REPORT ON THE FIRST QUARTER OF **2011**

warimpex

KEY FIGURES OF THE WARIMPEX GROUP

EUR '000		1–3/2011	Change	1–3/2010
Revenues from the Hotels & Resorts segment		19,650	13%	17,395
Revenues from the Development & Asset Management segment		1,441	-51%	2,957
Total revenues		21,091	4%	20,351
Gains from the sale of project companies		1,924	-38%	3,112
EBITDA		2,352	-45%	4,287
EBIT		-254	–	2,910
Profit for the period		-3,007	–	-656
Net cash flows from operating activities		1,663	-12%	1,894
Equity and liabilities		599,135	-1%	605,345
Equity		85,307	47%	58,140
Average shares in the period		54,000,000	36%	39,599,999
Earnings/loss per share	in EUR	-0.05	–	-0.02
Number of hotels		21	0	21
Number of rooms (adjusted for proportionate share of ownership)		3,367	-58	3,425
Number of office and commercial properties		5	0	5
Average number of employees in the Group		1,577	-26	1,603

		31/12/2010*	Change	31/12/2009
Gross Asset Value (GAV)	in EUR m	589.7	3%	571.9
Triple Net Asset Value (NNNAV)	in EUR m	187.4	26%	148.9
NNNAV per share	in EUR	3.5	-8%	3.8
End-of-period share price		2.68	23%	2.18

*An external valuation of the portfolio was not completed as of 31 March 2011.

FOREWORD BY THE CHAIRMAN OF THE MANAGEMENT BOARD

Dear Shareholders,

All in all, the first quarter of 2011 brought a good start to the new year, and the market continued to recover in a number of segments. In addition to the further easing of conditions on the financial markets and the gradually increasing level of activity on the transaction markets, the period also brought a considerable increase in business and holiday travel. Revenues from hotel operations were up by roughly 13 per cent to EUR 19.7 million, primarily as a result of significantly increased revenues in Ekaterinburg, Łódź, Katowice and Paris. The individual core markets of Warimpex continued to develop differently. Revenues increased again especially in Germany, Poland and France, while growth on the Czech market remained slower. Nevertheless, occupancy rates stabilized and room prices increased in nearly all markets in the first quarter. Our newest angelo (Munich, Katowice) and andel's (Berlin, Łódź) projects also continued to develop encouragingly in line with the overall brightening of business conditions.

In the financial figures, this trend was seen especially clearly in the operating cash flow from the Hotels and Resorts segment, which rose from EUR 1.8 million to EUR 2.3 million. This is especially pleasing considering the fact that the first quarter of the year is generally the weakest in the hotel industry in terms of sales.

The financial markets are continuing to open up again after a very restrictive phase. In line with this, we successfully placed convertible bonds with a total nominal value of PLN 66.3 million (roughly EUR 16.8 million) on the Warsaw stock exchange at the end of April and the end of May (after the reporting date). This move has presented us with appealing financing options for the future. The issue proceeds will be used to optimize the current financing structure and should give Warimpex the financial flexibility to take advantage of the investment opportunities that arise in the current market phase and to finance future development projects. We are especially proud of the fact that Warimpex is now the first foreign company that is active on the bond market of the Warsaw stock exchange.

In order to take optimal advantage of the current promising conditions, the Annual General Meeting passed a motion authorizing the completion of a capital increase totalling EUR 5.4 million in the next five years. However, we will not yet be exercising this authority in the current financial year.

The transaction markets are also gaining momentum. We successfully sold a 12.5 per cent stake in Sobieski Hotel in Warsaw in March 2011, and are expecting to be able to make further sales over the course of the year. Activity here has not reached pre-crisis levels yet, however. Consequently, Warimpex shows a correspondingly low profit contribution from property sales and lower EBIT despite the improved results from operations.

Our current development projects, especially the successful construction of budget hotels in cooperation with Starwood Capital and Louvre Hotels, are proceeding according to plan. In addition to the start of construction of the first Campanile and Première Classe budget hotels in the centre of the Polish city of Wrocław, which are to be opened in the first quarter of 2012, five further projects in Zielona Góra, Bydgoszcz and Katowice in Poland and Budapest in Hungary, are in advanced stages of planning. Warimpex' activities on the growth market of Russia are secure and a four-star Crowne Plaza hotel will be completed on schedule at Airport City in St. Petersburg at the end of 2011, followed by modern office buildings; the work here is proceeding as planned.

All in all, the first quarter of 2011 brought many new opportunities and positive changes for Warimpex. Now, we must continue and increase this momentum in the next three quarters, which traditionally have higher levels of business.

Franz Jurkowitsch

BUSINESS HIGHLIGHTS

- 03/2011 Sale of a 12.5 per cent share in Sobieski Hotel, Warsaw
- 04–05/2011 Successful placement of convertible bonds with a volume of PLN 66.3 million or EUR 16.8 million on the Warsaw stock exchange.

INVESTOR RELATIONS

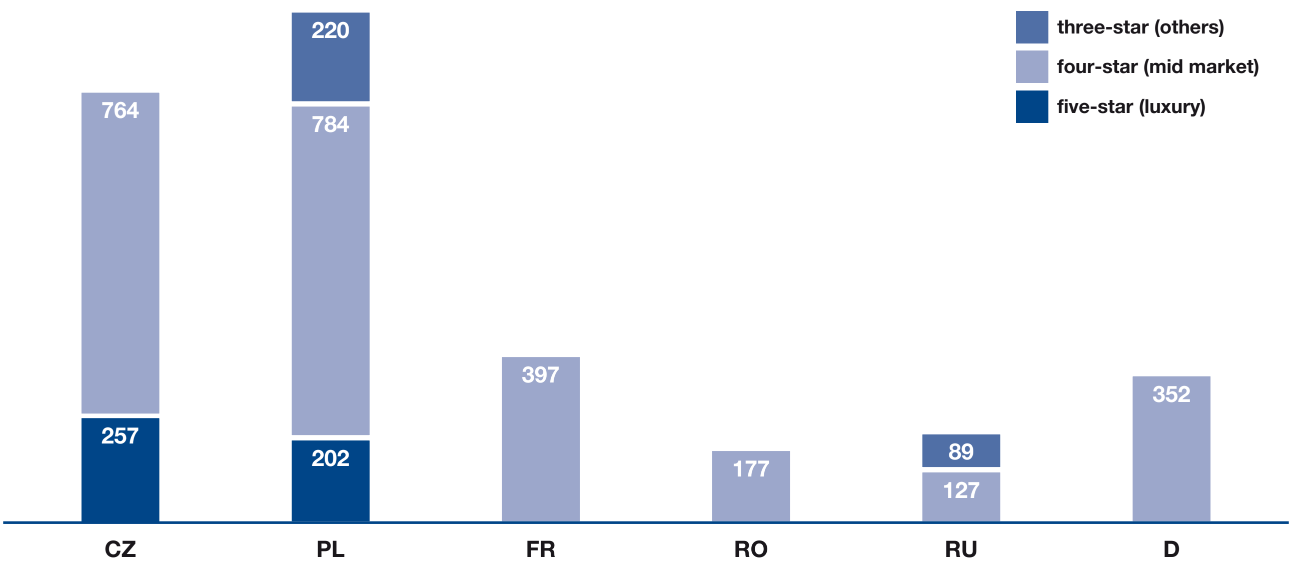
After closing 2010 at EUR 2.68 and PLN 10.17, the share price remained stable in the first quarter of 2011. The closing price on 31 March 2011 was PLN 10.10 and EUR 2.54.

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

The conversion price was set at PLN 12.79 (roughly EUR 3.25). This bond grants the right of exchange or subscription for up to 5,179,827 bearer shares in the Company.

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

Hotel portfolio (number of rooms adjusted for proportionate share of ownership) at 31 March 2011



Compared with 31 March 2010, the number of hotel rooms (adjusted for the proportionate share of ownership) fell by 58 from 3,425 to 3,367 as of 31 March 2011. This can be attributed to the sale of the share in Sobieski Hotel.

GROUP MANAGEMENT REPORT
for the period from 1 January to 31 March 2011

ECONOMIC ENVIRONMENT

In April 2011 (World Economic Database), the International Monetary Fund (IMF) upped its economic forecast for 2011 slightly compared with October 2010. The Eurozone economy is now expected to grow by 1.7 per cent in 2010 (October 2010 projection: 1.7 per cent), and by 1.6 per cent (1.5 per cent) in 2011. The CEE economy is now expected to expand by 4.2 per cent in 2010 (3.7 per cent). The IMF's 2011 economic growth projections for Central and Eastern Europe were also upped significantly from 3.1 per cent to 3.7 per cent. Individual economies such as Poland are expected to expand by 3.8 per cent in 2010 and 3.6 per cent in 2011. After contracting by 7.9 per cent in 2009, Russia's economy is also expected to grow by a significant 4.0 per cent in 2010 and 4.8 per cent in 2011.

MARKETS

POLAND

Existing portfolio: 7 hotels, 2 office properties

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

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

The occupancy rate at the Hotel InterContinental remained constant at 75 per cent in the first quarter (Q1 2010: 76 per cent), but the average room rate was increased by roughly 10 per cent. Occupancy at the Sobieski Hotel was up markedly compared to last year (Q1 2011: 57 per cent, Q1 2010: 46 per cent), but the average room rate in euros fell by roughly 10 per cent. The occupancy rate at the Chopin Hotel fell from 49 per cent to 32 per cent, and the average room rate was up by roughly 10 per cent. At the andel's hotel in Krakow, the occupancy rate fell slightly (Q1 2011: 49 per cent, Q1 2010: 53 per cent), and the average room rate rose marginally. The andel's hotel in Łódź achieved an occupancy rate of 52 per cent in the first quarter of 2011 (Q1 2010: 49 per cent), and the average room rate remained stable. The occupancy rate at the Amber Baltic beachfront resort came in at 22 per cent (Q1 2010: 19 per cent). Due to its location on the Baltic coast, occupancy rates at this hotel are subject to strong seasonal fluctuations, in contrast to city hotels.

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

Under development: 2 office buildings, 1 shopping centre

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

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

CZECH REPUBLIC

Existing portfolio: 7 hotels

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

In the quarter under review, the two four-star hotels in Prague achieved occupancy rates of 31 and 47 per cent (Q1 2010: 36 and 42 per cent), and the average room rates were increased at both establishments. The five-star segment remained weak, with occupancy rates of between 28 and 30 per cent (Q1 2010: between 22 and 32 per cent). However, the average room rates increased again compared with the first quarter of the previous year. At the Dvořák spa hotel in Karlovy Vary, the occupancy rate was 73 per cent (Q1 2010: 72 per cent). The average room rate was raised by roughly 10 per cent. At the angelo hotel in Plzeň, the occupancy rate for the first quarter of 2011 came to 29 per cent (Q1 2010: 33 per cent), and the average room rate remained constant.

HUNGARY

Existing portfolio: 3 office properties

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

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

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

ROMANIA

Existing portfolio: 1 hotel

The angelo Airporthotel in Bucharest, which Warimpex acquired in 2007 and expanded by 69 rooms in 2008 along with adapting it to the angelo design, saw an occupancy rate of 39 per cent in the first quarter of 2011 (Q1 2010: 34 per cent). The average room rate remained stable.

GERMANY

Existing portfolio: 2 hotels

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

Occupancy at the angelo in Munich was 73 per cent (Q1 2010: 69 per cent), and the average room rate increased by roughly 10 per cent again. Occupancy in Berlin came to 52 per cent in the first quarter of 2011 (Q1 2010: 57 per cent.) The average room rate did not change.

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. Planning is currently under way for both projects.

FRANCE

Existing portfolio: 2 hotels

In Paris, Warimpex and its partner UBM are the joint leaseholders of the four-star Dream Castle Hotel and the four-star Magic Circus at Disneyland® Resort Paris, each of which have about 400 rooms. The occupancy rates at the hotels were encouraging in the period, at 62 and 48 per cent (Q1 2010: 49 and 41 per cent). The average room rate fell slightly at both hotels.

AUSTRIA

Under development: 1 hotel including apartments

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

RUSSIA

Existing portfolio: 2 hotels

In Russia, Warimpex holds 60 per cent of the Liner Hotel and the angelo hotel at Koltsovo airport in Ekaterinburg. While the existing Liner Hotel enjoyed very satisfactory occupancy in 2010, occupancy at the considerably more expensive angelo hotel was lower but still significantly higher than in the previous year (Q1 2011: 29 per cent, Q1 2010: 9 per cent).

Under development: 1 hotel, airport office park

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

BUDGET HOTELS

Under development: 7 hotels

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

The first joint hotels are to be opened in Wrocław in the first quarter of 2012, and then in Bydgoszcz and Zielona Góra. Construction work on these hotels began in the fourth quarter of 2010 or is to begin in the second quarter of 2011. The completion of the hotels in Katowice and Budapest is planned for the end of 2012 and the middle of 2013. Suitable properties have been purchased, and the necessary building permits have already been issued for Budapest. Financing for the hotel in Budapest was secured in the summer of 2010.

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

Under construction:

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

In design phase:

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

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

Warimpex and Starwood Capital Group are also engaged in concrete talks about the purchase of further pieces of land in Warsaw and Gdansk, Poland, as well as in Košice, Slovakia. Additional hotel plans are currently focused on Prague in the Czech Republic and on the Slovakian capital of Bratislava.

ASSETS, FINANCIAL POSITION AND EARNINGS SITUATION

Due to seasonal effects, revenues in the hotel industry are generally the lowest in the first quarter of the year, and are not representative of the development of sales for the full year. In contrast, the second and third quarters generally show the best sales.

Development of revenues

Consolidated sales increased by roughly 4 per cent to EUR 21.1 million. Sales revenues from hotel operations increased by 13 per cent from EUR 17.4 million in the first three months of 2010 to EUR 19.7 million. The primary reason for this improvement was significantly higher revenues in Ekaterinburg, Łódź, Katowice and Paris. Revenues from the rental of offices and the provision of development services decreased from EUR 3.0 million to EUR 1.4 million. While revenues from the rental of offices remained constant at EUR 0.7 million, the billing of an approach ramp whose construction was included in the purchase price of the property in Łódź brought one-off income in the development sub-segment in the first quarter of 2010, causing sales revenues in this sub-segment to fall from EUR 1.7 million to EUR 0.4 million.

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.

Warimpex sold a 12.5 per cent share in Sobieski Hotel in Warsaw to the majority shareholder in the first quarter of 2011. The profit from this transaction was EUR 1.5 million, and Warimpex still holds 12.5 per cent of the hotel.
In the first quarter of 2010, Warimpex sold a 16.69 per cent share in the Palais Hansen development project in Vienna for a price of EUR 7.3 million. The profit from this transaction was EUR 3.1 million.

EBITDA – EBIT
Compared to the first quarter of 2010, earnings before interest, tax, depreciation and amortization (EBITDA) fell from EUR 4.3 million to EUR 2.4 million, and earnings before interest and taxes (EBIT) fell from EUR 2.9 million to minus EUR 0.3 million. This decrease can be attributed to lower profit contributions from property sales.

Financial result
The financial result changed from minus EUR 5.5 million to minus EUR 3.1 million.

Profit for the period
The profit for the first quarter came in at minus EUR 3.0 million (Q1 2010: minus EUR 0.7 million).

Cash flow
The cash flow from operations fell from EUR 1.9 million to EUR 1.7 million. While the cash flow from operations in the Hotels & Resorts segments improved by 28 per cent from EUR 1.8 million to EUR 2.3 million, the billing of an approach ramp whose construction was included in the purchase price of the property in Łódź brought a one-off inflow in the development sub-segment in the amount of EUR 1.3 million.

OUTLOOK

Seven real estate projects are currently under construction or in advanced stages of development (not including the planned budget hotels).

The following hotel projects are currently under construction:

- Airport City, St. Petersburg, business park with 39,000 square metres of office space and an international hotel with 300 rooms (opening of the hotel and phase 1a scheduled for the fourth quarter of 2011, opening of phase 1b scheduled for 2012)
- Le Palais office building, Warsaw (opening scheduled for the end of 2012)
- Palais Hansen Kempinski hotel, Vienna (opening scheduled for the end of 2012)

The following projects are in advanced stages of development:

- Redevelopment of tower A at Erzsebet office complex
- Office building, Krakow
- Hotel/office building, Munich
- Shopping centre, Białystok

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

Under construction:

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

In design phase:

- Campanile hotel, Budapest (284 rooms)
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- Campanile hotel, Katowice (100 rooms)
- Campanile hotel, Ostrava (112 rooms)
- Première Classe hotel, Katowice (100 rooms)
- Première Classe hotel, Ostrava (100 rooms)

Vienna, 27 May 2011

Franz Jurkowitsch
Chairman of the Management Board

Georg Folian
Deputy Chairman of the Management Board

Christian Fojtl
Member of the Management Board

Alexander Jurkowitsch
Member of the Management Board

SELECTED WARIMPEX GROUP PROPERTIES

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

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

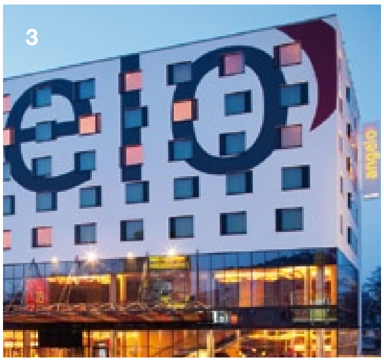
3) angelo hotel**, Katowice**
PL-40-086 Katowice, ul. Sokolska 24
203 rooms (opened in March 2010)

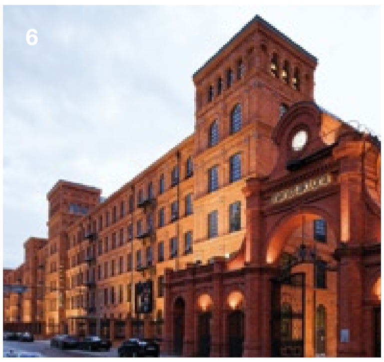
4) angelo Designhotel, Munich
D-81677 Munich, Leuchtenbergring 20
146 rooms (opened in May 2008)

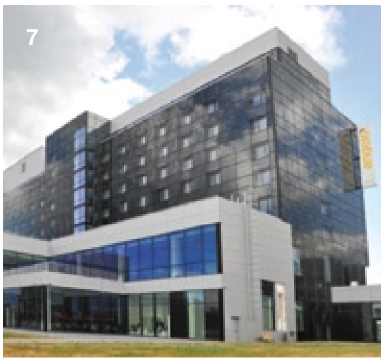
5) andel's hotel**S, Berlin**
D-10407 Berlin,
Landsberger Allee 106
557 rooms (opened in March 2009)

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

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







CONSOLIDATED FINANCIAL STATEMENTS AS OF **31 MARCH 2011**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from 1 January to 31 March 2011 – unaudited

in EUR	Note	2011	2010
Revenues			
Revenues – Hotels & Resorts segment		19,649,851	17,394,631
Revenues – Development & Asset Management segment		1,441,079	2,956,627
		21,090,930	**20,351,258**
Gains from the sale of properties			
Income from the sale of real estate		3,124,424	7,250,000
Carrying amounts, loans and borrowings assumed by the purchaser		(1,200,676)	(4,137,736)
	[05]	**1,923,748**	**3,112,264**
Other income and expenses			
Changes in real estate projects under development or construction		–	(1,339,870)
Other income		530	1,220,884
		530	**(118,985)**
Expenses for materials and services rendered		(10,851,912)	(9,837,367)
Expenses for project development		(132,380)	(65,379)
Personnel expenses	[06]	(7,196,013)	(6,761,126)
Depreciation and amortization expense		(4,794,362)	(4,879,492)
Reversal of impairments		2,188,595	3,502,239
Other expenses	[07]	(2,483,309)	(2,393,861)
		(23,269,381)	**(20,434,986)**
Operating profit		**(254,172)**	**2,909,551**
Financial revenue	[08]	1,798,998	531,353
Finance costs	[08]	(4,947,704)	(6,052,984)
Profit before tax		**(3,402,878)**	**(2,612,081)**
Current income taxes	[09]	9,201	(23,102)
Deferred taxes	[09]	386,876	1,978,989
Profit for the period		**(3,006,800)**	**(656,195)**
Foreign currency translation		(200,930)	(1,210,279)
Fair value measurement of financial instruments available for sale		(1,446)	–
Net gains/losses from hedging		202,485	(158,361)
(Deferred) taxes recognized in equity		(36,246)	11,993
Total income and expenses for the period		**(3,042,938)**	**(2,012,842)**
Profit for the period attributable to:			
- Equity holders of the parent		(2,786,957)	(725,748)
- Non-controlling interests		(219,843)	69,554
		(3,006,800)	(656,195)
Total income/expenses for the period attributable to:			
- Equity holders of the parent		(3,167,275)	(1,496,803)
- Non-controlling interests		124,337	(516,039)
		(3,042,938)	**(2,012,842)**
Earnings per share:			
Undiluted, for the profit for the period attributable to ordinary equity holders of the parent		(0.05)	(0.02)
Diluted, for the profit for the period attributable to ordinary equity holders of the parent		(0.05)	(0.02)

CONSOLIDATED BALANCE SHEET
as of 31 March 2011

in EUR	Note	**31/3/2011** unaudited	31/12/2010 audited	31/3/2010 unaudited
ASSETS				
Non-current assets				
Property, plant and equipment	[10]	452,748,938	461,928,351	458,833,722
Investment properties	[11]	53,319,452	55,021,114	43,679,518
Goodwill		921,266	921,266	921,266
Other intangible assets		205,019	236,051	358,778
Associated companies		–	–	5,475,202
Other financial assets		62,217,483	62,552,132	70,351,465
Deferred tax assets		1,750,917	1,578,047	688,572
		571,163,076	**582,236,961**	**580,308,523**
Current assets				
Inventories		1,397,360	1,696,136	1,582,082
Trade and other receivables	[13]	10,301,655	8,855,363	9,981,742
Financial instruments available for sale	[05]	5,476,499	3,366,870	–
Other financial assets	[14]	44,108	42,093	40,756
Cash and short-term deposits		10,752,450	10,793,875	13,431,438
		27,972,073	24,754,336	25,036,019
TOTAL ASSETS		**599,135,148**	**606,991,297**	**605,344,542**
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the parent				
Issued capital		54,000,000	54,000,000	39,599,999
Capital reserves		70,921,626	70,921,626	59,627,010
Retained earnings		(37,737,381)	(34,950,425)	(40,930,466)
Treasury shares		(301,387)	(301,387)	(301,387)
Other reserves		2,249,660	2,629,978	2,609,748
		89,132,519	92,299,794	60,604,904
Minority interests		(3,825,152)	(3,949,489)	(2,465,139)
Total equity		**85,307,367**	**88,350,304**	**58,139,764**
Non-current liabilities				
Interest-bearing loans and borrowings	[12]	394,619,454	392,804,699	449,317,236
Provisions		3,336,806	3,457,155	3,360,936
Other payables	[13]	9,412,712	9,497,605	13,904,621
Deferred tax liabilities		13,219,371	14,017,512	13,744,603
		420,588,343	**419,776,971**	**480,327,396**
Current liabilities				
Trade and other payables	[13]	14,543,044	14,621,701	17,050,846
Interest-bearing loans and borrowings	[12]	75,945,030	81,154,377	44,109,300
Derivative financial instruments	[14]	1,223,540	1,591,624	625,567
Income tax payable		203,713	199,590	83,681
Provisions		1,324,113	1,296,730	5,007,989
		93,239,438	**98,864,022**	**66,877,382**
TOTAL EQUITY AND LIABILITIES		**599,135,148**	**606,991,297**	**605,344,542**

CONSOLIDATED CASH FLOW STATEMENT

for the period from 1 January to 31 March 2011 – unaudited

in EUR	Note	2011	2010
Cash receipts from operating activities			
From the operation of hotels and rent received		22,412,004	21,384,364
From real estate development projects		377,680	92,080
Interest received		10,629	37,337
		22,800,313	21,513,781
Cash payments for operating activities			
For real estate development projects		(180,361)	(897,585)
For materials and services received		(10,454,035)	(10,600,574)
For personnel and related expenses		(7,251,404)	(6,610,014)
For other expenses		(3,252,850)	(1,428,163)
Income tax paid		1,036	(83,656)
		(21,137,615)	(19,619,992)
Net cash flows from operating activities		**1,662,698**	**1,893,789**
Cash flows from investing activities			
Proceeds from the disposal of property, plant and equipment		2,553	952,470
Purchase of property, plant and equipment	[10]	(2,244,588)	(3,646,168)
Purchase of investment properties		(1,976,945)	(834,302)
Acquisition of software		(6,198)	1,389
Payouts from granted loans		(83,426)	(1,998,719)
Income/payments for other financial assets		21,493	(439,382)
Acquisition of shares in associated companies		–	(256,100)
		(4,287,111)	**(6,220,812)**
Cash flows from the sale of business entities			
Proceeds from the sale of disposal groups and properties	[05]	927,074	7,250,000
Cash and cash equivalents of disposal groups	[05]	(646,415)	–
Purchase price payments for business entities sold/purchased in prior periods		282,060	(95,705)
Net cash flows from/used in financing activities		**562,719**	**7,154,295**
Cash flows from financing activities			
Proceeds from loans and borrowings	[12]	12,795,160	33,761,119
Repayment of loans and borrowings	[12]	(7,736,849)	(32,310,649)
Interest and other finance costs paid		(2,744,957)	(3,001,151)
Proceeds/payments from financial instruments available for sale	[05]	(357,938)	–
Income/payments for derivative financial instruments		–	(2,651)
Net cash flows from/used in financing activities		**1,955,417**	**(1,553,332)**
Net change in cash and cash equivalents		(106,277)	1,273,940
Net foreign exchange difference		64,853	224,056
Cash and cash equivalents at 1 January		10,793,875	11,933,442
Cash and cash equivalents at the end of the period		**10,752,450**	**13,431,438**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period from 1 January to 31 March 2011 – unaudited

in EUR	Issued capital	Capital reserves	Retained earnings	Treasury shares	Other reserves	Total	Minority interests	Total equity
At 1 January 2011	**54,000,000**	**70,921,626**	**(34,950,425)**	**(301,387)**	**2,629,978**	**92,299,794**	**(3,949,489)**	**88,350,304**
Changes in the scope of consolidation	–	–	–	–	–	–	–	–
Profit for the period	–	–	(2,786,956)	–	–	(2,786,956)	(219,843)	(3,006,799)
Other income/expense	–	–	–	–	(380,318)	(380,318)	344,181	(36,137)
Total income and expenses for the period	–	–	(2,786,956)	–	(380,318)	(3,167,275)	124,337	(3,042,937)
At 31 March 2011	**54,000,000**	**70,921,626**	**(37,737,381)**	**(301,387)**	**2,249,660**	**89,132,519**	**(3,825,152)**	**85,307,367**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period from 1 January to 31 March 2010 – unaudited

in EUR	Issued capital	Capital reserves	Retained earnings	Treasury shares	Other reserves	Total	Minority interests	Total equity
At 1 January 2010	**39,599,999**	**59,627,010**	**(40,204,719)**	**(301,387)**	**3,380,802**	**62,101,706**	**(1,949,100)**	**60,152,606**
Profit for the period	–	–	(725,748)	–	–	(725,748)	69,554	(656,194)
Other income/expense	–	–	–	–	(771,054)	(771,054)	(585,593)	(1,356,647)
Total income and expenses for the period	–	–	(725,748)	–	(771,054)	(1,496,802)	(516,039)	(2,012,841)
At 31 March 2010	**39,599,999**	**59,627,010**	**(40,930,466)**	**(301,387)**	**2,609,748**	**60,604,904**	**(2,465,139)**	**58,139,764**

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

[01] Corporate information

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

The interim financial statements as of 31 March 2011 for Warimpex Finanz- und Beteiligungs AG were released for publication by the Company's management on 27 May 2011. The main activities of the Company are described in Note [04] "Business segments".

[02] Basis for preparation

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

The interim financial statements as of 31 March 2011 were not audited and were not reviewed by an independent financial auditor.

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

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

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

[03] Seasonal fluctuations in results

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

[04] Business segments – overview

for the period from 1 January to 31 March – unaudited

	Hotels & Resorts		Development & Asset Management		Total in EUR	
in EUR	**2011**	2010	**2011**	2010	**2011**	2010
External sales	19,649,851	17,394,631	1,441,079	2,956,627	21,090,930	20,351,258
Segment results	(1,471,672)	96,612	1,217,499	2,812,939	(254,172)	2,909,551
Investments						
• In property, plant and equipment including intangible assets	1,719,436	3,213,186	1,913,279	1,284,940	3,632,715	4,498,126
• In financial assets	–	–	1,226,470	2,547,005	1,226,470	2,547,005
Depreciation						
• Ordinary depreciation	(4,600,259)	(4,644,185)	(194,103)	(235,307)	(4,794,362)	(4,879,492)
• Reversal of impairments	1,946,066	3,263,202	242,529	239,038	2,188,595	3,502,239
Net cash flows from operating activities	2,339,056	1,837,629	(676,358)	56,160	1,662,698	1,893,789
Segment assets	462,568,282	469,302,091	136,566,866	136,042,451	599,135,148	605,344,542
Segment liabilities (gross)	(448,918,035)	(466,762,135)	(64,909,746)	(80,442,643)	(513,827,781)	(547,204,777)
Intragroup financing	55,560,752	47,306,688	(55,560,752)	(47,306,688)	–	–
Segment liabilities (net)	(393,357,284)	(419,455,447)	(120,470,498)	(127,749,331)	(513,827,781)	(547,204,777)
Average payroll	1,516	1,520	61	83	1,577	1,603

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

for the period from 1 January to 31 March – unaudited

	Luxury		Up-Market		Others	
in EUR	**2011**	2010	**2011**	2010	**2011**	2010
Revenues	3,512,275	3,259,451	15,141,860	13,119,689	954,127	998,862
Expenses for materials	(1,911,858)	(1,723,388)	(7,113,427)	(6,144,862)	(325,969)	(361,587)
Personnel expenses	(1,261,495)	(1,167,889)	(4,455,569)	(4,221,598)	(368,469)	(344,976)
Gross operating profit	338,922	368,174	3,572,864	2,753,229	259,689	292,300
Hotel employees	*267*	*269*	*1,105*	*1,088*	*130*	*152*
Rooms available						
Total	661	661	3,986	3,986	370	370
thereof available	660	661	3,967	3,935	367	344
Joint venture share	(202)	(202)	(1,237)	(1,236)	–	–
Time allocation	–	–	–	(102)	–	–
Rooms available Group	**458**	**459**	**2,730**	**2,598**	**367**	**344**
Rooms sold	231	227	1,235	1,108	212	215
Average room occupancy	**51%**	**49%**	**45%**	**43%**	**58%**	**63%**
Management fees	(183,583)	(164,716)	(724,396)	(618,491)	(67,560)	(53,145)
Lease/rent	–	–	(575,513)	(576,537)	(20,477)	(28,799)
Exchange adjustments	103,547	46,853	(65,622)	688,661	6,180	139,934
Property costs	(99,162)	(90,402)	(801,095)	(577,985)	(21,752)	(16,498)
Net operating profit	**159,725**	**159,909**	**1,406,239**	**1,668,876**	**156,080**	**333,793**
Other income after GOP	–	–	884	(7,974)	40,704	24,603
Other costs after GOP	(106,942)	(28,581)	(346,183)	(126,760)	(59,296)	(26,164)
Pre-opening costs	–	–	–	(373,210)	–	–
Depreciation	(902,998)	(938,440)	(3,035,613)	(3,504,924)	(661,648)	(202,513)
Reversal of impairments	294,978	281,291	905,367	2,270,723	745,721	711,188
Contribution to operating profit	**(555,237)**	**(525,821)**	**(1,069,306)**	**(73,270)**	**221,561**	**840,908**

	2011	2010
Total for hotels in operation: Subtotal I	**(1,402,982)**	**241,817**
thereof effects from depreciation	*(2,654,193)*	*(1,382,675)*
thereof effects from foreign exchange differences	*44,106*	*875,448*
Total for hotels in operation subtotal II	**1,207,105**	**749,045**
Less expenses for hotels under construction/in design phase	(68,689)	(145,205)
Segment contribution to operating profit	**(1,471,672)**	**96,612**

	Luxury		Up-Market		Others	
in EUR	**2011**	2010	**2011**	2010	**2011**	2010
thereof in						
• Czech Republic	1,044,652	1,061,321	3,971,814	3,762,975	–	–
• Poland	2,467,623	2,198,130	4,153,486	3,354,743	461,160	606,375
• France	–	–	2,802,248	2,495,931	–	–
• Romania	–	–	505,512	468,019	–	–
• Germany	–	–	2,875,526	2,768,132	–	–
• Russia	–	–	834,158	261,915	533,672	417,091
	3,512,275	**3,259,451**	**15,142,744**	**13,111,715**	**994,832**	**1,023,465**
thereof GOP in						
• Czech Republic	(547,538)	(401,618)	936,918	938,913	–	–
• Poland	886,461	769,792	1,382,389	949,839	58,597	138,170
• France	–	–	282,726	262,720	–	–
• Romania	–	–	129,125	66,661	–	–
• Germany	–	–	590,915	640,628	–	–
• Russia	–	–	250,791	(105,532)	201,092	154,130
	338,922	**368,174**	**3,572,864**	**2,753,229**	**259,689**	**292,300**
thereof operating result in						
• Czech Republic	(810,784)	(698,530)	127,749	151,043	–	–
• Poland	255,547	172,710	(304,264)	70,853	(182,896)	4,821
• France	–	–	(418,386)	(448,908)	–	–
• Romania	–	–	(1,587)	(45,444)	–	–
• Germany	–	–	(292,106)	372,167	–	–
• Russia	–	–	(180,713)	(172,980)	404,457	836,087
	(555,237)	**(525,821)**	**(1,069,306)**	**(73,270)**	**221,561**	**840,908**

Segment cash flow Hotels & Resorts

for the period from 1 January to 31 March – unaudited

	Luxury		Up-Market		Others	
in EUR	**2011**	2010	**2011**	2010	**2011**	2010
Cash receipts	3,784,240	3,326,012	16,298,230	14,085,020	1,132,566	952,321
Interest received	3,193	4,129	1,609	10,785	–	–
Expenses for materials	(1,859,131)	(1,784,406)	(7,976,815)	(7,608,814)	(162,865)	(293,798)
Personnel expenses	(1,281,251)	(1,196,273)	(4,556,289)	(4,139,289)	(404,424)	(368,769)
Cash paid for other expenses	(61,507)	(154,252)	(2,494,682)	(888,637)	(22,873)	68,106
Income tax paid	–	–	–	(55,501)	1,036	–
	585,544	**195,211**	**1,272,053**	**1,403,564**	**543,440**	**357,861**
thereof in						
• Czech Republic	(343,452)	(303,115)	612,619	323,764	–	–
• Poland	928,997	498,326	43,858	1,159,535	181,688	234,377
• France	–	–	423,629	(53,260)	–	–
• Romania	–	–	(186,963)	(203,219)	–	–
• Germany	–	–	544,786	(1,147)	–	–
• Russia	–	–	(165,875)	177,892	361,752	123,484
• Others	–	–	–	–	–	–
	585,544	195,211	1,272,053	1,403,564	543,440	357,861

	2011	2010
Total for hotels in operation	**2,401,037**	**1,956,636**
Less expenses for hotels under construction/in design phase	(61,981)	(119,007)
Segment cash flow from operating activities	**2,339,056**	**1,837,629**

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

for the period from 1 January to 31 March – unaudited

	Asset Management		Development		Others	
in EUR	**2011**	2010	**2011**	2010	**2011**	2010
Revenues	738,494	713,823	408,988	1,679,734	293,598	563,070
Changes in real estate projects under development	–	–	–	(1,339,870)	–	–
Sale of properties	–	–	1,923,748	3,112,264	–	–
Other income	–	–	–	220,861	–	–
Expenses for materials	(160,947)	(190,216)	(120,962)	(112,706)	(236,209)	(451,054)
Project development expenses	–	–	(123,558)	(27,917)	–	–
Personnel expenses	–	(564)	(873,980)	(827,103)	–	–
Depreciation	(169,470)	(174,582)	(12,518)	(33,440)	(12,114)	(27,285)
Reversal of impairments	97,820	110,125	144,709	114,194	–	14,718
Other operating expenses	(57,049)	(37,958)	(609,397)	(462,243)	(13,653)	(30,913)
Segment operating result	**448,847**	**420,627**	**737,030**	**2,323,776**	**31,622**	**68,535**
thereof in						
• Czech Republic	–	–	(7,825)	(13,854)	–	–
• Poland	145,170	173,736	84,296	364,975	31,622	68,535
• Germany	51,285	36,036	(4,987)	(2,956)	–	–
• France	–	–	(13,054)	(40,583)	–	–
• Austria	–	–	661,932	1,972,990	–	–
• Hungary	252,392	210,855	–	(16,564)	–	–
• Others	–	–	16,668	59,769	–	–
	448,847	**420,627**	**737,030**	**2,323,776**	**31,622**	**68,535**

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

for the period from 1 January to 31 March – unaudited

	Asset Management		Development		Others	
in EUR	**2011**	2010	**2011**	2010	**2011**	2010
Cash receipts from rent	598,733	640,854	295,739	1,674,466	302,497	705,691
Cash receipts from development	–	–	377,680	92,080	–	–
Interest received	2,341	875	3,484	21,546	1	1
Cash paid for development	103	2,888	(227,809)	(92,558)	–	–
Expenses for materials	(81,611)	(208,617)	(135,857)	(104,940)	(237,757)	(599,848)
Personnel expenses	–	(468)	(896,598)	(834,474)	–	–
Cash paid for other expenses	(144,776)	(219,605)	(519,372)	(991,551)	(13,156)	(2,392)
Income tax paid	–	1,786	–	(29,573)	–	–
Segment cash flow from operating activities	**374,790**	**217,714**	**(1,102,732)**	**(265,005)**	**51,584**	**103,451**
thereof in						
• Czech Republic	–	–	(38,320)	(1,711)	–	–
• Poland	43,169	77,363	(100,005)	1,388,594	51,584	103,451
• Germany	52,868	36,036	(7,020)	(2,810)	–	–
• Austria	–	–	(872,646)	(1,516,960)	–	–
• France	–	–	(98,658)	(77,374)	–	–
• Hungary	278,650	101,427	–	(20,160)	–	–
• Others	103	2,888	13,917	(34,584)	–	–
	374,790	**217,714**	**(1,102,732)**	**(265,005)**	**51,584**	**103,451**

[05] Sale of shares

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

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

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

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

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

Cash flow

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

	Sobieski	Golf	Prozna	Total
Agreed payments from the sale of shares and properties	2,200,000	74,424	850,000	3,124,424
Net cash of the companies sold	(639,586)	(6,829)	–	(646,415)
Less open purchase price claims at 31/03/2011	(2,200,000)	–	–	(2,200,000)
	(639,586)	67,595	850,000	278,009

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

	At 1/1/2011	Additions	Disposals and transfers	± Fair value	At 31/3/2011
Roundabout Sp.z.o.o.	10,188	3,721	–	(1,446)	12,463
Palais Hansen Immobilienentwicklung GmbH	2,909,820	354,217	–	–	3,264,037
Prozna Properties Sp.z.o.o.	446,862	–	(446,862)	–	–
Europa Hawk S.a.r.l. (Sobieski Hotel and office building)	–	–	2,200,000	–	2,200,000
	3,366,870	357,938	1,753,138	(1,446)	5,476,499

[06] Personnel expenses, average payroll

The Company had an average of 1,577 employees in the first quarter of 2011 (1–3/2010: 1,603).

The average number of employees decreased by 2% over the prior period, while the average number of rooms rose by approximately 5%.

	1 January to 31 March	
in EUR	**2011**	2010
Wages and salaries	(5,443,712)	(5,121,788)
Social security costs	(1,199,996)	(1,147,895)
Other payroll-related taxes and contributions	(185,720)	(172,117)
Voluntary employee benefits	(17,986)	(17,581)
Expenses for posted employees	(260,621)	(281,351)
Changes in accrual for compensated absences	–	(16,837)
Payments for termination and post-employment benefits	(87,979)	(3,557)
	(7,196,013)	(6,761,126)

[07] Other expenses

	1 January to 31 March	
in EUR	**2011**	2010
Pre-opening costs	–	(373,210)
Legal fees	(367,225)	(151,269)
General administration	(348,793)	(176,447)
Advertisement and marketing	(91,896)	(144,046)
Non-recoverable VAT	(74,350)	(56,418)
Lease payments for andel’s Krakow and other rents	(595,990)	(605,336)
Supervisory Board director‘s fees	–	(25,000)
Property costs	(877,021)	(641,219)
Others	(128,033)	(220,916)
	(2,483,309)	(2,393,861)

[08] Financial result

in EUR	1 January to 31 March 2011	2010
Financial revenue		
Interest income from cash management	19,029	24,408
Interest on loans made to joint ventures	549,215	487,519
Interest on loans made to associated companies	–	19,426
Foreign currency gains on interest-bearing loans denominated in CHF	1,063,139	–
Fair value adjustment of derivative financial instruments	167,615	–
	1,798,998	531,353
Finance costs		
Interest on short-term borrowings, project loans and other loans	(4,519,285)	(4,623,234)
Interest on non-current liabilities	(56,728)	–
Interest on loans relating to joint ventures	(229,064)	(388,200)
Interest on loans from minority shareholders	(23,637)	(21,143)
	(4,828,713)	(5,032,577)
Fair value adjustment of derivative financial instruments	–	2,639
Interest from derivative financial instruments	–	(46,291)
Foreign currency losses on interest-bearing loans denominated in CHF	–	(852,399)
Other finance costs	(118,990)	(124,356)
	(4,947,704)	(6,052,984)

[09] Profit before tax

A reconciliation between tax expense and the Group's domestic tax rate (valid corporate income tax rate in Austria) of 25% for the reporting period (previous year: 25%) is as follows:

in EUR	1 January to 31 March 2011	2010
Profit before tax	**(3,402,878)**	**(2,612,081)**
Accounting profit before income tax *25% (prior year: 25%)	850,719	653,020
± Other foreign tax rates	(236,843)	(247,532)
± Tax-free profits from the participation exemption (§ 10 KStG)	501,094	–
± Permanent differences	26,307	(452,037)
± Impairment of deferred tax assets	(37,379)	(750,429)
± Income from first-time recognition of deferred tax assets	9,096	1,919,466
± Effects of changes in equity	(38,472)	(30,089)
± Effects of exchange rate fluctuations	(678,444)	863,488
	396,078	1,955,887

[10] Property, plant and equipment

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

in EUR	at 31/3/2011	31/3/2010
Net carrying amounts at 1 January	461,928,351	457,740,434
Additions	1,740,124	3,613,472
Reclassification of investment properties	495,000	26,835
Sobieski deconsolidation	(8,723,128)	–
Disposals	–	(268,821)
Depreciation	(4,568,826)	(4,667,243)
Reversal of impairments	2,071,493	3,392,114
Exchange adjustment	(194,076)	(1,003,068)
Net carrying amounts at 31 March	452,748,938	458,833,722
Thereof property under construction	*31,776,011*	*35,301,240*

"Investments" and the cash flow from "Purchase of property, plant and equipment" pertain primarily to the Airport City St. Petersburg project and payments in connection with the purchase price for the construction of the andel's hotel Lódź.

[11] Investment properties

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

in EUR	at 31/3/2011	31/3/2010
Net carrying amounts at 1 January	55,021,114	42,885,519
Additions	1,886,842	886,043
Transfers of property, plant and equipment	(495,000)	(26,835)
Sobieski deconsolidation	(3,021,854)	–
Depreciation	(169,470)	(174,582)
Reversal of impairments	97,820	110,125
Exchange adjustment	–	(753)
Net carrying amounts at 31 March	53,319,452	43,679,518
Result from "Investment properties":		
Rental income and charged expenses	754,560	713,823
Direct expenses	(160,947)	(190,216)
	593,613	523,606
Thereof property under construction	*44,933,254*	*34,586,781*

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

[12] Changes in financial liabilities – overview

	Current	Non-current	Total
At 1 January 2011	81,154,377	392,804,699	473,959,076
Sobieski deconsolidation	(346,124)	(9,186,958)	(9,533,083)
New borrowings	1,003,046	11,792,113	12,795,160
Repayment of loans	(6,778,237)	(958,611)	(7,736,849)
Deferred interest	910,968	1,234,050	2,145,018
Foreign exchange effects and other changes	1,000	(1,065,839)	(1,064,839)
At 31 March 2011	75,945,030	394,619,454	470,564,484
Compared to 31 March 2010	*44,109,300*	*449,317,236*	*493,426,536*

The following loans relate to the individual projects as follows:

	At 1/1/2011	New borrowings	Deferred interest	Repayment of loans	Changes in scope of consolidation	Other changes	At 31/3/2011
a) Project-related loans secured by mortgages							
Subsidiaries (full consolidation)							
for andel's hotel Łódź	50,000,000	–	712,500	–	–	–	50,712,500
for Diplomat Hotel	29,065,368	–	–	–	–	–	29,065,368
for angelo hotel Ekaterinburg	37,312,100	–	165,844	–	–	–	37,477,944
for angelo Airporthotel Bucharest	11,000,000	–	96,250	–	–	–	11,096,250
for Palace Hotel	13,524,500	–	138,626	–	–	–	13,663,126
for Chopin Hotel	10,694,351	–	–	–	–	1,646	10,695,998
for angelo hotel Prague	11,251,598	–	–	–	–	–	11,251,598
for Erszebet office building	11,638,441	–	–	(27,692)	–	–	11,610,749
for Amber Baltic Hotel	7,387,866	–	–	–	–	(284,608)	7,103,258
for Savoy Hotel	5,276,245	–	36,274	–	–	–	5,312,519
for Le Palais Hotel	6,465,657	–	69,896	–	–	1,000	6,536,553
for Warsaw gas pipeline	130,095	–	–	(14,353)	–	(1,581)	114,161
for Dvořák spa hotel	19,155,710	–	–	(100,000)	–	2,760	19,058,471
	212,901,931	–	1,219,391	(142,045)	–	(280,782)	213,698,495
Joint ventures (proportionate consolidation)							
for InterContinental 50%	28,797,847	–	–	(312,500)	–	–	28,485,347
for Dream Castle Hotel 50%	17,338,565	–	–	(186,462)	–	–	17,152,102
for andel's hotel Berlin 50%	33,725,000	–	463,719	–	–	–	34,188,719
for Magic Circus Hotel Paris 50%	9,656,875	–	–	(75,000)	–	–	9,581,875
for Leuchtenbergring project 49.5%	15,680,851	132	–	–	–	–	15,680,983
for Sobieski hotel and office building 25%	8,001,413	–	–	(64,725)	(7,936,689)	–	–
for Parkur Tower office building 50%	5,172,876	–	–	(56,487)	–	–	5,116,389
for angelo hotel Katowice 50%	10,157,823	–	21,359	–	–	–	10,179,181
for Airport City St. Petersburg 50% 1)	4,825,177	6,429,769	–	(4,825,177)	–	–	6,429,769
for the Louvre subgroup 50%	1,596,794	16,753	–	–	–	–	1,613,547
for angelo hotel Plzeň 50%	6,297,381	–	2,400	–	–	–	6,299,781
	354,152,532	6,446,654	1,706,868	(5,662,395)	(7,936,689)	(280,782)	348,426,188

b) Other loans and facilities							
Short-term borrowing facilities	49,721,571	402,421	–	(1,758,919)	–	–	48,365,073
Long-term borrowing facilities	20,976,915	–	291,460	(148,106)	–	(778,531)	20,341,738
Current loans	253,137	601,356	–	(167,428)	–	–	687,065
Non-current loans from joint ventures	35,690,602	5,319,738	138,629	–	(945,399)	–	40,203,571
Lease purchase options and loans	9,049,924	–	–	–	–	–	9,049,924
Non-interest-bearing loans	2,450,995	–	–	–	(650,995)	–	1,800,000
Non-current loans from minority interests	1,663,401	24,990	3,654	–	–	(1,119)	1,690,926
	119,806,545	6,348,506	433,743	(2,074,453)	(1,596,394)	(779,651)	122,138,296
Total financial liabilities	473,959,076	12,795,160	2,140,612	(7,736,849)	(9,533,083)	(1,060,432)	470,564,484

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

[13] Current receivables and liabilities

	31/3/2011	at 31/12/2010	31/3/2010
Trade and other receivables			
Trade receivables	3,825,216	5,098,273	4,244,104
Receivables from tax authorities	1,252,378	729,446	1,825,383
Extended purchase price receivables relating to the sale of subsidiaries	2,727,886	814,172	270,000
Advance payments made	313,463	224,322	821,470
Other receivables and assets	1,075,492	924,409	1,055,381
Receivables due from associated companies	3,515	3,890	130,997
Receivables due from joint ventures	204,576	232,854	215,324
Receivables due from related parties	–	750	719
Deferred expenses	899,129	827,247	1,418,364
	10,301,655	**8,855,363**	**9,981,742**
Trade and other payables – current			
Trade payables	7,833,895	7,846,234	10,321,826
Trade payables due to joint ventures	625,493	687,881	647,959
Trade payables due to related parties	1,659,828	1,571,463	1,058,585
Purchase price obligations	237,500	237,500	237,500
Other payables including accruals for compensated absences	3,051,613	3,446,598	3,785,901
Advance payments received	1,134,715	832,024	999,074
	14,543,044	**14,621,701**	**17,050,846**
Trade and other payables – non-current			
Purchase price obligation for andel's hotel Łódź *)	8,098,955	8,149,039	12,630,735
Purchase price adjustment for andel's hotel Berlin	774,564	774,564	638,387
Security deposits received	525,774	560,583	613,637
Other	13,418	13,418	21,862
	9,412,712	**9,497,604**	**13,904,621**

*) The open amount due from the completion of the andel's hotel Łódź was deferred by the general contractor until 30 June 2012; for this reason, this item is reported as a non-current payable as of the end of the first quarter of 2011.

[14] Derivative financial instruments

14a) Interest rate collars in connection with finance loans

As of 31 March 2011, there are derivative financial instruments (interest rate collars) relating to the Group's financial liabilities. The main terms and parameters of these collars are as follows:

	31/3/2011	31/3/2010
Project loan Chopin Hotel, Krakow		
Notional amount at 31 March (underlying: 3-month Euribor)	10,695,998	11,061,407
Fair value at 31 March	(345,140)	(625,567)
Project loan angelo hotel, Prague		
Notional amount at 31 March (underlying: 3-month Euribor)	11,251,598	11,853,742
Fair value at 31 March	44,108	40,602
Project loan Sobieski Hotel, Warsaw		
(adjusted for the Group's share)		
Notional amount at 31 March (underlying: 3-month Euribor)	sold	8,127,833
Fair value at 31 March	–	154

14b) 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 2.54	
Execution price	EUR 2.00	
Risk-free interest rate	1.1%	
Expected volatility	30.0%	
Option term	14/5/2012	
Earliest possible execution date	15/5/2010	
Expected dividend payment	None	
Value as of 31 March 2011 (reported under the derivative financial instruments)		(878,400)
The value at the time of conclusion was		(705,600)
Intrinsic value of the debts on 31 March 2011		(777,600)

[15] Transactions with related parties

The total amount of compensation due to the directors for the reporting period amounted to EUR 0.25 million (prior year: EUR 0.21 million). Vienna International AG assessed management fees totalling EUR 0.7 million (prior year: EUR 0.8 million).

[16] Events after the balance sheet date

On 20 April 2011, the Company decided to place a convertible bond with the approval of the Supervisory Board. The Management Board exercised the authorization granted to it by the Annual General Meeting of 31 May 2007 for this.

On 29 April 2011 and 24 May 2011, convertible bonds with a total nominal value of PLN 66.3 million (roughly EUR 16.8 million) and a denomination of PLN 250,000 (roughly EUR 63,500) was successfully placed with a term of three years and a coupon of 8.5% p.a., payable semi-anually (act/365).

The conversion price was set at PLN 12.79 (roughly EUR 3.25). This bond grants the right of exchange or subscription for up to 5,179,827 bearer shares in the Company.

[17] Other commitments, litigation and contingencies

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

Vienna, 27 May 2011

Franz Jurkowitsch
Chairman of the Management Board

Georg Folian
Deputy Chairman of the Management Board

Christian Fojtl
Member of the Management Board

Alexander Jurkowitsch
Member of the Management Board

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Financial calendar

27 May 2011	Publication of the results for the first quarter of 2011
30 Aug 2011	Publication of the results for the first half of 2011
29 Nov 2011	Publication of the results for the third quarter of 2011

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