

WARIMPEX FINANZ- UND BETEILIGUNGS AKTIENGESELLSCHAFT

Report on the application of the Best Practices In Public Companies 2005 for the business year ended 31 December 2007

Pursuant to § 29.5 of the Warsaw Stock Exchange Rules adopted on the basis of Resolution No. 13/1171/2007 of the Warsaw Stock Exchange Supervisory Board dated 4 July 2007, the Management Board of Warimpex Finanz- und Beteiligungs Aktiengesellschaft (the "Company") acting in accordance with Resolution No. 1013/2007 of the Warsaw Stock Exchange Management Board dated 11 December 2007 concerning the scope and structure of reports on the application of corporate governance rules by listed companies, hereby presents the report on the application of corporate governance rules as included in a document named "Best Practices in Public Companies 2005" in the business year 2007 by the Company.

- I. Indication of which corporate governance rules were not applied by the Company and indication of under what circumstances and for what reasons the specific rule was not applied.

The Company in the business year ended 31 December 2007 has observed the Best Practices in Public Companies 2005 with certain reservations which stem from the nature of the Company and from certain provisions of Austrian law it is subject to. In particular the Company has decided not to comply with the following rules contained in "Best practices in Public Companies 2005" for the following reasons:

- Rule 2: (partially) Shareholders with an aggregate shareholding of at least 20% of the Company's share capital may request that the Management Board convenes a meeting of shareholders, and this request must be in writing and state the purpose for such a meeting. Generally, however, a justification and Supervisory Board opinion on draft resolutions proposed for adoption by the Shareholders' Meeting and other key documents is not required under Austrian law and is not usual in this jurisdiction.
- Rule 4: (partially) as under Austrian law, there is no time limit in which a shareholders' meeting can be cancelled. However, the cancellation of a shareholders' meeting requires the consent of the entity (shareholder or group of shareholders) or corporate body (Management Board or Supervisory Board), which convened/requested the convening of such meeting.
- Rule 6: (partially) as Austrian law does not provide for by-laws for shareholders' meetings. The rules of procedure to be followed at shareholders' meetings are expressly contained in the Articles of Association of the Company and in the Austrian Stock Corporation Act (Aktiengesetz). Elections to the Supervisory Board by voting in separate groups are not provided for under Austrian law. However, specific rules aim to ensure that minority representatives can be elected onto the Supervisory Board.
- Rule 16: Austrian law does not provide for court control in the event of a resolution not being adopted by the shareholders' meeting but another corporate body of a company. Internal regulations of the Company do not include any appeal procedure pertaining to Supervisory Board or Management Board resolutions, as it is not required by Austrian law and is not customary in Austrian joint stock companies to apply such appeal procedures.

- Rule 20: (partially) as Austrian law does not require the vote of an independent member for special issues. Under Austrian law the auditor is appointed by the shareholders' meeting. However, the Austrian Corporate Governance Code provides for principles and rules that, among other things, aim to (i) assure free and objective supervision by the Supervisory Board and (ii) avoid conflicts of interest.
- Rule 26: (partially) as trades executed with a total value of less than €5,000 within one year neither need to be reported to the Austrian Financial Market Authority (FMA) nor disclosed.
- Rule 27: as disclosure of the remuneration of the Supervisory Board members is not required under Austrian law. However the remuneration of these members is determined by the shareholders' meeting and therefore the shareholders are informed about the aggregate amount of remuneration paid.
- Rule 30: as the Articles of Association of the Company do not provide for the right of a group of shareholders to delegate a member to the Supervisory Board.
- Rule 36: (partially): as neither Austrian law nor the Austrian Corporate Governance Code prevents members of the Management Board to treat their shares in the company in another way than as a long-term investment (subject to directors' dealing and insider dealing restrictions). However, given their duty of care to act in the best interests of the Company, members of the Management Board may be under the obligation to refrain from transactions which are to the detriment of the Company.
- Rule 39: as disclosure of the individual remuneration of the Management Board members is not required under mandatory Austrian law, however the Company must publish the aggregate remuneration of the Management Board.
- Rule 42: (partially): as Austrian law only requires a periodic change of the persons responsible for the audit certificate, not a change of the auditing entities.
- Rule 43: (partially): as the auditor is appointed by the shareholders' meeting. In addition, the current Company's rules of procedure of the Management Board provide that the proposal for the appointment of the Company's auditor requires the consent of the majority of the independent Supervisory Board members.
- Rule 44: as there is no statute under Austrian law which expressly prevents the auditors from being appointed as a special purpose auditor. Nonetheless, Austrian law provides that the independence of auditors is essential for consulting a thorough and unbiased audit; in particular, no grounds for exclusion or partiality are permitted.

II. Description of the procedures of the Shareholders' Meeting and its main powers and the rights of the shareholders and procedures of their execution.

(a) Shareholders' Meeting

Shareholders' Meetings of the Company may take place at the Company's seat or the seat of one of its domestic branches or in any provincial capital in Austria specified in the meeting notice. The meeting notice must be issued at least three weeks prior to the date of the shareholders' meeting. In order to be able to vote in respect of shares at a Shareholders' Meeting, a shareholder must deposit its shares with a custodian in accordance with the meeting notice at least three working days before the meeting. Those shares cannot be traded until they are released from deposit by the custodian. Shareholders may appoint proxies to represent them at shareholders' meetings by notice in writing to the Company.

The Company's Annual Shareholders' Meeting must take place within eight months of the end of the financial year and is called by the Management Board or the Chairman of the Supervisory Board. The Annual Shareholders' Meeting shall resolve in particular on the following matters:

- the distribution of profits (if any) from the preceding financial year;
- the discharge of members of the Management Board and the Supervisory Board from any liability for their activities in the preceding financial year; and
- the appointment of auditors for the current financial year.

The Management Board, the Supervisory Board or, as mentioned above, shareholders with an aggregate shareholding of at least 5% of the issued share capital are also entitled to call an extraordinary Shareholders' Meeting.

The Chairperson of the Supervisory Board or his/her deputy presides at Shareholders' Meeting. If none of these persons is present or able or willing to preside, the Austrian notary public certifying the meeting shall conduct an election for the chairperson.

Under certain circumstances, such as if a shareholders' resolution allegedly violates the Articles of Association or mandatory law, shareholders may challenge resolutions adopted at the Shareholders' Meeting before the courts.

Neither Austrian law nor the Articles of Association restrict the right of non-resident or foreign persons to hold shares or exercise voting rights relating to those shares.

(b) General Rights of Shareholders

The Austrian Stock Corporation Act requires the Company to treat all shareholders equally unless the affected shareholders have consented to unequal treatment. Furthermore, the law also requires shareholder approval of any actions that would affect the rights of shareholders.

The Articles of Association of the Company provide that each share entitles its holder to one vote at any Shareholders' Meeting. An ordinary resolution at a Shareholders' Meeting will be passed by simple majority of votes cast or, in the event that the majority of the share capital present is required to approve a resolution, by simple majority of the share capital present at the meeting, unless mandatory provisions of Austrian law or the Articles of Association require a higher majority vote.

By virtue of mandatory provisions of law, the following resolutions require a majority of at least 75% (which may not be reduced by the Articles of Association) of the share capital present at a shareholders' meeting:

- changing the Company's business purposes;
- increasing the Company's share capital if excluding the subscription rights of existing shareholders;
- approving an authorised capital increase, a conditional capital increase or an authorised conditional
- capital increase;
- approving a capital reduction;
- excluding subscription rights for convertible bonds, participating bonds and participation rights;
- dissolving the Company or reversing a prior resolution to dissolve the Company (or "resolution on continuation");
- transforming the Company into a limited liability company;

- approving a merger or a spin-off (proportionate to shareholdings), where existing shareholders receive shares in the new entities in proportion to their existing shareholdings;
- transferring all of the assets of the Company to another party; and
- approving any agreement under which the Company agrees to transfer its profit to another person (or “profit pool”).

Under Austrian Law, a shareholder or group of shareholders with an aggregate shareholding of at least 90% of the Company's share capital can resolve on upstream mergers pursuant to the Austrian Transformation Act (*Umwandlungsgesetz*), on a spin-off disproportionate to shareholdings pursuant to the Austrian Spin-Off Act (*Spaltungsgesetz*), or a squeeze-out of all minority shareholders against cash compensation pursuant to the Austrian Act on the Exclusion of Shareholders (*Gesellschafter-Ausschlussgesetz*).

A shareholder or group of shareholders with an aggregate shareholding of at least 20% of the Company's share capital may object to settlements or waivers of claims of the Company against members of the Management Board, the Supervisory Board or certain third parties.

A shareholder or group of shareholders with an aggregate shareholding of at least 10% of the Company's share capital may in particular:

- request special audits of activities related to the Company's establishment or to activities of the Company's management that took place within the previous two years, and request the appointment of a special auditor by the court, if a request for an audit has been rejected by a shareholders' resolution and if there is a cause for suspicion;
- veto the appointment of a special auditor and request a court to appoint another special auditor;
- request the adjournment of the meeting of shareholders at which the Company's annual financial statements for the previous year are debated if certain items of the annual financial statements are deficient, in the opinion of these minority shareholders; and
- request assertion of damage claims by the Company against members of the Management Board, the Supervisory Board or certain third parties, if the claim is not obviously unfounded.

A shareholder or group of shareholders with an aggregate shareholding of at least 5% of the Company's share capital may among other things:

- request the calling of a shareholders' meeting or call a shareholders' meeting upon judicial authorisation, if the Management Board or the Supervisory Board does not comply with such request;
- request the inclusion of items on the agenda of the shareholders' meeting;
- request assertion of damage claims by the Company against members of the Management Board, the Supervisory Board or certain third parties, if a special report reveals facts which may lead to such damages claims;
- request court appointment of another auditor of the Company's financial statements for cause;
- approach a court to apply for the appointment or removal of liquidators for cause;

- approach a court to apply for an audit of the financial statements during liquidation; and
- approach a court to appeal against a shareholder' resolution, if such resolution provides for amortisation, accumulated depreciation, reserves and accruals exceeding the limit set by law or the Articles of Association.

(c) Dividend Rights

Each shareholder is entitled to receive dividends in proportion to its shareholding, if and to the extent the distribution of dividends is resolved by the Annual Shareholders' Meeting. A dividend payout is generally based on the unconsolidated financial statements in accordance with the Austrian Commercial Code and on the distributable profits specified therein. A shareholder participates in dividends pro rata to the number of shares it owns on the date of the Shareholders' Meeting at which the dividend is declared, unless shareholders resolve otherwise. Any dividends are due and payable after 10 days of such meeting. If a shareholder does not collect a dividend within three years of its declaration, the shareholder forfeits that dividend in favour of the Company.

(d) Liquidation rights

In the case of dissolution of the Company, any assets remaining after the discharge of liabilities and supplementary capital will be distributed pro rata to the shareholders. Any resolution to dissolve the Company must be passed by votes representing at least 75% of the share capital present at a meeting of shareholders.

(e) Subscription rights

In principle, each shareholder has subscription rights in order to maintain its existing percentage shareholding in the Company. If the Company issues shares (or securities convertible into Shares, securities with warrants to purchase shares, securities with profit participation or participation certificates), each shareholder's subscription rights allow that shareholder to subscribe for the new securities issued by the Company. The subscription rights of each shareholder are in proportion to the number of shares held by that person as against the total share capital outstanding.

The aforementioned subscription rights will not apply if:

- the respective shareholder has waived or does not exercise its subscription rights; or
- the subscription rights are excluded by a resolution of the shareholders' meeting (in case of an ordinary capital increase) or in the case of an authorized capital increase, conditional capital increase, or authorized conditional capital increase, if the Management Board (with the approval of the Supervisory Board) resolves to exclude subscription rights, provided that this is permitted in the underlying shareholder resolution.

Subscription rights may also be excluded and replaced by intermediate subscription rights if new shares are subscribed for by a credit institution that undertakes to offer the new shares to the shareholders. The rights of the shareholders against such credit institution are fully substituted for and are treated as subscription rights. Under the Austrian Stock Corporation Act, the Management Board must publish the price at which the securities are offered and the first and last dates on which subscription rights may be exercised in the Austrian Official Gazette (*Amtsblatt zur Wiener Zeitung*). The Austrian Stock Corporation Act also provides that the period during which shareholders may exercise subscription rights must be two weeks or more. Subscription rights can be freely transferred and may be traded within the subscription period.

III. Personal composition and procedures of the Company's managing and supervisory bodies and their committees.

(a) General Remarks

The Company has a two-tier management structure, consisting of a Management Board (*Vorstand*) and a Supervisory Board (*Aufsichtsrat*). The Management Board is responsible for managing the Company's business and represents the Company in its dealings with third parties. It is bound by the Company's Articles of Association and its internal rules of procedure (*Geschäftsordnung*), which have been adopted by the Supervisory Board. The Supervisory Board generally monitors the management of the Company but is not actively engaged in management decisions. It is also responsible for appointing and removing members of the Management Board, representing the Company in connection with transactions between a member of the Management Board and the Company, and approving matters for which its approval is required by law, by the Articles of Association or by the internal rules of procedure of the Management Board or by resolution of the Supervisory Board, including, subject to certain thresholds:

- acquisition and disposal of participations, as well as acquisition, disposal and closure of businesses and plants and acquisition, disposal and encumbrancing of real estate by the Company;
- establishment and closure of branch offices and the opening or closing down of business branches or types of production;
- investments above a particular value;
- issuing of bonds, taking up loans or credits and granting of loans and credits;
- determining general principles of the Company's business policy;
- determining principles for the granting of a participation in profits or sales and the granting of pensions to the Company's senior management;
- granting stock options;
- conclusion of any contracts between the Company and any member of the Supervisory Board by which such member undertakes to provide services to the Company or a subsidiary beyond their function in the Supervisory Board against consideration which is not inconsiderable; this also applies to contracts with enterprises in which a member of the Supervisory Board has a considerable economic interest.

Additionally, the following resolutions of the Management Board must be approved by a majority of those members of the Supervisory Board who are independent as defined in the Supervisory Board's internal rules of procedure:

- a resolution authorising the Group to grant any not inconsiderable benefits to members of the Management Board;
- a resolution authorising the Group to enter into a contract with an entity, which is affiliated with a member of the Supervisory Board or Management Board or with an entity controlled by a member of the Supervisory Board or Management Board;
- a resolution proposing the appointment of the auditor.

The Supervisory Board may determine other measures which may require its prior approval. Failure on the part of the Management Board to obtain such consent does not affect the validity of transactions in relation to third parties, but may render the members of the Management Board personally liable against the Company for any damages resulting therefrom.

(b) Management Board (*Vorstand*)

The Management Board of the Company as at 31 December 2007 was composed of:

- Dr Franz Jurkowitsch (Chairman)
- Georg Folian (Deputy Chairman)
- Mr Christian Fojtl
- Dr Alexander Jurkowitsch

The Management Board shall, under its own responsibility, lead the Company with the welfare of the business in mind while taking into account the interests of the shareholders and employees as well as the public interest. The Management Board members are jointly responsible for the entire administration of business and are jointly and severally liable. The Management Board member in charge of the respective area, according to the allocation of duties, is primarily responsible for the respective business area. The Management Board members shall work together co-operatively and inform each another of all important measures and business events in their areas of business.

The entire Management Board shall decide on all fundamental decisions and on issues that, according to law, the Articles of Association or the Rules of Procedure of the Management Board require the entire Management Board to vote.

Communications between the Supervisory Board and Management Board and within such executive bodies regarding the management of the Company shall take place through open discussion. In particular, the Management Board shall periodically coordinate and discuss with the Supervisory Board the general development of business, risk management, and the strategic orientation of the Company, as well as the state of progress in implementing the strategy.

The members of the Management Board are appointed by the Supervisory Board for a maximum term of five years. Pursuant to the rules of procedure for the Management Board only persons who are under 67 years of age on the date of their election are eligible to be member of the Management Board. Members of the Management Board may be reappointed for additional terms. The term in office of a member of the Management Board may end prior to the expiration of the term if the member resigns or the member's appointment is revoked. The appointment of a member of the Management Board may be revoked by the Supervisory Board for cause, such as a material breach of duty by such member or a withdrawal of confidence based on a resolution of the shareholders' meeting. Shareholders are not entitled to appoint or dismiss members of the Management Board.

In accordance with the Austrian Stock Corporation Act, the Management Board is required to report to the Supervisory Board at least annually regarding fundamental questions of future business policy. The Management Board is also required to report to the Supervisory Board regularly, and at least once per quarter, on the Company's business operations and its performance compared to internal forecasts.

Under exceptional circumstances, in particular in crisis situations, the Management Board is required to prepare a special report with respect to that crisis. The Supervisory Board may also request a report from the Management Board at any time with respect to any business affairs of the Company and its affiliates.

In its external dealings the Company is represented either by two members of the Management Board jointly or by one member of the Management Board jointly with a holder of a special statutory power of attorney (*Prokurist*).

(c) Supervisory Board (*Aufsichtsrat*)

The Supervisory Board of the Company as at 31 December 2007 was composed of:

- Dr Alarich Fenyves (Chairman)
- Mr Heinrich Geyer
- Dr Viktor Igalfy-Igaly
- Dr Franz Burkert
- Friedrich Grassi
- Mr William Henry Marie de Gelsey
- Ms Alicja Kornasiewicz
- Mr Wolfgang Mitterberger

It is the Supervisory Board's responsibility to oversee the activities of the Management Board and not only to supervise the Management Board but also to assist it in making decisions of fundamental importance within the context of managing the Company. Its tasks in particular include the following:

- Appointment and removal of Management Board members, including the appointment of the chairperson of the Management Board and the deputy chairperson(s);
- Representation of the Company in legal relations with Management Board members;
- Enforcement of damage claims of the Company against Management Board members;
- Review of the draft financial statements prepared by the Management Board, preparation of a report on such review and approval of the financial statements;
- Determination of the Rules of Procedure of the Supervisory Board and its committees as well as the Rules of Procedure of the Management Board;
- Determination of list of transactions of the Management Board shall be subject to approval by the Supervisory Board and determination of quantitative thresholds in accordance with the size of the Company.

In carrying out its general supervisory role, the Supervisory Board may inspect and review the Company's books, records and assets and must examine the Company's annual financial statements. The Supervisory Board is legally compelled to convene a shareholders' meeting if the Company's best interests require it.

Each term of office served by a member of the Supervisory Board who is appointed by shareholders must end on or before the date of the annual meeting of shareholders in the fifth year after the appointment.

Members of the Supervisory Board may be elected for additional terms, and there is no maximum age limit. Shareholders may remove a member of the Supervisory Board who was appointed by shareholders at any time by passing a resolution to that effect at a meeting of shareholders. Such resolutions may be passed by votes representing a simple majority of the Company's share capital.

Any member of the Supervisory Board may resign by written notice to the chairperson of the Supervisory Board. The resignation may not take effect for at least four weeks from the date of receipt of the notice. If a member of the Supervisory Board resigns before the expiry of his or her term and that person was appointed by shareholders, the shareholders' must appoint a substitute member. The term of office of the substitute member lasts until the expiry of the original term of the resigning member.

The Supervisory Board elects a chairperson and one deputy chairperson. In the event that the chairperson or deputy chairperson resigns, the Supervisory Board must elect a replacement without undue delay. The Supervisory Board adopts its own internal rules of procedure.

The Supervisory Board must meet at least every quarter. A resolution of the Supervisory Board is passed if the meeting has been duly called, at least half of the members elected by the shareholders (including the chairperson or deputy chairperson) are present and a majority of members present at a meeting of the Supervisory Board vote in favour of the resolution. In urgent cases, a resolution may be passed without a meeting if either the resolution is in writing (a "circular resolution") and is signed by each member of the Supervisory Board, or if all members of the Supervisory Board express their verbal assent to the resolution (including by telephone) and no member of the Supervisory Board objects to the use of this process.

(d) Supervisory Board committees

The Articles of Association provide that the Supervisory Board may create committees and delegate to those committees the power to resolve specified matters on behalf of the Supervisory Board. Committees may be established either on a permanent basis or for particular tasks.

The Supervisory Board of the Company has established three committees:

- The Audit Committee. It is responsible for the auditing and preparation of the approval of the financial statements, for the proposal for the distribution of profits and for the directors' report. Moreover, the Audit Committee reviews any consolidated financial statements, makes a proposal for the appointment of an auditor and reports to the supervisory board on its findings. At least one Supervisory Board member with special knowledge and practical experience in the area of finance, accounting and reporting, acting as a financial expert, must be a member of the Audit Committee at all times.
- The Project Committee. It reviews and approves transactions of the management board which are subject to the approval by the Supervisory Board according to the Rules of Procedure of the Management Board.
- The Personnel Committee. It is responsible for personnel affairs with respect to the Management Board (i.e., remuneration, appointment of members to the Management Board), in particular it shall be responsible for concluding employment contracts with members of the Management Board.

The committees of the Supervisory Board as at 31 December 2007 were composed as follows:

	Audit Committee	Project Committee	Personnel Committee
Dr Alarich Fenyves (Chairman)	-	Chairman	Chairman
Mr Heinrich Geyer (Deputy Chairman)	member	member	member
Dr Viktor Igalfy-Igaly	-	member	-
Dr Franz Burkert	Chairman (expert)	-	-
Friedrich Grassi	-	-	-

Mr William Henry Marie de Gelsey	-	-	-
Ms Alicja Kornasiewicz	-	-	-
Mr Wolfgang Mitterberger	member	-	

IV. Description of the basic features of the company's internal control and risk management systems related to the process of preparing financial statements.

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

(a) General

The Company keeps and regularly updates internal risk management policies binding upon the Management Board and all employees of the Company. In particular, these policies foresee procedures and allocate appropriate resources to risk assessment, control activities, monitoring and information and communication within the Company as well as internal and external training of employees.

In organisational terms, the responsibilities within the Company and, in particular, its Management Board, have been clearly defined for each area to enable early identification of risks and an appropriate response to risks as they emerge. The existing risk management policies as well as the rules of procedure for the Supervisory Board and the Management Board afford for a clear definition of tasks and obligations as well as responsibilities.

(b) Operational risk management

One key operational aspect of risk management within the Company in order to ensure a sustainable economic development is real estate maintenance. 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) Credit risk

Credit risk of the Company associated with trade receivables can be generally considered moderate because receivables are immediately settled, especially in the primary segment "Hotels & Resorts". As a matter of principle, the Company only accepts longer payment terms with regard to receivables from travel agencies. Credit risk of the Company associated with cash and short-term deposits can also be considered moderate since the Company only works with financial institutions which can demonstrate sound creditworthiness. As part of the Company's credit risk management, each potential debtor's creditworthiness is assessed by the Company on a case by case basis and, in case of long term contractual relations, on a periodic basis.

(d) Exchange rate and other financial risks

The Company's principal financial instruments, other than derivatives, comprise bank loans and overdrafts and cash and cash deposits. The main purpose of these financial instruments is to raise funds for the Company's operations. The Company has certain other financial assets and liabilities such as trade receivables and trade payables which arise directly from its operations. As part of its risk management to mitigate its exposure to interest rate risk connected therewith, the Company enters into derivatives transactions. This area of risk management also serves the purpose of a general risk

reduction and to utilise opportunities in the market. As a matter of risk management and subject to appropriate reporting and risk assessment requirements (as stipulated in the rules of procedure for the Supervisory Board and the Management Board), all important financial transactions are subject to approval by the Management Board and, if required, by the Supervisory Board and in particular the Audit Committee.

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

(e) Financial reporting

All the foregoing risk management policies are applied by and complied with by the Management Board in the course of preparation of the annual financial statements. The compliance of the financial statements with the risk management policies is ensured by the following units/persons:

- Management Board, in particular Chief Financial Officer
- Finance and Administration Division
- Audit Committee

The Chief Financial Officer is responsible for the factual supervision of the process of the drawing up the financial statements of the Company. The process of drawing up annual and interim financial reports is coordinated by the Finance and Administration Division. The Company on a current basis monitors amendments required by provisions and external regulations concerning the requirements of the reporting and also prepares in advance to their introducing.

Every week operation figures of the operating hotels are distributed among the members of the Management Board.

The quarterly financial report is prepared in accordance with the standard of IAS 34, Interim Financial Reporting and conveyed for the purpose of verification to the Chief Financial Officer and then to the Management Board for the final verification.

The annual financial statements prepared in accordance with IFRS are also subject to review by the external auditor before being approved and published in accordance with applicable regulations of Austrian law. Additionally the statutory auditor submits to the Audit Committee recommendations concerning the improvements of the internal control system within the Company that were identified during the reviews. The auditor's recommendations are discussed by the Audit Committee and the Management Board for the purpose of their implementation

The financial statements, before being published, are audited by the Supervisory Board and in particular the Audit Committee, comprising at least one member with special knowledge and practical experience in the area of finance, accounting and reporting, acting as a financial expert (please see point III d) for more details).