cash receipts from rent	970	1,171	1,463	613	1,325	1,055	2,492	2,621	3,142
Interest received	73	802	997	9	21	0	4	6	31
Cash receipts from development	3,700	291	2,270	–	–	–	–	–	–
Cash paid for development	(2,783)	(265)	(1,315)	–	–	–	–	–	–
Expenses for materials	(510)	(738)	(351)	(456)	(1,293)	(1,012)	(675)	(725)	(777)
Personnel expenses	(4,212)	(4,031)	(4,167)	–	–	–	(0)	(2)	(9)
Cash paid for other expenses	(2,047)	(1,721)	(1,871)	(108)	(73)	(50)	221	(210)	(212)
Income tax	(14)	(24)	(308)	–	–	–	13	(11)	(31)
Cash flow from operating activities	**(4,822)**	**(4,513)**	**(3,281)**	**59**	**(21)**	**(6)**	**2,054**	**1,679**	**2,145**
thereof in									
• Czech Republic	(108)	(59)	(145)	–	–	–	–	–	–
• Hungary	(33)	(251)	(288)	–	–	–	1,368	845	1,024
• Poland	300	174	(464)	59	(21)	(6)	455	688	896
• Russia	(6)	18	187	–	–	–	–	–	–
• Germany	5	(24)	(2)	–	–	–	231	146	225
• Austria	(4,946)	(4,339)	(2,534)	–	–	–	–	–	–
• Luxembourg	(34)	(33)	(36)	–	–	–	–	–	–

Under development and construction			Segment total on 31 December			Reconciliation Difference			Total on 31 December		
2011	2010	2009	2011	2010	2009	2011	2010	2009	2011	2010	2009
–	–	–	7,388	6,799	5,650	(1,077)	(1,360)	(1,362)	6,312	5,439	4,288
–	–	–	–	(1,314)	1,264	–	–	–	–	(1,314)	1,264
–	–	–	3,018	8,756	3,910	–	0	–	3,018	8,756	3,910
–	–	–	19	151	102	(19)	(145)	515	–	6	617
–	–	–	(1,673)	(2,542)	(2,435)	410	445	396	(1,262)	(2,097)	(2,039)
–	–	–	(3,107)	(141)	(1,163)	107	36	16	(3,001)	(105)	(1,147)
–	–	–	(3,717)	(3,820)	(3,549)	174	–	0	(3,543)	(3,820)	(3,549)
–	–	–	(2,555)	(2,116)	(6,960)	194	111	(372)	(2,361)	(2,005)	(7,332)
–	–	–	–	–	(21)	–	–	(1,409)	–	–	(1,430)
–	–	–	(986)	(971)	(904)	194	235	(343)	(792)	(736)	(1,246)
(7,492)	–	(655)	(8,952)	(409)	(3,025)	6,724	5	1,213	(2,228)	(404)	(1,812)
–	–	–	–	2,822	–	–	(1,679)	–	–	1,143	–
(7,492)	–	(655)	(10,564)	7,215	(7,131)	6,708	(2,351)	(1,346)	(3,857)	4,864	(8,477)
–	–	–	379	357	226	–	–	–	379	357	226
–	–	–	1,205	1,254	1,717	–	–	–	1,205	1,254	1,717
–	–	–	4,345	4,562	2,962	(761)	(1,181)	(1,114)	3,584	3,381	1,849
–	–	–	343	270	284	(343)	(270)	(284)	–	–	–
–	–	–	1,115	357	462	28	91	35	1,143	449	497
–	–	–	–	–	–	–	–	–	–	–	–
–	–	–	(86)	(15)	179	14	3	581	(72)	(11)	760
(927)	–	(655)	(721)	294	(166)	–	(2)	(200)	(721)	292	(366)
–	–	–	(1,888)	2,898	(1,764)	(147)	3,316	695	(2,035)	6,214	(1,069)
(6,564)	–	–	(6,690)	76	151	6,690	(76)	(151)	–	–	–
–	–	–	228	1,798	(73)	(228)	(1,798)	73	–	–	–
–	–	–	(2,428)	2,208	(5,422)	379	(3,782)	(2,336)	(2,049)	(1,574)	(7,759)
–	–	–	1,021	(45)	(36)	–	(12)	(7)	1,021	(56)	(42)
–	–	–	4,075	5,117	5,660	(943)	(50)	(1,041)	3,132	5,068	4,619
–	–	–	86	829	1,028	(31)	(605)	(353)	55	223	675
–	–	–	3,700	291	2,270	(19)	(148)	–	3,682	143	2,270
–	(3)	0	(2,783)	(268)	(1,315)	689	251	128	(2,093)	(17)	(1,187)
–	–	–	(1,640)	(2,756)	(2,139)	454	442	409	(1,186)	(2,314)	(1,730)
–	–	–	(4,212)	(4,032)	(4,176)	227	–	9	(3,985)	(4,032)	(4,167)
–	–	–	(1,934)	(2,004)	(2,132)	(63)	144	(155)	(1,998)	(1,861)	(2,287)
–	–	–	(1)	(35)	(338)	(12)	(36)	90	(13)	(71)	(248)
–	(3)	0	(2,709)	(2,858)	(1,143)	303	(3)	(914)	(2,406)	(2,861)	(2,056)
–	–	–	(108)	(59)	(145)	14	(0)	(0)	(94)	(59)	(145)
–	–	–	1,336	594	736	–	(2)	(0)	1,336	592	736
–	–	–	813	841	425	(446)	678	(1,001)	367	1,519	(576)
–	(3)	0	(6)	15	187	6	(15)	(187)	–	–	–
–	–	–	236	122	223	(236)	(122)	(223)	–	–	–
–	–	–	(4,946)	(4,339)	(2,534)	964	(533)	514	(3,981)	(4,872)	(2,021)
–	–	–	(34)	(33)	(36)	–	(9)	(15)	(34)	(42)	(51)

	DEVELOPMENT						ASSET MANAGEMENT		
	Primary			Other			Rented out		
	2011	2010	2009	**2011**	2010	2009	**2011**	2010	2009
SEGMENT ASSET STRUCTURE									
Property, plant and equipment and goodwill	11,547	9,061	11,361	679	776	1,539	15,710	20,104	18,020
Joint ventures	41,334	45,375	58,716	–	–	–	–	–	–
Other non-current assets	9,576	15,706	17,586	–	0	(0)	53	30	18
Other current assets	5,401	5,018	2,110	88	114	243	180	61	129
Cash and cash equivalents	4,167	3,702	1,258	31	36	21	117	566	543
Sub-segment assets	**72,026**	**78,862**	**91,032**	**798**	**926**	**1,804**	**16,059**	**20,760**	**18,710**
Interest-bearing loans and borrowings	72,359	70,709	78,162	115	217	596	12,532	15,243	19,972
Other non-current liabilities	20,472	7,427	8,642	–	–	–	451	258	951
Other current liabilities	4,675	3,215	6,044	88	97	273	476	308	405
Sub-segment liabilities	**97,506**	**81,352**	**92,848**	**203**	**314**	**869**	**13,459**	**15,809**	**21,328**
CHANGES IN FIXED ASSETS									
At 1 January	9,061	11,361	10,507	776	1,539	1,606	20,104	18,020	20,026
Changes in the scope of consolidation	3,425	(4,327)	–	–	(379)	–	(3,327)	–	(3,993)
Segment reclassifications	–	–	–	–	–	–	(495)	455	2,259
Additions	663	1,227	3,462	5	12	132	173	566	360
Disposals	–	–	(164)	–	–	–	–	–	–
Impairment of goodwill	–	–	–	–	–	(21)	–	–	–
Scheduled amortization and depreciation	(214)	(276)	(458)	(22)	(80)	(103)	(749)	(615)	(343)
Impairments	(1,460)	(42)	(1,971)	–	(364)	(109)	–	(3)	(290)
Write-ups	–	1,143	–	–	–	–	–	1,679	–
Exchange effects	74	(26)	(15)	(80)	50	33	4	1	1
Fixed assets on 31 December	**11,547**	**9,061**	**11,361**	**679**	**776**	**1,539**	**15,710**	**20,104**	**18,020**
CHANGES IN FINANCIAL LIABILITIES									
Loans on 1 January	70,709	78,162	86,635	217	596	687	15,243	19,972	26,020
Changes in the scope of consolidation	3,425	(2,642)	287	–	(370)	–	(1,792)	–	(3,862)
New borrowings	15,798	13,752	17,387	17	156	44	–	–	2,969
Repayment of loans	(18,028)	(21,606)	(31,803)	(42)	(182)	(143)	(919)	(835)	(583)
Capitalized interest	–	–	309	–	–	–	–	–	39
Segment reclassifications	–	–	4,967	–	–	–	–	(3,894)	(4,610)
Exchange effects	455	3,043	380	(77)	18	7	–	–	–
Loans on 31 December	**72,359**	**70,709**	**78,162**	**115**	**217**	**596**	**12,532**	**15,243**	**19,972**

Under development and construction			Segment total on 31 December			Reconciliation Difference			Total on 31 December		
2011	2010	2009	**2011**	2010	2009	**2011**	2010	2009	**2011**	2010	2009
48,504	32,920	24,631	**76,440**	62,861	55,552	**(53,943)**	(41,412)	(30,793)	**22,498**	21,449	24,759
–	2,302	–	**41,334**	47,677	58,716	**50,918**	30,834	19,678	**92,252**	78,511	78,394
5,110	541	766	**9,629**	16,277	18,370	**–**	(7,689)	(6,183)	**9,629**	8,589	12,188
3,908	3	–	**9,577**	5,196	2,482	**(3,948)**	(54)	(74)	**5,629**	5,142	2,408
3,684	533	523	**7,999**	4,837	2,345	**(3,798)**	(1,225)	(975)	**4,201**	3,612	1,370
61,207	**36,300**	**25,921**	**144,979**	**136,848**	**137,466**	**(10,770)**	**(19,546)**	**(18,347)**	**134,209**	**117,302**	**119,119**
24,073	6,894	–	**109,079**	93,063	98,730	**(25,428)**	(10,246)	(7,612)	**83,651**	82,817	91,118
2,419	635	456	**23,343**	8,321	10,049	**(2,058)**	784	715	**21,285**	9,104	10,764
2,542	597	144	**7,781**	4,217	6,866	**(2,896)**	(1,397)	(1,046)	**4,885**	2,820	5,819
29,035	**8,127**	**600**	**140,203**	**105,601**	**115,645**	**(30,382)**	**(10,859)**	**(7,944)**	**109,821**	**94,742**	**107,701**
32,920	24,631	19,906	**62,861**	55,552	52,046	**(41,412)**	(30,793)	(24,807)	**21,449**	24,759	27,239
–	–	(2,424)	**98**	(4,707)	(6,417)	**3,327**	–	2,424	**3,425**	(4,707)	(3,993)
–	–	(2,935)	**(495)**	455	(676)	**495**	(455)	676	**–**	–	–
23,076	8,289	10,739	**23,916**	10,094	14,693	**(23,270)**	(8,725)	(9,957)	**646**	1,369	4,735
–	–	–	**–**	–	(164)	**–**	–	–	**–**	–	(164)
–	–	–	**–**	–	(21)	**–**	–	21	**–**	–	–
–	–	–	**(986)**	(971)	(904)	**194**	235	(343)	**(792)**	(736)	(1,246)
(7,492)	–	(655)	**(8,952)**	(409)	(3,025)	**6,724**	5	1,193	**(2,228)**	(404)	(1,832)
–	–	–	**–**	2,822	–	**–**	(1,679)	–	**–**	1,143	–
–	–	–	**(2)**	25	19	**–**	–	–	**(2)**	25	19
48,504	**32,920**	**24,631**	**76,440**	**62,861**	**55,552**	**(53,943)**	**(41,412)**	**(30,793)**	**22,498**	**21,449**	**24,759**
6,894	–	–	**93,063**	98,730	113,342	**(10,246)**	(7,612)	(7,703)	**82,817**	91,118	105,640
–	–	–	**1,633**	(3,012)	(3,574)	**1,792**	–	–	**3,425**	(3,012)	(3,574)
20,799	3,217	–	**36,614**	17,124	20,399	**(20,799)**	(3,217)	–	**15,815**	13,907	20,399
(3,621)	–	–	**(22,610)**	(22,623)	(32,529)	**3,826**	367	486	**(18,784)**	(22,256)	(32,043)
–	–	–	**–**	–	348	**–**	–	(39)	**–**	–	309
–	3,678	–	**–**	(216)	357	**–**	216	(357)	**–**	–	–
–	–	–	**379**	3,061	387	**–**	(0)	0	**379**	3,061	387
24,073	**6,894**	**–**	**109,079**	**93,063**	**98,730**	**(25,428)**	**(10,246)**	**(7,612)**	**83,651**	**82,817**	**91,118**

[06] Notes to the consolidated statement of comprehensive income

6.01. Sales revenues and other income

Sales revenues contain revenues received from transactions with joint ventures amounting to EUR 311,053 (2010: EUR 576,637; 2009: EUR 612,147).

Other operating income for the current year includes exchange rate gains in the amount of EUR 1,007,443 from the valuation of the open purchase price receivable for the andel's Łódź, which is denominated in PLN.

6.02 a) Expenses for materials and services received

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

Expenses for materials and services received contain management fees from the segment Hotels & Resorts. Of these management fees, EUR 3,150,513 (2010: EUR 2,904,987; 2009: EUR 2,767,848) were paid to related parties (Vienna International AG).

b) Expenses for project development

This item contains expenses for projects which are currently under development. In the reporting period, these expenses pertain nearly entirely to the Prozna Properties project.

6.03. Personnel expenses

		Retrospective adjustment	
	2011	2010	2009
Wages and salaries	(14,656,540)	(14,426,778)	(13,218,313)
Social security costs	(2,879,668)	(2,858,422)	(2,999,916)
Other payroll-related taxes and contributions	(601,191)	(595,932)	(567,670)
Voluntary employee benefits	(14,184)	(14,388)	(18,502)
Expenses for posted employees	(926,049)	(944,796)	(900,451)
Expenses related to pensions and severance payments	(14,471)	138,242	(52,156)
Changes in accrual for compensated absences	(117,906)	7,009	33,552
	(19,210,010)	(18,695,065)	(17,723,456)
Changes in payroll-related provisions (Note 20)	453,589	66,827	345,398
	(18,756,421)	(18,628,238)	(17,378,058)

Director's remuneration is included in expenses for wages and salaries at an amount of EUR 1,380,314 (2010: EUR 1,237,240; 2009: EUR 1,060,011). This includes bonus entitlements for 2011 in the amount of EUR 324,000 (2010: EUR 255,000; 2009: EUR 0).

The director's bonus amounts to 5% of the annual profit attributable to the shareholders of the parent and is voluntarily deferred by the members of the Management Board when needed.

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

Eligibility to pension benefits under the Company pension plan lapses if the employment contract is terminated for the grounds stated in Section 27 Employees Act, or if a director resigns or terminates his or her work contract for no material reason. In the event that a director terminates his or her employment contract prior to reaching the age of 65, he or she will not be entitled to pension benefits but to reimbursement of the surrender value under the pension reimbursement insurance.

During the reporting period, the Group employed an average of 1,150 employees (2010: 1,147; 2009: 1,047).

6.04. Write-downs and impairment

		Retrospective adjustment	
	2011	2010	2009
Scheduled write-down	(12,061,178)	(12,082,267)	(10,322,039)
Impairments	(3,629,957)	(1,920,325)	(49,513,144)
Write-ups	12,861,965	15,734,935	–
	(2,829,171)	1,732,343	(59,835,183)

Appraisals were obtained from CBRE for all properties as of the reporting date of 31 December. These valuations are based on assumptions about the future development of earnings that reflect the current market conditions at the reporting date. In accordance with IFRS, all assets revealed to be impaired were written down to the lower recoverable amounts on the reporting date. Thanks to better forecasts, impairments recognized in previous years were reversed in part in the reporting period.

6.05. Other operating expenses break down as follows:

		Retrospective adjustment	
	2011	2010	2009
Pre-opening costs	–	–	(597,297)
Legal fees	(1,228,363)	(888,386)	(1,135,582)
Administrative costs	(1,195,624)	(1,443,058)	(1,898,895)
Advertisement and marketing	(425,071)	(539,546)	(482,975)
Non-recoverable VAT	(414,913)	(385,740)	(375,579)
Lease payments for andel's Krakow and other rents	(2,405,395)	(2,346,381)	(951,814)
Property costs	(1,355,565)	(1,797,041)	(725,877)
Costs related to guarantees	–	–	(5,030,377)
Foreign exchange differences	(70,609)	(131,945)	(302,148)
Impairment charges (reversal of impairment) for current assets	(211,746)	(41,649)	385,646
Others	(402,348)	(338,536)	(120,200)
	(7,709,635)	(7,912,281)	(11,235,098)

Non-recoverable VAT primarily results from the Dvořák spa hotel in Karlovy Vary, Czech Republic, as this hotel operates a VAT-exempt medical spa in addition to the hospitality business. Property costs consist primarily of insurance premiums and property taxes.

During the 2011 financial year, fees were paid to the Group financial auditor, Ernst & Young Wirtschaftsprüfungs GmbH, Vienna, as follows: EUR 108,000 (2010: EUR 98,000; 2009: EUR 104,000) for auditing services, EUR 0 (2010: EUR 207,488; 2009: EUR 88,000) for other attestation services, and EUR 10,900 (2010: EUR 12,250; 2009: EUR 0) for other services.

6.06. Finance costs

		Retrospective adjustment	
	2011	2010	2009
Interest on short-term borrowings, project loans and other loans	(13,622,374)	(13,019,811)	(12,687,920)
Interest on convertible bonds	(835,747)	–	–
Interest on purchase price claim extension agreement for andel's hotel Łódź	(612,682)	(780,658)	–
Interest on loans from minority shareholders	(155,655)	(101,167)	(58,807)
Discount expenses on other loans	–	–	(3,460,585)
	(15,226,457)	(13,901,636)	(16,207,313)
Interest cost for provisions for pensions and other long-term employee benefits	(160,298)	(165,948)	(165,764)
Foreign exchange differences on loans denominated in CHF	(674,962)	(4,272,202)	(358,553)
Other finance costs	(1,285,713)	(489,896)	(1,242,466)
	(17,347,430)	(18,829,682)	(17,974,095)
Unrealized losses on derivative financial instruments (thereof from the cross currency swap in connection with the convertible bond EUR 1,511,337)	(1,546,635)	(380,549)	(467,275)
	(18,894,065)	(19,210,231)	(18,441,370)

The item "Unrealized losses on derivative financial instruments" pertains to the valuation of the cross currency swap and the valuation of the interest rate swap for the angelo hotel in Prague (see also Note 26.3.).

For information on the terms and conditions of interest-bearing loans and borrowings, please refer to Note 22.4. Finance costs include lending commitment fees, costs connected with the assumption of financial liabilities and other loan-related costs distributed over the respective terms using the effective interest rate method.

In the reporting period, costs of EUR 0.3 million connected with the issue of the convertible bond as described in Note 22.1. are included in the finance costs.

Foreign exchange differences on loans denominated in CHF relate to unrealized losses from the valuation of two foreign currency loans for which no hedges exist against foreign currency exposure; please refer to Note 22.2. and Note 25.2.

6.07. Financial revenue

		Retrospective adjustment	
	2011	2010	2009
Interest income from cash management	702,599	672,655	851,897
Interest on loans made to related parties	–	–	105,286
	702,599	672,655	957,183
Foreign currency gains on the convertible bond denominated in PLN	1,782,851	–	–
Gains/losses on the sale of available-for-sale investments	344,985	–	596,914
	2,830,434	672,655	1,554,097
Interest income from derivative financial instruments	–	2,084	247,760
Unrealized gains on derivative financial instruments	1,042,560	(83,118)	–
	3,872,994	591,622	1,801,857

The item "Unrealized gains on derivative financial instruments" pertains to the valuation of the back stock option (see also Note 26.4.).

[07] Income tax

A reconciliation between tax expense and the product of accounting profit multiplied by the Group's domestic tax rate (valid corporate income tax rate in Austria) of 25% for the reporting period (2009/2010: 25%) is as follows:

		Retrospective adjustment	
	2011	2010	2009
Profit before tax	**7,076,798**	**(3,037,960)**	**(93,060,760)**
Accounting profit before income tax *25% (previous year: 25%)	(1,769,200)	759,490	23,265,190
± Changes in tax rates	–	(107,883)	347,738
± Other foreign tax rates	(377,946)	(368,222)	(3,999,588)
± Tax-free profits from the participation exemption (§ 10 KStG)	1,876,611	1,768,396	(1,550,827)
± Permanent differences	(586,712)	(473,072)	(79,794)
± Impairment of deferred tax assets*)	2,272,121	(2,227,091)	(17,644,761)
± Income from first-time recognition of deferred tax assets	–	–	114,093
± Effect of goodwill	–	–	(378,813)
± Effects of changes in equity	–	1,050,408	(1,057,995)
± Effects of exchange rate fluctuations	(1,251,189)	600,252	85,858
	163,685	1,002,278	(898,899)
Effective tax rate	-2.31%	32.99%	-0.97%

*) Income from the release of impairment losses on deferred taxes resulted primarily from unrecognized loss carryfowards that were used during the reporting period, as well as from unrecognized deferred taxes on assets for which impairment losses have been recognized but for which these impairment losses were reversed in part during the reporting year.

In both the reporting period and the prior periods, no deferred tax liabilities were recognized for unremitted earnings of subsidiaries or joint ventures, since intragroup dividend distributions within the European Union are not taxed.

Deferred tax assets and liabilities were, however, recognized for all temporary differences associated with equity instruments in subsidiaries and joint ventures, with the exception of the outside base differences.

Deferred tax assets according to IAS 12.44 (outside base differences) in the amount of EUR 439,697.18 (2010: EUR 725,073.13; 2009: EUR 1,485,265.75) were not recognized because the reversal effect from the temporary differences will not arise in the foreseeable future.

Deferred tax liabilities according to IAS 12.38 (outside base differences) in the amount of EUR 477,346.23 (2010: EUR 907,590.85; 2009: EUR 172,284.73) were not recognized because the reversal effect from the temporary differences will not arise in the foreseeable future.

Deferred tax assets and liabilities in detail

	Deferred tax assets			Deferred tax liabilities		
		Retrospective adjustment			Retrospective adjustment	
	2011	2010	2009	**2011**	2010	2009
Temporary differences from property, plant and equipment	2,720,868	4,841,727	7,451,993	(13,033,056)	(11,664,287)	(12,754,550)
Revaluation of property, plant and equipment	–	–	–	(1,286,101)	(1,305,998)	(1,305,610)
Temporary differences from investments in subsidiaries and joint ventures	13,401,561	14,985,320	12,188,777	(8,473,546)	(6,665,974)	(5,852,773)
Valuation differences in current assets	6,489	(5,696)	54,848	(1,192,494)	(1,142,980)	(1,143,608)
Temporary differences from pension provisions and other long-term employment benefits	231,154	259,839	259,575	–	–	–
Temporary differences from liabilities and provisions	3,224,924	1,483,364	1,162,391	(1,261,280)	(398,638)	(36,788)
Tax loss carryforwards	23,400,183	19,357,037	13,218,308	–	–	–
Impairment of deferred tax assets*)	(29,773,434)	(32,288,787)	(28,020,007)	–	–	–
	13,211,745	8,632,804	6,315,884	(25,246,476)	(21,177,877)	(21,093,329)
Offset within legal tax units and jurisdictions	(12,860,090)	(8,326,888)	(6,213,989)	12,860,090	8,326,888	6,213,989
	351,654	305,916	101,896	(12,386,386)	(12,850,989)	(14,879,340)

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

The deferred tax items changed as follows:

	Deferred tax assets			Deferred tax liabilities		
		Retrospective adjustment			Retrospective adjustment	
	2011	2010	2009	**2011**	2010	2009
Balance of deferred items on 1 January	305,916	101,896	2,783,807	(12,850,989)	(14,879,340)	(18,929,770)
Revaluation (IFRS 3)	–	–	–	–	–	918,416
Additions from business combinations	–	–	–	–	–	57,500
Capital procurement costs recognized in equity	–	1,035,128	–	–	–	–
Changes recognized in equity in connection with						
• Foreign currency translation	(5,048)	(63,231)	(42,091)	994	(4,041)	163,002
• Cash flow hedges	–	–	–	26,394	15,280	139,579
Changes recognized in the profit for the period	50,787	(767,877)	(2,639,820)	437,214	2,017,113	2,771,932
As of 31 December	351,654	305,916	101,896	(12,386,386)	(12,850,989)	(14,879,340)

[08] Share capital, earnings per share

The Company's share capital is divided into 54,000,000 non-par-value shares.
At the reporting date, the Company had purchased 66,500 treasury shares at an average price of EUR 4.53 per share.
The weighted average number of shares in free float between 1 January 2011 and 31 December 2011 was 53,933,500.

	2011	2010	2009
Shares 1/1/2009–23/10/2009	–	–	36,000,000
Shares 24/10/2009–31/12/2009	–	–	39,599,999
Shares 1/1/2010–11/5/2010	–	39,599,999	–
Shares 12/5/2010–31/12/2010	–	54,000,000	–
Shares 1/1/2011–31/12/2011	54,000,000	–	–
Less treasury shares	-66,500	-66,500	-66,500
Weighted average number of shares	53,933,500	48,765,280	36,604,185
Dilution effect: share option	–	68,571	–
Dilution effect: convertible bond	3,107,897	–	–
Weighted average number of shares adjusted for the dilution effect	57,041,397	48,833,852	36,604,185

Diluted earnings per share for the previous years were calculated on the basis of 36,604,185 shares for 2009 and 48,833,852 shares for 2010; shares; the treasury shares were eliminated from the calculation and the shares issued in the context of the capital increase were included in the calculation on a pro-rata basis.

		Retrospective adjustment	
	2011	2010	2009
Earnings per share: (based on the weighted average number of shares)			
Profit for the period allocable to the shareholders of the Group			
Undiluted	6,478,723	(528,796)	(87,811,812)
Diluted	7,314,470	(528,796)	(87,811,812)
Earnings per share, undiluted = diluted	0.12	(0.01)	(2.40)

For the calculation of undiluted earnings per share, the profit allocable to the bearers of shares in the parent company is divided by the weighted average number of shares in free float during the year.
For the calculation of diluted earnings per share, the profit allocable to the bearers of shares in the parent company (net of interest on the convertible bond) is divided by the weighted average number of shares in free float during the year plus the weighted average number of shares represented by the convertible bond.

Please see Note 26.4. for information on the stock option.
According to the Austrian Stock Corporation Act, the separate financial statements as of 31 December 2011 of the parent company Warimpex Finanz- und Beteiligungs AG, which have been prepared under the Austrian Uniform Commercial Code, provide the basis for the declaration of a dividend.
These financial statements show a loss for the period in the amount of EUR 23,097,183. Including the loss carried forward from the prior year in the amount of EUR 10,731,219, the retained earnings total EUR 33,828,401. The managing directors propose to the annual general meeting to carry forward the entire net loss of EUR 33,828,401.

[09] Property, plant and equipment

EUR	Land and equivalent rights	Buildings incl. buildings on lease-hold land	Business equipment, (hotel) furniture	Plant	Total
31 December 2009 – retrospective adjustment					
Net carrying amount at 1 January 2009	54,629,298	235,535,696	9,045,090	1,587,542	300,797,625
Additions from investments	3,144,050	46,928,748	8,916,519	131,781	59,121,099
Disposals	(6,701,898)	(20,493,035)	44,580	–	(27,150,353)
Transfers	–	(10,623,813)	10,623,813	–	–
Depreciation	(206,233)	(5,764,963)	(3,464,378)	(101,808)	(9,537,382)
Impairment charges	(834,071)	(43,682,376)	(1,879,119)	(109,400)	(46,504,966)
Exchange adjustments	30,527	(444,813)	(123,324)	33,377	(504,234)
Net carrying amount at 31 December 2009	**50,061,672**	**201,455,444**	**23,163,181**	**1,541,491**	**276,221,789**
Acquistion or production cost	50,768,920	284,130,548	34,129,380	1,950,096	370,978,944
Accumulated depreciation and impairment	(707,248)	(82,675,104)	(10,966,199)	(408,604)	(94,757,156)
	50,061,672	**201,455,444**	**23,163,181**	**1,541,491**	**276,221,789**
thereof property under construction	*3,380,060*	*3,238,655*	–	–	*6,618,715*
31 December 2010 – retrospective adjustment					
Net carrying amount at 1 January 2010	50,061,672	201,455,444	23,163,181	1,541,491	276,221,789
Additions/disposals through other changes in the scope of consolidation	(934,092)	(3,393,405)	(331)	(378,759)	(4,706,587)
Additions from investments	15,831	1,958,661	1,350,253	11,646	3,336,390
Disposals	(522,988)	(1,177,820)	(313)	–	(1,701,121)
Transfers	–	(2,015)	2,015	–	–
Depreciation	(185,421)	(5,776,849)	(5,542,511)	(83,206)	(11,587,987)
Impairment charges	–	(1,459,914)	(92,703)	(364,470)	(1,917,086)
Write-ups	–	15,512,095	222,840	–	15,734,935
Exchange adjustments	85,397	(1,439,392)	375,742	49,739	(928,514)
Net carrying amount at 31 December 2010	**48,520,398**	**205,676,805**	**19,478,174**	**776,441**	**274,451,818**
Acquistion or production cost	49,361,236	283,692,242	35,877,055	981,735	369,912,267
Accumulated depreciation and impairment	(840,837)	(78,015,437)	(16,398,881)	(205,294)	(95,460,449)
	48,520,398	**205,676,805**	**19,478,174**	**776,441**	**274,451,818**
thereof property under construction	*2,526,473*	*1,796,345*	–	–	*4,322,818*

EUR	Land and equivalent rights	Buildings incl. buildings on lease-hold land	Business equipment, (hotel) furniture	Plant	Total
31 December 2011					
Net carrying amount at 1 January 2011	48,520,398	205,676,805	19,478,174	776,441	274,451,818
Additions/disposals through other changes in the scope of consolidation	3,388,773	(38,571)	(43,862)	–	3,306,340
Additions from investments	13,614	425,985	1,366,714	5,255	1,811,568
Depreciation	(197,115)	(5,919,210)	(5,265,606)	(22,134)	(11,404,065)
Impairment charges	–	(2,654,452)	(48,252)	–	(2,702,704)
Write-ups	–	12,669,744	192,221	–	12,861,965
Exchange adjustments	(224,023)	(731,427)	(139,884)	(80,426)	(1,175,761)
Net carrying amount at 31 December 2011	**51,501,647**	**209,428,873**	**15,539,505**	**679,136**	**277,149,161**
Acquistion or production cost	54,224,838	285,388,162	35,126,172	885,345	375,624,517
Accumulated depreciation and impairment	(2,723,191)	(75,959,289)	(19,586,667)	(206,209)	(98,475,356)
	51,501,647	**209,428,873**	**15,539,505**	**679,136**	**277,149,161**
thereof property under construction	*2,319,889*	*1,164,334*	–	–	*3,484,223*

Impairment of “Property, plant and equipment” was recognized in the amount of EUR 2,702,704 (2010: EUR 1,917,086; 2009: 46,504,966) because an external appraisal showed a lower recoverable amount than the carrying value on the reporting date.

On the other hand, impairments recognized on “Property, plant and equipment” in the previous year were reversed in the amount of EUR 12,861,965 in the reporting period (2010: EUR 15,734,935) because an external appraisal showed a higher recoverable amount than the amortized cost on the reporting date.

Property, plant and equipment with a carrying value of EUR 274,585,581 (2010: EUR 271,523,539; 2009: EUR 272,238,041) are subject to a first charge to secure the Group’s loans (Note 22.2.).

The Group’s uniform estimates for the assets’ useful lives are as follows:	**2011**	2010	2009
• Buildings (including finance leasing)	Av. 35 years	Av. 35 years	Av. 35 years
• Furniture, fixtures and equipment	7–10 years	7–10 years	7–10 years
• Plant	20 years	20 years	20 years

Hotels are separated into the following components according to IAS 16.43 component approach: building fabric (estimated useful life: 60 years), heating facilities and technical equipment (estimated useful life: 15 years) and furnishings, fixtures and equipment (estimated useful life: 7 years), each based on the historical acquisition date and the remaining useful life.

[10] Investment properties

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

		Retrospective adjustment	
	2011	2010	2009
Net carrying amount at 1 January	14,893,989	15,036,577	16,733,278
Changes in the scope of consolidation	–	–	(3,992,995)
Additions	147,217	239,059	2,981,069
Depreciation	(555,471)	(379,687)	(685,902)
Impairment charges	(927,253)	(3,238)	–
Exchange adjustment	4,362	1,278	1,128
Net carrying amount at 31 December	13,562,844	14,893,989	15,036,577
Acquisition or production cost	18,438,831	18,284,446	18,044,109
Accumulated depreciation and impairment	(4,875,988)	(3,390,457)	(3,007,532)
Net carrying amount at 31 December	13,562,844	14,893,989	15,036,577
Fair market value as of year end according to appraiser's valuation opinion			
in line with the Group share	*14,420,000*	*14,893,989*	*15,036,577*
Thereof under construction	*–*	*4,251,900*	*4,251,900*
Thereof pledged as first-ranked collateral for interest-bearing loans	*13,740,000*	*14,173,000*	*14,173,000*
Thereof land value	*1,466,781*	*1,466,781*	*1,466,781*

Result from "Investment properties":	**2011**	2010	2009
Rental income and charged expenses	1,205,492	1,170,798	1,556,324
Direct expenses	(247,729)	(287,309)	(586,336)
Net rental income	957,763	883,490	969,988

[11] Intangible assets

	Computer software	Other intangible assets	Goodwill	Total
31 December 2009 – retrospective adjustment				
Net carrying amount at 1 January 2009	220,995	3,149,523	2,350,892	5,721,411
Disposals	(15,174)	–	–	(15,174)
Additions from investments	302,484	–	–	302,484
Depreciation	(98,755)	–	–	(98,755)
Impairments	–	(3,008,178)	(1,429,626)	(4,437,804)
Exchange adjustment	(15)	(141,346)	–	(141,360)
Net carrying amount at 31 December 2009	**409,536**	**–**	**921,266**	**1,330,802**
Acquisition or production cost	942,628	–	921,266	1,863,894
Accumulated depreciation and impairment	(533,092)	–	–	(533,092)
	409,536	**–**	**921,266**	**1,330,802**
31 December 2010 – retrospective adjustment				
Net carrying amount at 1 January 2010	409,536	–	921,266	1,330,802
Additions from investments	930	–	–	930
Depreciation	(114,593)	–	–	(114,593)
Exchange adjustment	(6)	–	–	(6)
Net carrying amount at 31 December 2010	**295,867**	**–**	**921,266**	**1,217,133**
Acquisition or production cost	943,914	–	921,266	1,865,180
Accumulated depreciation and impairment	(648,047)	–	–	(648,047)
	295,867	**–**	**921,266**	**1,217,133**
31 December 2011				
Net carrying amount at 1 January 2011	295,867	–	921,266	1,217,133
Additions from investments	25,262	–	–	25,262
Depreciation	(101,643)	–	–	(101,643)
Exchange adjustment	(16)	–	–	(16)
Net carrying amount at 31 December 2011	**219,470**	**–**	**921,266**	**1,140,737**
Acquisition or production cost	4,099,994	–	921,266	5,021,260
Accumulated depreciation and impairment	(3,880,524)	–	–	(3,880,524)
	219,470	**–**	**921,266**	**1,140,737**

[12] Goodwill

Goodwill acquired in business combinations has been allocated to angelo hotel Prague for impairment testing:

The recoverable amount of the cash-generating unit is determined on the basis of the respective fair market value less costs of sale in accordance with an external expert opinion.

The discounted cash flow (DCF) approach was used to calculate the fair value of the property. The capitalization factor (yield) for the calculation was 8.0% (previous years: 8.0%). The yield reflects the current market valuation arising from uncertainties about the amounts and timing of future cash flows. The projected cash flow is based on the approved budget for the angelo hotel.

[13] Joint ventures

As of the reporting date, the Group held the following interests in joint ventures engaged in the following business activities:

UBX Development (France) s.a.r.l.	(holding company for UBX II (France) s.a.r.l.)
UBX II (France) s.a.r.l.	Leaseholder of DreamCastle hotel Paris (finance lease)
Hotelinvestments s.a.r.l.	(guarantor for UBX II (France) s.a.r.l.)
Hotel Paris II s.a.r.l.	Leaseholder of Magic Circus hotel Paris (finance lease)
Sienna Sp.z.o.o.	Owns and operates the InterContinental hotel in Warsaw
Lanzarote Sp.z.o.o.	(serves as SPV for the carve-out of Sienna Sp.z.o.o.)
UBX 1 Objekt Berlin Ges.m.b.H	Owns and operates the andel's hotel Berlin
UBX 2 Objekt Berlin Ges.m.b.H	(owner/developer of the property next to andel's hotel Berlin)
UBX 3 Objekt Berlin Ges.m.b.H.	(owner/developer of the property next to andel's hotel Berlin)
Bürohaus Leuchtenbergring	
- GmbH & Co Besitz KG	(limited partner for GmbH & Co KG)
- VerwaltungsGmbH	(general partner for GmbH & Co KG)
- GmbH & Co KG	(owns the angelo hotel Munich, working on the expansion of the project)
Leuchtenbergring HotelbetriebsgesmbH	Leaseholder of angelo hotel Munich
UBX Katowice Sp.z.o.o.	Owns and operates the angelo hotel Katowice
UBX Plzen s.r.o.	Owns and operates the angelo hotel Plzeň
UBX 3 s.r.o.	(hotel project development in the Czech Republic)
GF Ramba Sp.z.o.o.	Owns and operates the Parkur Tower office building
OAO Avielen AG	Owns and operates Airport City St. Petersburg

13.1. Breakdown of joint ventures

		Retrospective adjustment	
	2011	2010	2009
Interests in joint ventures	38,176,378	30,415,680	21,170,140
Result from joint ventures	(24,495,870)	(17,335,894)	(9,601,629)
Loans to joint ventures	96,718,873	100,931,405	109,199,114
Accumulated impairment on loans	(18,146,892)	(35,500,103)	(42,373,627)
	92,252,489	78,511,088	78,393,998

13.2. Changes in joint ventures

	2011	Retrospective adjustment 2010	Retrospective adjustment 2009
Net carrying amount at 1 January	78,511,087	78,393,998	76,355,408
± Changes in interests	8,614,634	15,718,041	2,508,731
(thereof increase from contributions in kind)	*6,073,135*	*15,800,000*	–
Reductions in interests due to sales	(668,750)	(6,472,501)	–
± Allocated results	(6,187,508)	(10,109,778)	(1,687,390)
Reductions in allocated results due to sales	(972,468)	2,375,513	–
± Loans to joint ventures	4,350,212	(4,650,474)	21,990,115
Repayment of loans due to sales	(8,562,744)	(3,617,234)	–
± Impairment of loans to joint ventures	13,679,999	6,054,793	(20,772,866)
(thereof transfer to "Allocated results")	*6,073,135*	*6,301,457*	–
Use of impairment provisions due to sales	3,488,028	818,731	–
Net carrying amount at 31 December	92,252,489	78,511,088	78,393,998

13.3. Result from joint ventures

	2011	2010	2009
Allocated results	(114,373)	(3,808,321)	(1,687,390)
Interest charged on loans	4,788,637	4,809,596	4,946,122
Impairments on loans	(2,249,317)	(4,862,595)	(21,122,389)
Write-up on loans	9,856,180	4,615,932	349,524
± Provisions related to joint ventures	154,409	161,213	(1,292,423)
	12,435,537	915,824	(18,806,557)

13.4. Cash flow from joint ventures

	2011	2010	2009
Carrying amount changes from the balance sheet	(25,887,672)	(22,243,548)	(2,038,590)
Current result from joint ventures	12,435,537	915,824	(18,806,557)
Less changes in provisions related to joint ventures	(154,409)	(161,213)	1,292,423
Reductions due to sales (see Note 4.01.)	(6,715,934)	(4,137,736)	–
Transfers	–	(2,981,541)	–
Exchange effects	–	61,533	(135,570)
	(20,322,479)	(28,546,681)	(19,688,295)

13.5. Other information about joint ventures

The following table contains summarized financial information about interests in joint ventures. The amounts are adjusted for the Group's share:

Share in assets and liabilities of joint ventures	*2011*	*2010*	*2009*
Current assets	19,680,855	7,921,247	10,514,260
Non-current assets	247,246,805	203,502,515	229,396,752
Current liabilities	(31,222,973)	(14,995,058)	(7,389,323)
Non-current liabilities	(234,799,350)	(232,368,367)	(251,039,591)
Equity	905,336	(35,939,663)	(18,517,902)

Share in the revenue and result of joint ventures	*2011*	*2010*	*2009*
Revenues	45,951,504	44,866,249	34,927,450
Result	(897,654)	1,753,876	(22,012,318)

[14] Other financial assets

	2011	Retrospective adjustment 2010	2009
Loans and other non-current receivables	5,743,229	5,114,871	4,656,360
Deposits with banks pledged as collateral	1,510,675	1,500,000	6,042,600
Pension reimbursement insurance rights	2,213,832	1,852,982	1,475,012
Other non-current financial assets	26,200	98,962	74,192
	9,493,936	8,566,815	12,248,164

Loans pertain primarily to a non-current purchase price receivable in the amount of EUR 8 million, which has been discounted at a rate of 12.5% for a remaining term of three years.
Deposits with banks pledged as collateral relate to the hotel andel's Krakow, which was sold in 2009 (see also Note 23.5.).
Pension reimbursement insurance rights relate to pension reimbursement insurance taken out to cover a portion of the pension obligations owed by the Company to its directors. Other non-current financial assets contain deposit monies and recoverable VAT for a development project in Russia.

[15] Inventories

	2011	Retrospective adjustment 2010	2009
Materials and merchandise	1,497,460	1,035,092	1,043,775
Real estate development projects under development or construction	–	–	1,314,444
	1,497,460	1,035,092	2,358,220

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

[16] Financial instruments available for sale

Financial instruments available for sale relate to the 9.88% share in Palais Hansen Immobilienentwicklung GesmbH. In addition, the figure for 2010 includes the reclassified 10.5% share in the GATX real estate project that remained after a stake in the project was sold; this project was liquidated in the reporting period.

This item changed as follows:

	2011	Retrospective adjustment 2010	2009
As of 1 January	3,366,870	–	–
Additions (Palais Hansen contributions)	1,078,982	–	–
Reductions from sales	(446,862)	–	–
Other reclassifications and changes	(10,188)	3,366,870	–
Revaluation	–	–	–
	3,988,802	3,366,870	–

The value of the stake in Palais Hansen Immobilienentwicklung GesmbH corresponds to the increases from paid contributions; this did not result in additional value increases, so there were no additional effects from the revaluation.

[17] Trade and other receivables (current)

		Retrospective adjustment	
	2011	2010	2009
Trade receivables	2,109,987	2,423,033	2,311,175
Receivables for taxes	57,813	23,087	5,794,644
Receivables relating to the sale of subsidiaries	811,463	814,172	488,500
Advance payments made	135,061	224,322	391,942
Other current receivables and assets	1,799,717	799,260	735,520
Receivables due from joint ventures	295,090	373,966	413,759
Receivables due from related parties	–	750	712
Deferred expenses	615,905	464,265	583,303
	5,825,035	5,122,854	10,719,554

Trade receivables maturities are as follows:

		Retrospective adjustment	
	2011	2010	2009
• Neither overdue, nor bad debt provision made	1,407,887	1,593,984	1,760,334
• 30 days overdue, no bad debt provision made	341,762	346,150	314,055
• 60 days overdue, no bad debt provision made	200,594	150,157	103,672
• 90 days overdue, no bad debt provision made	89,494	60,761	73,800
• 120 days overdue, no bad debt provision made	39,741	24,876	22,368
• >120 days overdue, no bad debt provision made	30,509	247,105	36,946
• Impaired receivables	223,098	235,047	238,670
	2,333,085	2,658,080	2,549,844

Specific provisions for trade receivables developed as follows:

• At 1 January	(235,047)	(238,670)	(435,729)
• Use of provisions	234,681	152,968	207,318
• Allocation of provisions	(229,410)	(137,926)	(2,260)
• Exchange effects	6,677	(11,419)	(7,999)
	(223,098)	(235,047)	(238,670)

Trade receivables are non-interest-bearing and generally have terms of 10 to 90 days.

[18] Cash and short-term deposits

	2011	Retrospective adjustment 2010	2009
Cash in hand	157,860	203,078	179,511
Cash at banks	5,542,033	5,328,968	6,640,733
Deposits for project loans	1,316,065	1,760,000	560,000
	7,015,958	7,292,046	7,380,244

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

The fair value of cash and cash equivalents amounts to EUR 7,015,958 (2010: EUR 7,292,046; 2009: EUR 7,380,244).

[19] Other reserves

EUR	*Revaluation reserve*	*Net unrealized gains/ losses*	*Foreign currency translation*	*Total*
As of 1 January 2009 – retrospective adjustment	**9,274,108**	**215,253**	**(1,220,024)**	**8,269,336**
Changes in the scope of consolidation	–	–	(19,230)	(19,230)
Revaluation of land and buildings	(4,833,769)	–	–	(4,833,769)
(Deferred) tax effects from revaluation	918,416	–	–	918,416
Foreign currency translation	–	–	(613,590)	(613,590)
(Deferred) tax effects of currency translation	–	–	103,590	103,590
Net gains/losses from hedging	–	(734,628)	–	(734,628)
(Deferred) tax effects from hedging	–	139,579	–	139,579
As of 31 December 2009 – retrospective adjustment	**5,358,755**	**(379,796)**	**(1,749,253)**	**3,229,705**
Changes in the scope of consolidation	–	–	(45,273)	(45,273)
Foreign currency translation	–	–	(672,825)	(672,825)
(Deferred) tax effects of currency translation	–	–	(41,457)	(41,457)
Net gains/losses from hedging	–	(80,419)	–	(80,419)
(Deferred) tax effects from hedging	–	15,280	–	15,280
As of 31 December 2010 – retrospective adjustment	**5,358,755**	**(444,935)**	**(2,508,808)**	**2,405,011**
Changes in the scope of consolidation	–	–	–	–
Foreign currency translation	–	–	(1,195,390)	(1,195,390)
(Deferred) tax effects of currency translation	–	–	(4,054)	(4,054)
Fair value of the financial instruments available for sale	–	–	–	–
Net gains/losses from hedging	–	(138,916)	–	(138,916)
(Deferred) tax effects from hedging	–	26,394	–	26,394
As of 31 December 2011	**5,358,755**	**(557,458)**	**(3,708,252)**	**1,093,045**

[20] Provisions

20.1. Pensions and other long-term employee benefit plans (Note 2.17.)

EUR	*Voluntary commitments for pension benefits*	*Legal obligations for severance payments*	*Legal obligations for long-term service bonuses*	*Total*
As of 1 January 2009 – retrospective adjustment	**1,810,239**	**1,554,484**	**49,345**	**3,414,068**
Service costs 2009	48,150	(323,869)	(15,372)	(291,091)
Actuarial gains 2009	(54,307)	–	–	(54,307)
Changes recognized in personnel expenses 2009	(6,157)	(323,869)	(15,372)	(345,398)
Interest costs 2009	97,453	66,476	1,835	165,764
As of 31 December 2009 =	**1,901,535**	**1,297,091**	**35,808**	**3,234,434**
As of 1 January 2010 – retrospective adjustment				
Service costs 2010	54,000	(89,122)	25,340	(9,782)
Actuarial gains 2010	(57,045)	–	–	(57,045)
Changes recognized in personnel expenses 2010	(3,045)	(89,122)	25,340	(66,827)
Interest costs 2010	97,403	65,242	3,303	165,948
As of 31 December 2010 =	**1,995,893**	**1,273,211**	**64,451**	**3,333,555**
As of 1 January 2011 – retrospective adjustment				
Service costs 2011	55,098	(295,007)	9,864	(230,045)
Actuarial gains 2011	(223,544)	–	–	(223,544)
Changes recognized in personnel expenses 2011	(168,446)	(295,007)	9,864	(453,589)
Interest costs 2011	102,289	54,201	3,808	160,298
As of 31 December 2011	**1,929,736**	**1,032,405**	**78,123**	**3,040,264**

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

	2011	2010	2009	2008	2007
• Defined benefit obligations	3,040,264	3,333,555	3,234,434	3,528,300	3,047,836
• Actuarial (gains)/losses	(223,544)	(57,045)	(54,307)	(52,580)	(496,664)

20.2. Other provisions

EUR	Current provisions	Non-current provisions	Total
As of 1 January 2009 – retrospective adjustment	**567,885**	**555,526**	**1,123,412**
Changes in the scope of consolidation	(22,745)	–	(22,745)
Utilized	(110,331)	(201,614)	(311,944)
Additions	4,153,479	1,292,423	5,445,902
Release	–	(353,913)	(353,913)
Exchange adjustments	(1,606)	–	(1,606)
As of 31 December 2009/ 1 January 2010 – retrospective adjustment	**4,586,683**	**1,292,423**	**5,879,106**
Changes in the scope of consolidation	(1,046,572)	–	(1,046,572)
Utilized	(3,056,498)	–	(3,056,498)
Additions	60,699	–	60,699
Release	–	(161,213)	(161,213)
Exchange adjustments	(574)	–	(574)
As of 31 December 2010/ 1 January 2011 – retrospective adjustment	**543,738**	**1,131,210**	**1,674,948**
Changes in the scope of consolidation	(7,938)	–	(7,938)
Utilized	(22,391)	–	(22,391)
Additions	824,903	–	824,903
Release	–	(154,409)	(154,409)
Exchange adjustments	(7,698)	–	(7,698)
As of 31 December 2011	**1,330,616**	**976,801**	**2,307,417**

The projected cash flow from current provisions is generally for a period of up to 12 months; the non-current provisions refer solely to provisions related to joint ventures when the proportionate equity is lower than the available measurable assets. Cash flows can only arise from this in the event that guarantees related to these joint ventures are exercised.

[21] Trade payables and other current liabilities

EUR	**2011**	Retrospective adjustment 2010	2009
Trade payables	2,602,895	4,781,287	10,561,556
Interest-bearing construction invoices from the completion of the andel's Łódź	7,591,682	–	12,453,281
Trade payables due to joint ventures	16,874	16,515	16,515
Trade payables due to related parties	2,567,736	1,529,280	933,449
Purchase price obligations for investments	–	–	1,633,385
Other payables	2,834,224	2,477,608	1,815,354
Advance payments received	772,094	611,341	598,853
	16,385,504	**9,416,032**	**28,012,392**
Other non-current liabilities			
Security deposits received	860,275	432,245	439,769
Leasing obligations (operating)	6,334	13,418	24,956
Interest-bearing construction invoices from the completion of the andel's Łódź	–	8,149,039	–
	866,609	**8,594,702**	**464,726**

Other payables contain tax liabilities of EUR 273,128 (2010: EUR 545,417; 2009 EUR 154,449), liabilities for social security contributions of EUR 304,968 (2010: EUR 344,673; 2009: EUR 332,369) and accruals for compensated absences of EUR 338,026 (2010: EUR 226,795; 2009: EUR 219,123).

For terms and conditions concerning transactions with related parties, please refer to Note 24.

Trade payables are non-interest-bearing and are normally settled within 10 to 60 days. Current tax liabilities and liabilities for social security contributions are non-interest-bearing, except for late payment. These liabilities are generally due within 30 days. Other liabilities are non-interest-bearing and also contain liabilities owed to employees for wages and salaries for December 2011.

Invoices from the general contractor for the construction of the andel's hotel Łódź totalling EUR 7.59 million (2010: EUR 8.15 million; 2009: EUR 12 million) are still outstanding. The payment deadline was extended to 30 June 2012; the interest rate is 11.2%.

[22] Financial liabilities

22.1. Convertible bonds

A PLN-denominated convertible bond was issued in the amount of PLN 66.25 million (EUR 16.8 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 interest rate is 8.5%.

The holders of the convertible bond can convert it to bearer shares in the Company at a conversion price of PLN 12.79 (roughly EUR 3.25) at any time.

22.2. Interest-bearing loans and borrowings		Retrospective adjustment	
	2011	2010	2009
Current			
Overdrafts	36,824,207	49,721,571	49,571,154
Bridge loans	3,595,436	3,677,543	–
Project loans	16,771,297	12,620,227	13,590,981
Project loans with breaches of loan agreements on the reporting date*)	6,335,897	6,465,657	6,762,229
Other loans	8,887,239	253,137	819,641
	72,414,075	72,738,135	70,744,005
Non-current			
Convertible bonds	13,774,416	–	–
Project loans	209,361,144	212,915,419	230,862,058
Loans from minority interests	2,863,363	1,663,401	1,669,429
	225,998,923	214,578,820	232,531,486
Total financial liabilities	**298,412,998**	**287,316,955**	**303,275,491**

*) See Note 22.4.

See Note 26.2. for further information on the maturities of the individual project loans.

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

Financial liabilities in a total amount of EUR 253,610,205 (2010: EUR 260,479,577; EUR 223,364,582) are secured by mortgages on land and buildings and changed as follows during the reporting period:

	At 1/1/2009	Changes in scope of consolidation	New borrowings	Repayment of loans	Other changes	At 31/12/2009	Thereof current	Thereof non-current	At 1/1/2010	Changes in scope of consolidation	New borrowings
a) Project-related loans secured by mortgages for subsidiaries (full consolidation)											
for Amber Baltic Hotel	8,462,627	–	–	(1,139,341)	(21,131)	7,302,156	1,245,398	6,056,757	7,302,156	–	–
for andel's hotel Krakow	15,470,715	–	29,250	(15,499,965)	–	–	–	–	–	–	–
for andel's hotel Łódź	33,833,284	–	16,166,716	–	–	50,000,000	–	50,000,000	50,000,000	–	–
for angelo hotel Bucharest	18,487,683	–	12,000,000	(18,487,683)	–	12,000,000	0	12,000,000	12,000,000	–	–
for angelo hotel Ekaterinburg	21,569,807	–	16,758,975	–	365,597	38,694,379	1,734,610	36,959,769	38,694,379	–	–
for angelo hotel Prague	10,327,898	–	2,139,502	(613,658)	–	11,853,742	602,448	11,251,294	11,853,742	–	–
for Chopin Hotel	12,033,163	–	–	(650,789)	6,585	11,388,959	674,462	10,714,497	11,388,959	–	–
for Diplomat Hotel	34,406,569	–	–	(2,513,506)	18,757	31,911,820	2,849,829	29,061,991	31,911,820	–	–
for Dvořák spa hotel*)	21,135,056	–	1,800,000	(1,399,041)	11,042	21,547,057	–	21,547,057	21,547,057	–	–
for Le Palais Hotel	6,876,973	–	–	(415,317)	–	6,461,657	6,461,657	–	6,461,657	–	–
for Palace Hotel	14,876,500	–	–	(1,352,000)	–	13,524,500	1,372,000	12,152,500	13,524,500	–	–
for Savoy Hotel	7,454,637	–	–	(789,975)	–	6,664,662	857,514	5,807,148	6,664,662	–	–
for Erszebet office building	9,052,834	–	2,779,340	–	–	11,832,175	4,195,991	7,636,184	11,832,175	–	–
for Warsaw gas pipeline	241,270	–	–	(57,831)	38	183,477	58,728	124,749	183,477	–	–
for Le Palais Warsaw	–	–	–	–	–	–	–	–	–	–	2,642,358
for Bocca kft	4,214,899	(4,200,000)	–	(14,899)	–	–	–	–	–	–	–
for Becsinvestor kft	82,207	–	–	(82,207)	–	–	–	–	–	–	–
for Louvre development property, Hungary	–	–	–	–	–	–	–	–	–	–	–
	218,526,123	**(4,200,000)**	**51,673,783**	**(43,016,212)**	**380,889**	**223,364,582**	**20,052,638**	**203,311,945**	**223,364,582**	**–**	**2,642,358**
b) Holding company borrowing facilities)**											
	56,273,713	**–**	**24,619,719**	**(18,737,505)**	**(3)**	**62,155,923**	**49,571,154**	**12,584,770**	**62,155,923**	**–**	**8,908,503**
c) Other											
Loans from minority interests	3,026,742	–	99,683	(1,463,378)	6,382	1,669,429	–	1,669,429	1,669,429	–	746,091
Loans from financial institutions	–	–	14,585,660	–	379,684	14,965,343	–	14,965,343	14,965,343	–	2,201,241
Convertible bonds	–	–	–	–	–	–	–	–	–	–	–
Other loans	–	625,577	189,341	–	4,724	819,641	819,641	–	819,641	(153,140)	155,087
	3,026,742	**625,577**	**14,874,684**	**(1,463,378)**	**390,790**	**17,454,413**	**819,641**	**16,634,772**	**17,454,413**	**(153,140)**	**3,102,419**
Total financial liabilities	**277,826,577**	**(3,574,423)**	**91,168,185**	**(63,217,095)**	**771,675**	**302,974,919**	**70,443,433**	**232,531,486**	**302,974,919**	**(153,140)**	**14,653,280**

*) Including a non-interest-bearing loan in the amount of EUR 1.8 million

**) Primarily financed by the Raiffeisen sector

Repayment of loans	Other changes	At 31/12/2010	Thereof current	Thereof non-current	At 1/1/2011	Changes in scope of consolidation	New borrowings	Repayment of loans	Other changes	**At 31/12/2011**	Thereof current	Thereof non-current
(1,143,895)	1,229,605	7,387,866	615,656	6,772,210	7,387,866	–	–	(641,513)	219,731	**6,966,084**	633,280	6,332,804
–	–	–	–	–	–	–	–	–	–	–	–	–
–	–	50,000,000	1,100,000	48,900,000	50,000,000	–	–	(1,100,000)	–	**48,900,000**	1,350,000	47,550,000
(1,000,000)	–	11,000,000	635,295	10,364,705	11,000,000	–	–	–	–	**11,000,000**	1,270,590	9,729,410
(1,382,279)	–	37,312,100	1,603,898	35,708,202	37,312,100	–	–	–	417,862	**37,729,962**	1,360,827	36,369,135
(602,144)	–	11,251,598	628,452	10,623,146	11,251,598	–	–	(628,678)	–	**10,622,921**	650,820	9,972,101
(701,193)	6,585	10,694,351	727,596	9,966,755	10,694,351	–	–	(351,570)	6,585	**10,349,366**	671,898	9,677,468
(2,865,209)	18,757	29,065,368	2,929,512	26,135,856	29,065,368	–	–	(1,308,315)	18,767	**27,775,820**	2,420,365	25,355,455
(602,389)	11,042	20,955,710	394,464	20,561,246	20,955,710	–	–	(400,000)	11,042	**20,566,752**	600,000	19,966,752
–	4,000	6,465,657	6,465,657	–	6,465,657	–	–	(133,760)	4,000	**6,335,897**	6,335,897	–
–	–	13,524,500	2,754,000	10,770,500	13,524,500	–	–	(445,500)	–	**13,079,000**	3,700,500	9,378,500
(1,388,417)	–	5,276,245	896,091	4,380,153	5,276,245	–	–	(441,288)	–	**4,834,956**	885,584	3,949,372
(193,733)	–	11,638,441	3,955,993	7,682,448	11,638,441	–	–	(512,820)	–	**11,125,622**	3,873,886	7,251,735
(58,694)	5,311	130,095	56,814	73,281	130,095	–	–	(42,455)	(9,831)	**77,809**	77,809	–
–	(2,642,358)	–	–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	3,424,636	–	(553,462)	–	**2,871,174**	2,871,174	–
(9,937,952)	**(1,367,058)**	**214,701,931**	**22,763,427**	**191,938,504**	**214,701,931**	**3,424,636**	**–**	**(6,559,361)**	**668,156**	**212,235,362**	**26,702,630**	**185,532,732**
(20,575,153)	**31**	**50,489,304**	**49,721,571**	**767,733**	**50,489,304**	**–**	**6,973,408**	**(13,669,043)**	**–**	**43,793,669**	**36,824,207**	**6,969,462**
(768,096)	15,977	1,663,401	–	1,663,401	1,663,401	–	372,654	–	827,308	**2,863,363**	–	2,863,363
–	3,042,597	20,209,182	–	20,209,182	20,209,182	–	–	(3,805,462)	455,230	**16,858,950**	–	16,858,950
–	–	–	–	–	–	–	13,774,416	–	–	**13,774,416**	–	13,774,416
(566,504)	(1,947)	253,137	253,137	–	253,137	–	8,835,125	(201,023)	–	**8,887,239**	8,887,239	–
(1,334,600)	**3,056,627**	**22,125,720**	**253,137**	**21,872,583**	**22,125,720**	**–**	**19,176,733**	**(201,023)**	**1,282,538**	**42,383,968**	**8,887,239**	**33,496,729**
(31,847,704)	**1,689,600**	**287,316,955**	**72,738,135**	**214,578,820**	**287,316,955**	**3,424,636**	**26,150,140**	**(20,429,426)**	**1,950,694**	**298,412,999**	**72,414,076**	**225,998,923**

22.4. Project loans with breaches of loan agreements on the reporting date*)

The item "Project loans with breaches of loan agreements on the reporting date" refers to a hotel loan in the Czech Republic which has not adhered to the conditions of the loan agreement since 2006. The loan is being serviced in accordance with the financing bank. For 2012, repayment totalling EUR 2.34 million was agreed on for this loan.

22.5. Interest conditions for current and non-current financial liabilities

	2011	2010	2009
Total financial liabilities			
• Thereof carrying fixed interesst	120,392,891	103,408,268	101,027,685
• Thereof carrying variable interest	178,020,107	183,908,686	201,947,234
	298,412,999	287,316,955	302,974,919

Interest range	**2011**	2010	2009
• Bank overdrafts	EURIBOR + 1.5%–2.25%	1.5%–2.25%	1.5%–2.25%
• Project loans (including loans where there is a breach of the loan agreement on the reporting date)	WIBOR/CHF-LIBOR/EURIBOR + 0.5%–2.25%	0.5%–2.25%	0.5%–2.25%
• Bridge loans	–	+ 3%	+ 3%
• Loans from minority interests	EURIBOR + 1.5%–2.5%	1.5%–2.5%	1.5%–2.5%
• Other loans	EURIBOR + 1.0%–3.5%	1.0%–1.5%	1.0%–1.5%

For information on the fair values of fixed-interest-bearing financial liabilities, please refer to Note 26.

22.6. Loans from minority interests

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

[23] Other commitments, litigation and contingencies

23.1. Litigation

As of the balance sheet date, there was no material litigation that would have a significant impact on the Group's financial and earnings position.

23.2. Contractual obligations

In connection with Prozna Properties Sp.z.o.o., which was sold during the previous reporting period, Warimpex has entered into an obligation to convert the sold property into a first-class office building in return for a fixed payment of EUR 12.5 million. This work will be completed on 31 December 2012. The office building will be rented by Warimpex after completion. Roughly 25% of the obligations were fulfilled at the end of 2011.

23.3. Contractual bonds and guarantees

Contingent liability as explained in Note 23.4.	EUR	1,000,000
Relating to the sale of andel's hotel Krakow		
Garantee as explained in Note 23.5.	EUR	3,000,000
In connection with joint ventures		
Obligation in connection with the Euro Disney hotel Paris		
Guarantee as explained in Note 23.7.	EUR	20,720,427
Obligation in connection with the Magic Circus hotel Paris		
Guarantee as explained in Note 23.8.	EUR	9,444,564
Contractual liability related to andel's Berlin loan	EUR	33,725,000
Contractual liability related to angelo Munich loan	EUR	2,500,000
Contractual liability related to angelo Plzeň loan	EUR	5,773,199
Contractual liability related to Parkur Tower, Warsaw, loan	EUR	4,325,000
Contractual liability related to Avielen, St. Petersburg, loan	EUR	6,635,750

23.4. Guarantees related to andel's hotel Prague (sold in 2005)

A GOP guarantee in the amount of EUR 5 million and secured by a pledged account was granted to the purchaser of the shares sold in 2005. This guarantee had been used in full as of 31 December 2011.

In connection with the companies Andel Investment s.r.o. and Hotel Andel Praha a.s., which were sold, grounds for the early termination of the management agreement with Vienna International AG applied in the year of sale and were covered by a payment of EUR 1 million as part of the sale.

If the new owner terminates the management agreement before 2014, an additional payment of EUR 1 million will come due.

23.5. Guarantees in connection with andel's hotel Krakow (sold in 2009)

The subsidiary UBX Krakau Sp.z.o.o. sold its property, the andel's hotel Krakow, to an international fund in 2009 and leased the hotel back for a period of 15 years. The annual lease fee is EUR 2 million, and is index-linked. A term deposit in the amount of EUR 1.5 million was pledged as collateral.

Also as part of the sale, Warimpex issued a guarantee to the manager of the hotel, Vienna International AG, stipulating a payment in the amount of the average management fees I and II for the past three years times two in the event that the new owner of the hotel terminates the management agreement early.

23.6. Lease obligation of Vladinvest s.r.o.

The wholly owned subsidiary Vladinvest s.r.o. has concluded a master lease agreement with the former subsidiary that was sold as explained in Note 23.4. for 4,356.1 square metres of commercial real estate for a net rent of EUR 0.4 million p.a. (indexed). This rent is reduced by any rental income that the sold former subsidiary will be able to generate from renting out the property.

The master lease agreement was originally concluded for a term of 12 years and ends on 30 September 2017.

23.7. Euro Disney hotel Paris

In connection with the finance lease, the lessor has sell-out rights to Warimpex and the joint venture partner UBM Realitätenentwicklung AG. Warimpex is jointly liable for the 50% share in the joint venture partner.

23.8. Magic Circus hotel Paris

In connection with the finance lease, the lessor has sell-out rights to Warimpex and the joint venture partner UBM Realitätenentwicklung AG. Warimpex is jointly liable for the 50% share in the joint venture partner.

[24] Related party disclosures

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

Amber Privatstiftung

A-1210 Vienna, Floridsdorfer Hauptstrasse 1 (FN 178109a, Commercial Court Vienna), as of the reporting date holds 10.6% of the shares in Warimpex Finanz- und Beteiligungs AG and 30.4% of the shares in Vienna International AG. Amber Privatstiftung is a related party due to Franz Jurkowitsch being a beneficiary.

Bocca Privatstiftung

A-1210 Vienna, Floridsdorfer Hauptstrasse 1 (FN 178104v, Commercial Court Vienna), as of the reporting date holds 10.6% of the shares in Warimpex Finanz- und Beteiligungs AG and 30.4% of the shares in Vienna International AG. Bocca Privatstiftung is a related party due to Georg Folian being a beneficiary.

Franz Jurkowitsch

Is a director of the Company and owns 14.0% of its shares as of the reporting date.

Georg Folian

Is a director of the Company and owns 14.1% of its shares as of the reporting date.

Alexander Jurkowitsch

Is a director of the Company and owns 0.6% of its shares as of the reporting date.

Christian Fojtl

Is a director of the Company and owns 0.5% of its shares as of the reporting date.

Additionally, Christian Fojtl is the economic beneficiary of Homeinvestments Sp.z.o.o., which is a joint venture partner or minority shareholder of certain Group subsidiaries/joint ventures.

Vienna International AG

A-1200 Vienna, Dresdner Straße 87, manages all hotels of the Group with the exception of the InterContinental Warsaw, Airport City St. Petersburg and the Hotel Savoy in Prague.

In addition, Amber Privatstiftung and Bocca Privatstiftung hold shares in Warimpex Finanz- und Beteiligungs AG and in Vienna International AG (see information above).

All subsidiaries, joint ventures and associated companies

(See Note 3)

24.1. Transactions with Amber/Bocca Privatstiftung

As part of the option for Wiener Städtische Versicherung AG described in Note 26.4., the shareholders Amber Privatstiftung and Bocca Privatstiftung issued a performance bond free of charge for the benefit of Wiener Städtische Versicherung AG.

No other transactions were effected in the reporting period.

24.2. Transactions with directors who hold more than 10% of the shares in the Company

	2011	2010	2009
Balances at 1 January	(154,240)	(2,151)	(8,645)
Bonus entitlements	(194,400)	(153,000)	–
± Payments received and made	8,470	911	6,494
Balances at 31 December	(340,170)	(154,240)	(2,151)

24.3. Transactions with other directors

	2011	2010	2009
Balances at 1 January	(103,119)	(658)	(562)
Bonus entitlement	(129,600)	(102,000)	–
± Payments received and made	606	(461)	(96)
Balances at 31 December	(232,113)	(103,119)	(658)

24.4. Transactions with Vienna International AG

		Retrospective adjustment	
	2011	2010	2009
Balances at 1 January	(1,271,172)	(929,928)	(881,588)
Charged management fees	(3,150,513)	(2,904,987)	(2,767,848)
± Payments received and made	2,426,232	2,563,742	2,719,508
Balances at 31 December	(1,995,453)	(1,271,172)	(929,928)

24.5. Other disclosures

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

Günter Korp, Chairman
Wolfgang Mitterberger, First Deputy Chairman
Heinrich Geyer, Second Deputy Chairman
William Henry Marie de Gelsey, Member
Harald Wengust, Member
Hannes Palfinger, Member (from 3 May 2011)

Fees paid to members of the Supervisory Board of Warimpex Finanz- und Beteiligungs AG amounted to EUR 95,000 (previous year: EUR 95,000).

The total amount of compensation due to the directors for the reporting year amounted to EUR 1,380,314 (2010: EUR 1,237,240; 2009: EUR 1,060,011). This includes bonus entitlements for 2011 in the amount of EUR 324,000 (2010: EUR 255,000; 2009: EUR 0). See the additional information in Note 6.03.
Of the expenses in the period for pensions and severance payments, minus EUR 244,578 were incurred for Management Board members.

[25] Financial risk management objectives and policies

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.

All significant financial transactions are subject to approval by the Management Board and, when required, also approval by the Supervisory Board.

Net result by classification categories 2011		**From interest**		**From revaluation**	
EUR millions		At fair value	Gains from sales	Impairment/ write-downs	**Net result 2011**
Loans and receivables (LaR)	0.7	–	0.3	–	0.7
Available for sale assets (AfS)	–	–	–	0.3	0.3
Financial liabilities at amortized cost (FL)	(15.1)	–	–	–	(15.1)

Net result by classification categories 2010		**From interest**		**From revaluation**	
EUR millions		At fair value	Gains from sales	Impairment/ write-downs	**Net result 2010**
Loans and receivables (LaR)	0.7	–	–	–	0.7
Available for sale assets (AfS)	0.0	–	–	–	0.0
Financial liabilities at amortized cost (FL)	(13.8)	–	–	–	(13.8)

Net result by classification categories 2009		**From interest**		**From revaluation**	
EUR millions		At fair value	Gains from sales	Impairment/ write-downs	**Net result 2009**
Loans and receivables (LaR)	(2.6)	–	–	–	(2.6)
Available for sale assets (AfS)	0.2	–	–	0.6	0.8
Financial liabilities at amortized cost (FL)	(12.7)	–	–	–	(12.7)

Financial instruments by categories and classes

EUR millions Measurement category according to IAS 39		Carrying value 31/12/2011	At amortized cost	Fair value in equity	Fair value in P&L	Recognition acc. to IAS 17	Fair value 31/12/2011
LaR	Cash and cash equivalents	7.0	7.0				7.0
LaR	Trade and other receivables *)	5.2	5.2				5.2
LaR	Other financial assets	9.5	9.5				9.5
AfS	Financial instruments available for sale	4.0		4.0			4.0
HfT	Derivative financial instruments	–		–	–		–
	Derivative financial instruments in hedging transactions	0.0		–			–
	Total financial assets	**25.7**	**21.7**	**4.0**	**–**	**–**	**25.7**
FL	Trade and other receivables **)	13.6	13.6				13.6
	Derivative financial instruments in hedging transactions	2.2		0.7	1.5		2.2
FL	Interest-bearing loans and borrowings	295.5	295.5				295.5
	Total financial liabilities	**311.4**	**309.2**	**2.2**	**–**	**–**	**311.4**

Financial instruments by categories and classes – 2010 retrospective adjustment

EUR millions Measurement category according to IAS 39		Carrying value 31/12/2010	At amortized cost	Fair value in equity	Fair value in P&L	Recognition acc. to IAS 17	Fair value 31/12/2010
LaR	Cash and cash equivalents	7.3	7.3				7.3
LaR	Trade and other receivables *)	4.7	4.7				4.7
LaR	Other financial assets	8.6	8.6				8.6
AfS	Financial instruments available for sale	3.4		3.4			3.4
HfT	Derivative financial instruments	(0.0)		–	(0.0)		(0.0)
	Derivative financial instruments in hedging transactions	0.0		–			–
	Total financial assets	**23.9**	**20.5**	**3.4**	**(0.0)**	**–**	**23.9**
FL	Trade and other receivables **)	14.9	14.9				14.9
	Derivative financial instruments in hedging transactions	0.5		0.5			0.5
FL	Interest-bearing loans and borrowings	285.7	285.7				285.7
	Total financial liabilities	**301.1**	**300.6**	**0.5**	**–**	**–**	**301.1**

Financial instruments by categories and classes – 2009 retrospective adjustment

EUR millions Measurement category according to IAS 39		Carrying value 31/12/2009	At amortized cost	Fair value in equity	Fair value in P&L	Recognition acc. to IAS 17	Fair value 31/12/2009
LaR	Cash and cash equivalents	7.4	7.4				7.4
LaR	Trade and other receivables *)	10.1	10.1				10.1
LaR	Other financial assets	12.2	12.2				12.2
AfS	Financial instruments available for sale	–		–			–
HfT	Derivative financial instruments	(0.0)			(0.0)		(0.0)
	Derivative financial instruments in hedging transactions	0.1		–			–
	Total financial assets	**29.8**	**29.8**	**–**	**(0.0)**	**–**	**29.8**
FL	Trade and other receivables **)	26.1	26.1				26.1
	Derivative financial instruments in hedging transactions	0.5		0.5			0.5
FL	Interest-bearing loans and borrowings	301.3	301.3				301.3
	Total financial liabilities	**327.8**	**327.4**	**0.5**	**–**	**–**	**327.8**

*) The trade and other receivables (see Note 17) contain non-financial assets in the amount of EUR 0.7 million (2010: EUR 0.5 million; 2009: EUR 6.4 million).

**) The trade and other payables (see Note 21) contain non-financial liabilities in the amount of EUR 3.6 million (2010: EUR 1.2 million; 2009: EUR 1.1 million).

Fair value hierarchy

The financial assets measured at fair value (“Financial instruments available for sale” and “Derivative financial instruments”) were assigned to level 3 of the hierarchy (see Note 2.06.8.).

25.1. Interest rate risk

The risk of fluctuations in market interest rates to which the Group is exposed results primarily from its variable-rate long-term financial liabilities. The Group uses a combination of fixed- and floating-rate loans to manage its interest expenses. The Group’s risk management policies provide for a risk-oriented relationship between fixed-rate and variable-rate financial liabilities.

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

Taking into account existing interest rate swaps, about 40.3% (2010: 36.0%; 2009: 33.3%) of the Company’s debt obligations were fixed-rate obligations as at 31 December 2011.

The following table shows the sensitivity of Group profit before tax to certain changes in interest rates which, based upon reasonable judgement, may in principle occur (owing to the impact of such changes on variable-rate loans). All other variables remain constant.

	Increase/decrease in basis points	Impact on pre-tax profit
2011		
Euribor	+50	(1,325,836)
CHF-Vibor	+50	(39,189)
WIBOR	+50	(520)
Euribor	-50	1,325,836
CHF-Vibor	-50	39,189
WIBOR	-50	520
2010 – retrospective adjustment		
Euribor	+50	(1,370,499)
CHF-Vibor	+50	(39,525)
Bubor	+50	(784)
Euribor	-50	1,370,499
CHF-Vibor	-50	39,525
Bubor	-50	784
2009 – retrospective adjustment		
Euribor	+50	(1,460,803)
CHF-Vibor	+50	(40,600)
Bubor	+50	(2,775)
Euribor	-50	1,460,803
CHF-Vibor	-50	40,600
Bubor	-50	2,775

25.2. Foreign currency risk

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

As a result, losses of EUR 674,962 (2010: EUR 4,272,202; 2009: EUR 358,553) from the effect of foreign exchange rate fluctuations on loans and other interest-bearing liabilities were incurred and recognized for the reporting period.

Debt finance denominated in PLN does not expose the Group to foreign currency risk since the relevant subsidiaries' functional currency is the same as the currency in which the respective loans are denominated.

Foreign currency risk related to the PLN convertible bond was hedged through a cross currency swap. See Note 26.3.

The currency denominations of financial liabilities break down as follows:

		Retrospective adjustment				Retrospective adjustment	
	2011	2010	2009		**2011**	2010	2009
CHF	28,961,712	34,507,349	33,036,062	EUR	23,825,034	27,597,048	22,267,499
PLN	64,759,723	515,215	1,988,571	EUR	13,852,224	130,095	484,049
				EUR	260,735,740	259,589,812	280,223,371
					298,412,999	287,316,955	302,974,919

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

Approximately 67.2% (2010: 65.7%; 2009: 69.3%) of personnel expenses, 77.0% (2010: 77.6%; 2009: 80.5%) of expenses for materials and services received, and 28.3% (2010: 41.6%; 2009: 15.5%) of other expenses accrue in currencies other than the functional currency of the cost-generating operating unit while revenues are primarily generated in the functional currency of the respective operating unit.

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

	CHF±5%	CZK±5%	PLN±5%	RON±5%	HUF±5%	Total
Sensitivity 2011						
+	(1,191,252)	(1,114,669)	(1,284,511)	(85,386)	–	(3,675,817)
-	1,191,252	1,092,772	1,272,617	83,729	–	3,640,369
Sensitivity 2010 – retrospective adjustment						
+	(1,379,852)	(1,058,867)	(668,069)	(83,536)	(15,265)	(3,205,589)
-	1,379,852	1,037,980	655,843	81,697	14,973	3,170,346
Sensitivity 2009 – retrospective adjustment						
+	(1,113,375)	(1,027,296)	(478,252)	(97,650)	(35,979)	(2,752,551)
-	1,113,375	1,006,827	468,635	95,589	35,371	2,719,797

The following table shows the sensitivity of the Group's profit before tax from financial assets and liabilities to certain changes in exchange rates:

	CZK±5%	PLN±5%	RON±5%	HUF±5%	RUB±5%	Total
Sensitivity 2011						
+	(39,846)	352,934	(35,721)	7,107	(37,903)	246,571
-	39,846	(352,934)	35,721	(7,107)	37,903	(246,571)
Sensitivity 2010 – retrospective adjustment						
+	(55,601)	443,706	5,091	14,397	16,947	424,540
-	55,601	(443,706)	(5,091)	(14,397)	(16,947)	(424,540)
Sensitivity 2009 – retrospective adjustment						
+	(64,026)	580,897	(165)	16,095	(43,295)	489,505
-	64,026	(580,897)	165	(16,095)	43,295	(489,505)

25.3. Default risk

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

The default risk for other receivables can also be considered moderate since these primarily refer to short-term investments at financial institutions or receivables from credit card companies.

25.4. Liquidity risk

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

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

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

Uniform Group accounting guidelines require that the share of debt capital falling due within 12 months should not exceed 35% of total interest-bearing loans and borrowings. At 31 December 2011, the share falling due within one year amounted to 29.7% (2010: 25.0%; 2009: 25.9%).

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 beginning of 2009 has abated. It has again become possible and probable that assets can be sold at acceptable prices.

The consolidated financial statements show current financial liabilities in the amount of EUR 72.4 million as of the reporting date and other current liabilities in the amount of EUR 20 million. To secure the liquidity required to continue the operations of the Company, it will be necessary to extend or refinance these operating credit lines or to convert them into long-term financing. The Management Board is also evaluating the issue of a bond or convertible bond to raise financing. If these measures are not sufficient, projects must be sold to obtain additional liquidity. Please also see Note 27.

At 31 December 2011, the maturity structure of the Group's debt obligations was as shown below. The figures are stated on the basis of contractual, non-discounted payment obligations.

Financial year ended 31 December 2011

in EUR '000	Within 1 year	1 to 3 years	3 to 5 years	5 to 10 years	Over 10 years	Total
Interest-bearing loans and borrowings	85,031	95,288	63,368	59,919	29,438	333,043
Convertible bonds	1,171	15,531	–	–	–	16,701
Other loans (current)	9,376	–	–	–	–	9,376
Other liabilities (non-current)	–	–	867	–	–	867
Trade and other payables and other liabilities	16,811	–	–	–	–	16,811
Derivative financial instruments	–	–	–	–	–	–
Income tax payable	105	–	–	–	–	105
	112,493	110,818	64,234	59,919	29,438	376,902

Financial year ended 31 December 2010 – retrospective adjustment

in EUR '000	Within 1 year	1 to 3 years	3 to 5 years	5 to 10 years	Over10 years	Total
Interest-bearing loans and borrowings	78,264	68,435	69,575	86,951	30,692	333,916
Other loans (current)	266	–	–	–	–	266
Other liabilities (non-current)	–	9,062	446	–	–	9,507
Trade and other payables and other liabilities	9,416	–	–	–	–	9,416
Derivative financial instruments	–	–	–	–	–	–
Income tax payable	216	–	–	–	–	216
	88,162	77,497	70,021	86,951	30,692	353,321

Financial year ended 31 December 2009 – retrospective adjustment

in EUR '000	Within 1 year	1 to 3 years	3 to 5 years	5 to 10 years	Over 10 years	Total
Interest-bearing loans and borrowings	75,651	61,636	90,093	98,262	39,405	365,046
Other loans (current)	861	–	–	–	–	861
Other liabilities (non-current)	–	–	465	–	–	465
Trade and other payables and other liabilities	24,410	–	–	–	–	24,410
Derivative financial instruments	–	–	–	–	–	–
Income tax payable	192	–	–	–	–	192
	101,114	61,636	90,558	98,262	39,405	390,973

25.5. Capital management

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

The Group is not subject to capital requirements, either under its articles of association or under external regulations.

The Group philosophy is geared towards consistently enhancing the intrinsic value of the Company and generating distributable profits.

The Group monitors its capital on the basis of its equity ratio, which should be between 20% and 40%. Because of the international real estate and financial crisis, substantial impairment charges had to be recognized in the previous reporting periods, especially 2009, making it impossible to reach this goal for the first time. A moderate recovery was seen in the reporting period. Some of the impairment write-downs from the previous year were reversed.

In 2011, the equity ratio increased from 17.7% as reported for 2010 to 18.2% (2009: 11.8%).

[26] Financial instruments

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

26.1. Fair value

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

	Carrying value			Fair value		
		Retrospective adjustment			Retrospective adjustment	
	2011	2010	2009	**2011**	2010	2009
Financial assets						
Cash and short-term deposits	7,015,958	7,292,046	7,380,244	7,015,958	7,292,046	7,380,244
Financial instruments available for sale	3,988,802	3,366,870	–	3,988,802	3,366,870	–
Other financial assets	9,493,936	8,566,815	12,248,164	9,493,936	8,566,815	12,248,164
Derivative financial instruments	6,795	42,093	84,241	6,795	42,093	84,241
	20,505,491	19,267,824	19,712,649	20,505,491	19,267,824	19,712,649
Financial liabilities						
Current loans	(8,887,239)	(253,137)	(819,641)	(8,887,239)	(253,137)	(819,641)
Derivative financial instruments	(2,199,317)	(1,591,624)	(467,205)	(2,199,317)	(1,591,624)	(467,205)
Variable-rate loans	(175,156,744)	(233,644,707)	(249,038,061)	(173,296,667)	(238,776,517)	(254,828,497)
Fixed-rate loans	(97,731,237)	(50,000,000)	(50,000,000)	(102,992,614)	(53,135,331)	(53,152,306)
Convertible bonds	(13,774,416)	–	–	(13,774,416)	–	–
	(297,748,952)	(285,489,468)	(300,324,907)	(301,150,253)	(293,756,609)	(309,267,649)

The fair value of loans was determined by comparing the future cash flows on the basis of the existing terms at 31 December 2011 with the standard market terms for new finance agreements.

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

26.2. Interest rate risk of primary financial instruments

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

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

Amounts in EUR '000 for the financial year **at 31 December 2011**	Within one year	2013	2014	2015	2016	Over five years	Total
Cash and short-term deposits	7,016	–	–	–	–	–	7,016
Loans where there is a breach of the loan agreement as of the balance sheet date	(6,336)	–	–	–	–	–	(6,336)
Overdrafts	(36,824)	(6,969)	–	–	–	–	(43,794)
Other loans	(8,887)	–	(16,859)	–	–	–	(25,746)
Convertible bond	–	–	(13,774)	–	–	–	(13,774)
Total current	(45,031)	(6,969)	(30,633)	–	–	–	(82,634)
Amber Baltic ((until 2016)	(633)	(633)	(633)	(633)	(633)	(3,800)	(6,966)
andel's Łódź (2023)	(1,350)	(1,500)	(1,600)	(1,800)	(2,000)	(40,650)	(48,900)
angelo Airport Bucharest (until 2013)	(1,271)	(635)	(635)	(635)	(635)	(7,188)	(11,000)
angelo Ekaterinburg (until 2013)	(1,000)	(2,250)	(34,480)	–	–	–	(37,730)
angelo Prague (until 2016)	(651)	(680)	(708)	(737)	(767)	(7,080)	(10,623)
Chopin (until 2016)	(672)	(947)	(1,007)	(1,070)	(6,654)	–	(10,349)
Diplomat (until 2017)	(2,420)	(2,908)	(3,004)	(3,103)	(3,205)	(13,135)	(27,776)
Dvořák (until 2016)	(1,167)	(1,167)	(1,167)	(1,167)	(1,167)	(14,733)	(20,567)
Elsbet (until 2016)	(4,143)	(266)	(283)	(300)	(6,133)	–	(11,126)
Development property, Hungary	(2,871)	–	–	–	–	–	(2,871)
Gas pipeline (2012)	(78)	–	–	–	–	–	(78)
Palace (until 2017)	(3,701)	(1,402)	(1,442)	(1,522)	(1,572)	(3,441)	(13,079)
Savoy (until 2016)	(886)	(915)	(945)	(976)	(1,114)	–	(4,835)
Total non-current	(20,842)	(13,304)	(45,903)	(11,943)	(23,880)	(90,027)	(205,899)
Total	**(65,873)**	**(20,273)**	**(76,537)**	**(11,943)**	**(23,880)**	**(90,027)**	**(288,534)**

Amounts in EUR '000 for the financial year **at 31 December 2010** **Retrospective adjustment**	Within one year	2012	2013	2014	2015	Over five years	Total
Cash and short-term deposits	7,292	–	–	–	–	–	7,292
Loans where there is a breach of the loan agreement as of the balance sheet date	(6,466)	–	–	–	–	–	(6,466)
Overdrafts	(49,722)	(768)	–	–	–	–	(50,489)
Other loans	(253)	–	–	(20,209)	–	–	(20,462)
Total current	(49,148)	(768)	–	(20,209)	–	–	(70,125)
Amber Baltic (until 2016)	(616)	(616)	(616)	(616)	(616)	(4,310)	(7,388)
andel's Łódź (2023)	(1,100)	(1,350)	(1,500)	(1,600)	(1,800)	(42,650)	(50,000)
angelo Airport Bucharest (until 2013)	(635)	(1,271)	(9,094)	–	–	(0)	(11,000)
angelo Ekaterinburg (until 2012)	(1,600)	(2,125)	(1,688)	(31,900)	–	(0)	(37,312)
angelo Prague (until 2016)	(628)	(651)	(680)	(708)	(737)	(7,847)	(11,252)
Chopin (until 2016)	(728)	(773)	(822)	(873)	(928)	(6,570)	(10,694)
Diplomat (until 2017)	(2,930)	(3,011)	(3,095)	(3,181)	(3,269)	(13,581)	(29,065)
Dvořák (until 2016)	(394)	(594)	(594)	(794)	(894)	(17,683)	(20,956)
Elsbet (until 2016)	(3,956)	(240)	(254)	(270)	(287)	(6,631)	(11,638)
Gas pipeline (2012)	(57)	(57)	(16)	–	–	0	(130)
Palace (until 2017)	(2,754)	(1,392)	(1,402)	(1,442)	(1,522)	(5,013)	(13,525)
Savoy (until 2016)	(896)	(921)	(947)	(973)	(1,000)	(540)	(5,276)
Total non-current	(16,294)	(13,000)	(20,708)	(42,357)	(11,053)	(104,824)	(208,236)
Total	**(65,442)**	**(13,768)**	**(20,708)**	**(62,566)**	**(11,053)**	**(104,824)**	**(278,362)**

Amounts in EUR '000 for the financial year **at 31 December 2009** **Retrospective adjustment**	Within one year	2011	2012	2013	2014	Over five years	Total
Cash and short-term deposits	7,380	–	–	–	–	–	7,380
Loans where there is a breach of the loan agreement as of the balance sheet date	(6,462)	–	–	–	–	–	(6,462)
Overdrafts	(49,571)	(11,817)	(768)	–	–	–	(62,156)
Other loans	(820)	–	–	–	(14,965)	–	(15,785)
Total current	(49,472)	(11,817)	(768)	–	(14,965)	–	(77,022)
Amber Baltic (until 2016)	(1,168)	(1,168)	(1,168)	(1,168)	(1,168)	(1,460)	(7,302)
andel's Łódź (2023)	–	(1,100)	(1,225)	(1,425)	(1,550)	(44,700)	(50,000)
angelo Airport Bucharest (until 2013)	–	(635)	(1,271)	(10,094)	–	(0)	(12,000)
angelo Ekaterinburg (until 2012)	(1,038)	(1,600)	(2,125)	(33,932)	–	–	(38,694)
angelo Prague (until 2016)	(602)	(628)	(651)	(680)	(708)	(8,584)	(11,854)
Chopin (until 2016)	(674)	(717)	(762)	(810)	(860)	(7,566)	(11,389)
Diplomat (until 2017)	(2,850)	(2,929)	(3,010)	(3,094)	(3,180)	(16,849)	(31,912)
Dvořák (until 2016)	(393)	(393)	(393)	(593)	(593)	(19,182)	(21,547)
Elsbet (until 2016)	(4,196)	(314)	(334)	(335)	(377)	(6,276)	(11,832)
Gas heating plant (2013)	(97)	(97)	(97)	(9)	–	301	–
Gas pipeline (2012)	(55)	(55)	(74)	–	–	0	(183)
Palace (until 2017)	(1,372)	(1,382)	(1,392)	(1,402)	(1,442)	(6,535)	(13,525)
Savoy (until 2016)	(858)	(881)	(906)	(931)	(957)	(2,132)	(6,665)
Total non-current	(13,303)	(11,901)	(13,408)	(54,473)	(10,836)	(112,982)	(216,903)
Total	**(62,776)**	**(23,718)**	**(14,176)**	**(54,473)**	**(25,801)**	**(112,982)**	**(293,925)**

26.3. Interest rate collars in connection with finance loans

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

		Retrospective adjustment	
	2011	2010	2009
Project loan Chopin Hotel, Krakow (until 30/9/2016)			
Underlying: 3-month EURIBOR 3.91%			
Notional amount at 31 December	10,349,366	10,694,351	11,388,959
Fair value at 31 December	(686,541)	(547,624)	(467,205)
Project loan angelo hotel, Prague (until 31/12/2014)			
Underlying: 3-month EURIBOR 4%			
Notional amount at 31 December	10,622,921	11,251,598	11,853,742
Fair value at 31 December	6,795	42,093	84,241

Cross currency swap – PLN convertible bond (until 7 May 2014)

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 at 31 December	(1,511,337)	–	–

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

26.4. Other derivative financial instruments

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

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 0.78	
Execution price	EUR 2.00	
Risk-free interest rate	0.1%	
Expected volatility	60.0%	
Option term	14/5/2012	
Earliest possible execution date	15/5/2010	
Expected bonus payment	None	
Value as of 31 December 2011 (reported under the derivative financial instruments)		(1,440)
The value at the time of conclusion was		(705,600)
Intrinsic value of the debts on 31 December 2011		–
Value as of 31 December 2010 (reported under the derivative financial instruments)		(1,044,000)

[27] Events after the balance sheet date

A term sheet for the sale of the InterContinental hotel in Warsaw was signed after the reporting date. The closing of this transaction is expected within the next two quarters. The sale will have a very positive effect on the Company's earnings and liquidity position.

A repayment agreement was also concluded after the reporting date under which the short-term borrowing facilities reported on the balance sheet in the amount of roughly EUR 15.5 million were extended and will come due in 2013 and 2014.

Vienna, 25 April 2012

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

AUDITOR'S REPORT*

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of **Warimpex Finanz- und Beteiligungs Aktiengesellschaft,** Vienna, for the fiscal year from January 1, 2011 to December 31, 2011. These consolidated financial statements comprise the consolidated balance sheet as of December 31, 2011, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the fiscal year ended December 31, 2011, and the notes.

Management's Responsibility for the Consolidated Financial Statements and for the Accounting System

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

Auditor's Responsibility and Description of Type and Scope of the Statutory Audit

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

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

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

*) This report is a translation of the original report in German, which is solely valid. Publication of the consolidated financial statements together with our auditor's opinion may only be made if the consolidated financial statements and the consolidated management report are identical with the audited version attached to this report. Section 281 paragraph 2 UGB (Austrian Commercial Code) applies.

Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as of December 31, 2010 and of its financial performance and its cash flows for the fiscal year from January 1, 2011 to December 31, 2011 in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the EU.

Comments on the consolidated Management Report

Pursuant to statutory provisions, the consolidated management report is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the consolidated management report is consistent with the consolidated financial statements and whether the disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

In our opinion, the consolidated management report is consistent with the consolidated financial statements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Vienna, April 25, 2012

WIRTSCHAFTSPRÜFUNGSGESELLSCHAFT MBH

ERNST & YOUNG

HELMUT MAUKNER MP	PPA HANS-ERICH SORLI MP
Certified Auditor	Certified Auditor

REPORT BY THE SUPERVISORY BOARD

The Management Board informed the Supervisory Board of Warimpex Finanz- und Beteiligungs AG of all significant business activities, the development of business and the Company's situation at regular meetings during the 2011 financial year and fulfilled all of the duties required of it by law, the articles of association of the Company and the terms of reference of the Supervisory Board. The Chairman of the Supervisory Board also maintained regular contact with the Chairman of the Management Board, in particular to discuss strategy, the development of business and risk management. One of the key topics discussed in the Supervisory Board meetings was the economic and structural changes in Eastern Europe and the associated opportunities and risks. The development of sales and earnings, liquidity forecasts and the Company's financial position were also regularly discussed at these meetings.

Warimpex has undertaken to comply with the Austrian and Polish codes of corporate governance. The Supervisory Board faithfully fulfilled the duties and responsibilities laid down in these codes and also monitored the Company's compliance with these codes. The articles of association and the terms of reference of the Management Board and Supervisory Board are regularly amended to account for changes in these codes. In line with the provisions of the Issuer Compliance Ordinance, the Compliance Officer's annual report was submitted to the Supervisory Board and discussed.

Eight Supervisory Board meetings were held in financial year 2011. All members of the Supervisory Board fulfilled the legally required minimum attendance requirements. Some decisions were made by way of circular resolution.

The annual financial statements, the management report, the consolidated financial statements and the corporate governance report for the year ended 31 December 2011 were audited by Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. The final result of this audit revealed no grounds for objection and the legal provisions were fully complied with, so that unqualified auditor's reports were issued. The consolidated financial statements were assessed to determine whether they are consistent with the group management report (see Auditor's Report).

The annual financial statements, the management report and the corporate governance report were reviewed by the Audit Committee at its meeting on 23 March 2012, and their acceptance was proposed to the Supervisory Board. The Supervisory Board reviewed and approved the annual financial statements, the management report, the consolidated financial statements and the corporate governance report. The Supervisory Board also reviewed and approved the Management Board's proposal to not pay out a dividend for financial year 2011. The annual financial statements, the management report and the corporate governance report were officially approved.

The Supervisory Board acknowledged and approved the consolidated financial statements, including the group management report.

The Supervisory Board thanks the Management Board, the Company's managers and all employees of the Warimpex Group for their commitment during the financial year and wishes the Company continued success in the future.

Vienna, 25 April 2012

Günter Korp
Chairman of the Supervisory Board

DECLARATION BY THE MANAGEMENT BOARD

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

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

11 June 2012	Annual General Meeting
24 May 2012	Publication of the results for the first quarter of 2012
30 August 2012	Publication of the results for the first half of 2012
28 November 2012	Publication of the results for the third quarter of 2012

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