



warimpex

KEY FIGURES OF THE WARIMPEX GROUP

EUR '000	1-6/2013	Change	1-6/2012
Revenues from the Hotels & Resorts segment	29,398	0%	29,338
Revenues from the Development & Asset Management segment	1,964	-50%	3,920
<i>Total revenues</i>	<i>31,361</i>	<i>-6%</i>	<i>33,259</i>
Gains from the sale of project companies	1,586	382%	329
EBITDA	6,304	32%	4,785
EBIT	4,480	55%	2,884
Result from joint ventures	-973	-	7,141
Loss/Profit for the period	-5,706	-	604
Net cash flows from operating activities	1,670	-70%	5,514
Equity and liabilities	416,265	0%	416,812
Equity	82,570	7%	77,331
Average shares in the period	54,000,000	-	54,000,000
Earnings/loss per share	in EUR -0.11	-	0.01
Number of hotels	21	0	21
Number of rooms (adjusted for proportionate share of ownership)	3,423	-44	3,467
Number of office and commercial properties	5	0	5
Average number of employees in the Group	1,094	-35	1,129
Segment information (including joint ventures on a proportionate basis):			
Revenues from the Hotels & Resorts segment	52,456	-2%	53,514
NOP of the Hotels & Resorts segment	14,885	2%	14,612
Revenues from the Development & Asset Management segment	4,192	-4%	4,345
EBITDA of the Development & Asset Management segment	-266	-	-1,644
	30/06/2013	Change	31/12/2012
Gross asset value (GAV)	in EUR millions 540.3	-3%	558.5
Triple net asset value (NNNAV)	in EUR millions 164.8	-5%	172.7
NNNAV per share	in EUR 3.1	-5%	3.2
End-of-period share price	1.20	24%	0.97

FOREWORD BY THE CHAIRMAN OF THE MANAGEMENT BOARD

Dear Shareholders,

There has been a great deal of positive activity since the beginning of the year in terms of project completions and openings (Le Palais Offices Warsaw, Hotel Palais Hansen Kempinski Vienna), capital measures (bonds and convertible bonds in Warsaw), new rentals (Gazprom subsidiary at the Airport City St. Petersburg office tower) and refinancing (Ekaterinburg loan refinancing). Shortly before the release of this report in August 2013, the project loan for Airport City in St. Petersburg in the amount of EUR 60 million was converted into a long-term real estate financing facility with a Russian bank. The new financing facility has a longer term than the original project loan and substantially lower annual instalments in the first years of operation. At the same time, we have taken advantage of the resurging transaction market to dispose of luxury-segment holdings in Prague.

Recent years have shown that especially the five-star hotel segment in the CEE countries has been hard hit in some cases and has been recovering considerably more slowly than properties in the four-star segment, for example. Of course, the individual markets are developing differently. Prague has an excess supply of five-star hotels, and we see little potential for a rapid, sustainable recovery here. Occupancy at our four-star establishments in Prague was between 60 and 70 per cent in the first half of the year, while the luxury category only had occupancy rates of between 30 and 40 per cent. In light of this, the sale of the five-star Palace Hotel in Prague at the beginning of the second half of the year was a strategically important move.

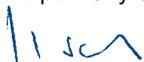
Our clear goal is to further improve our net operating profit margins and cash flows in future. We can achieve this by selling properties with poorer performance levels and by focusing on high-quality existing properties. In the first half of the year, this already resulted in a 2 per cent increase in the net operating profit in the Hotels & Resorts segment, despite a 2 per cent decrease in the number of rooms due to the sale of the stake in the Angelo Hotel in Munich at the beginning of the year. In the Asset Management sub-segment, rental revenue from office properties increased from EUR 1.0 million to EUR 2.8 million thanks to the rental of space at Airport City St. Petersburg.

In the consolidated result, revenue from fully consolidated hotels came in at EUR 29.4 million, roughly the same as in the first half of last year. This is especially encouraging given the fact that the revenue in the comparison period was boosted by the 2012 European football championships in Poland. The 6 per cent decline in overall revenue to EUR 31.4 million can be attributed to lower revenue from the provision of development services as a consequence of the completion of Le Palais Offices in Warsaw. EBITDA, one of our most important performance indicators because it is not distorted by industry-specific valuation methods, was up by a gratifying 32 per cent to EUR 6.3 million. EBIT even grew by 55 per cent to EUR 4.5 million.

As was already seen in the first quarter of this year, the result from joint ventures – stakes of less than 50 per cent that are not consolidated – slid into negative territory. A key reason for this was the one-off effects seen last year in connection with the sale of the InterContinental hotel in Warsaw. Overall, this resulted in a negative financial result of EUR 10 million. The good operating result was also not enough to offset this, so the result for the period came in at minus EUR 5.7 million.

We again had our portfolio appraised by the independent real estate expert CB Richard Ellis (CBRE) as of 30 June 2013. The NNNAV is now at EUR 3.1 per share, 5 per cent below the previous valuation as of 31 December 2012, but still double the current share price. The Chopin Hotel in Krakow had a positive effect on the valuation. Here, we were able to purchase the property that we had originally leased until 2051 from the city of Krakow in the first half of the year, substantially increasing the value of the project. This has also opened up a development opportunity on the Krakow office property market, which has a low level of development in general.

The third quarter is typically one of the strongest in the hotel industry, and I am confident that we will see further operational growth. But the level of success in the remainder of the financial year is highly dependent on further sales transactions. Corresponding negotiations are in progress. I am certain that the important steps we have taken over the past months – our focus on our existing properties with good utilization levels and promising development projects like the further expansion of Airport City St. Petersburg – have put us on the right path.



Franz Jurkowitsch

BUSINESS HIGHLIGHTS

- 1/2013 Warimpex sells shares in angelo hotel Munich and adjacent development plot
- 1/2013 Warimpex opens Le Palais office building in Warsaw
- 2/2013 Successful refinancing in Ekaterinburg in the amount of EUR 37 million
- 2/2013 Phase 1 of AIRPORTCITY St. Petersburg fully let out
- 3/2013 Palais Hansen, Kempinski hotel (150 rooms, 4,600 square metres of apartments) opens
- 3/2013 Bonds with a volume of PLN 63.1 million (around EUR 15.1 million) placed in Poland
- 3/2013 Convertible bonds with a volume of PLN 26.5 million (around EUR 6.4 million) placed in Poland
- 7/2013 Warimpex sells five-star Palace Hotel in Prague
- 8/2013 Warimpex sets up successful refinancing for AIRPORTCITY St. Petersburg

INVESTOR RELATIONS

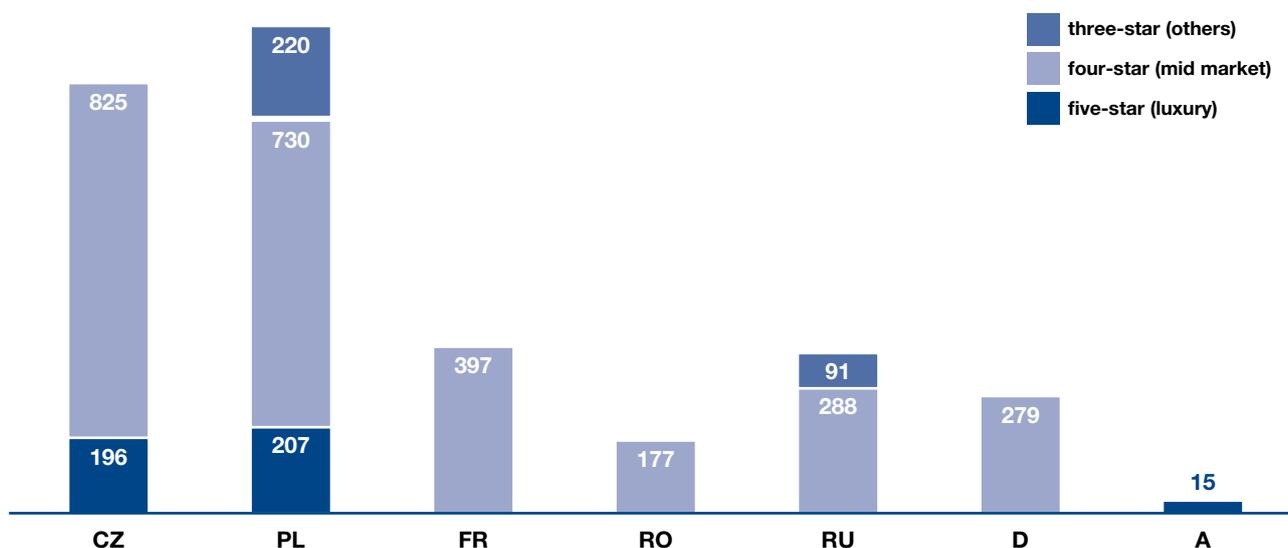
After closing 2012 at EUR 0.97 and PLN 3.90, the share price rose considerably in the first half of 2013. The closing price as of 30 June 2013 was EUR 1.20 and PLN 5.47.

The financial ratio was 57 per cent as of 30 June 2013.

Since our IPO, we have maintained an open and proactive communication policy with our investors. Warimpex participated in investor conferences in Zürich and Warsaw in 2013.

In the first half of 2013, Warimpex placed a bond and a convertible bond on the Polish capital market. The issue proceeds of roughly EUR 21.8 million are earmarked for the refinancing of existing obligations and for bolstering the Company's financing structure, and will also provide the necessary flexibility to seize investment opportunities under the current market conditions and to finance future development projects. The focus in this will be on the second construction phase of Airport City in St. Petersburg.

Hotel portfolio (number of rooms adjusted for proportionate share of ownership) as of 30 June 2013



GROUP MANAGEMENT REPORT

for the period from 1 January to 30 June 2013

ECONOMIC ENVIRONMENT

In July 2013 (World Economic Outlook), the International Monetary Fund (IMF) lowered its economic forecast for 2013 slightly compared with April 2013. The Eurozone economy is expected to contract by 0.6 per cent in 2013 (forecast from April 2013: contraction of 0.4 per cent), and then to expand slightly in 2014 at a rate of 0.9 per cent (1.0 per cent). The CEE economy is now expected to expand by 2.2 per cent in 2013 (2.2 per cent). The IMF growth projection for Central and Eastern Europe for 2014 is unchanged at 2.8 per cent.

MARKETS

POLAND

Existing portfolio: 6 hotels, 1 office property

Warimpex has been 50 per cent leaseholder of the five-star InterContinental in Warsaw since December 2012. Warimpex and UBM developed the hotel together, and each most recently held 50 per cent of the hotel with its 414 rooms. Warimpex and UBM sold the hotel to WestInvestInterSelect, a retail real estate fund of Germany's DekaBank group, at the end of December 2012. A lease was concluded between the purchaser and a subsidiary of Warimpex and UBM, under which it will lease the hotel back at a fixed rate and continue to run the establishment under the brand InterContinental until 2027. In Krakow, Warimpex has owned the three-star Chopin Hotel since 2006 and has operated the four-star-plus andel's hotel since 2007 (as owner until 2009, and as leaseholder since then). In Łódź, Warimpex opened a further andel's hotel in June 2009; in March 2010, the first andel's 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 InterContinental hotel remained unchanged at 76 per cent, while the average room rate in euros fell by around 25 per cent back to the level seen in 2011 due to the fact that the European football championships were held in 2012. The andel's hotel in Łódź reported an unchanged occupancy rate of 57 per cent, and the average room rate in euros fell slightly. The occupancy rate at the Chopin Hotel increased from 56 per cent to 60 per cent after the completion of the renovation work, and the average room rate in euros rose by around 10 per cent. We were able to purchase the property for the Chopin Hotel Krakow, which we had originally leased until 2051, from the city of Krakow in the first half of the year. Occupancy at the andel's hotel in Krakow improved from 69 to 72 per cent, but the average room rate decreased marginally. The occupancy rate at the Amber Baltic beachfront resort came in at 38 per cent (1–6 2012: 36 per cent), and the average room rate fell slightly. Due to its location on the Baltic coast, occupancy rates at this hotel are subject to stronger seasonal fluctuations, and cannot be compared with those of city hotels.

In addition to the hotels listed above, Warimpex owns 50 per cent of the Parkur Tower office building in Warsaw, roughly 90 per cent of which is rented out.

Under development: 2 office buildings

At the end of 2010, Warimpex sold a project company in Warsaw that converted one of the few historic buildings in the city into a modern office building (the Prozna project). Warimpex has undertaken to complete the project as a developer. In December 2012, Warimpex was involved in the signing of preliminary agreements for the sale of the buyback option for the property to the IVG Warsaw fund. The Le Palais office building in Warsaw was successfully completed and opened in the reporting period. The deal is expected to close in the autumn of 2013. The sales contract is still pending subject to the fulfilment of the standard closing prerequisites for such real estate transactions in Poland.

The property purchase noted above has made Warimpex the owner of a development property next to the Chopin Hotel in Krakow, a prime location in the city, which is to be the location of an office building.

An office building that is owned by Warimpex in Krakow is also to be modernized. The building permit was issued in July 2010. Warimpex owns a development property in Białystok. The sale of this development project is planned when the market conditions are right.

CZECH REPUBLIC

Existing portfolio: 7 hotels

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

The five-star Palace Hotel in Prague with 114 rooms and 10 suites was sold to a Czech investor shortly after the reporting date and will be deconsolidated in the third quarter.

In the reporting period, the two four-star hotels in Prague achieved occupancy rates of 69 and 60 per cent (1–6 2012: 69 and 63 per cent), respectively; the average room rates decreased very slightly at both establishments. Occupancy at the Golden Tulip Savoy hotel came to 58 per cent (1–6 2012: 48 per cent), and the average room rate rose slightly. In the five-star segment, occupancy rates ranged between 37 and 31 per cent (1–6 2012: 37 and 27 per cent), while the average room rates in euros remained stable. At the Dvořák spa hotel in Karlovy Vary, the occupancy rate was 78 per cent (1–6 2012: 79 per cent). The average room rate improved slightly. Occupancy at the angelo hotel in Plzeň improved from 48 to 56 per cent, while the average room rate fell somewhat.

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, 100 per cent of which is occupied. Sajka office building with its approximately 600 square metres of lettable space is partially rented out. 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.

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 44 per cent (1–6 2012: 48 per cent). The average room rate in euros was up slightly.

GERMANY

Existing portfolio: 1 hotel

Warimpex held 50 per cent of the andel's hotel in Berlin during the reporting period. In January 2013, Warimpex sold its stake in the angelo hotel in Munich and an adjacent piece of property to its joint venture partner.

Occupancy at the andel's hotel in Berlin was 67 per cent (1–6 2012: 67 per cent). The average room rate was raised by roughly 8 per cent.

Under development: 1 conference centre

A piece of land adjacent to the andel's hotel in Berlin was purchased in 2009 for the development of a conference centre and commercial and residential space. Planning for this project is under way.

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 came to 71 and 65 per cent (1–6 2012: 69 and 64 per cent). The average room rates fell slightly at both hotels.

AUSTRIA

Existing portfolio: 1 hotel including apartments

In Vienna, Warimpex is a partner in the project company behind Palais Hansen, a high-end hotel and residential property on the city's Ring boulevard, together with Wiener Städtische Versicherung/Vienna Insurance Group and Strauss & Partner. The Palais Hansen Kempinski hotel Vienna, Warimpex's first project in Austria, was opened in March 2013. A large share of the apartments has been sold.

RUSSIA

Existing portfolio: 3 hotels, 1 office building

In Russia, Warimpex holds 60 per cent of the Liner Hotel and of the angelo hotel at Koltsovo airport in Ekaterinburg. The angelo hotel Ekaterinburg, which has a direct link to the new terminals, was opened in the third quarter of 2009. In St. Petersburg, Warimpex holds 55 per cent of Airport City St. Petersburg. In the first phase of the project, a four-star Crowne Plaza hotel (InterContinental Hotel Group) and an office building with 17,000 square metres of lettable space were opened at the end of December 2011. Airport City St. Petersburg was and is being developed by ZAO AVIELEN A.G. in a joint venture with CA Immo and UBM and is directly next to Pulkovo 2 international airport. It is the first premium-class business centre in the region and is a key infrastructure project in the growing economic centre of St. Petersburg.

While the Liner Hotel continued to enjoy very satisfactory occupancy in the reporting period, occupancy at the more expensive angelo fell from 53 per cent to 49 per cent, though the average room rate in euros was up by more than 15 per cent. The newly opened Crowne Plaza at Airport City St. Petersburg has already established itself on the market and achieved 76 per cent occupancy (1–6 2012: 47 per cent). An occupancy rate of 100 per cent was achieved for the two completed office buildings in St. Petersburg (Jupiter 1 and 2).

Under development: 1 office building

The shell of a second office building that will have 15,000 square metres of lettable space has also been completed at Airport City. It is planned to finish this office tower in 2014.

ASSETS, FINANCIAL POSITION AND EARNINGS SITUATION

Development of revenues

Consolidated sales revenues fell by 6 per cent to EUR 31.4 million. Sales revenues from hotel operations increased slightly from EUR 29.3 million in the first six months of 2012 to EUR 29.4 million. Revenues from the rental of offices and the provision of development services fell from EUR 3.9 million to EUR 2.0 million, due to the completion of the Le Palais office building in Warsaw.

Segment reporting

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

The Warimpex Group has defined the segments Hotels & Resorts and Development & Asset Management. The joint ventures that are recognized using the equity method in the consolidated financial statements are included in the segment report using the proportionate consolidation method. The Hotels & Resorts segment is comparable with the hotels and/or hotel rooms held by the Group as consolidated entities in the reporting year (with the joint ventures recognized on a proportionate basis). The Development & Asset Management segment contains profits resulting from the letting of investment property and profits from the sale of real estate.

Hotels & Resorts segment*

EUR '000	1-6/2013	1-6/2012
Revenues for the Group	52,456	53,514
Average number of hotel rooms for the Group	3,548	3,621
Group NOP	14,885	14,612

* Including all joint ventures on a proportionate basis

Revenues from the hotels and the number of available rooms both fell by 2 per cent in the reporting period due to the sale of the 50 per cent stake in the angelo hotel in Munich. The net operating profit (NOP, which corresponds to the gross operating profit [GOP] calculated according to the Uniform System of Accounts for the Lodging Industry less costs after GOP) improved by 2 per cent to EUR 14.9 million despite the sale of the hotel in Munich.

Development & Asset Management segment*

EUR '000	1-6/2013	1-6/2012
Revenues for the Group	4,192	4,345
Gains from the sale of project companies	1,635	329
Segment EBITDA	-266	-1,644

* Including all joint ventures on a proportionate basis

Revenues from the Development & Asset Management segment fell by 4 per cent from EUR 4.3 million to EUR 4.2 million. This decrease can primarily be attributed to lower development revenue (2013: EUR 0.9 million; 2012: EUR 3.0 million) resulting from the completion of the Prozna office building, which was partially offset by higher rental revenue (2013: EUR 2.8 million; 2012: EUR 1.0 million) – especially from Airport City St. Petersburg.

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

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.

A stake in the angelo hotel in Munich and an adjacent development property were sold during the reporting period. This transaction generated a profit contribution of EUR 1.6 million. The purchase price adjustment for the sale of the joint venture share in Louvre Hotels took place in the comparison period of 2012, and earnings of EUR 0.3 million were posted.

EBITDA – EBIT

Compared with the first quarter of 2012, earnings before interest, tax, depreciation and amortization (EBITDA) rose from EUR 4.8 million to EUR 6.3 million, and the operating result (EBIT) improved from EUR 2.9 million to EUR 4.5 million. This increase can be attributed to higher profit contributions from property sales.

Financial result

The financial result fell from minus EUR 2.0 million to minus EUR 10.2 million due to the negative result from joint ventures, which was caused by a lack of write-ups on loans. The financial result was also impacted by foreign currency losses.

Profit for the period

The profit for the first half of the year came in at minus EUR 5.7 million (1–6 2012: EUR 0.6 million).

Cash flow

The cash flow from operations fell from EUR 5.5 million to EUR 1.7 million.

REAL ESTATE ASSETS

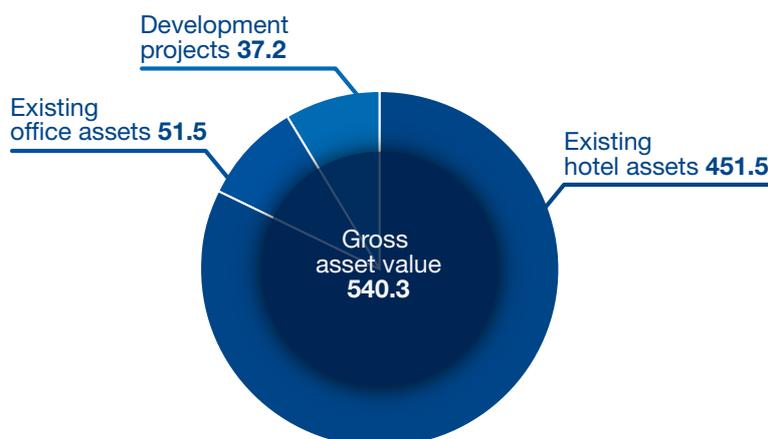
On 30 June 2013, the real estate portfolio of the Warimpex Group comprised twenty-one hotels with a total of 4,900 rooms (3,423 rooms when adjusted for the proportionate share of ownership), plus five office properties with a total lettable floor area of some 43,000 square metres (30,000 square metres when adjusted for the proportionate share of ownership).

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

All hotels were valued by the independent appraiser CB Richard Ellis (CBRE) as of 30 June 2013, with the exception of the Palace and Le Palais in Prague due to the plans to sell them.

The fair values are determined in accordance with the valuation standards of the Royal Institute of Chartered Surveyors. The fair value of a property is the price at which it could be exchanged in a current transaction between two knowledgeable, unrelated and willing parties.

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



The fair values of Warimpex's real estate assets as of the reporting date 30 June 2013 totalled EUR 540.3 million (31 December 2012: EUR 558.5 million).

The triple net asset value (NNNAV) for the Warimpex Group decreased by 5 per cent from EUR 172.7 million as of 31 December 2012 to EUR 164.8 million as of 30 June 2013.

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

in EUR m	6/2013		12/2012	
Equity before non-controlling interests		83.1		89.7
Goodwill		-0.9		-0.9
Deferred tax assets	-0.5		-0.5	
Deferred tax liabilities	12.0	11.5	12.1	11.6
Book value of existing hotel assets	265.2		266.6	
Fair value of existing hotel assets	308.8	43.6	308.1	41.5
Book value of existing office property assets (investment properties)	15.2		15.3	
Fair value of existing office property assets (investment properties)	16.1	0.8	16.1	0.8
Book value of development projects	9.1		9.2	
Fair value of development projects	9.1	-	9.2	-
Book value of joint ventures	84.1		84.9	
Fair value of joint ventures	110.8	26.7	114.9	30.0
Triple net asset value	164.8		172.7	
Number of shares		54.0		54.0
NNNAV per share in EUR		3.1		3.2

MATERIAL RISKS AND OTHER DISCLOSURES

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

(a) General

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

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

(b) Operating risks

In the Hotels & Resorts segment, Warimpex is exposed to the general risks inherent to the tourism industry such as economic fluctuations, political risks and increasing fear of terrorist attacks. There is the risk that competitors may enter the Group's target markets, thereby increasing the number of beds available.

In addition, there are interest rate risks and financing risks which might have an impact on the Company's ability to finance or sell properties.

More details on risk management targets and methods in connection with financial instruments as well as information on existing interest rate, currency, default and liquidity risks and derivative instruments used by the Group are provided in Notes [25] and [26] to the consolidated annual financial statements.

The Development & Asset Management segment is exposed to finance and currency risks, interest rate risks, market entry risks and the risk of delays in the completion of construction work on real estate projects. In addition, there are risks of rent default which may impact both on the current cash flow and on real estate valuation.

The Group invests in real estate in a limited number of countries, and is therefore exposed to increased risk that local conditions such as an excess supply of properties can affect the development of business. Owing to its focus on real estate development and real estate holdings, the Group's performance is heavily dependent on the current situation in the real estate markets. Price slides in the real estate market could therefore affect the Group significantly and also influence real estate financing.

Real estate maintenance is a key aspect in the sustainable economic development of the Warimpex Group. Property and facility managers therefore submit status reports to the Management Board at regular intervals together with projections for the optimum maintenance of the properties.

(c) Foreign exchange and financing risks

Aside from derivative forms of financing, the most significant financial instruments used by the Group are current account and bank loans, and cash, cash equivalents and short-term deposits. The main purpose of these financial instruments is to raise funds for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables which arise directly from its operations.

The Group has undertaken to comply with certain financial covenants in connection with the loans. This is associated with the risk that a loan can be called due if the Group fails to meet the conditions of the associated covenant. The Group continuously monitors the covenants and remains in close contact with its lenders. Therefore, there is no reason to expect that the loans will be called due before the end of their term as a result of covenant breaches.

The Group also enters into derivatives transactions which are intended to reduce the Group's exposure to interest rate risk. The Group's risk management policies provide for a risk-oriented relationship between fixed-rate and variable-rate financial liabilities. The risk of fluctuations in market interest rates (usually the EURIBOR) to which the Group is exposed results primarily from its variable-rate long-term financial liabilities. Warimpex uses derivative financial instruments to manage this risk.

The financial market crisis, and especially the failure of key investment banks and the government acquisition of shares in a large number of other banks that began in the middle of September 2008, has caused a large degree of uncertainty in the world economy and the real estate market. Since 2011/2012, the growing debt of some EU countries has led to a euro crisis that is having an impact on the economic recovery in all of Europe. These events also caused significant uncertainty with regards to what market participants will do. If these events repeat themselves or continue, prices and value developments can be subject to higher volatility. The risk of insufficient liquidity also means that it may be difficult to successfully sell properties on the market depending on the prevailing conditions.

Many experts believe that the real estate transaction market is out of the woods, and the paralysis that had the markets firmly in its grip at the end of 2008 and beginning of 2009 has abated. This is definitely a positive sign. It has again become possible and probable that assets can be sold at acceptable prices. A number of sales transactions are still being prepared. The InterContinental hotel in Warsaw was successfully sold in 2012.

The current financial liabilities (loans) have been reduced from EUR 80.8 million to EUR 63.4 million since 31 December 2012. Nevertheless, it will be necessary to extend or refinance operating credit lines or to convert them into long-term financing in the next twelve months. The issue of a further bond or further convertible bond is an option for financing in this context. Projects can also be sold to obtain liquidity.

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

EVENTS AFTER THE BALANCE SHEET DATE

The Palace Hotel was sold to a private Czech investor after the reporting date. This resulted in a net cash inflow in the amount of roughly EUR 5.3 million.

OUTLOOK

The following property – beside Palace Hotel – is classified as held for short-term sale. It is planned to sell it by the end of 2013:

- Hotel Le Palais, Prague: The sale is planned and is currently under preparation.

The following development projects are currently under construction:

- Airport City, St. Petersburg, business park and an additional 15,000 square metres of office space
- Erzsebet office tower II, Budapest, 8,000 square metres of office space

Under the current market conditions, in particular given the poor access to project financing, we intend to continue our focus on strengthening the Company's foundation and increasing cash flows from hotel operations, as well as on optimizing our refinancing structure by strategically selling equity holdings and refinancing existing liabilities.

Vienna, 30 August 2013



Franz Jurkowitsch

Chairman of the Management Board



Georg Folian

Deputy Chairman of the Management Board



Alexander Jurkowitsch

Member of the Management Board

CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF 30 JUNE 2013

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from 1 January to 30 June 2013 – unaudited

in EUR	Note	1–6/13	4–6/13	1–6/12	4–6/12
Revenues					
Revenues – Hotels & Resorts segment		29,397,288	17,509,062	29,338,451	17,100,441
Revenues – Development & Asset Management segment		1,964,035	762,544	3,920,057	2,307,721
		31,361,323	18,271,606	33,258,508	19,408,162
Income from the sale of properties					
Gains from the sale of real estate		1,667,700	27,700	329,158	10,420
Carrying amounts, loans and borrowings assumed by the purchaser		(81,812)	–	–	–
	[05]	1,585,888	27,700	329,158	10,420
Other income and expenses					
Changes in real estate projects under development or construction		1,108,291	48,468	–	–
Other income		254,890	87,945	–	–
		1,363,181	136,413	–	–
Expenses for materials and services rendered		(13,018,981)	(7,142,245)	(13,181,518)	(6,795,131)
Expenses for project development		(1,454,077)	(265,473)	(2,656,554)	(1,843,893)
Personnel expenses	[06]	(10,024,982)	(5,340,626)	(9,490,345)	(5,018,231)
Depreciation and amortization expense		(5,350,087)	(2,629,046)	(5,277,527)	(2,364,855)
Impairments	[07]	(1,467,316)	(1,496,088)	(1,291,548)	(1,012,542)
Reversal of impairments	[07]	4,993,643	4,354,947	4,667,214	3,920,047
Other expenses	[08]	(3,508,531)	(1,502,278)	(3,473,787)	(1,907,654)
		(29,830,331)	(14,020,809)	(30,704,065)	(15,022,259)
Operating profit		4,480,061	4,414,909	2,883,601	4,396,323
Financial revenue	[09]	1,888,451	945,157	433,243	35,832
Finance costs	[09]	(11,099,554)	(6,799,886)	(9,552,876)	(4,282,158)
Result from joint ventures	[13]	(973,244)	(93,270)	7,141,397	574,530
Profit or Loss before tax		(5,704,286)	(1,533,090)	905,366	724,527
Current income taxes	[10]	(74,165)	154,628	(38,741)	146,242
Deferred taxes	[10]	72,036	118,592	(262,402)	(525,140)
Profit or Loss for the period		(5,706,415)	(1,259,871)	604,222	345,629
Foreign currency translation		(752,869)	(510,550)	337,532	439,600
Other result from joint ventures		–	(316,963)	(142,273)	132,387
Net gains/losses from hedging		77,298	–	(48,800)	(28,219)
(Deferred) taxes recognized in equity		(19,021)	(5,843)	(1,232)	(5,116)
Other comprehensive income (to be recognized in profit or loss in future periods)		(694,592)	(833,356)	145,227	538,652
Total comprehensive income for the period		(6,401,007)	(2,093,227)	749,449	884,281
Profit or Loss for the period attributable to:					
- Equity holders of the parent		(6,017,626)	(1,545,080)	281,487	(220,809)
- Non-controlling interests		311,211	285,209	322,735	566,437
		(5,706,415)	(1,259,871)	604,222	345,629
Total comprehensive income for the period attributable to:					
- Equity holders of the parent		(6,566,720)	(2,193,008)	298,843	156,749
- Non-controlling interests		165,713	99,781	450,606	727,531
		(6,401,007)	(2,093,227)	749,449	884,281
Earnings per share:					
Undiluted, for the profit for the period attributable to ordinary equity holders of the parent		(0.11)	(0.03)	0.01	(0.00)
Diluted, for the profit for the period attributable to ordinary equity holders of the parent		(0.11)	(0.03)	0.01	(0.00)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as of 30 June 2013 – unaudited

in EUR	Note	30/6/2013 unaudited	31/12/2013 audited	30/6/2012 unaudited
ASSETS				
Non-current assets				
Property, plant and equipment	[11]	248,497,843	256,568,642	275,434,198
Investment properties	[12]	15,182,700	15,198,222	15,187,824
Goodwill		921,266	921,266	921,266
Other intangible assets		129,222	123,556	177,752
Joint ventures	[13]	84,063,315	84,936,203	83,838,779
Other financial assets		13,715,194	11,077,694	10,854,301
Deferred tax assets		516,359	548,765	341,946
		<u>363,025,899</u>	<u>369,374,348</u>	<u>386,756,068</u>
Current assets				
Inventories		3,537,419	1,958,116	985,014
Trade and other receivables	[15]	5,944,679	5,835,074	4,775,657
Financial instruments available for sale		9,115,621	7,279,433	3,988,802
Other financial assets	[16]	249	2	–
Cash and short-term deposits		7,110,013	7,144,968	4,876,138
		<u>25,707,981</u>	<u>22,217,593</u>	<u>14,625,610</u>
Assets of a disposal group classified as held for sale	[19]	27,530,892	24,838,793	15,430,777
TOTAL ASSETS		<u>416,264,772</u>	<u>416,430,734</u>	<u>416,812,455</u>
EQUITY AND LIABILITIES				
<i>Equity attributable to equity holders of the parent</i>				
Issued capital		54,000,000	54,000,000	54,000,000
Capital reserves		17,050,636	17,131,207	71,387,604
Retained earnings		9,028,653	15,046,280	(46,515,827)
Treasury shares		(301,387)	(301,387)	(301,387)
Other reserves		3,290,805	3,839,897	1,110,401
		<u>83,068,708</u>	<u>89,715,998</u>	<u>79,680,792</u>
<i>Non-controlling interests</i>		<i>(498,264)</i>	<i>(663,977)</i>	<i>(2,349,542)</i>
Total equity		<u>82,570,444</u>	<u>89,052,021</u>	<u>77,331,249</u>
Non-current liabilities				
Convertible bonds and bonds	[14]	19,318,067	15,396,167	14,732,943
Loans and borrowings	[14]	181,665,187	172,506,498	219,635,642
Provisions		4,492,548	4,431,127	4,139,499
Other payables	[15]	4,764,865	773,731	604,926
Derivative financial instruments	[15]	1,137,762	–	–
Deferred tax liabilities		12,024,426	12,109,847	12,640,312
		<u>223,402,855</u>	<u>205,217,371</u>	<u>251,753,322</u>
Current liabilities				
Convertible bonds	[14]	6,039,494	–	–
Trade and other payables	[15]	23,260,390	25,145,363	18,106,993
Loans and borrowings	[14]	57,448,266	80,771,904	66,376,306
Derivative financial instruments	[16]	1,678,087	1,280,393	1,855,585
Income tax payable		99,848	143,457	71,898
Provisions		1,257,429	1,171,465	1,317,101
		<u>89,783,513</u>	<u>108,512,582</u>	<u>87,727,883</u>
Liabilities directly associated with the assets classified as held for sale	[19]	20,507,961	13,648,761	–
		<u>110,291,474</u>	<u>122,161,343</u>	<u>87,727,883</u>
TOTAL EQUITY AND LIABILITIES		<u>416,264,773</u>	<u>416,430,734</u>	<u>416,812,455</u>

CONSOLIDATED STATEMENT OF CASH FLOWS

for the period from 1 January to 30 June 2013 – unaudited

in EUR	Note	1–6/13	4–6/13	1–6/12	4–6/12
Cash receipts from operating activities					
From the operation of hotels and rent received		30,707,613	17,366,446	29,974,344	16,932,161
From real estate development projects		544,360	412,590	2,619,460	1,764,610
Interest received		13,957	6,485	55,006	32,906
		<u>31,265,930</u>	<u>17,785,521</u>	<u>32,648,809</u>	<u>18,729,677</u>
Cash payments for operating activities					
For real estate development projects		(2,647,390)	(649,764)	(2,169,668)	(1,266,661)
For materials and services received		(12,946,199)	(7,346,833)	(12,064,215)	(6,043,273)
For personnel and related expenses		(9,485,293)	(4,973,658)	(9,370,031)	(4,990,151)
For other expenses		(4,402,253)	(1,490,349)	(3,434,988)	(1,957,173)
Income tax paid		(114,956)	(110,222)	(95,701)	(43,765)
		<u>(29,596,090)</u>	<u>(14,570,826)</u>	<u>(27,134,603)</u>	<u>(14,301,022)</u>
Net cash flows from operating activities		1,669,840	3,214,695	5,514,207	4,428,656
Net cash flows from investing activities					
Payments for purchase of property, plant and equipment		(3,239,696)	(1,124,738)	(1,384,659)	(172,979)
Payments for purchase of investment properties		(46,225)	40,601	(29,752)	190,894
Acquisition of software		(40,355)	(36,352)	(1,524)	(907)
Payments for available-for-sale financial assets		(1,836,189)	(1,736,189)	–	–
Proceeds from/payments for other financial assets		(700,000)	(700,000)	(750,069)	(749,590)
Proceeds from/payments for joint ventures	[13]	1,396,224	202,500	(17,943)	183,486
		<u>(4,466,240)</u>	<u>(3,354,177)</u>	<u>(2,183,947)</u>	<u>(549,096)</u>
Cash flows from the sale of business entities					
Proceeds from the sale of disposal groups and properties		5,784,200	27,700	–	–
Purchase price payments for business entities sold/purchased in prior periods	[05]	–	–	1,017,927	10,560
		<u>5,784,200</u>	<u>27,700</u>	<u>1,017,927</u>	<u>10,560</u>
Net cash flows from investing activities		1,317,960	(3,326,477)	(1,166,020)	(538,536)
Cash flows from financing activities					
Proceeds from loans and borrowings	[14]	39,444,440	2,660,028	1,327,905	993,933
Payments received from and made to non-controlling interests		–	–	–	(543)
Repayment of loans and borrowings	[14]	(46,263,243)	(2,326,699)	(2,593,363)	(1,847,922)
Cash received from the issue of convertible bonds		19,705,368	5,067,268	–	–
Cash received from derivative financial instruments		1,137,762	1,137,762	–	–
Payments for the early redemption of (convertible) bonds		(9,426,243)	(3,160,556)	–	–
Interest and other finance costs paid		(7,535,314)	(3,698,285)	(5,523,115)	(3,945,330)
Net cash flows from/used in financing activities		(2,937,230)	(320,483)	(6,788,573)	(4,799,862)
Net change in cash and cash equivalents		50,570	(432,265)	(2,440,386)	(909,742)
Net foreign exchange difference		(178,648)	(80,927)	300,566	(198,809)
Cash and cash equivalents at the beginning of the period		7,369,080	7,754,195	7,015,958	5,984,689
Cash and cash equivalents at the end of the period		7,241,003	7,241,003	4,876,138	4,876,138
Cash and cash equivalents at the end of the period break down as follows:					
Cash and cash equivalents of the Group		7,110,013	7,110,013	4,876,138	4,876,138
Cash and cash equivalents of a disposal group classified as held for sale		130,989	130,989	–	–
		<u>7,241,003</u>	<u>7,241,003</u>	<u>4,876,138</u>	<u>4,876,138</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period from 1 January to 30 June 2013 – unaudited

in EUR	Issued capital	Capital reserves	Retained earnings	Treasury shares	Other reserves	Total	Non- controlling interests	Total equity
As of 1 January 2013	54,000,000	17,131,207	15,046,280	(301,387)	3,839,897	89,715,998	(663,977)	89,052,021
Early buyback of convertible bond	-	(80,571)	-	-	-	(80,571)	-	(80,571)
Profit for the period	-	-	(6,017,626)	-	-	(6,017,626)	311,211	(5,706,415)
Other comprehensive income	-	-	-	-	(549,093)	(549,093)	(145,498)	(694,591)
Total comprehensive income for the period	-	-	(6,017,626)	-	(549,093)	(6,566,719)	165,713	(6,401,007)
As of 30 June 2013	54,000,000	17,050,636	9,028,653	(301,387)	3,290,805	83,068,708	(498,264)	82,570,444

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period from 1 January to 30 June 2012 – unaudited

in EUR	Issued capital	Capital reserves	Retained earnings	Treasury shares	Other reserves	Total	Non- controlling interests	Total equity
As of 1 January 2012	54,000,000	71,387,604	(46,797,314)	(301,387)	1,093,045	79,381,948	(2,800,148)	76,581,800
Profit for the period	-	-	281,487	-	-	281,487	322,735	604,222
Other comprehensive income	-	-	-	-	17,356	17,356	127,871	145,227
Total comprehensive income for the period	-	-	281,487	-	17,356	298,843	450,606	749,449
As of 30 June 2012	54,000,000	71,387,604	(46,515,827)	(301,387)	1,110,401	79,680,792	(2,349,542)	77,331,249

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 consolidated financial statements as of 30 June 2013 were released for publication by the Company's management on 29 August 2013. The main activities of the Company are described in Note [04] Segment information.

[02] Basis for preparation

The interim consolidated financial statements for the period ended 30 June 2013 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 2012.

The interim consolidated financial statements as of 30 June 2013 were not audited and were not reviewed by an independent financial auditor.

The accounting and valuation methods applied in preparing the interim consolidated financial statements as of 30 June 2013 have remained unchanged from the consolidated financial statements as of 31 December 2012.

With respect to the changes effective under IFRS as of 1 January 2013 and their effects, please refer to the details stated in the consolidated annual financial statements as of 31 December 2012.

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 (valuation of property, plant and equipment, plant under construction, investment properties and deferred tax assets), 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] Segment information for the period from 1 January to 30 June 2013 – unaudited

The Warimpex Group's operations are divided into two business segments: Hotels & Resorts and Development & Asset Management. The business activity and operating region of each subsidiary are taken into account when determining the segment for internal management reporting purposes.

Transactions between business segments contain the recharging of intragroup services as well as project development services. The services are charged at cost plus a profit margin. The following tables present revenue and profit and certain asset and liability information regarding the Group's business segments for the first half of the year (period from 1 January 2013 to 30 June 2013).

[4.1] Segment information for the first half of 2013 versus 2012

SEGMENT OVERVIEW in EUR '000	Hotels & Resorts		Development & Asset Management	
	2013	2012	2013	2012
PROFIT/LOSS FOR THE PERIOD				
External sales	52,545	53,605	4,192	4,345
Inter-segment sales	(584)	(663)	584	663
Income from the sale of properties	–	–	1,635	329
Expenses for materials and services rendered	(23,450)	(24,064)	(1,369)	(791)
Expenses for project development	–	–	(1,466)	(2,684)
Personnel expenses	(13,145)	(13,523)	(2,771)	(1,895)
Other operating expenses	(4,880)	(3,598)	(1,689)	(949)
Segment EBITDA	11,231	12,420	(266)	(1,644)
Scheduled depreciation on fixed assets	(8,028)	(8,681)	(675)	(394)
Impairment of fixed assets	–	(1,253)	(11)	(1,476)
Reversal of impairments on fixed assets	4,800	2,949	419	1,900
Other impairments	(1,456)	–	–	–
Segment result from ordinary operations	6,547	5,435	(532)	(1,613)
Financial revenue	205	7	1,735	420
Finance costs	(9,122)	(8,909)	(6,496)	(8,543)
Result from joint ventures	–	–	2,195	2,522
Income tax	(6)	(90)	(68)	(10)
Deferred income tax	25	2,591	(188)	4,380
Segment overview: profit/loss for the period	(2,352)	(965)	(3,354)	(2,844)
SEGMENT OVERVIEW: BALANCE SHEET				
Fixed assets and goodwill	356,848	451,441	87,530	78,141
Joint ventures	–	–	5,409	1,674
Other financial assets	1,500	1,511	12,215	9,343
Deferred tax assets	3,214	5,657	5,839	9,965
Non-current assets	361,562	458,609	110,993	99,123
Inventories and receivables	12,096	11,856	5,487	1,866
Securities and other financial assets	–	–	9,116	3,989
Cash and cash equivalents	9,578	8,037	2,755	3,298
IFRS 5 assets	27,531	–	–	–
Segment overview: assets	410,767	478,502	128,351	108,276
Convertible bonds, loans and borrowings	260,244	332,865	113,704	126,756
Other payables and provisions	31,449	32,923	24,558	15,935
IFRS 5 liabilities	20,508	–	–	–
Segment overview: debt	312,201	365,788	138,262	142,691
SEGMENT OVERVIEW: CASH FLOW				
Cash receipts from operating activities				
From the operation of hotels and rent received	53,667	52,592	3,985	1,508
From real estate development projects	–	–	544	2,619
Interest received	18	7	47	88
	53,686	52,599	4,576	4,215
Cash payments for operating activities				
For real estate development projects	–	22	(2,659)	(2,197)
For materials and services received	(24,481)	(21,733)	(2,440)	(639)
For personnel and related expenses	(13,155)	(13,463)	(2,201)	(1,791)
For other expenses	(4,335)	(5,350)	(2,531)	2,122
For income taxes	(161)	(97)	3,965	(2)
Segment overview:				
Net cash flows from operating activities	11,554	11,978	(1,292)	1,708
Investment cash flow	(3,600)	(3,544)	2,345	(3,074)
Financing cash flow	(11,256)	(11,517)	3,273	(2,140)
Segment overview:				
Net change in cash and cash equivalents	(3,302)	(3,083)	4,326	(3,505)
Average payroll	1,539	1,561	56	66

Segment total as of 30 June		Reconciliation Difference		Total as of 30 June	
2013	2012	2013	2012	2013	2012
56,737	57,950	(25,375)	(24,691)	31,361	33,259
-	-	-	-	-	-
1,635	329	(49)	-	1,586	329
(24,819)	(24,854)	11,800	11,673	(13,019)	(13,182)
(1,466)	(2,684)	12	27	(1,454)	(2,657)
(15,916)	(15,417)	5,891	5,927	(10,025)	(9,490)
(6,568)	(4,547)	3,060	1,074	(3,509)	(3,474)
10,965	10,776	(4,662)	(5,990)	6,304	4,785
(8,703)	(9,075)	3,353	3,798	(5,350)	(5,278)
(11)	(2,728)	-	1,437	(11)	(1,292)
5,219	4,849	(226)	(182)	4,994	4,667
(1,456)	-	-	-	(1,456)	-
6,015	3,822	(1,535)	(938)	4,480	2,884
1,939	427	(51)	6	1,888	433
(15,618)	(17,452)	4,518	7,899	(11,100)	(9,553)
2,195	2,522	(3,168)	4,619	(973)	7,141
(74)	(99)	-	61	(74)	(39)
(163)	6,971	235	(7,234)	72	(262)
(5,706)	(3,809)	-	4,413	(5,706)	604
444,378	529,582	(179,647)	(237,861)	264,731	291,721
5,409	1,674	78,654	97,595	84,063	99,270
13,715	10,854	-	-	13,715	10,854
9,053	15,622	(8,537)	(15,280)	516	342
472,555	557,733	(109,529)	(155,546)	363,026	402,187
17,583	13,723	(8,101)	(7,962)	9,482	5,761
9,116	3,989	0	-	9,116	3,989
12,333	11,335	(5,223)	(6,459)	7,110	4,876
27,531	-	0	-	27,531	-
539,118	586,779	(122,853)	(169,966)	416,265	416,812
373,948	459,620	(109,477)	(158,875)	264,471	300,745
56,007	48,858	(7,291)	(10,122)	48,715	38,736
20,508	-	-	-	20,508	-
450,463	508,478	(116,769)	(168,997)	333,694	339,481
57,652	54,100	(26,944)	(24,126)	30,708	29,974
544	2,619	-	-	544	2,619
65	95	(51)	(40)	14	55
58,261	56,814	(26,995)	(24,165)	31,266	32,649
(2,659)	(2,175)	12	5	(2,647)	(2,170)
(26,921)	(22,372)	13,975	10,308	(12,946)	(12,064)
(15,356)	(15,254)	5,870	5,884	(9,485)	(9,370)
(6,866)	(3,228)	2,464	(207)	(4,402)	(3,435)
3,804	(99)	(3,919)	3	(115)	(96)
10,263	13,686	(8,593)	(8,172)	1,670	5,514
(1,255)	(6,617)	2,573	5,451	1,318	(1,166)
(7,984)	(13,657)	5,046	6,868	(2,937)	(6,789)
1,024	(6,588)	(974)	4,147	51	(2,440)
1,595	1,627	(501)	(499)	1,094	1,129

HOTELS & RESORTS SUB-SEGMENT RESULT

in EUR '000	Luxury		Upmarket		Others	
	2013	2012	2013	2012	2013	2012
Revenues	7,804	9,009	41,770	41,791	2,883	2,715
Expenses for materials	(3,437)	(3,573)	(16,454)	(16,548)	(753)	(752)
Personnel expenses	(2,006)	(2,081)	(9,907)	(10,282)	(701)	(661)
Gross operating profit	2,361	3,355	15,409	14,961	1,428	1,301
<i>Hotel employees</i>	231	238	1,163	1,171	128	123
<i>Total rooms</i>	398	398	2,780	2,853	370	370
<i>Rooms available</i>	401	398	2,774	2,840	370	370
<i>Rooms sold</i>	255	263	1,710	1,665	201	216
Average room occupancy	64%	66%	62%	59%	54%	59%
Management fee	(425)	(136)	(2,194)	(2,462)	(179)	(181)
Exchange adjustments	(16)	104	53	(408)	(9)	9
Property costs	(122)	(633)	(1,387)	(1,272)	(41)	(26)
Net operating profit	1,797	2,690	11,881	10,818	1,207	1,104
Revenues after GOP	–	–	37	34	52	57
Other costs after GOP	(1,644)	(66)	(1,196)	(910)	(96)	(92)
Scheduled depreciation on fixed assets	(186)	(552)	(7,253)	(7,525)	(589)	(604)
Lease expenses	(1,018)	–	(1,176)	(1,177)	(69)	(38)
Impairment of fixed assets	–	–	–	(764)	–	(488)
Reversal of impairments on fixed assets	–	–	3,993	2,482	807	467
Other impairments	(1,456)	–	–	–	–	–
Contribution to the operating result for HOTELS & RESORTS	(1,050)	2,072	6,284	2,959	1,313	405
Thereof sales revenues in						
• Czech Republic	2,763	2,861	12,072	11,762	–	–
• Poland	5,041	6,148	8,960	9,298	1,521	1,355
• Romania	–	–	1,144	1,220	–	–
• Russia	–	–	5,700	4,624	1,361	1,360
• Germany	–	–	5,990	6,651	–	–
• France	–	–	7,904	8,236	–	–
Thereof GOP in						
• Czech Republic	389	354	4,419	3,973	–	–
• Poland	1,972	3,001	3,929	4,066	681	577
• Romania	–	–	381	435	–	–
• Russia	–	–	2,646	1,836	747	725
• Germany	–	–	2,010	2,051	–	–
• France	–	–	2,024	2,600	–	–
Thereof contribution to operating profit						
• Czech Republic	(1,407)	79	2,299	1,314	–	–
• Poland	356	1,993	(150)	(169)	104	60
• Romania	–	–	239	(341)	–	–
• Russia	–	–	3,277	1,209	1,209	345
• Germany	–	–	366	99	–	–
• France	–	–	255	846	–	–
• Others	–	–	–	–	–	–

Under development and construction		Segment total as of 30 June		Reconciliation difference		Total as of 30 June	
2013	2012	2013	2012	2013	2012	2013	2012
-	-	52,456	53,514	(23,148)	(24,272)	29,308	29,242
-	-	(20,645)	(20,873)	9,980	9,923	(10,665)	(10,949)
-	-	(12,614)	(13,024)	5,642	5,862	(6,972)	(7,162)
-	-	19,198	19,618	(7,526)	(8,486)	11,671	11,131
		1,522	1,532	(491)	(477)	1,031	1,056
		3,548	3,621	(1,213)	(1,286)	2,335	2,335
		3,544	3,607	(1,216)	(1,287)	2,329	2,320
		2,165	2,144	(834)	(804)	1,331	1,339
		61%	59%	69%	63%	57%	58%
-	-	(2,798)	(2,779)	1,258	1,255	(1,540)	(1,524)
-	-	27	(295)	(89)	4	(62)	(291)
-	-	(1,550)	(1,931)	1,138	1,095	(412)	(836)
-	-	14,885	14,612	(5,229)	(6,132)	9,657	8,480
-	-	89	91	-	5	89	96
-	-	(2,936)	(1,068)	575	404	(2,361)	(664)
-	-	(8,028)	(8,681)	2,969	3,708	(5,059)	(4,973)
-	-	(2,264)	(1,215)	1,027	0	(1,236)	(1,215)
-	-	-	(1,253)	-	-	-	(1,253)
-	-	4,800	2,949	(226)	(182)	4,574	2,767
-	-	(1,456)	-	-	-	(1,456)	-
-	-	6,547	5,435	(883)	(2,197)	5,663	3,238
-	-	14,835	14,623	(484)	(416)	14,351	14,207
-	-	15,522	16,801	(6,150)	(7,287)	9,373	9,514
-	-	1,144	1,220	-	-	1,144	1,220
-	-	7,061	5,984	(2,621)	(1,682)	4,441	4,302
-	-	5,990	6,651	(5,990)	(6,651)	-	-
-	-	7,904	8,236	(7,904)	(8,236)	-	-
-	-	4,808	4,327	(74)	(14)	4,734	4,313
-	-	6,581	7,644	(2,488)	(3,538)	4,093	4,105
-	-	381	435	-	-	381	435
-	-	3,393	2,561	(930)	(283)	2,463	2,278
-	-	2,010	2,051	(2,010)	(2,051)	-	-
-	-	2,024	2,600	(2,024)	(2,600)	-	-
-	-	892	1,393	(58)	4	834	1,396
-	-	310	1,884	(435)	(2,113)	(125)	(229)
-	-	239	(341)	-	-	239	(341)
-	-	4,486	1,554	231	857	4,716	2,412
-	-	366	99	(366)	(99)	-	-
-	-	255	846	(255)	(846)	-	-
-	-	-	-	-	-	-	-

	Luxury		Upmarket		Others	
	2013	2012	2013	2012	2013	2012
SUB-SEGMENT CASH FLOW HOTELS & RESORTS						
Cash receipts	7,769	8,182	43,014	41,838	2,884	2,572
Interest received	12	6	7	1	-	-
Development costs	-	-	-	22	-	-
Expenses for materials	(4,014)	(3,594)	(19,731)	(17,475)	(736)	(664)
Personnel expenses	(2,062)	(2,109)	(10,333)	(10,673)	(760)	(680)
Cash paid for other expenses	(1,318)	(198)	(2,876)	(5,066)	(140)	(86)
Income tax	-	-	(161)	(54)	-	(43)
Cash flow from operations for HOTELS & RESORTS	386	2,287	9,920	8,593	1,248	1,099
Thereof in						
• Czech Republic	79	198	3,017	2,836	-	-
• Poland	307	2,089	1,463	2,003	650	558
• Romania	-	-	65	267	-	-
• Russia	-	-	2,532	537	598	540
• Germany	-	-	1,679	1,297	-	-
• France	-	-	1,164	1,652	-	-
• Others	-	-	-	-	-	-
SUB-SEGMENT ASSETS HOTELS & RESORTS						
Property, plant and equipment and goodwill	1,200	68,566	325,612	350,327	30,036	27,216
Other non-current assets	-	137	4,714	7,032	-	-
Other current assets	926	1,710	10,889	9,164	280	982
Cash and cash equivalents	2,622	2,510	6,632	5,232	324	292
IFRS 5 assets	27,531	-	-	-	-	-
Sub-segment assets	32,279	72,923	347,847	371,756	30,641	28,490
Loans and borrowings	-	46,507	249,596	275,369	10,648	10,988
Other non-current liabilities	(3,933)	-	8,682	8,692	2,056	1,796
Other current liabilities	2,204	2,011	19,019	19,258	3,420	1,165
IFRS 5 liabilities	20,508	-	-	-	-	-
Sub-segment liabilities	18,779	48,518	277,298	303,320	16,124	13,949
Analysis of assets HOTELS & RESORTS						
As of 1 January	9,329	68,901	332,116	353,235	27,915	27,110
Reclassification (IFRS 5)	(8,031)	-	-	-	-	-
Additions	89	217	883	2,053	2,506	656
Retrospective purchase price adjustments	-	-	(2,097)	-	-	-
Scheduled amortization and depreciation	(186)	(552)	(7,253)	(7,525)	(589)	(604)
Impairments	-	-	(5)	(764)	-	(488)
Write-ups	-	-	3,998	2,482	807	467
Foreign exchange effects	-	-	(2,030)	846	(604)	76
Assets as of 30 June	1,200	68,566	325,612	350,327	30,036	27,216
Analysis of financial liabilities HOTELS & RESORTS						
Loans as of 1 January	6,340	46,988	254,266	277,631	10,790	11,208
Reclassification (IFRS 5)	(6,341)	-	-	-	-	-
New borrowings	-	-	36,759	1,569	-	-
Repayment of loans	-	(617)	(41,602)	(2,729)	(135)	(223)
Capitalized interest	1	135	310	(1,175)	41	3
Foreign exchange effects	-	-	(137)	73	(49)	-
Loans as of 30 June	-	46,507	249,596	275,369	10,648	10,988

Under development and construction		Segment total as of 30 June		Reconciliation difference		Total as of 30 June	
2013	2012	2013	2012	2013	2012	2013	2012
-	-	53,667	52,592	(24,745)	(23,783)	28,922	28,809
-	-	18	7	(13)	1	5	8
-	-	-	22	-	(22)	-	-
-	-	(24,481)	(21,733)	12,340	10,349	(12,141)	(11,384)
-	-	(13,155)	(13,463)	5,693	5,884	(7,462)	(7,579)
-	-	(4,335)	(5,350)	2,626	2,526	(1,709)	(2,825)
-	-	(161)	(97)	49	2	(111)	(95)
-	-	11,554	11,978	(4,050)	(5,044)	7,504	6,934
-	-	3,096	3,034	(43)	(63)	3,053	2,970
-	-	2,419	4,651	(397)	(2,505)	2,022	2,146
-	-	65	267	-	-	65	267
-	-	3,130	1,077	(767)	473	2,363	1,551
-	-	1,679	1,297	(1,679)	(1,297)	-	-
-	-	1,164	1,652	(1,164)	(1,652)	-	-
-	-	-	-	-	-	-	-
-	5,331	356,848	451,441	(117,253)	(183,925)	239,596	267,515
-	-	4,714	7,168	(2,907)	(5,468)	1,808	1,701
-	-	12,096	11,856	(7,495)	(6,852)	4,601	5,004
-	2	9,578	8,037	(4,578)	(4,822)	5,000	3,215
-	-	27,531	-	-	-	27,531	-
-	5,333	410,767	478,502	(132,232)	(201,067)	278,535	277,436
-	-	260,244	332,865	(85,089)	(131,921)	175,156	200,944
-	-	6,805	10,488	3,057	(785)	9,863	9,702
-	1	24,644	22,435	(6,448)	(6,194)	18,196	16,242
-	-	20,508	-	-	-	20,508	-
-	1	312,201	365,788	(88,479)	(138,900)	223,722	226,888
-	5,331	369,360	454,577	(121,712)	(185,222)	247,648	269,355
-	-	(8,031)	-	-	-	(8,031)	-
-	-	3,478	2,927	(381)	(1,612)	3,097	1,315
-	-	(2,097)	-	2,097	-	-	-
-	-	(8,028)	(8,681)	2,969	3,708	(5,059)	(4,973)
-	-	(5)	(1,253)	-	-	(5)	(1,253)
-	-	4,805	2,949	(226)	(182)	4,579	2,767
-	-	(2,633)	922	-	(617)	(2,633)	304
-	5,331	356,848	451,441	(117,253)	(183,925)	239,596	267,515
-	-	271,396	335,827	(87,478)	(134,840)	183,918	200,987
-	-	(6,341)	-	-	-	(6,341)	-
-	-	36,759	1,569	-	(823)	36,759	746
-	-	(41,736)	(3,568)	2,731	1,319	(39,006)	(2,249)
-	-	353	(1,036)	(341)	2,423	11	1,387
-	-	(187)	73	-	-	(187)	73
-	-	260,244	332,865	(85,089)	(131,921)	175,156	200,944

DEVELOPMENT & ASSET MANAGEMENT SUB-SEGMENT RESULT

in EUR '000	DEVELOPMENT				ASSET	
	Primary		Other		Rented out	
	2013	2012	2013	2012	2013	2012
Revenues	877	2,955	476	374	2,839	1,016
Changes in real estate projects under development	1,108	–	–	–	–	–
Sale of real estate	1,635	329	–	–	–	–
Other operating income	94	–	–	–	–	–
Materials and services received	(243)	(262)	(323)	(277)	(804)	(252)
Project development expenses	(1,466)	(2,684)	–	–	–	–
Personnel expenses	(2,593)	(1,895)	–	–	(177)	–
Other operating expenses	(1,131)	(856)	(44)	(14)	(514)	(78)
Scheduled amortization and depreciation	(28)	(29)	(26)	(23)	(620)	(342)
Impairments	(11)	(39)	–	–	–	–
Write-ups	211	77	–	–	208	1,823
Contribution to operating profit	(1,547)	(2,403)	83	60	931	2,166
Thereof sales revenues in						
• Czech Republic	174	186	–	–	–	–
• Hungary	–	–	–	–	596	592
• Poland	698	2,765	476	374	390	389
• Germany	–	–	–	–	–	34
• Austria	4	4	–	–	–	–
• Russia	–	–	–	–	1,853	–
Thereof contribution to operating profit						
• Czech Republic	28	(33)	–	–	–	–
• Hungary	(15)	(115)	–	–	306	1,969
• Poland	183	(109)	83	60	139	192
• Russia	–	–	–	–	487	–
• Germany	(12)	(27)	–	–	–	6
• Austria	(1,710)	(2,426)	–	–	–	–
• Luxembourg	(21)	308	–	–	–	–
SUB-SEGMENT CASH FLOW						
DEVELOPMENT & ASSET MANAGEMENT						
Cash receipts from rent	712	564	501	290	2,772	654
Interest received	10	48	2	0	35	1
Cash receipts from development	544	2,619	–	–	–	–
Cash paid for development	(2,659)	(2,197)	–	–	–	–
Expenses for materials	(267)	(264)	(303)	(316)	(813)	(59)
Personnel expenses	(2,024)	(1,791)	–	–	(177)	–
Cash paid for other expenses	(2,623)	(490)	(41)	(16)	(597)	(297)
Income tax	3,966	(1)	–	–	(1)	(1)
Cash flow from operating activities	(2,341)	(1,512)	158	(42)	1,219	298
Thereof in						
• Czech Republic	(61)	(64)	–	–	–	–
• Hungary	(48)	(111)	–	–	300	110
• Poland	(1,980)	534	158	(42)	124	179
• Russia	–	–	–	–	796	–
• Germany	(9)	(28)	–	–	–	9
• Austria	(208)	(1,813)	–	–	–	–
• Luxembourg	(35)	(32)	–	–	–	–

MANAGEMENT

Under development and construction		Segment total as of 30 June		Reconciliation difference		Total as of 30 June	
2013	2012	2013	2012	2013	2012	2013	2012
-	-	4,192	4,345	(2,228)	(425)	1,964	3,920
-	-	1,108	-	-	-	1,108	-
-	-	1,635	329	(49)	-	1,586	329
-	-	94	-	-	-	94	-
-	-	(1,369)	(791)	569	89	(800)	(702)
-	-	(1,466)	(2,684)	12	27	(1,454)	(2,657)
-	-	(2,771)	(1,895)	177	-	(2,593)	(1,895)
-	-	(1,689)	(949)	483	41	(1,206)	(908)
-	-	(675)	(394)	384	90	(291)	(304)
-	(1,437)	(11)	(1,476)	-	1,437	(11)	(39)
-	-	419	1,900	-	-	419	1,900
-	(1,437)	(532)	(1,613)	(651)	1,259	(1,183)	(355)
-	-	174	186	-	-	174	186
-	-	596	592	-	-	596	592
-	-	1,564	3,529	(373)	(389)	1,191	3,139
-	-	-	34	-	(34)	-	-
-	-	4	4	(2)	(2)	3	3
-	-	1,853	-	(1,853)	-	-	-
-	-	28	(33)	2	-	29	(33)
-	-	291	1,853	-	-	291	1,853
-	-	405	143	(177)	(198)	228	(55)
-	(1,437)	487	(1,437)	(487)	1,437	-	-
-	-	(12)	(22)	12	22	-	-
-	-	(1,710)	(2,426)	(2)	(2)	(1,711)	(2,427)
-	-	(21)	308	-	-	(21)	308
-	-	3,985	1,508	(2,199)	(342)	1,785	1,166
-	39	47	88	(37)	(41)	9	47
-	-	544	2,619	-	-	544	2,619
-	-	(2,659)	(2,197)	12	27	(2,647)	(2,170)
(1,058)	-	(2,440)	(639)	1,635	(41)	(806)	(681)
-	-	(2,201)	(1,791)	177	-	(2,024)	(1,791)
730	2,925	(2,531)	2,122	(162)	(2,733)	(2,693)	(610)
-	-	3,965	(2)	(3,968)	1	(4)	(1)
(328)	2,965	(1,292)	1,708	(4,542)	(3,129)	(5,834)	(1,420)
-	-	(61)	(64)	2	-	(59)	(64)
-	-	251	(1)	-	(0)	251	(1)
-	-	(1,698)	672	(116)	(181)	(1,814)	490
(328)	2,965	468	2,965	(468)	(2,965)	-	-
-	-	(9)	(19)	9	19	-	-
-	-	(208)	(1,813)	(3,970)	(2)	(4,177)	(1,814)
-	-	(35)	(32)	-	-	(35)	(32)

	DEVELOPMENT				ASSET	
	Primary		Other		Rented out	
	2013	2012	2013	2012	2013	2012
ANALYSIS OF SUB-SEGMENT ASSETS						
DEVELOPMENT & ASSET MANAGEMENT						
Property, plant and equipment and goodwill	11,574	11,681	758	682	43,012	17,221
Joint ventures	5,409	1,674	–	–	–	–
Other non-current assets	12,307	9,437	–	–	117	59
Other current assets	13,915	4,431	176	139	252	327
Cash and cash equivalents	2,005	1,601	72	15	155	140
Sub-segment assets	45,209	28,823	1,005	837	43,537	17,747
Convertible bonds, loans and borrowings	78,322	88,329	133	159	13,863	12,548
Other non-current liabilities	11,879	6,823	–	–	400	745
Other current liabilities	7,627	5,126	117	11	494	524
Sub-segment liabilities	97,828	100,278	250	170	14,756	13,816
Analysis of assets						
DEVELOPMENT & ASSET MANAGEMENT						
As of 1 January	11,576	11,547	725	679	28,600	15,710
Segment reclassifications	–	–	–	–	14,794	–
Additions	180	138	102	1	69	31
Disposals	(23)	–	–	–	(38)	–
Scheduled depreciation	(28)	(29)	(26)	(23)	(620)	(342)
Impairments	(11)	(39)	–	–	–	–
Write-ups	211	77	–	–	208	1,823
Foreign exchange effects	(331)	(14)	(42)	25	–	–
Assets as of 30 June	11,574	11,681	758	682	43,012	17,221
Analysis of financial liabilities						
DEVELOPMENT & ASSET MANAGEMENT						
Loans as of 1 January	73,336	86,133	137	115	14,491	12,532
New borrowings	2,803	510	4	72	–	–
Issue of bonds	19,705	–	–	–	–	–
(Early) redemption of convertible bonds	(9,426)	–	–	–	–	–
Repayment of loans	(6,834)	(317)	–	(27)	(629)	(120)
Capitalized interest	346	1,286	–	–	–	135
Foreign exchange effects	(1,607)	716	(8)	(1)	–	–
Loans as of 30 June	78,322	88,329	133	159	13,863	12,548

MANAGEMENT

Under development and construction		Segment total as of 30 June		Reconciliation difference		Total as of 30 June	
2013	2012	2013	2012	2013	2012	2013	2012
32,185	48,557	87,530	78,141	(62,394)	(53,935)	25,136	24,206
–	–	5,409	1,674	78,654	97,595	84,063	99,270
5,630	9,813	18,054	19,308	(5,630)	(9,813)	12,424	9,495
260	958	14,603	5,855	(606)	(1,110)	13,997	4,745
524	1,542	2,755	3,298	(645)	(1,637)	2,110	1,661
38,599	60,870	128,351	108,276	9,379	31,100	137,730	139,377
21,385	25,719	113,704	126,756	(30,428)	(26,954)	83,276	99,801
3,833	2,319	16,111	9,887	(3,554)	12,528	12,557	22,415
209	387	8,447	6,048	(346)	(938)	8,100	5,110
25,427	28,426	138,262	142,691	(34,329)	(15,364)	103,933	127,326
46,591	48,504	87,493	76,440	(62,329)	(53,943)	25,164	22,498
(14,794)	–	–	–	–	–	–	–
388	2,331	739	2,501	(487)	(2,360)	251	140
–	–	(61)	–	38	–	(23)	–
–	–	(675)	(394)	384	90	(291)	(304)
–	(1,437)	(11)	(1,476)	–	1,437	(11)	(39)
–	–	419	1,900	–	–	419	1,900
–	(842)	(374)	(831)	–	842	(374)	10
32,185	48,557	87,530	78,141	(62,394)	(53,935)	25,136	24,206
21,385	24,073	109,350	122,854	(24,594)	(25,428)	84,756	97,426
–	1,646	2,807	2,228	–	(1,646)	2,807	582
–	–	19,705	–	–	–	19,705	–
–	–	(9,426)	–	(6,039)	–	(15,466)	–
–	–	(7,463)	(464)	205	120	(7,257)	(344)
–	–	346	1,422	–	–	346	1,422
–	–	(1,615)	715	–	–	(1,615)	715
21,385	25,719	113,704	126,756	(30,428)	(26,954)	83,276	99,801

[05] Sale of shares

This item consists primarily of the sale of the shares in the Leuchtenbergring companies in Munich to the joint venture partner. For more information, please see the information in Note [27] to the consolidated financial statements as of 31 December 2012.

[06] Personnel expenses, average payroll

in EUR	1 January to 30 June	
	2013	2012
Wages and salaries	(7,126,055)	(7,164,496)
Social security expenses	(1,442,174)	(1,432,478)
Other payroll-related taxes and contributions	(329,257)	(296,174)
Voluntary employee benefits	(3,144)	(12,530)
Expenses for posted employees	(476,921)	(498,781)
Expenses for termination and post-employment benefits	(83,689)	(8,061)
Changes in accrual for compensated absences	(29,848)	(32,638)
Changes in pensions and other long-term employee benefits	(533,894)	(45,187)
	<u>(10,024,982)</u>	<u>(9,490,345)</u>

The Company had an average of 1,094 employees in the first half of 2013 (H1 2012: 1,129).

[07] Impairment and impairment reversals

The impairments relate to the measurement of the disposal groups reported pursuant to IFRS 5.

The impairment reversals result primarily from the increase in the value of the hotels in Ekaterinburg and the Diplomat Hotel in the Czech Republic according to external appraisals.

[08] Other expenses

in EUR	1 January to 30 June	
	2013	2012
Legal fees	(305,118)	(198,795)
General administration	(643,513)	(494,355)
Advertisement and marketing	(133,130)	(137,555)
Non-recoverable VAT	(216,661)	(198,791)
Hotel lease expenses	(1,236,472)	(1,215,102)
Supervisory Board members' fees	(102,000)	(110,000)
Property costs	(384,728)	(481,489)
Others	(486,910)	(637,699)
	<u>(3,508,531)</u>	<u>(3,473,787)</u>

[09] Financial result

in EUR	1 January to 30 June	
	2013	2012
Financial revenue		
Interest income from cash management	13,957	40,711
Foreign currency gains on loans denominated in CHF	552,106	–
Foreign currency gains in connection with the financing of subsidiaries *)	49,126	–
Foreign currency gains in connection with the PLN (convertible) bonds	1,261,761	–
Convertible bond book value adjustment	11,501	–
Unrealized gains on derivative financial instruments	–	392,531
	<u>1,888,451</u>	<u>433,243</u>
Finance costs		
Interest on short-term borrowings, project loans and other loans	(5,965,459)	(6,468,027)
Interest on bonds and convertible bonds	(1,277,357)	(817,198)
Interest on purchase price claim extension for andel's hotel Łódź	(325,159)	(347,237)
Interest on loans from minority shareholders	(161,552)	(117,109)
Interest on loans relating to joint ventures	(58,125)	–
Interest cost for provisions for pensions and other long-term employee benefits	(3,739)	(77,248)
Foreign currency losses on loans denominated in CHF	–	(249,857)
Foreign currency losses in connection with the financing of subsidiaries *)	(2,222,798)	–
Foreign currency losses in connection with the PLN convertible bond	–	(539,541)
Other finance costs	(610,620)	(929,865)
Unrealized losses on derivative financial instruments	(474,746)	(6,795)
(thereof from the cross currency swap in connection with the convertible bond: EUR 474,746)	<u>(11,099,554)</u>	<u>(9,552,876)</u>

* The foreign currency gains in connection with the financing of subsidiaries pertain to subsidiaries whose functional currency is the respective local currency and the financing is denominated in euros.

[10] Income taxes

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 period: 25%) is as follows:

in EUR	1 January to 30 June	
	2013	2012
Profit before tax	(5,704,286)	905,366
Accounting profit before income tax * 25% (prior year: 25%)	1,426,072	(226,341)
± Other foreign tax rates	(95,047)	(209,051)
± Tax-free profits from the participation exemption (§ 10 KStG)	63,626	71,517
± Permanent differences	48,925	43,483
± Impairment of deferred tax assets	(1,388,890)	1,095,291
± Income from first-time recognition of deferred tax assets	–	(2,095)
± Effects of exchange rate fluctuations	(56,814)	(1,073,946)
	<u>(2,129)</u>	<u>(301,143)</u>

[11] Property, plant and equipment

Property, plant and equipment includes properties, rights equivalent to land, buildings including buildings on leasehold land, equipment and furnishings, hotel inventories and technical plant.

in EUR	30/6/2013	As of 30/6/2012
Net carrying amounts as of 1 January	256,568,642	277,149,161
Additions	3,295,533	1,401,026
Disposals	(23,195)	–
Reclassification (IFRS 5)	(8,031,230)	–
Depreciation	(5,079,504)	(4,983,414)
Impairments	(15,471)	(1,291,548)
Reversal of impairments	4,790,395	2,844,002
Exchange adjustment	(3,007,327)	314,971
Carrying amounts as of 30 June	<u>248,497,843</u>	<u>275,434,198</u>
<i>Thereof property under construction</i>	<i>3,552,856</i>	<i>3,567,000</i>

The additions to property, plant and equipment pertain to the property of the Chopin Hotel in Poland and adjacent land. Please see Note 07 for information on the impairment reversals.

[12] Investment properties

The item Investment properties comprises land and rights equivalent to land as well as buildings including plant under construction.

in EUR	30/6/2013	As of 30/6/2012
Net carrying amounts as of 1 January	15,198,222	13,562,844
Additions	12,503	52,637
Depreciation	(235,918)	(250,868)
Reversal of impairments	207,893	1,823,212
Carrying amounts as of 30 June	<u>15,182,700</u>	<u>15,187,824</u>
<i>Thereof property under construction</i>	<i>6,219,731</i>	<i>6,261,984</i>
Result from investment properties:		
Rental income and charged expenses	596,160	592,456
Direct expenses	(234,416)	(162,794)
	<u>361,744</u>	<u>429,662</u>

[13] Joint ventures

in EUR	30/6/2013	As of 30/6/2012
Breakdown of the balance sheet items		
Interests in joint ventures	38,317,996	38,175,620
Result from joint ventures	(27,660,972)	(25,972,153)
Loans to joint ventures	79,032,942	99,259,153
Accumulated impairment on loans	(5,626,651)	(12,193,065)
	84,063,315	99,269,556
Analysis of the balance sheet items		
Net carrying amounts as of 1 January	84,936,203	92,252,489
- Reductions in interests due to sales	(39,500)	-
± Allocated results	(3,324,443)	(1,477,041)
(thereof other comprehensive income recognized in equity)	-	(142,273)
± Reductions in allocated results due to sales	39,500	-
± Loans to joint ventures	2,771,345	2,540,280
± Impairment of loans to joint ventures	(319,791)	5,953,827
Carrying amounts as of 30 June	84,063,315	99,269,556
Result from joint ventures		
Allocated results	(3,324,443)	(1,334,768)
Interest charged on loans	2,194,777	2,522,338
Impairments on loans	(811,074)	(691,518)
Write-up on loans	491,283	6,645,345
± Provisions related to joint ventures	476,212	-
	(973,244)	7,141,397
Cash flow from joint ventures		
Increase in loans extended to joint ventures	(2,771,345)	(2,540,280)
thereof charged interest	2,194,777	2,522,338
Loans received from joint ventures	3,875,000	-
thereof in connection with the restricted account for the InterContinental guarantee	(1,937,500)	-
Other payments received from joint ventures	35,293	-
	1,396,224	(17,943)

[14] Financial liabilities

Amounts in EUR '000	As of 1/1/2012	New borrowings	Deferred interest	Repayment of loans	± f/x	As of 30/6/2012
a) Project-related loans secured by mortgages						
for andel's hotel Łódź	48,900	–	1,324	–	–	50,224
for Diplomat Hotel	27,776	–	–	(708)	–	27,068
for angelo hotel Ekaterinburg	37,730	–	(249)	–	–	37,480
for angelo Airporthotel Bucharest	11,000	–	174	(600)	–	10,574
for Palace Hotel IFRS 5	13,079	–	55	–	–	13,134
for Chopin Hotel	10,349	–	3	(223)	–	10,130
for angelo hotel Prague	10,623	–	–	(324)	–	10,299
for Erzsebet office building	11,126	–	135	–	–	11,261
for Amber Baltic Hotel	6,966	–	–	–	73	7,039
for Savoy Hotel	4,835	–	–	–	–	4,835
for Le Palais Hotel IFRS 5	6,336	–	80	–	–	6,416
for Dvořák spa hotel	20,567	–	–	(394)	–	20,172
for Warsaw gas pipeline	78	–	–	(27)	3	54
Louvre property, Hungary	2,871	–	167	–	–	3,038
	212,235	–	1,689	(2,276)	76	211,724
b) Holding company borrowing facilities						
	43,794	–	184	(317)	–	43,661
c) Other						
Loans from non-controlling interests	2,863	818	–	–	(4)	3,677
Loans from financial institutions	16,859	–	516	–	177	17,552
Bonds/convertible bonds	13,774	–	419	–	540	14,733
Other loans	8,887	510	–	–	–	9,398
	42,384	1,328	936	–	712	45,360
	298,413	1,328	2,809	(2,593)	788	300,745

The project loans for the Palace Hotel and Le Palais Hotel in Prague were not reported under the financial liabilities, but under debts directly related to assets classified as held for sale due to the intention to sell and the successful sale in July 2013.

The project loan for Chopin Hotel is recognized as current – long-term refinancing with short-term loan repayment is planned. Preliminary agreements have already been signed with the financing banks.

Thereof due		As of 1/1/2013	New borrowings	Deferred interest	Repayment of loans	± IFRS 5 ± f/x	As of 30/6/2013	Thereof due	
< 1 year	> 1 year							< 1 year	> 1 year
2,674	47,550	49,900	–	(35)	(350)	–	49,515	1,215	48,300
2,855	24,212	26,340	–	–	(764)	–	25,576	6,747	18,829
2,331	35,150	36,930	36,586	–	(37,096)	–	36,419	1,326	35,094
845	9,729	10,364	–	–	(99)	–	10,265	291	9,974
4,402	8,733	–	–	–	–	–	–	–	–
919	9,211	9,807	–	2	(135)	–	9,674	9,674	–
667	9,632	9,972	–	–	(217)	–	9,755	814	8,941
4,069	7,192	11,235	–	–	(423)	–	10,812	474	10,338
640	6,399	6,377	–	–	–	(137)	6,239	624	5,615
1,332	3,503	4,835	–	–	(50)	–	4,785	4,785	–
6,416	–	6,340	–	1	–	(6,341)	–	–	–
600	19,572	19,577	–	4	(295)	–	19,286	700	18,586
54	–	–	–	–	–	–	–	–	–
3,038	–	3,021	–	–	(1)	–	3,020	3,020	–
30,842	180,883	194,697	36,586	(29)	(39,430)	(6,478)	185,346	29,669	155,676
26,137	17,524	31,873	2,803	–	(5,362)	–	29,314	25,891	3,423
–	3,677	3,614	178	40	–	(57)	3,775	–	3,775
–	17,552	19,735	–	(529)	–	(415)	18,791	–	18,791
–	14,733	15,396	19,705	875	(9,426)	(1,193)	25,358	6,039	19,318
9,398	–	3,359	–	–	(1,471)	–	1,888	1,888	–
9,398	35,962	42,104	19,883	386	(10,897)	(1,664)	49,812	7,928	41,884
66,376	234,369	268,675	59,272	357	(55,689)	(8,143)	264,471	63,488	200,983

At the beginning of March 2013, a bond was successfully placed in Poland. The nominal value of this issue is PLN 63.1 million (roughly EUR 15.3 million); the coupon is 7% + 6M WIBOR, with semi-annual payment on 31 March and 30 September. The term is three years. A nominal share of PLN 26.75 million (roughly EUR 6.5 million) was swapped out of the existing convertible bonds from 2011 that run until 2014.

At the beginning of April 2013, convertible bonds with a total nominal value of PLN 26.5 million (roughly EUR 6.4 million) and a denomination of PLN 250,000 were successfully placed in Poland with a term of three years and a coupon of 4.875% p.a., payable semi-annually. The conversion price was set at PLN 7.06. A share of PLN 6.5 million (roughly EUR 1.6 million) was swapped out of the existing convertible bonds from 2011. Of the issue proceeds, PLN 6.5 million (roughly EUR 1.6 million) were used for the early redemption of the convertible bonds from 2011.

[15] Receivables and liabilities

in EUR	30/6/2013	As of 30/6/2012
Trade and other receivables – current		
Trade receivables	3,654,380	2,883,467
Receivables from tax authorities	656,550	232,486
Extended purchase price receivables relating to the sale of subsidiaries	–	122,694
Advance payments made	774,258	314,934
Other receivables and assets	501,153	483,928
Receivables due from joint ventures	31,528	295,611
Deferred expenses	326,810	442,535
	<u>5,944,679</u>	<u>4,775,657</u>
Trade and other payables – current		
Trade payables	3,667,277	3,166,810
Interest-bearing construction invoices from the completion of the andel's Łódź	7,067,299	7,991,977
Trade payables due to joint ventures	334,093	16,874
Trade payables due to related parties	3,383,917	3,201,234
<i>thereof Vienna International AG</i>	<i>2,998,956</i>	<i>2,628,951</i>
<i>thereof deferred directors' bonuses</i>	<i>384,961</i>	<i>572,283</i>
Liabilities from property purchases	1,991,962	–
Other payables including accruals for compensated absences	3,200,236	2,880,698
Advance payments received	3,615,606	849,400
	<u>23,260,390</u>	<u>18,106,993</u>
Other non-current liabilities		
Security deposits received	825,257	595,951
Liabilities to joint ventures	3,933,125	–
Other	6,483	8,974
	<u>4,764,865</u>	<u>604,925</u>

[16] Derivative financial instruments

Interest rate collars in connection with finance loans:

As of 30 June 2013, 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:

in EUR	As of 30/6/2013	30/6/2012
<i>Project loan Chopin Hotel, Krakow</i>		
Notional amount as of 30 June (underlying: 3-month Euribor)	9,674,200	10,129,658
Fair value as of 30 June	(664,608)	(735,340)
<i>Project loan angelo hotel, Prague</i>		
Notional amount as of 30 June (underlying: 3-month Euribor)	9,755,021	10,299,170
Fair value as of 30 June	249	–
<i>Cross currency swap – PLN convertible bond (until 7 May 2014)</i>		
On 6 November and 6 May (starting on 6 November 2011 and ending on 6 May 2014), the Company receives 8.5% interest for the nominal amount of PLN 38.2 million and pays 6.7% interest for the nominal amount of EUR 9,714,514,21.		
	(1,013,479)	(1,120,245)

Other derivatives:

The non-current derivatives include the conversion right from the issue of the PLN convertible bond in spring of 2013.

[17] Transactions with related parties

Transactions with the Management Board:

Directors' remuneration 1 January to 30 June 2013	(448,402)
Balance with directors as of 30 June 2013	(384,961)

Transactions with Vienna International AG:

Management fee charged for fully consolidated companies 1 January to 30 June 2013	(1,540,298)
Balance with Vienna International AG as of 30 June 2013	(3,435,221)

Rights of compensation from Vienna International in connection with the termination of the contract for the Palace Hotel in Prague that was sold in July 2013 are not included in the balance as of 30 June 2013.

Transactions with joint ventures:

Earnings from joint ventures 1 January to 30 June 2013	2,244,827
Liabilities to joint ventures as of 30 June 2013	(4,235,690)

Earnings from joint ventures pertain primarily to interest income from loans to joint ventures. The liabilities to joint ventures include the non-current payable in connection with the allocation of a security account for a rent guarantee.

[18] Information on the fair value

a) Carrying amounts and fair values by measurement categories

The following shows the fair values for financial instruments (IFRS 7) and for assets and liabilities that are measured at fair value (IFRS 13), broken down by categories and balance sheet items.

Measurement category according to IAS 39 or other IFRS	Balance sheet items – assets/categories	IFRS 13 level	Carrying value 30/6/13	Fair value 30/6/13	Carrying value 31/12/12	Fair value 31/12/12
LaR	Other non-current financial assets		10,727,201	10,727,201	8,089,701	8,089,701
IAS 19	Other non-current fin assets – refund claims	3	2,987,993	2,987,993	2,987,993	2,987,993
LaR	Current trade receivables		3,654,380	n/a	3,358,544	n/a
LaR	Other current receivables		532,682	n/a	878,475	n/a
AfS	Financial instruments available for sale	3	9,115,621	9,115,621	7,279,433	7,279,433
FVTPL	Other current financial assets – derivatives	3	249	249	2	2
LaR	Cash and short-term deposits		7,110,013	n/a	7,144,968	n/a
IFRS 5	Disposal groups held for sale	3	27,530,892	29,010,892	24,838,793	26,398,793

Measurement category according to IAS 39 or other IFRS	Balance sheet items – liabilities/categories	IFRS 13 level	Carrying value 30/6/13	Fair value 30/6/13	Carrying value 31/12/12	Fair value 31/12/12
LaR	Non-current convertible bonds and bonds		(19,318,067)	(19,029,158)	(15,396,167)	(15,396,167)
LaR	Non-current variable-interest loans		(64,202,133)	(63,261,771)	(99,441,588)	(95,462,504)
LaR	Non-current fixed-interest loans		(117,463,054)	(121,599,709)	(73,064,910)	(73,560,799)
LaR	Other non-current liabilities		(4,764,865)	n/a	(773,731)	n/a
FVTPL	Non-current derivative financial instruments – conversion right	3	(1,137,762)	(1,137,762)	–	–
LaR	Current convertible bonds		(6,039,494)	(5,781,430)	–	–
LaR	Trade payables		(3,667,277)	n/a	(4,263,878)	n/a
LaR	Other current liabilities		(8,910,208)	n/a	(8,435,590)	n/a
LaR	Other current liabilities – interest-bearing construction invoice		(7,067,299)	n/a	(8,676,736)	n/a
LaR	Current variable-interest loans		(34,343,123)	(33,553,654)	(44,894,054)	(44,697,958)
LaR	Current fixed-interest loans		(23,105,143)	(23,635,250)	(35,877,849)	(36,110,037)
FVTPL	Derivative financial instruments (current)	3	(1,013,479)	(1,013,479)	(538,486)	(538,486)
Hedge	Derivative financial instruments with hedging relationships (current)	3	(664,608)	(664,608)	(741,906)	(741,906)
IFRS 5	Disposal groups held for sale		(20,507,961)	(20,507,961)	(13,648,761)	(13,648,761)

LaR = Loans and receivables

AfS = Available for sale

FVTPL = at fair value through profit or loss

b) Reconciliation level-3 measurement (recurring fair value measurement)

Change	Amount	Individual profit/loss item
Carrying amount on 1 January 2013	8,987,035	
Additions	698,426	
Measurement result – profit and loss statement	(474,746)	See Note [09] Financial result
Measurement result – other comprehensive income	77,298	
Carrying amounts as of 30 June 2013	<u>9,288,013</u>	

The measurement result can only be allocated to unrealized profits and losses.

c) Measurement methods and inputs (recurring fair value measurement)

Level	Balance sheet items/categories	Measurement method	Material inputs
3	Other non-current financial assets – refund claims	Income-based	Expected payment flow, profit participation according to the GBVUU (profit participation regulation of the FMA)
3	Financial instruments available for sale	Income-based	Expected payment flow
3	Derivative financial instruments – assets (current)	Income-based	Yield curve, credit risk
3	Non-current derivative financial instruments – conversion right	Income-based	Volatility, share prices
3	Derivative financial instruments – liabilities (current)	Income-based	Yield curve, credit risk, PLN/EUR FX rate
3	Derivative financial instruments with hedging relationships Liabilities (current)	Income-based	Yield curve, credit risk

No reassignments according to the IFRS 13 levels or changes in the measurement methods have taken place in the financial year.

d) Sensitivity analysis for changes in unobservable material inputs (recurring measurement)

Financial instruments inputs	Change of the assumption	Change in pre-tax result (rounded)
Payment flows (available-for-sale securities)	+ 5%	934,000
Payment flows (available-for-sale securities)	- 5%	(934,000)
Volatility of Warimpex share price in PLN	+ 5 percentage points	(153,000)
Volatility of Warimpex share price in PLN	- 5 percentage points	157,000
Warimpex share price in PLN	+ 10%	254,000
Warimpex share price in PLN	- 10%	(277,000)

The development of the share price influences the volatility of the share price.

The fair value of the refund claims in connection with the pension reimbursement insurance is disclosed by the insurance company and includes profit participation entitlements according to the legal regulations.

Interest rate and cross currency swaps are measured using the fair values calculated by the respective counterparty (bank). Please see Note [16] for information on the effects of possible changes in the inputs. Because of the terms of the interest rate swap in connection with the angelo Prague financing loan (asset derivative), a worsening of the results is not expected.

[19] Events after the balance sheet date (disposal groups held for sale)

The Palace Hotel in Prague was sold on 1 July 2013 in the form of a transfer of undertakings according to Czech law. This had financial effects (cash inflow) in the amount of EUR 5.3 million. As of 30 June 2013, the assets and liabilities of Palace Hotel were reported as held for sale pursuant to IFRS 5.

The sale of Le Palais Hotel in Prague is also planned. Negotiations have already begun. For this reason, the assets and liabilities of Les Palais Hotel were reported as held for sale pursuant to IFRS 5 as of 30 June 2013.

Shortly before the release of this report in August 2013, the project loan for Airport City in St. Petersburg in the amount of EUR 60 million was converted into a long-term real estate financing facility with a Russian bank. The new financing facility runs for ten years and has a longer term than the original project loan and substantially lower annual instalments in the first years of operation.

[20] Other commitments, litigation and contingencies

There were no material changes in the reporting period with respect to other commitments, litigation and contingencies as compared with the situation described in the consolidated financial statements as of 31 December 2012.

Vienna, 30 August 2013



Franz Jurkowitsch

Chairman of the Management Board



Georg Folian

Deputy Chairman of the Management Board



Alexander Jurkowitsch

Member of the Management Board

DECLARATION BY THE MANAGEMENT BOARD

We confirm to the best of our knowledge that these interim consolidated financial statements as of 30 June 2013 as prepared in accordance with the relevant international financial accounting standards give a true and fair view of the financial position, financial performance and cash flows of Warimpex Finanz- und Beteiligungs AG and all of its consolidated subsidiaries. These interim financial statements were prepared according to IAS 34, Interim Financial Reporting, as adopted in Regulation 1606/2002/EC.

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



Franz Jurkowitsch
Chairman of the
Management Board

Responsibilities:
strategy, investor relations,
corporate communications,
organization and legal issues



Georg Folian
Deputy Chairman of the
Management Board

Responsibilities:
finance and accounting,
financial management and personnel



Alexander Jurkowitsch
Member of the
Management Board

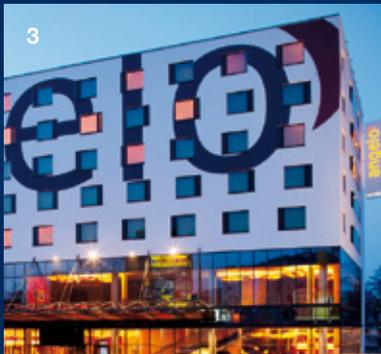
Responsibilities:
planning, construction,
information management and IT

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
414 rooms (opened in 2003)



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

4) angelo Hotel**, Prague**
CZ-150 00 Prague 5, Radlická 1g
168 rooms (opened in June 2006)



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



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



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



Financial calendar

30 Aug 2013	Publication of results for the first half of 2013
28 Nov 2013	Publication of the results for the first three quarters of 2013

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