

DO & CO

RESTAURANTS  
HOTEL  
LOUNGES  
CATERING

ANNUAL REPORT 2005 • 2006



DO & CO THE GOURMET ENTERTAINMENT COMPANY



The "Steak Friend" illustrating the cover of this magazine is a subject from a six-part "Epicure Series" which Erich Sokol (†) created exclusively for DO & CO. Pay particularly close attention to the details. Even if you have followed this well-known Austrian caricaturist's work for years, you will always discover something new. That is a principle by which we also apply our corporate philosophy. As one of the first to accompany DO & CO along its way, Erich Sokol showed us what quality living is all about. As a visionary he helped to shape the company in important ways in its formative years. For example, he was the one who penned the unmistakable DO & CO logo – a symbol for "a fantastic grocer's where you keep asking yourself: Where has this place been all my life?" We shall be ever in his debt.



Ladies and Gentlemen,

I am pleased to present you the DO & CO Annual Report for 2005/2006.

This past business year was one of the most successful the DO & CO Group has ever had. Our total sales of € 142.18 million set a new all-time record. We also surpassed the previous year's high level of earnings by more than 20 %.

This positive trend is due to a long term quality strategy, our special corporate culture and the outstanding employees of DO & CO. World wide and in all divisions the DO & CO crew produced a high level of achievement. I thank you all for your hard work. You are truly the best in your profession and we are proud to have such an outstanding team.

Moreover, we are extremely pleased to have recognised the sea change taking place in the market on time and to have adapted ourselves to it quickly. Today, DO & CO is anything but a normal catering company with run-of-the-mill products. As a full-range supplier with an unmistakable product portfolio, it has developed into a creative and internationally competitive "Gourmet Entertainment Company".

As is evident from the earnings and development of the individual divisions, we are well-equipped for the future. A high degree of innovation and top quality will continue to be the hallmarks of our products and brands in the years to come.

In closing, I thank all our customers for the trust you have put in us this past year and hope you will allow us to continue being your hosts in the future.

The pages below are devoted to a review of the past business year with its many highlights, large and small. We hope you enjoy reading it!

Sincerely,

Attila Dogudan

## DIVISION

# Restaurants, Lounges, Hotel & Bars

## „Best tastes of the world“

Restaurants, lounges, hotel & bars form the segment in which the company first started. Today, the DO & CO restaurants are run as flagship stores and showcase the entire breadth of our product portfolio. As the heart of the group, this division is also crucial for communicating our corporate image and for successfully building the DO & CO, DEMEL and AIOLI brands. With the opening of its first hotel, DO & CO has taken an important step toward a full-service hospitality approach.

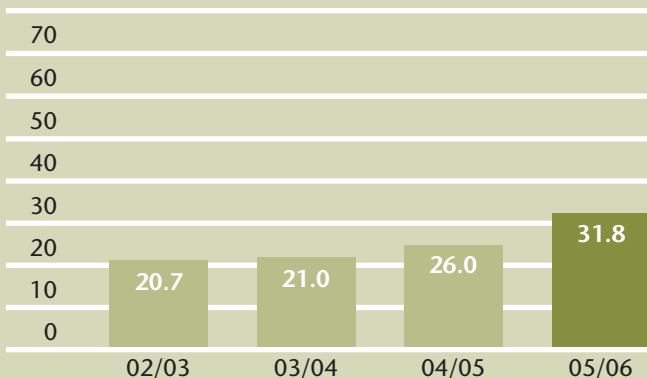
### Key Figures for 2005/2006

**Sales:** EUR 31.79 million  
Change against previous year: +22.1 %

**EBITDA:** EUR 2.29 million  
Change against previous year: +51.7 %  
EBITDA margin: 7.2 %

**EBIT:** EUR 0.62 million  
Change against previous year: +34.8 %  
EBIT margin: 2.0 %

Sales in EUR millions



## DIVISION

# Airline Catering

## „First look at the menu – then choose the airline“

Airline Catering is the frontrunner in terms of group sales, accounting for 52.6 % of the total. This past business year DO & CO handled catering for 20 international airlines and succeeded in extending its business with existing customers to further DO & CO locations. With its buy-on-board model, DO & CO has given a quality response to changes in product requirements in economy class and once again set new standards for onboard catering. Among the other highlights of the business year 2005/2006 were the purchase of the Airline Catering business of the Stockheim Group and the takeover of hospitality services at the Emirates Lounge in New York.

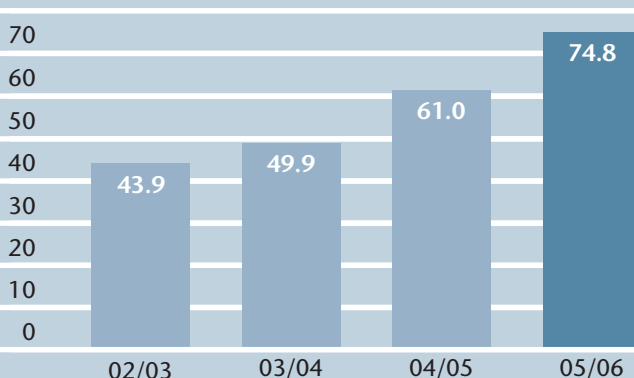
### Key Figures for 2005/2006

**Sales:** EUR 74.79 million  
Change against previous year: +22.7 %

**EBITDA:** EUR 5.08 million  
Change against previous year: +27.6 %  
EBITDA margin: 6.8 %

**EBIT:** EUR 1.19 million  
Change against previous year: +45.1 %  
EBIT margin: 1.6 %

Sales in EUR millions





DIVISION

International  
Event Catering

You will find complete information on business year 2005/2006 starting on page 85.



The Gourmet Entertainment Company – the „no headache partner“

DO & CO International Event Catering is synonymous with an all-encompassing total product for special events. Besides its core product, the supply of food and beverages; the division also generates innovative ideas, themes and approaches within its own in-house creative agency. Customers can rely on perfect planning, execution and supervision as well as a partner with a solid financial record. The DO & CO team handles events involving anywhere from 2 to 100,000 guests and has firmly established itself as a caterer for the world’s most important large-scale sports events.

DO & CO Group

Key Figures for 2005/2006

**Sales:** EUR 35.60 million  
Change against previous year: -24.7 %

**EBITDA:** EUR 3.69 million  
Change against previous year: +9.5 %  
EBITDA margin: 10.4 %

**EBIT:** EUR 2.39 million  
Change against previous year: +10.1 %  
EBIT margin: 6.7 %

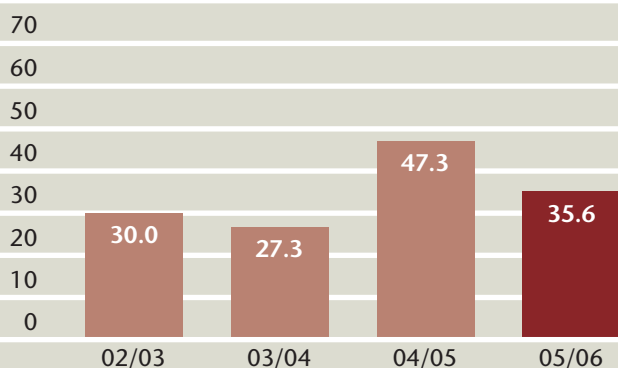
Key Figures for 2005/2006

**Sales:** EUR 142.18 million  
Change against previous year: +5.9 %

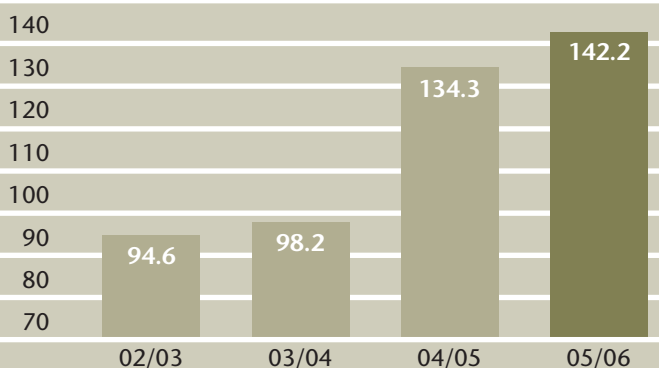
**EBITDA:** EUR 11.06 million  
Change against previous year: +24.9 %  
EBITDA margin: 7.8 %

**EBIT:** EUR 4.20 million  
Change against previous year: +21.7 %  
EBIT margin: 3.0 %

Sales in EUR millions



Sales in EUR millions



## Division Restaurants & Bars

### Austria

DO & CO im Haas Haus  
Restaurantbetriebs  
GmbH

DO & CO Albertina  
GmbH

DO & CO Catering-  
Consult & Beteiligungs  
GmbH

DO & CO - Baden  
Restaurants &  
Veranstaltungs GmbH

Casino Wien  
Café - Restaurant &  
Catering GmbH

K.u.K. Hofzuckerbäcker  
Ch. Demel's Söhne  
GmbH

Demel Salzburg  
Café-Restaurant  
Betriebs GmbH

AIOLI  
Restaurants &  
Party-Service GmbH

B & B  
Betriebsrestaurants  
GmbH

### Germany / Great Britain

DO & CO Lounge  
GmbH

DO & CO Museum  
Catering Ltd.

### Austria

DO & CO  
Party-Service & Catering  
GmbH

DO & CO - Salzburg  
Restaurants & Betriebs  
GmbH

DO & CO im PLATINUM  
Restaurantbetriebs  
GmbH

AIOLI – Vienna Airport  
Restaurants & Catering  
GmbH

Total Inflight Solution  
Austria GmbH

### Great Britain / USA

DO & CO  
International Catering Ltd.

DO & CO International  
Investments Ltd.

DO & CO  
Event & Airline  
Catering Ltd.

DO & CO  
Holdings USA  
Inc., Wilmington

DO & CO  
New York Catering  
Inc.

## Divisions

### International Event Catering & Airline Catering

| Germany                                    | Italy / Spain / Portugal   | Turkey  | Strategic Investments  |
|--|--|---|--|
| DO & CO Deutschland Holding GmbH           | DO & CO Italy S.r.l.   | DOCO Istanbul Catering ve Restaurant Hiz. Tic. ve San. A.S. | DO & CO - LAUDA-AIR Restaurants, Catering & Handling GmbH 50 % |
| DO & CO Frankfurt GmbH                     | DO & CO España Restauracion & Catering, S.L.                         |   |  |
| DO & CO München GmbH                       | DO & CO - Portugal Restauracao e Catering, Sociedade Unipessoal, Lda |   |  |
| DO & CO Berlin GmbH                        |  |   |  |
| TIS Total Inflight Solution Germany GmbH   |  |   |  |
| TIS Germany Airline Catering GmbH & Co. KG |  |   |  |

# The World of DO & CO

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## SPAIN

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**DO & CO International Catering Ltd.**  
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Fax: +44 (20) 85 87 00-80  
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newyork@doco.com

[www.doco.com](http://www.doco.com)  
[www.demel.at](http://www.demel.at)  
[www.platinum-events.at](http://www.platinum-events.at)

# Company Boards



## THE MANAGEMENT BOARD

Attila Dogudan  
*Chairman of the Management Board*



Michael Dobersberger  
*Member of the Management Board*



## THE SUPERVISORY BOARD

Waldemar Jud  
*Chairman of the Supervisory Board,  
Graz*



Werner Sporn  
*Deputy Chairman of the Supervisory Board,  
Vienna*



Georg Thurn-Vrints  
*Member of the Supervisory Board,  
Poysbrunn*



Christian Konrad  
*Member of the Supervisory Board,  
Vienna*

# 25 YEARS

|  |      |  |
|--|------|--|
|  | 1981 | Founding of the company with opening of the first restaurant in Vienna   |
| Launch of party services   | 1983 |  |
|  | 1987 | Launch of airline catering for Lauda Air   |
| Gourmet Kitchen in Vienna put into operation   | 1989 |  |
|  | 1990 | Opening of DO & CO Stephansplatz in downtown Vienna  |
| Assumed responsibility for the organisation and logistics of the film festival in City Hall Square | 1991 |  |
|  | 1992 | Launch of international event catering   |
| Gourmet Kitchen put into operation at the Malpensa Airport in Milan                                | 1995 | Opening of DO & CO Baden   |
|  | 1997 | Establishment of DO & CO Restaurants & Catering AG   |
| Opening of the AIOLI Restaurant  | 1998 | DO & CO shares first listed on the Vienna Stock Exchange   |
| Gourmet Kitchen at Salzburg Airport put into operation   |      |  |
| Establishment of DO & CO subsidiary AIOLI – Vienna Airport Restaurants & Catering GmbH             | 1999 | Gourmet Kitchen at JFK Airport in New York City put into operation   |
|  | 2000 | Gourmet Kitchens put into operation in Miami, Munich and Frankfurt   |
| Gourmet Kitchen in Berlin put into operation   | 2001 |  |
|  | 2002 | Acquisition of K.u.K. Hofzuckerbäcker Ch. Demel's Söhne GmbH along with Café Griensteidl                                     |
| Opening of DO & CO Albertina   | 2003 | DO & CO Gourmet Kitchen at London Heathrow   |
| Hospitality Management 2004 European Football Championship in Portugal                             | 2004 | DO & CO in the First Class Lounges of Lufthansa at Frankfurt Airport   |
| Opening of DO & CO PLATINUM Vienna   |      | Opening of DO & CO in the Swarovski Crystal Worlds   |
| Renovation of DO & CO Stephansplatz  | 2005 | New DO & CO production and logistics kitchens in Düsseldorf, Cologne/Bonn, Münster, Paderborn, Leipzig, Dortmund and Dresden |
| Opening of the DO & CO Hotel in Vienna   | 2006 | DO & CO in the British Museum  |



## The Brands of the DO & CO Group

**Clearly positioned brands inseparably associated with quality are assets the DO & CO Group** builds upon in all its business activities. With its brand portfolio of DO & CO, Demel and Aioli, the company responds clearly to different market needs, offering a full range that satisfies all segments and product requirements.

The DO & CO brand always stands for quality. This is confirmed by the high profile and recall value of all divisions of the company. It exemplifies how the brands have developed such importance in product branding and as marketing instruments, providing additional value for our customers. Whether as a single branded product in Airline Catering or as a brand that provides maximum quality for any event, DO & CO customers can trust in what the brand promises. This is why they keep coming to us, asking us for more.

The DO & CO restaurants are the flagship stores of the group and have the special task of developing, shaping and positioning the brands. The company currently conducts business under three brand names. All are united by a single indispensable striving for the highest possible quality.

**DO & CO is the original and first brand.** It stands for “the best tastes of the world” and invites customers on a culinary trip around the globe. As a premium brand, it offers top caliber gourmet entertainment, perfect service and an incomparable total product that evokes emotions, cultural refinement and pleasure.

**Demel**, for its part, is a brand that symbolizes centuries of tradition in the patisserie and confectionary arts. As such, it has been carefully preserved yet at the same time re-polished to a new lustrous sheen. The incomparable brand skills combine the most skilled craftsmanship with the finest in patisserie and confectionary arts. Exquisite confectionary, hand-made chocolate and the best in Viennese desserts are the three qualities associated with the Demel brand. This, the most luxurious patisserie brand in the world, is the ideal complement to the DO & CO premium brand.

Casual and Mediterranean, the **Aioli brand** embodies southern European flair and Mediterranean cuisine. With its young and dynamic image and flexible pricing, this brand is positioned in a broad quality market.





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| <b>DO &amp; CO Restaurant Stephansplatz</b><br>The Best Tastes of the World   | 22        | <b>First Look at the Menu –<br/>Then Choose the Airline</b><br>Our Partner Airlines | 47        | <b>Formula 1</b><br>17 Grands Prix Round the World   | 60        |
| <b>Special Events Venue Overlooking<br/>the Rooftops of Vienna</b><br>on the 8 <sup>th</sup> and 9 <sup>th</sup> Floors<br>at Stephansplatz | 24        | <b>Buy-on-Board</b><br>Bargain Flights with Culinary Delights                       | 48        | <b>Football Champions League Finals<br/>in Istanbul</b><br>Where Champions are Crowned       | 62        |
| <b>DO &amp; CO Albertina</b><br>Fine Art Meets Fine Dining  | 26        | <b>Lufthansa &amp; DO &amp; CO</b><br>The Finest in Airline Lounges                 | 50        | <b>Beach Volleyball Grand Slam<br/>in Klagenfurt</b><br>The Hottest Party of the Summer      | 64        |
| <b>DO &amp; CO British Museum</b><br>Be Our Guest at One of the<br>World's Leading Museums  | 28        | <b>Emirates &amp; DO &amp; CO</b><br>A Bit More Than Simple<br>Airline Catering     | 52        | <b>CHIO Aachen</b><br>The Grandest Equestrian Games<br>in the World                          | 66        |
| <b>DO &amp; CO Casino Baden and Vienna</b><br>Place Your Bet on Pleasure  | 30        |   |           | <b>ATP Tennis Masters Madrid</b><br>„Boulevards of the World“                                | 68        |
| <b>DO &amp; CO Swarovski Crystal Worlds</b><br>Crystals Are Not All That Shine<br>in Wattens  | 31        |   |           | <b>Corporate Events &amp; Private Parties</b><br>3 of 2,050 Events                           | 70        |
| <b>K.u.K. Hofzuckerbäckerei Demel</b><br>The Best in Patisserie Arts at<br>Vienna's Finest Address  | 32        |   |           | <b>Vienna's Favorite Event Location</b><br>PLATINUM – Flexible Space for<br>Fantastic Events | 76        |
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DIVISION

# Restaurants, Lounges, Hotel & Bars

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Sales 2005/2006:

EUR 31.79 million

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Share in consolidated sales: 22.4 %

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# Restaurants, Lounges, Bars and now a Hotel

Best Tastes,  
Best Entertainment,  
Best Hospitality

The DO & CO's tale of success began in 1981 when a small delicatessen restaurant in the heart of Vienna began offering the public the best tastes of the world. Already 25 years ago it was not only the superb food but moreover, the perfection of the overall experience, which established the restaurant as an exceptional experience. "Delight for eye and palate" is the principle by which DO & CO has evolved into the Gourmet Entertainment Company and by which it has clearly demonstrated that everything revolves around one thing: entertainment.

Today DO & CO does not simply feature the best elements of all continents in its restaurants, it equally provides Austrian products and the finest service to the world at large. Restaurants & Bars is the segment in which DO & CO originally started its business and it still plays a highly significant role as the centre of research and development of the DO & CO Group. Due to the unconstrained nature of its establishment and the closeness to its patrons, the division can rapidly implement innovative culinary concepts and thus immediately respond to the patron's requirements. As a result, DO & CO picks up on trends early on and has even set a number of them itself.

The culinary expertise of this segment has also fundamentally shaped the products of the newly joined divisions such as International Event Catering and Airline Catering, which were each given their unique touch. Even the incomparable service-oriented culture of the company has its roots in these beginnings, with its simple yet clear guiding principle: "We are ladies and gentlemen serving ladies and gentlemen."

In a recent move, DO & CO opened its own hotel and added yet another significant aspect to its range of extraordinary hospitality services: a completely new hotel experience. A differentiated approach to product is combined here with the customarily superb service of DO & CO to set new quality standards in the premium hotel segment.







**DO & CO Restaurants,  
Lounges, Hotel & Bars**

DO & CO Stephansplatz

DO & CO Albertina

DO & CO in the British Museum

DO & CO Lufthansa First Class Lounges, Frankfurt

DO & CO Emirates Lounge, New York

DO & CO Platinum Vienna

DO & CO Swarovski Crystal Worlds

DO & CO Casino Baden

DO & CO Casino Vienna

K.u.K. Hofzuckerbäcker Demel, Vienna

K.u.K. Hofzuckerbäcker Demel, Salzburg

Café Griensteidl, Vienna

DO & CO Hotel Vienna

DO & CO Onyx Bar Vienna



# Welcome to the DO & CO Hotel Vienna!

DO & CO draws on the cosmopolitan flair of the city and the appeal of Vienna's most prized cultural monument to show just what it means to have "everything under a single roof". Against the backdrop of venerable St. Stephen's Cathedral, DO & CO has harmoniously combined an esthetic luxury hotel with the DO & CO flagship restaurant, Vienna's most appealing bar and two incomparable special event spaces in a glass clad building on St. Stephen's Square. Guests are received on the 6<sup>th</sup> floor with a warm welcome. A mere glance at the bar and hotel lobby makes one realise: this is definitely the place to be. No matter what your final destination in the building may be, you cannot help but feel at welcome and ease here.



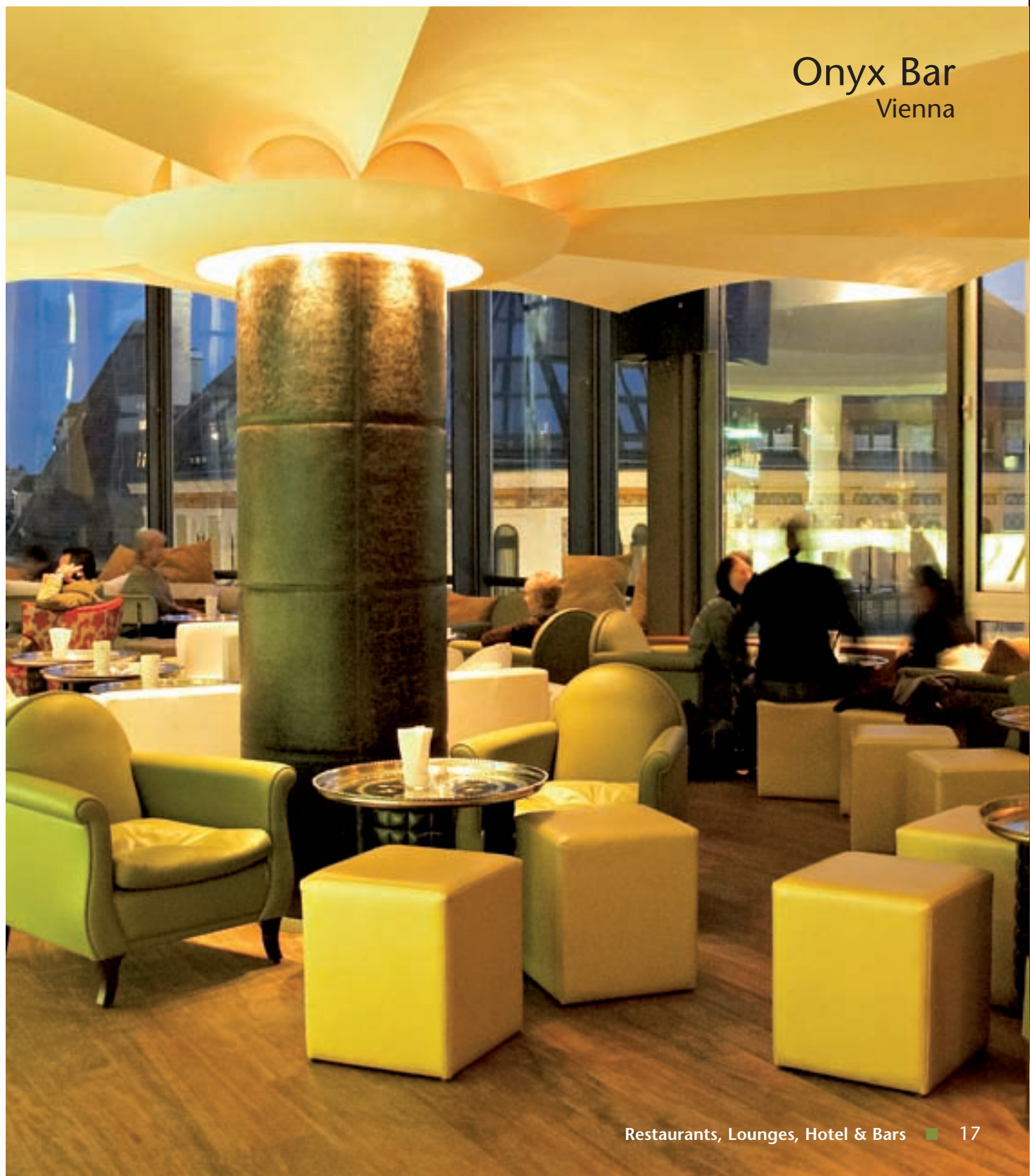


*A fully stocked bar boasting classics from around the world and a unique view. The Onyx Bar is a cosy lounge and the social centre of the building.*

*In the evening it is one of downtown Vienna's hot spots.*



## Onyx Bar Vienna





# DO & CO Restaurant

Vienna





*Enjoy St. Stephen's Square!  
St. Stephen's Cathedral is  
the spectacular backdrop of  
the city centre. It is surrounded  
by a mesmerising array  
of culinary delights.*







*There is no place with a grander view of Vienna. Additionally, no place with a grander view on the future's possibilities.*







*The combination of the finest materials induces a relaxing atmosphere. The room's furniture provides grounds for the comfort of the stay. The spacious en-suite showers and the high tech equipment are all results of modern art.*











*Suite with own Onyx Bar*







*The DO & CO Hotel has adopted the same formula that has made the Restaurant at St. Stephen's place so successful: a selection of the finest wines, room service featuring DO & CO restaurant quality and the best view in Vienna.*

## Unique Brand of Urban Luxury

**and a hotel concept thought through to the finest detail.**

The DO & CO Hotel weds high quality service with accommodations of unsurpassed beauty. Exquisite leather, natural travertine and the finest teak join in an unconventional design to lend the rooms a relaxed and inviting atmosphere. Each of the 43 rooms and suites features state of the art media equipment, a generous bar and furniture most people would find suitable for a private home. Furthermore, superb dining is just steps away. However, the uncontested highlight is the breathtaking view of Vienna's most eminent landmark.

## Accommodations of Unsurpassed Beauty



## A Delight for Eyes and Palate

The DO & CO Restaurant is now cloaked in a new and appealing design but has evidently retained the same stunning view of the cathedral. Gracious materials and warm colors accomplish an inviting atmosphere of well-being. The open kitchens reveal all and entice diners with the greatest suggestions from cuisines all over the world. There is no better place to enjoy life than here, with Asia's indescribable diversity of spices and the finest in sushi and sashimi, fresh fish from all the seven seas and the classic dishes of the Viennese cuisine.

Best tastes of the world





*A high rise tower –  
in the Sushi Tower in the  
restaurant we prepare fresh  
Japanese specialties right  
before the eyes of our guests.*





*This extraordinary setting high above the rooftops of the city is perfect for culinary innovation on our part and for special celebrations on yours. Both spaces are at the same level as the Pummerin bell in St. Stephen's and are truly the focal point of the day's and night's happenings.*





8<sup>th</sup> floor

## The Sky is right there,

**close enough to touch.** The two spaces atop the building promise the ultimate urban delights, whether booked as a private dining room for 24 people or for a party amidst the twinkling lights of downtown Vienna, as a select venue for signing special contracts or simply for staging a conference with an extraordinary impact. A separate lift takes you to the round glass structure on the 8<sup>th</sup> floor and its glass counterpart on the 9<sup>th</sup>. Additionally, it highlights Vienna's most remarkable sides by taking you to the 360° panoramic view. It is a truly unique place.

## Top of the Tops



9<sup>th</sup> floor





## The Art of Enjoyment

is effortless for visitors of the Albertina in Vienna. This museum holding the largest and most valuable collection of graphic art in the world now also features masterpieces of the culinary arts. Select classics of Viennese cuisine join harmoniously in the DO & CO Restaurant with a sampling of the best from around the globe to create a culinary piece of art. Dining with Schiele – a unique symbiosis of cultural and culinary delights. The museum directly across from the State Opera is likewise an unsurpassed venue for the fine art of special events. The undisputed highlight of a visit to the Albertina, however, is to sit on the terrace and enjoy a view of the Burggarten and Hofburg, in conjunction with the fine nuances of impeccable good taste. Genuine culinary masterpieces from DO & CO have found a perfect home in the world's best museums.

### Where the Art of Fine Cuisine Meets the Art of Fine Dining





THE LEADING  
MUSEUMS  
OF THE WORLD



*The Albertina Restaurant and Bar offer the accomplished fine dining no matter what your cravings may be, from the best breakfast in the city to a quick business lunch, from a relaxing cup of coffee after viewing an exhibition to a fitting finale to an evening in the State Opera.*







THE LEADING  
MUSEUMS  
OF THE WORLD



*Very British:  
DO & CO now exhibits  
culinary classics and trends  
of the international cuisine  
in the heart of London.*



THE  
BRITISH  
MUSEUM



RESTAURANTS  
HOTEL  
LOUNGES  
CATERING





## All the World under a Single Roof ...

**in the oldest existing museum.** One of the world's largest and most significant collections of exhibits from a wide variety of eras and continents is housed here under an impressive steel and glass construction. The British Museum offers an unrivaled view of the history of human civilization from its beginnings down to the present day. The culture of fine dining has also found a place in this temple of civilization, not just in the exhibition rooms but also in a new gourmet restaurant, a bistro and a café as well as in conjunction with conference services and special events. We are proud that DO & CO has been given the honor of gracing this unique venue with its products.



# Casinos Austria

## Baden & Vienna



# „Full House“



It comes as no surprise that DO & CO's Summer Lounge at the Casino Baden has repeatedly been fully booked. People naturally gravitate to this most beautiful terrace south of Vienna to chill out and enjoy cool drinks on balmy summer evenings. You cannot help but relish in the mesmerizing scenery of the Kongresshaus conference centre. Teamed with special event catering from DO & CO, an elegant evening beginning with an exquisite "Dinner & Casino" soon and quite justifiably reveals Congress Casino Baden as a venue with innumerable possibilities. Place your bet – on pleasure!

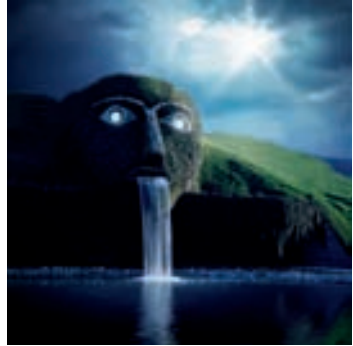
DO & CO has been operating its all-day Bistro Café, Casino Restaurant as well as the terrace in the "Kurpark" and the Winter Garden Casino Terrace since 1995. Gourmet catering from DO & CO also awaits you in Casino Vienna.

**CASINOS AUSTRIA**



# Swarovski Crystal Worlds

*Enjoyment in the Giant:  
The Crystal Worlds offer  
a unique venue for  
brilliant festivities,  
from fairytale weddings  
to sparkling corporate  
celebrations.*



## Magical Pleasures for All Five Senses



It is like closing your eyes and being guided to a magical childhood fantasy, complete with a giant guarding a trove of shining treasure and a theatre of glistening fairytales. However, it is not only Swarovski's world-famous crystals that twinkle in millions of facets in this magical kingdom. DO & CO also shines brightly with its infinite facets of fine taste. The incomparable atmosphere merges with the thorough precision of DO & CO Gourmet Entertainment to set the Crystal Worlds aglow in an unrivalled brilliance that elicits awe and astonishment.



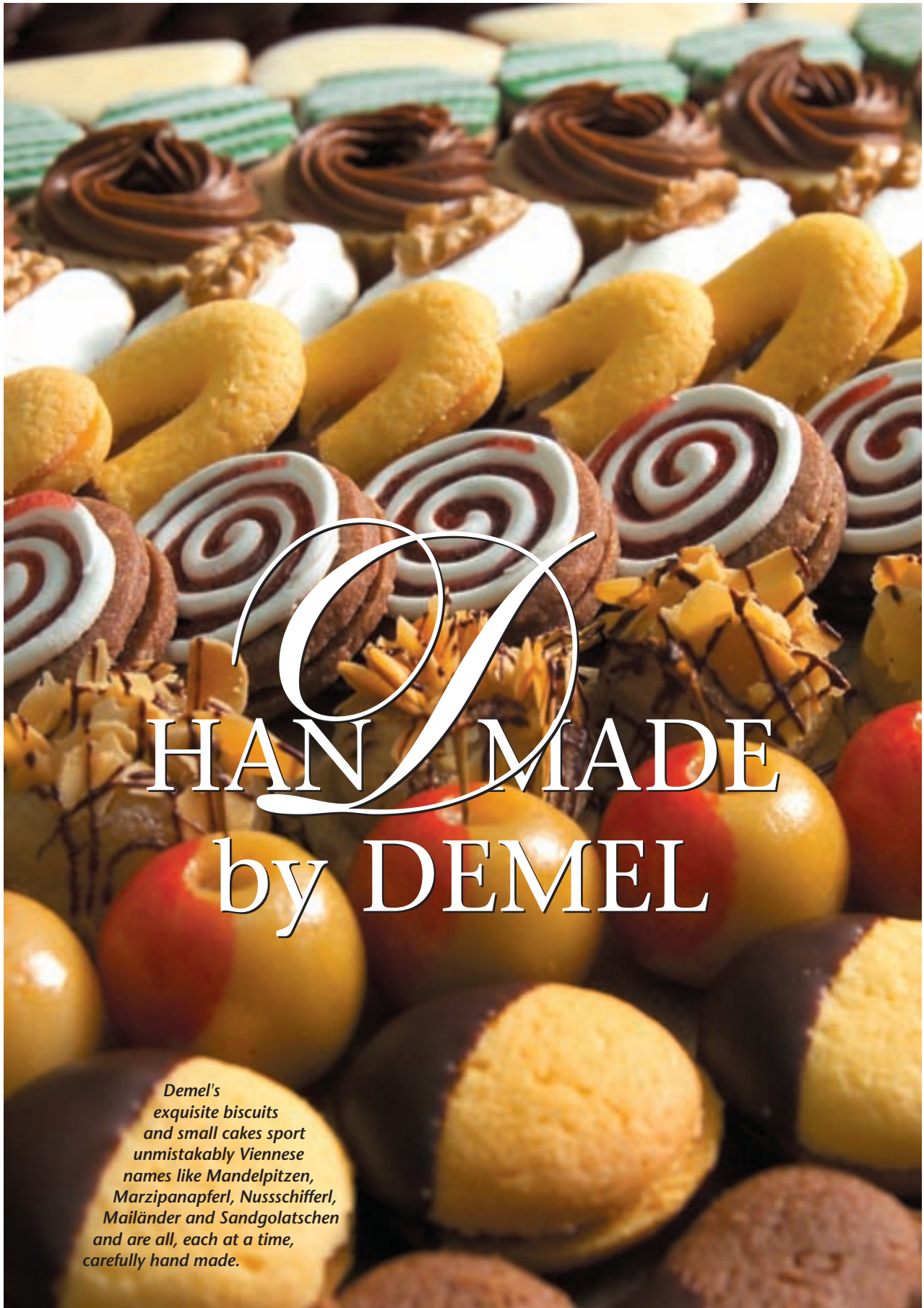




  
**DEMEL**  
K. U. K.  
HOFZUCKERBÄCKER  
CHOCOLADENFABRIKANT  
 **WIEN**   
SEIT 1786



The Finest Patisserie Arts from the Kohlmarkt in Vienna



HAN MADE  
by DEMEL

*Demel's  
exquisite biscuits  
and small cakes sport  
unmistakably Viennese  
names like Mandelpitzen,  
Marzipanapferl, Nusschifferl,  
Mailänder and Sandgolatschen  
and are all, each at a time,  
carefully hand made.*



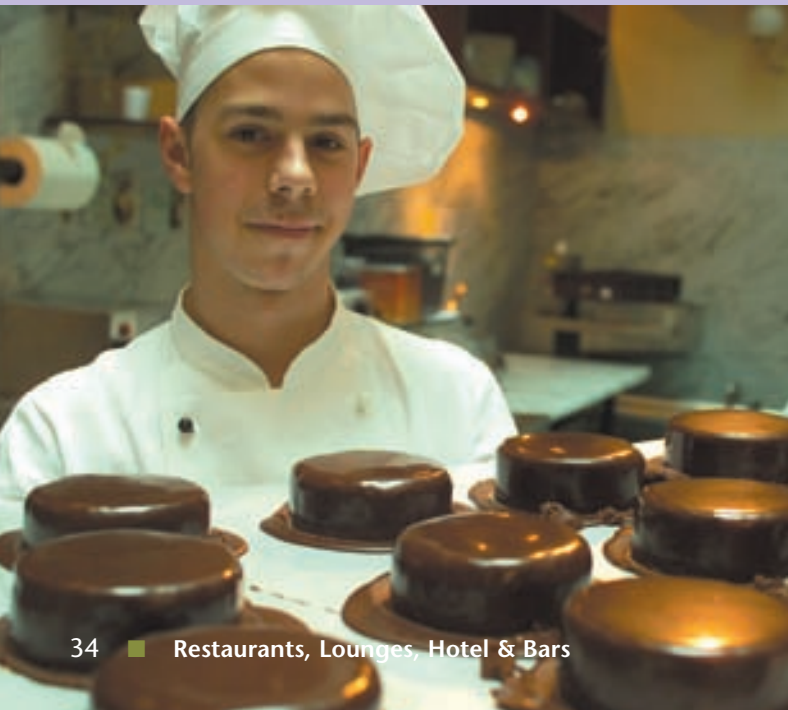
A sales venue with a long and venerable tradition: The palais on Kohlmarkt in Vienna has served as the exquisite setting for Demel's select mixed nougat confectionery, Katzensungen and candied violets since 1786.

"K. u. K. Hofzuckerbäcker Ch. Demel's Söhne Wien" stands for the finest patisserie and confectionery arts and inimitable quality.

For over two centuries, this legendary establishment has been making exquisite chocolate and the finest confectionery by hand at Vienna's most elegant address.



Chocolate and marmalade – Demel Sacher tortes are freshly baked on a daily basis, glazed in Demel's own chocolate and then sent out the same day to customers around the globe. The astounding taste of handmade perfection!







The supreme confectionary arts – The masters of their craft put unique artworks of sugar on display at Demel's and even make "sweet" comments on societal and political issues in the shop windows of the establishment.

Enjoy and be amazed – The open bakery at Demel's allows visitors to peek over the patissiers' shoulders. From the early morning hours until late afternoon, these experts passionately go about stretching apple strudel dough, glazing delicate biscuits and decorating tortes.



Handcrafted confectionary down to the finest detail – Every bonbon is individually wrapped and then packed with greatest care. Even the drawings of the Demel bonbonniers are tiny artworks, executed with loving attention to detail.







## Division Restaurants, Lounges, Hotel & Bars

### STRATEGY

- As the original line of business, Research & Development center and creator of ideas for new products
- Marketing instrument and standard bearer for the group and original brand development
- Development of human resources
- Restaurants, lounges, hotel and bars as all-inclusive hospitality solutions

### PRODUCTS AND SERVICES

- Unique urban luxury at the DO & CO Hotel
- A sampling of the best cuisines in the world at the DO & CO Restaurant at St. Stephen's place
- The finest hand-made patisserie and confectionary arts at Demel's
- Elegant international bar atmosphere at the Onyx Bar
- Glorious art meeting fine cuisine at the Albertina and the British Museum
- Dinner & Casino at the restaurants and bars at the Casino Baden plus small hot and cold gourmet specialties at the Casino Vienna
- Flair of a traditional Viennese coffeehouse at Café Griensteidl
- Café/restaurant at the Swarovski Crystal Worlds
- All restaurants & bars as venues for press conferences and special events

### HIGHLIGHTS OF 2005/2006

- Opening of DO & CO Hotel on St. Stephen's Square in Vienna
- Re-opening of the flagship restaurant and the Onyx Bar on St. Stephen's Square in Vienna
- Announcement of DO & CO as the culinary partner of the British Museum
- X-Mas Café in Café Glockenspiel

### PREVIEW OF 2006/2007

- Take-over of restaurant and catering operations in the British Museum



DIVISION

# Airline Catering

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Sales 2005/2006: EUR 74.79 million

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Share in consolidated sales: 52.6 %

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Customers in 2005/2006: 20 airlines worldwide

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# Lauda Air DO & CO

A Unique  
Combination

Innovative  
Service Concepts –  
Benchmark for  
the Airline Industry  
over Many Years



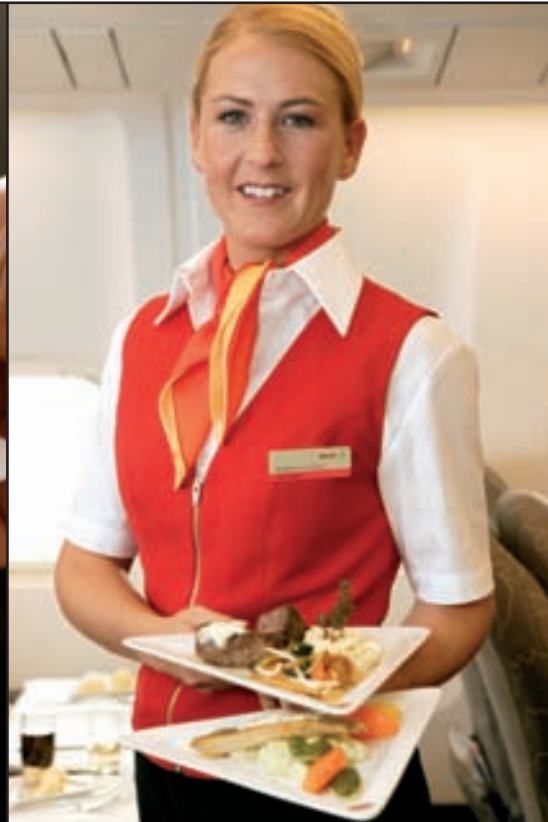


## Good Taste Knows No Boundaries

was the motto of DO & CO back in 1987 on board the first Lauda Air flight. This catering service included a line-up of dishes using the freshest wares on the market, featuring specialty dishes of the country of departure and a culinary foretaste of the flight's destination. Moreover, baked goods fresh from the oven and the freshest of fruit were served. Then, as a sweet finale, came the greatest handmade desserts. This is a board product that leaves nothing to be desired. In addition, the "flying head chef" himself prepares the meals according to the individual preferences of his guests. The vision of creating a genuine gourmet restaurant in the skies has become reality for the first time in tandem with Lauda Air. Welcome on board, welcome to airline catering from DO & CO!



*There is a difference ...!  
The Lauda Air and DO & CO  
partnership has been inseparably  
associated with top quality since  
its inception in 1987.*







# Customized Onboard Catering

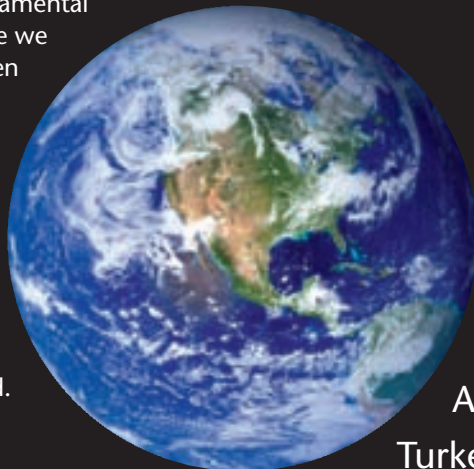
## Total Inflight Solutions

Menu planning and design, board menus and beverages, providing a set of cabin crew procedures and cabin crew training, even lounge hospitality – DO & CO Airline Catering has all-inclusive total service solutions for all areas of air passenger hospitality. Concepts and products are individually designed to match the philosophy of each individual carrier and then further refined on an ongoing basis. DO & CO delivers everything from first class gourmet meals at restaurant standards to quality sandwiches and baguettes, from buy-on-board products to complete lounge concepts. This is a broad and diverse product portfolio to meet every market and price situation. In the meantime, nearly 20 airlines depend on in-flight solutions from DO & CO. Together with these partners; the team from the Airline Catering Division sets new standards for high quality and innovative onboard service.

### Concentration on Core Markets –

This aspect of our fundamental business philosophy is one we always keep in mind when selecting our locations.

The DO & CO Gourmet Kitchens form a full-coverage global network that allows us to provide a unique quality product for our customer's most vital airports. This requires optimal logistics with the shortest possible distances involved.



USA  
Great Britain  
Germany  
Italy  
Austria  
Turkey





# THE WORLD'S BEST RESTAURANTS AT OVER 30,000 FEET

*Powered by DO & CO*

Guests of DO & CO Gourmet Restaurants in the sky are treated to many delights: the aroma of fresh baked morning rolls filling the air and an egg served to order for breakfast; sole coming fresh from the grill and steak done to perfection. Why even the first asparagus of the season is on the menu. This is how we allow our guests to indulge while being in the sky. Always on board are the best tastes of the world: the diversity of the Orient, a sampling of Mediterranean cuisine, greetings from the Far East and the finest selection of Austrian food. All dishes are prepared in the country's traditional style and are presented authentically. Yet all food shares one common trait – unique quality from DO & CO. In their effort to provide passengers with an incomparable on-board experience, airlines are turning in increasing numbers to DO & CO and putting their trust in the world's only gourmet brand product in the airline industry. Our guiding principle? First look at the menu – then choose the airline. We look forward to the privilege of welcoming you aboard our partner airlines.

**SA 202**

NEW YORK ✈️ JOHANNESBURG

**Skewer of crevettes**  
with wok vegetables and  
steamed rice



**BA 312**

LONDON ✈️ PARIS

**DO & CO's**  
strawberry creme fraiche  
tart



**EK 128**

VIENNA ✈️ DUBAI

**Beef filet**  
pesto beans and  
avocado salad







**QR 98**  
VIENNA ✈ DOHA  
**Arab Meze**  
babaganoush  
hummus  
tabouleh  
stuffed grape leaves



**OS 1**  
VIENNA ✈ KUALA LUMPUR  
**Herbal roast saddle of lamb**  
zucchini pappardelle  
Mediterranean vegetables



**TK 1888**  
VIENNA ✈ ISTANBUL  
**Stuffed eggplant**  
in tomato sauce  
buttered rice

**EK 204**

NEW YORK ✈️ DUBAI

**Tarte Tatin**  
*in vanilla sauce*



**OS 87**

VIENNA ✈️ NEW YORK

**Marchfeld asparagus**  
*with sauce Hollandaise*  
Vulcano ham  
chervil potatoes



**EO 002**

NEW YORK ✈️ LONDON

**Fresh Dover sole**  
*pureed wasabi*  
*sautéed vegetables*







**CX 831**  
NEW YORK ✈ HONG KONG  
**Tuna Tataki**  
shiso pesto  
smoked salmon tartar

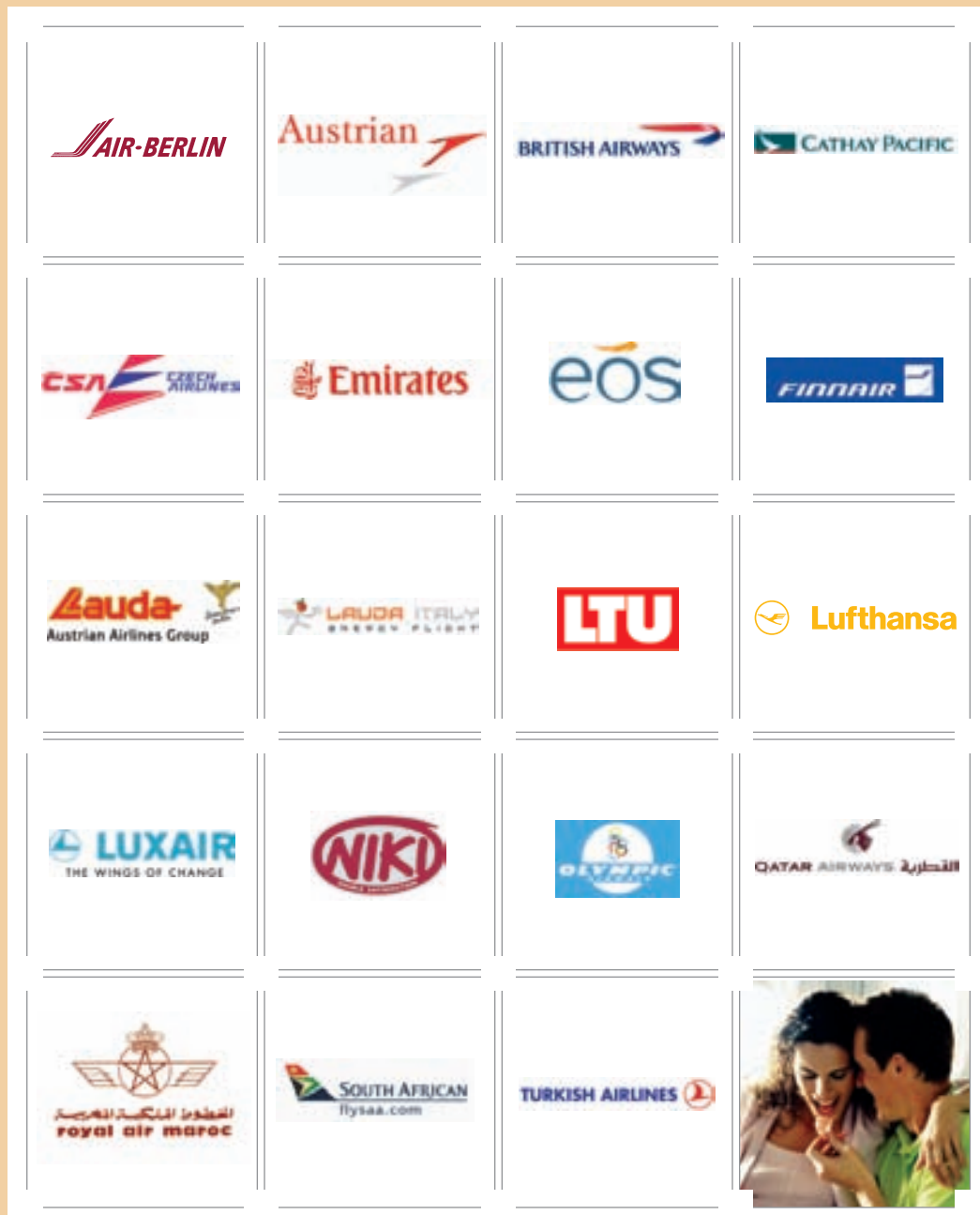


**OS 88**  
NEW YORK ✈ VIENNA  
**Viennese chocolate soufflé**  
chocolate sauce  
vanilla parfait



**EK 128**  
VIENNA ✈ DUBAI  
**Grilled giant crevettes**  
on chili salsa  
oven baked vegetables  
Oriental rice

# First look at the menu, then choose the airline ...



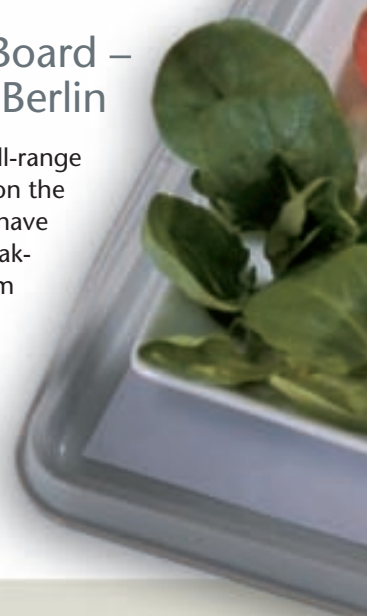


# Bargain Flights with Culinary Delights

Buy-on-board products have been ill-received on many airlines due to inconsistent quality and a lack of pizzazz. Together with NIKI and AIR BERLIN the first ever gourmet edition of this product has been created to meet the preferences and needs of passengers on short-distance flights in Europe. Fresh ingredients, quality, attention to detail and a competitive price are the winning recipe of this innovative business model which is now launched on the market. Initial experience with the buy-on-board segment shows that passengers will not tolerate fluctuations in quality. They expect first rate quality and fresh products especially when they are paying extra for the food. Positive experiences are the key to making passengers steady customers and credible word-of-mouth promoters of an on-board product.

## Buy-on-Board – For Instance on Air Berlin

This German airline offers a full-range culinary portfolio. Depending on the time of the flight, passengers have their choice of an enjoyable breakfast, fresh salads, cold and warm delicatessen items and home-made desserts.



## "Demel Delicatessen" for NIKI

The finest treats from Demel are now available to airplane passengers. In a recent move, this former purveyor of confectionary and patisserie to the Imperial Court has teamed up with NIKI to present delicious renderings of traditional specialties and creative product design.

Demel's homemade "Kaiserschmarrn"



SWEET & SPICY



Hong Kong noodles

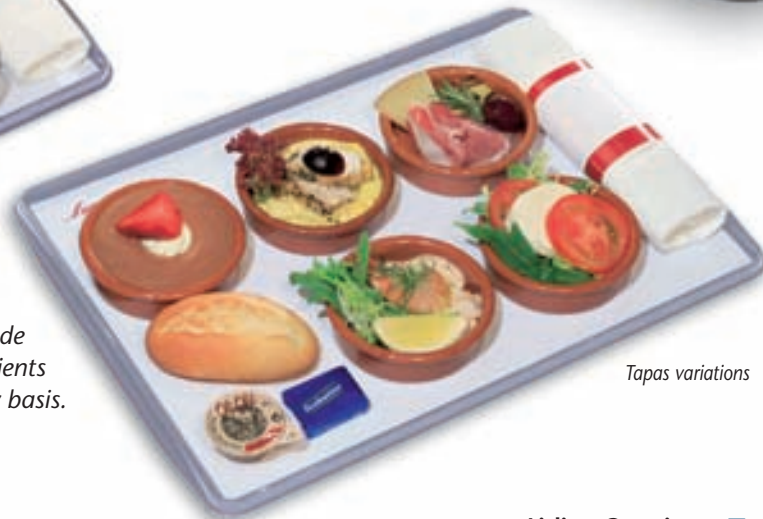


Breakfast



Each product is handmade solely of the freshest ingredients and prepared on a daily basis.

Tapas variations





# Lufthansa & DO & CO

**Lean back and relax, work and enjoy.** Waiting for a plane has never been so pleasurable. As a passenger in Lufthansa First Class Lounges, you can withdraw to a separate resting room or work undisturbed in a high tech office unit, relax watching your favorite film or luxuriate in a bath graced with marble and walnut. Last but certainly not least, you can take a culinary trip around the world even before take-off, enjoying the finest delicacies specially prepared by a DO & CO head chef using the best and freshest ingredients from markets around the globe. To sum up this delicious experience, you can enjoy select top wines and any drinks you desire from a fully stocked bar. If you opt for a handmade dessert from K.u.K. Hofzuckerbäckerei Demel as the crowning touch to your preflight wait, there is little to keep you from floating off into seventh heaven. Impeccable customer service is naturally part of the picture as well, and is an essential factor for the success of this collaboration between Lufthansa and DO & CO. All passengers have confirmed this fact by giving the lounges top ratings. That is why we are proud that Lufthansa chose DO & CO as its premium partner.





## The Place Where Time Flies



*With more than 70 whiskeys to choose from and an exclusive cigar lounge, there are few bars in the world that can compete with this one.*







## A Bit More Than Airline Catering



... is what Emirates and DO & CO want to offer in the Emirates Lounge at New York's John F. Kennedy Airport. First and business class passengers as well as Gold Card members can opt to spend their time until departure in a most pleasant atmosphere. They can choose between working at the business centre or relaxing in a separate chill-out area. To complete this enjoyable experience, DO & CO treats its guests to Arabic and Oriental specialties and classics of international cuisine. As if that were not enough, with the striking view of the runway and the fleet, DO & CO has yet another highlight in store. When Emirates becomes one of the first international airlines to land a new A380 in New York, lounge guests will be able to witness the event live, at eye level with the captain ...

# Emirates DO & CO



Passengers of the all business class carrier EOS can also enjoy hospitality DO & CO style in the Emirates Lounge.







## Division Airline Catering

### STRATEGY

- To offer a unique quality product tailored to the needs of Economy and Business Class passengers
- To maintain and improve the DO & CO's reputation as a quality niche supplier in the premium segment
- To create and develop a global network of gourmet kitchens
- To cooperate effectively with existing airline customers and to win over new customers and existing customers for all business locations

### PRODUCTS AND SERVICES

- Board meals and beverages
- Buy-on-board products
- Extensive development of complete service approaches
- Cabin crew training in own mock up aircraft and on site
- Development of cabin crew procedures
- Menu planning and menu design worldwide
- Lounge hospitality
- Flying DO & CO chef on long-distance flights

### HIGHLIGHTS OF 2005/2006

- Development of innovative buy-on-board product portfolios
- Enlargement of the DO & CO customer portfolio: Olympic Airways, LTU and Cathay Pacific ex New York, Emirates ex Frankfurt and New York, EOS ex New York and London Stansted, Qatar Airways ex Berlin
- DO & CO as a gourmet partner of Emirates First und Business Class Lounge at JFK Airport in New York
- Takeover of the airline catering business of Stockheim with its seven business locations and cooperation with Air Berlin as the main customer in Germany
- Strategic alliance with the De Ster Group

### PREVIEW OF 2006/2007

- Qatar Airways as a new customer ex Frankfurt
- Expansion of business with Emirates ex New York
- Air Berlin will also be customer starting in the first quarter of 2006/2007 ex Berlin, Munich and Frankfurt
- Buy-on-board product on Air Berlin flights from Düsseldorf, Berlin, Munich and Frankfurt starting in June 2006
- Start-up of Demel Delicatessen for Niki ex Vienna and Salzburg



DIVISION

# International Event Catering

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Sales 2005/2006: EUR 35.60 million

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Share in consolidated sales: 25.0 %

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Events in 2005/2006: A total of 2,050 staged worldwide

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## So Festive, So Athletic ...

Pineapple from Bangkok, fresh fish from the North Sea, chocolate from Belgium, guests from around the world – and DO & CO always a bit different. This motto has shaped our special events ever since. From intimate family celebrations to large-scale sports events involving 100,000 or more, the DO & CO event agency and creative teams take an idea and develop it step by miniscule step into a full-fledged concept. They take the idea and design, develop, plan and create an event experience with great attention to detail. Authentically prepared and presented dishes are complemented by an appropriate selection of beverages and often served in innovative ways.

Of course enjoyment does not end on the palate. To address all five senses, we go beyond excellent food to design the perfect setting, a fitting look for the space, appealing lighting, carefully produced menu cards and theme-related decoration. Then, “Curtains up!” for entertainment DO & CO style. The party becomes the ultimate delight. Gourmet entertainment at its best!

A peak behind the scenes makes it clear that customers can put all their cares in DO & CO’s hands without a second thought. For, DO & CO teams can also stage and supervise an event, along with taking care of sponsors and handling event marketing. In doing so, DO & CO relies on a wealth of experience and an internationally proven crew. Professional implementation and a solid financial base are two other factors that make us a trustworthy partner who can competently take on any worries and cares you may have regarding your special event.

This demonstrates that our event teams are purely concerned with parties and how they can heighten the festive experience of our guests. Their varied, innovative ideas are the products of an unlimited passion. Yet, one aspect remains the same: top quality round the world. If you have acquired a liking for our approach, please join us now on a festive and athletic journey through some of the many events that DO & CO has staged...

## SPORT EVENTS

On tour with the best of the best: from 17 Formula 1 Grands Prix and the UEFA Champions League Finals to the ATP Tennis Masters Series and the CHIO Equestrian Games in Aachen, from the Beach Volleyball Grand Slam to the climax event of World Cup skiing in Kitzbühel. The DO & CO team goes to the starting line in the royal league of sports events worldwide. A special sports division has been set up to handle VIP and public hospitality. DO & CO has an internationally experienced and proven crew to handle sponsor management and event marketing in this area, too.



## CORPORATE EVENTS

From company and product presentations to meetings between global corporations, from award ceremonies to glittering corporate gala events, the DO & CO event teams are experienced in dealing with international clients. They devise a tailor-made design for each event to fit the corporate philosophy and product. They then implement that design with a sound sense of essentials and a great feel for the importance of detail.



## PRIVATE PARTIES

There are so many good reasons to invite guests. A major one is to experience moments you and your guests will never forget. Moments when you gather to celebrate with family or throw the most incredible party of your life, moments when you simply enjoy summertime or stage a Christmas a notch above all others. Moments when you mark unique occasions deserving a celebration – in an unusual setting and made all the more wonderful by DO & CO.





A chef in a white uniform and hat is walking from right to left in a kitchen. The background is filled with numerous horizontal, glowing light streaks in shades of blue and white, creating a dynamic, high-tech atmosphere. The chef is slightly out of focus, suggesting movement.

# Gourmet





# Entertainment

**A Philosophy That Shapes All At DO & CO.**

The following pages will illustrate how we apply that philosophy, with impressions from the widest variety of events.





*The coolest event of the year:  
the Kitz Race Party is the hotspot of  
the winter party season.*



# Hahnenkamm Race

VIP Hospitality Kitzbühel







*"Each plate an artwork" – In Kitzbühel every plate the DO & CO chefs send out is decorated just the way each individual guest desires.*



# KITZBÜHEL

WINTER-HIGHLIGHTS IN THE MONTE CARLO OF THE ALPS

Begin with a downhill race, which only top skiers can handle. Add a tent in the snow as the venue for the most glamorous party of the winter. Then mix that with thousands of fans from around the world and what do you get? Kitzbühel, the undisputed climax of the ski year, athletically and socially. DO & CO has been serving VIP guests at the Hahnenkamm Race for seven years now. Not only does the tent close to the finish line of the "Streif" provide perfect gourmet entertainment but it additionally becomes the stage for spectacular culinary performances. All stops are pulled out for this event, including designer furniture and a myriad of tiny elements to surprise even the most avid of special event visitors. All this demonstrates that the DO & CO team in Kitzbühel is in top form.



*Venerable whiskeys, the finest in cigars and an exclusive view of the Streif – "Chalet 10" is a lounge that is hard to match.*





## Sport Events



# FORMULA 1

## In Pole Position for Great Taste

From the Bahrain desert to the venerable Indianapolis Speedway or the high rise studded hillsides of Monaco, wherever the world's best racing teams go to the starting line at the Formula 1, the DO & CO team also steps forward to deliver top culinary performances. It has done so at 17 Grands Prix round the world. We have been treating the guests of the Formula One Paddock Club™ to the best in food and drink since 1992. Every new weekend of racing sees us setting up a new little gourmet restaurant for teams and fans, always with the highest precision and with the same high product standards worldwide. We are proud to have been selected as the event caterer of a sport famed for requiring absolute precision.



Sepang • Bahrain • Imola • Barcelona • Monte-Carlo • Nürburgring • Montreal • Indianapolis • Magny-Cours • Silverstone • Hockenheim • Budapest • Istanbul • Monza • Spa • Suzuka • Shanghai









# Champions League

The Crowning of Champions





# Istanbul

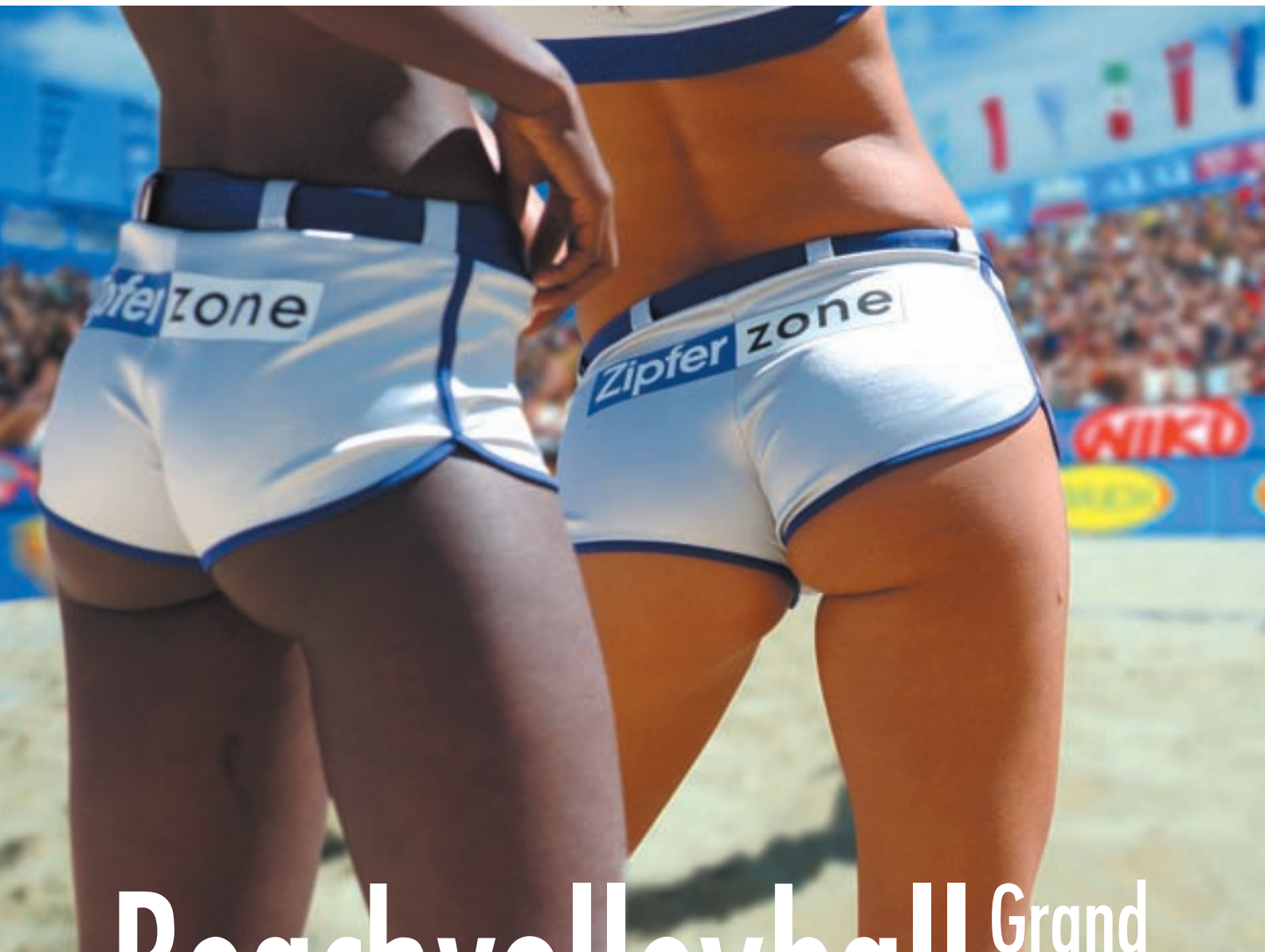
## The Final 2005



When 22 master football players walk onto the field in Istanbul for the showdown to determine the European Football Champion, the team from DO & CO Sports Division will be matching their athletic performances with stunning culinary and logistical performances of its own. While the stars of European football enchant the crowds in the magical city on the Bosphorus with their superb speed and dexterity, 650 DO & CO employees will be focusing on one objective and one objective only at this DO & CO's largest one-day event: namely on giving 15,000 VIP guests, sponsors, members of the media and volunteers a total culinary-sports experience. Perfect teamwork is the secret to ensuring that each and every guest is entertained. With 18 semi-truck-loads and 600 tons of equipment arriving before the start of the event, teamwork is also the secret to ensuring that there is not a knife too many nor a fork too few and that the cloth napkins are all positioned in their proper place.







# Beachvolleyball Grand Slam

## Party on the Hottest Court of the Year

What was the real highlight of the summer? What surpassed beach life at Ibiza and nightlife on the Cote d'Azur? What event featured non-stop action with beach boys, beach girls and DO & CO? The answer is simple: the Beach Volleyball Grand Slam on the shores of Wörthersee in the southern Austrian province of Carinthia. There is no better place to be in summer than at this annual gathering of the world's best beach volleyball players in Klagenfurt Stadium. After wowing the crowds with their superb ball handling skills, the players join their fans to chill out, enjoying the sunset and cool drinks before heading off for the real party at the "Power of the Night". A huge event with huge appeal! That's the way ... we like it ...!







# CHIO Aachen

Firmly in the Saddle at this







## Grandest of Equestrian Events

As the most renowned equestrian event in the world, the CHIO in Aachen is heaven on earth for the international equestrian elite and their fans. But it is not just the fine steeds that make their hearts beat a bit faster. DO & CO stages a journey through the equestrian nations of the world to win the hearts of VIP and public guests at this premier tournament in the Soers district of Aachen. At the nation meet, the countries put their best culinary assets on display. A Demel coffeehouse is onsite for great coffee and delectable sweets. The sunning terrace treats guests to views of the competing horses, top riders and to delicious specialties from DO & CO. The event organizers have been relying on DO & CO Gourmet Entertainment since 1997 and are also entrusting us with the catering of the World Equestrian Games in 2006.





# ATP Tennis Masters <sup>Madrid</sup>

## One of the Most Successful VIP Arrangements

**The best of the best with our team in their midst** – When the greatest tennis players from around the globe gather to compete against each other in Madrid, DO & CO assembles cuisines from around the globe for a friendly competition of its own: the tastes of Morocco, a sampling of Italy, Spain and France, Far Eastern fare from Thailand and Japan and a sweet greeting from Vienna. There is scarcely another venue that presents this degree of culinary diversity and authenticity in preparation and presentation. More than 20,000 VIP guests are served by the DO & CO team during the competition, a probable record in the world of tennis. For Madrid that is not enough. When the female players join in on this tournament in the near future, the Tennis Masters will take on grand slam dimensions.



*Since 2002 DO & CO has acted as a guide on a culinary voyage around the world entitled "Boulevards of the World." The boulevards in question are Plaza Puerta del Sol in Madrid, Ginza in Tokyo, 5<sup>th</sup> Avenue in New York and the Waterways of Bangkok.*

## in World Tennis





# GARDEN





# PARTY

Beautiful lawn, guests, good spirits – all you need for a successful summer party. Everything else you can leave up to the team of DO & CO.





# Setup as an Art Form ...







... on the ceiling or on each table. Drawing on their wealth of experience and expertise, the DO & CO staff does more than see to the culinary aspects of an event. They make a variety of occasions shine all the more brightly in just the right setting with just the right ambience. So many details are involved: tables set to match the theme, menus with stories to tell, flowers in all their brilliant colors and much more which will later be remembered with a smile. This is how each DO & CO event makes such a lasting impression. However the DO & CO teams go about setting up an event, they do so with passion and energy. And a sharp eye for detail.



## Corporate Events







# All the World's a Table ...

Sometimes it has to be a festival hall that provides an event with the right setting. There is no limit to the imagination of our customers. They can celebrate wherever they choose; DO & CO will put on a celebration to fit the venue and occasion. In our brilliant productions, we present fantastic companies and tell stories of business success; we put the spotlight on guests and direct the action on behalf of the host. Yet quality always plays the lead. It is the finest gourmet entertainment imaginable. Raise the curtain! Let the next unforgettable event begin!



# Vienna's favourite Event Location

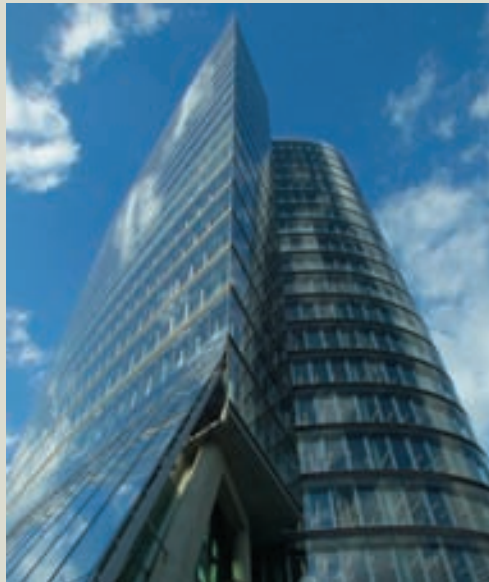






## *Flexible Space For Fantastic Events*

If you look at a venue calendar which portrays a congress today with 900 guests, a bride who wishes the wedding to shine as brightly as her dress and a gala concert the following day, then that calendar has got to be for Vienna's most modern special events location. No other venue is so fantastically flexible. This site can truly do it all. To find it, simply go to the beginning of the Vienna Ringstrasse and from there to the public area of UNIQA Towers. The multi-functional spaces and absolute state-of-the-art media equipment there allow any event to be staged to perfection, complete with professional event management and gourmet entertainment from DO & CO. In other words, it has all the necessary ingredients for a successful top event.





A nighttime photograph of Vienna City Hall Square. The ornate, illuminated facade of the City Hall is the central focus, with its tall spire reaching into the dark blue sky. In the foreground, a large crowd of people is gathered, some looking towards a large outdoor screen displaying a film. The square is lined with food stalls or tents, their awnings decorated with warm lights and floral arrangements, creating a festive atmosphere.

# Film Festival on Vienna City Hall Square

# Where Fine Films meet Fine Food

Masterful compositions enchant the crowds every year on the square in front of Vienna's City Hall. They draw up to 12,000 guests a day in the summer months, all eager to enjoy. When classical performances or modern masterpieces from around the globe are being shown on the screen, the 20 best cuisines from around the globe take Vienna's most beautiful summer square by storm. Who is the conductor? Why DO & CO of course. For 15 years now, DO & CO Consulting has acted as general contractor for the city of Vienna and handled the entire culinary organization of this internationally unique open air festival. Besides coordinating and supporting the catering partners, DO & CO also shows a masterful hand at handling space design and office logistics.



## Division International Event Catering

### STRATEGY

- To continue establishing DO & CO as a special event brand in Europe and in the US
- To strengthen the core competence of premium catering as a "Gourmet Entertainment Company" and build on it in order to become a "Gourmet General Contractor"
- To enter new lines of business in the special events segment

### PRODUCTS AND SERVICES

A total product for special events encompassing everything, i.e.:

- Preparation of food and beverages
- Brainstorming and idea development at the in-house DO & CO Event Agency
- The planning, staging and monitoring of events
- Marketing and sponsoring management
- Total hospitality management for large-scale events
- Events for anything from 2 to over 100,000 people

### HIGHLIGHTS OF 2005/2006

- DO & CO Gourmet Catering at new Turkish Grand Prix in Istanbul
- Catering for guests at numerous sports events:  
CHIO World Equestrian Games in Aachen, ATP Tennis Masters Series in Madrid, UEFA Champions League Finals in Istanbul, Hahnenkamm race in Kitzbühel, Beach Volleyball Grand Slam in Klagenfurt, official "Austria House" at the Olympic Games in Turin/Sestriere, Ski-Flying World Championship at Kulm
- Management of catering at the film festival at City Hall Square in Vienna

### PREVIEW OF 2006/2007

- Finals of the Football Champions League in Paris
- World Equestrian Games in Aachen
- America's Cup in Valencia
- WTA Women's Tennis Tournament in Madrid
- Further development of International Event Catering from business locations in Germany







# The Secret to Our Success

# 2.000

2.000 Individual  
Personalities –  
A Global Team

## The Pillars of DO & CO's Success

They form a unique team, the employees of the Gourmet Entertainment Company, and they have just one thing on their minds: how to entertain their guests. Our employees are hosts from the bottom of their hearts and see to it that you feel at home wherever you are. After all, our sole task is support our guests and resolve unforeseen obstacles. High quality standards for the product and for personal service in association with considerable flexibility are what characterize DO & CO employees. It is their attention and efforts to get every little detail right that makes our company stand out from the others. They strive passionately to make the DO & CO brand unmistakable. It is solely their adherence for the past 25 years to principles of service orientation that gives us our distinct profile on the market today. The corporate culture our employees practice and cultivate is the company's biggest asset. You cannot buy a corporate culture. It has to grow organical-

---

### Employees that DO & CO counts on:

- 1,340 permanent employees
  - Over 600 part-time employees
  - From 15 nations
  - From all continents
- 

ly and to become a reality within each individual. With all the mistakes we make, we are proud to have something that makes us unique and inimitable.

# Thank you!







# Environment & Hygiene

Top quality in all product and service areas is one value that undisputedly characterizes the DO & CO brand. Out of a sense of responsibility for its customers and for society, DO & CO also sets the highest quality standards in all production areas as well. It considers it a solemn duty to comply consistently with the strictest hygiene regulations and to treat the environment with care.

## Food Safety

Under the new legal provisions on food in effect throughout the EU since 1 January 2006, companies engaged in processing and producing food are obligated to a much greater extent to assure the hygienic safety of the food they produce. DO & CO has already implemented these regulations by adapting its already strict management system for food safety. One of the most important tasks of the DO & CO Department for Food Safety, Hygiene and the Environment is to revise and continuously refine the systems to the highest standards. The company constantly upgrades its HACCP plan (Hazard Analysis of Critical Control Points Plan) and the flanking programs in production geared to international standards. Consequently, DO & CO can guarantee maximum safety for the food and dishes it produces.

## Hygiene

A hygienic production environment and production processes based on stringent hygienic standards are indispensable to assuring the safety of dishes and food produced by DO & CO. In performing this duty, DO & CO hygiene experts conduct constant inspections of all production sites based on legal regulations and internal hygiene guidelines. The production setting and production hygiene are both monitored in microbiological test procedures and the foods produced are also constantly checked for safety.

## Waste Management & the Environment

The company also feels a social responsibility to optimize its use of raw materials and to reduce the amount of solid waste it generates. Strict waste management plans for each individual business location are therefore seen as a natural part of company management, as are constant monitoring of compliance with waste water standards and a responsible use of raw materials and wastes. In the coming business year, the company will cooperate with the Vienna Environmental Department to run environmental checks on its Vienna locations as part of the Vienna Ecological Business Plan. The goal is to make optimum use of all possibilities for putting operational management on an ecological footing.







# 05 2006

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Management Report

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Report of the Supervisory Board

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Consolidated Financial Statements

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Notes

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Auditor's Opinion / Auditor's Report

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Financial Statements of DO & CO AG

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Glossary of Key Figures

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THE GOURMET ENTERTAINMENT COMPANY



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# MANAGEMENT REPORT 2005/2006

## HIGHLIGHTS

### Seven new DO & CO business locations in Germany as result of collaboration with AIR BERLIN

- AIR BERLIN and DO & CO have taken over the airline catering business of the Stockheim Group. As a result, seven new business locations (Düsseldorf, Cologne/Bonn, Münster, Paderborn, Leipzig, Dortmund and Dresden) now ideally complement the three already existing DO & CO Gourmet Kitchens (in Berlin, Munich and Frankfurt).

### Flagship Restaurant in Haas Haus reopened following renovation

- The DO & CO Restaurant on St. Stephen's Square in downtown Vienna reopened on 3. December 2005 and has been treating its patrons to culinary delights from around the world in its usual top quality ever since.

### First Hotel in the DO & CO Group

- Since its opening in April 2006, the DO & CO Hotel has impressed its guests with timeless, extravagant design, ultra-modern furnishings and the best in service. Along with the fine DO & CO restaurants in the building, the hotel also affords a wonderful view of St. Stephen's Cathedral in the heart of Vienna.

### DO & CO Gourmet Entertainment at numerous headline sports events worldwide

- Finals of the Soccer Champions League in Istanbul
- Formula 1 Turkish Grand Prix in Istanbul
- Club Austria at the Olympic Winter Games in Turin/Sestriere
- VIP catering at the EC-Stadium in Salzburg at the games of Red Bull Salzburg
- Ski Flying World Championships at Kulm

### New Airline Catering Customers added in 2005/2006

- CATHAY PACIFIC ex New York
- EMIRATES ex Frankfurt
- EMIRATES ex New York
- EMIRATES First Class and Business Class Lounge in New York
- EOS ex New York and London Stansted
- OLYMPIC AIRWAYS ex New York
- QATAR AIRWAYS ex Berlin

### Strategic Alliance with De Ster

- DO & CO Restaurants & Catering AG sold its 34.32 % stake in SUPPLAIR B.V. to the De Ster Group on 2 November 2005 and at the same time forged a strategic alliance with this group.

### Profit Growth in all three divisions

- Sales: + 5.9 % to EUR 142.18 million
- EBITDA: + 24.9 % to EUR 11.06 million
- EBIT: + 21.7 % to EUR 4.20 million
- Earnings per share: EUR 2.93 (previous year: EUR 1.48)

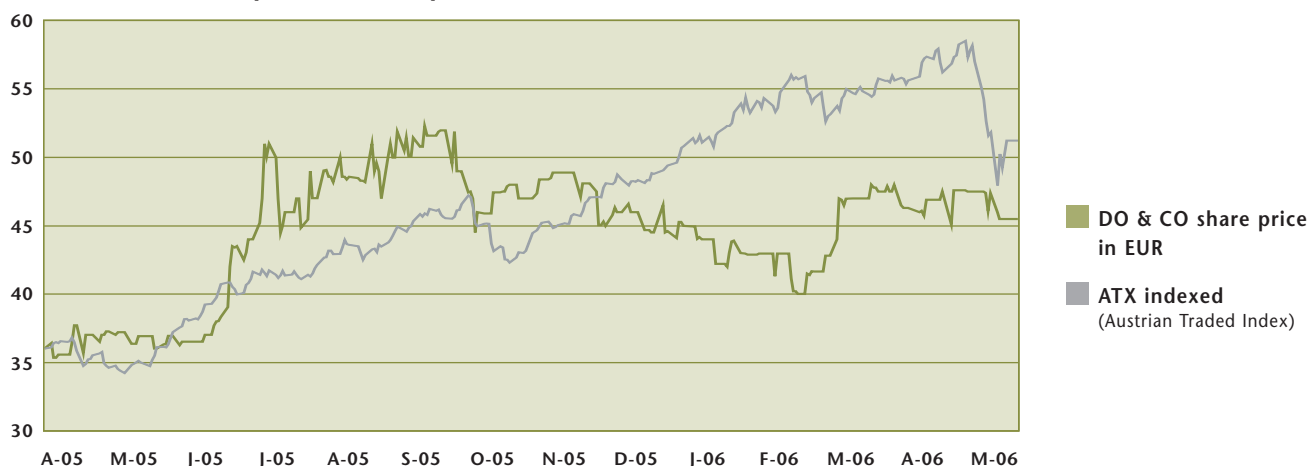
### With its solid financial base, DO & CO remains a strong and reliable partner

- Equity ratio: 42.8 % (previous year: 47.4 %)
- Net gearing: - 35.6 % (previous year: 11.8 %)



# Key Figures of DO & CO

## DO & CO share price (from April 2005)



### Details on DO & CO stock

|  |                            |
|--|----------------------------|
| Securities code .....                    | DOC                        |
| Securities no .....                      | 081880                     |
| ISIN Code .....                          | AT0000818802               |
| Trading segment .....                    | Official Trading           |
| Market segment .....                     | Standard Market Continuous |
| Contained in the following indices ..... | WBI                        |
| No. of individual shares .....           | 1,624,000                  |
| Listed nominal value .....               | EUR 11,802,068             |
| Initial listing .....                    | 30 June 1998               |
| In free float .....                      | 15.5 %                     |

### Relevant information on the capital market

|                                       |                             |
|---------------------------------------|-----------------------------|
| Phone .....                           | +43 (1) 74000-0             |
| Fax .....                             | +43 (1) 74000-194           |
| e-mail .....                          | investor.relations@doco.com |
| Reuters Code .....                    | DOCO.VI                     |
| Bloomberg Code .....                  | DOC AV                      |
| Homepage of Vienna Stock Exchange ... | www.wienerboerse.at         |

## Divisions 2005/2006

| Business Year (April - March) |        | Airline Catering | International Event Catering | Restaurants & Bars | Total  |
|-------------------------------|--------|------------------|------------------------------|--------------------|--------|
| Sales                         | in m € | 74.79            | 35.60                        | 31.79              | 142.18 |
| EBITDA                        | in m € | 5.08             | 3.69                         | 2.29               | 11.06  |
| Depreciation/amortization*    | in m € | -3.89            | -1.30                        | -1.67              | -6.86  |
| EBIT                          | in m € | 1.19             | 2.39                         | 0.62               | 4.20   |
| EBITDA margin                 | in %   | 6.8 %            | 10.4 %                       | 7,2 %              | 7.8 %  |
| EBIT margin                   | in %   | 1.6 %            | 6.7 %                        | 2,0 %              | 3.0 %  |
| Employees                     |        | 716              | 163                          | 461                | 1,340  |
| Share in consolidated sales   | in %   | 52.6 %           | 25.0 %                       | 22.4 %             |        |

\*... including amortization of goodwill

## Sales by Division in EUR millions



Owing to the automatic calculation aids used, calculation differences may arise when adding up rounded figures and percentages and when converting to Euro figures. The abbreviations and calculations of the key figures are explained in the Key Figures Glossary on page 138.

## Key Figures of the DO & CO group in accordance with IFRS

|                                |        | 2005 / 2006 | 2004 / 2005 | 2003 / 2004 |
|--------------------------------|--------|-------------|-------------|-------------|
| Sales                          | in m € | 142.18      | 134.26      | 98.15       |
| Sales change to previous year  | in %   | 5.9 %       | 36.8 %      | 3.8 %       |
| EBITDA                         | in m € | 11.06       | 8.86        | 8.17        |
| EBITDA change to previous year | in %   | 24.9 %      | 8.4 %       | -18.8 %     |
| EBITDA margin                  | in %   | 7.8 %       | 6.6 %       | 8.3 %       |
| EBIT                           | in m € | 4.20        | 3.45        | 2.61        |
| EBIT change to previous year   | in %   | 21.7 %      | 32.2 %      | -26.9 %     |
| EBIT margin                    | in %   | 3.0 %       | 2.6 %       | 2.7 %       |
| Result from ordinary business  | in m € | 6.82        | 3.38        | 2.42        |
| Consolidated result            | in m € | 4.76        | 2.41        | 1.60        |
| Employees                      |        | 1,340       | 1,133       | 1,027       |
| Equity <sup>1</sup>            | in m € | 35.31       | 32.35       | 30.51       |
| Equity ratio                   | in %   | 42.8 %      | 47.4 %      | 47.4 %      |
| Net debts                      | in m € | -12.58      | 3.81        | -3.36       |
| Net gearing                    | in %   | -35.6 %     | 11.8 %      | -11.5 %     |
| Working Capital                | in m € | 4.48        | -0.16       | 2.71        |
| Operational cash-flow          | in m € | 7.63        | 5.94        | 4.04        |
| Investments in tangible assets | in m € | 11.55       | 6.53        | 4.53        |
| Depreciation/amortization      | in m € | -6.86       | -5.41       | -5.56       |
| Free cash-flow                 | in m € | 17.15       | -6.29       | -2.00       |
| ROS                            | in %   | 4.8 %       | 2.5 %       | 2.5 %       |
| Capital Employed               | in m € | 28.49       | 34.52       | 33.85       |
| ROCE                           | in %   | 10.6 %      | 7.0 %       | 7.3 %       |
| ROE                            | in %   | 15.4 %      | 7.9 %       | 7.2 %       |

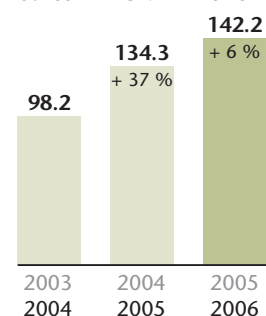
<sup>1</sup> Adjusted to take designated dividend payments into account

## Key Figures per share

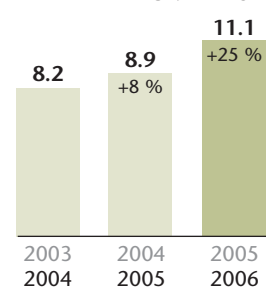
|                                |          | 2005 / 2006 | 2004 / 2005 | 2003 / 2004 |
|--------------------------------|----------|-------------|-------------|-------------|
| EBITDA                         | in EUR   | 6.81        | 5.46        | 5.03        |
| EBIT <sup>1</sup>              | in EUR   | 2.86        | 2.14        | 1.93        |
| Earnings <sup>1</sup>          | in EUR   | 3.21        | 1.50        | 1.30        |
| Dividend <sup>2</sup>          | in EUR   | 0.50        | 0.50        | 0.50        |
| Equity                         | in EUR   | 21.74       | 19.92       | 18.04       |
| High <sup>3</sup>              | in EUR   | 52.30       | 39.50       | 38.50       |
| Low <sup>3</sup>               | in EUR   | 35.32       | 30.00       | 30.30       |
| Year-end <sup>3</sup>          | in EUR   | 47.50       | 36.00       | 30.30       |
| PER high                       |          | 16.3        | 26.4        | 29.5        |
| PER low                        |          | 11.0        | 20.1        | 23.2        |
| PER year-end                   |          | 14.8        | 24.1        | 23.2        |
| Dividend yield                 | in %     | 1.1 %       | 1.4 %       | 1.7 %       |
| Number of shares year-end      | in TPie  | 1,624       | 1,624       | 1,624       |
| Market capitalization year-end | in m EUR | 77.14       | 58.46       | 49.21       |

<sup>1</sup> Adjusted to take goodwill amortization into account, <sup>2</sup> Proposal to the General Meeting of Shareholders 2005/2006, <sup>3</sup> Closing price

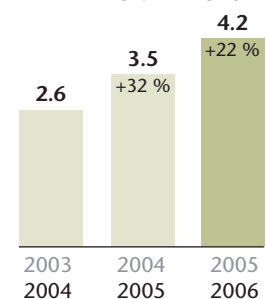
## Group Sales in EUR millions



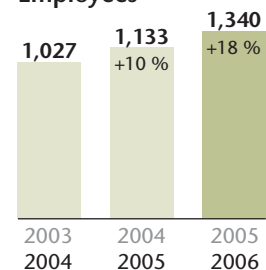
## EBITDA in EUR millions



## EBIT in EUR millions



## Employees





# ECONOMIC CLIMATE

Following the record year 2004, when the global economy expanded by 3.8 %, business activities were flourishing again in 2005 with growth of 4.5 %. Rising company investments and the dynamic development of trade were the main drivers of growth. The level of dynamism was somewhat dampened by the rise in oil and raw-material prices on increased demand in Asia and by uncertainties on the geopolitical front.

When one views the major economic areas separately, it becomes apparent that economic trends varied considerably from region to region in 2005. The United States in particular posted strong growth, as did the economies of Asia and Eastern Europe while the level of business activities in the euro zone, including Austria, lagged somewhat behind the global pace.

The US continued its expansive economic policy again in 2005. Company investments and private consumption both stimulated the economy. The growth rate of 3.5 % matched the long-term average. It was accompanied by a budget deficit of 3.4 % of GDP (previous year: 3.2 %) and a current-account deficit of 6.0 % of GDP. This latter deficit not only exceeded the previous year's figure of 5.7 %, it sets an all-time record. The key interest rate, which had reached its lowest level since 1958 in June of 2004, was successively raised throughout 2005 before attaining a level of 4.5 % in March 2006 (March 2005: 2.5 %).

As the key interest rates for the US dollar rose and the interest gap widened, the US dollar firmed up substantially against the euro, rising from its record low of 1.37 in 2004 to 1.18 at the end of 2005. In recent months, the ECB has raised euro interest rates. These hikes, coupled with the expectation of a slow-down in the US economy in the second half of 2005, led in the first quarter of this year to another slump in the US dollar against the euro. By the end of March 2006, the rate was 1.28.

Asia and the Pacific Region also grew at a robust pace. With its 2.7 % growth in 2005, Japan achieved a substantial recovery. The Chinese economy, for its part, expanded at a dynamic rate of 9.9 %, acting as the driver of growth in Asia and in the global economy as a whole. The heavy demand for crude oil in China combined with geopolitical uncertainties sets the price of oil (Brent) soaring to an annual average of USD 56 (previous year: USD 38). This trend plus the rising prices for other raw materials increasingly hampered economic growth in other regions.

The euro zone posted 1.3 % growth in 2005, thus falling far short of expectations and of the previous year's figure (2.0 %). As was the case last year, foreign demand is the main pillar of business activities in the euro area. The high prices for oil and raw materials and the consumer restraint in purchasing associated with them put a damper on economic growth, as did the low level of investment by companies. The domestic economic trend in the large EU member states was also hampered by fundamental structural problems. Germany achieved meager growth of 1.1 % while Italy stagnated economically. Eastern and Southeastern Europe continued to be in fine form, recording growth rates of over 4 %. Key interest rates in the period under review increased moderately, rising from 2.0 % in March 2005 to 2.5 % in March 2006. Further interest rate hikes are expected in 2006.

# RISK MANAGEMENT

Economic growth in Austria slowed slightly, dropping from 2.4 % in 2004 to 1.9 % in 2005. As in the year before, growth in the Austrian economy was driven primarily by the excellent development of exports. With a current account surplus of EUR 1.16 billion, Austria matched its fine performance of the year before. Company investment picked up noticeably. Austrian tourism developed superbly. After a decline in overnight stays in 2004, the sector recorded growth of nearly 2 % for 2005, bringing the total number of overnight stays to 119.25 million. The forecast for 2006 predicts a higher growth rate of 2.4 % (WIFO). The producer and consumer confidence indices are bolstering the positive trend while the improved labor market figures and higher wages under collective agreements are boosting consumption. Export business is also expected to expand.

## Risk Management

DO & CO is subject to widely varying risks because it conducts business globally in three different segments. Risk management, that is a deliberate effort to deal with opportunities and risks, is therefore an essential part of business management. Our goal is to detect opportunities and risks early on, to evaluate them and to initiate appropriate action. DO & CO views risk management as an integral part of all its business processes. For this reason, risk management is not relegated to a separate organizational entity but is rather seen as an essential task for the managers of all business entities.

DO & CO conducts an annual inventory of opportunities and risks and documents its findings. Possible interdependencies of opportunities and risks are considered in the process. In the period under report, the risks below were the main ones determined for the DO & CO Group:

- Economic developments
- Risks and trends specific to the airline industry
- Risks pertaining to terror and political unrest
- Credit risks
- Foreign currency risks
- Hygiene risks
- Personnel risks

These risks are regularly discussed at the meetings of the Management Team. As part of their management duties, the members of this team see to it that employees are involved in risk management. Appropriate actions for countering the determined risks are defined and implemented as part of risk management. These actions have greatly reduced potential risk. Their aim is to reduce possible damage and to minimize the probability of risks occurring.

The principle of diversification plays a significant role in risk management at DO & CO. Global diversification mitigates the specific threat posed in individual markets so that only parts of the Group can be affected instead of the entire Group. Diversification by business segment has a similar effect. Consequently, the unique business model of DO & CO has built-in mechanisms to compensate for risks.



# SALES

Consolidated sales of the DO & CO Group grew again in business year 2005/2006, even without the big boost of a European Soccer Championship hospitality contract as in 2004/2005. The figure increased by EUR 7.92 million, or 5.9 %, from EUR 134.26 million to EUR 142.18 million. Thanks to its unique diversification, DO & CO more than offsets the decline in International Event Catering with increases in Airline Catering and in Restaurants & Bars.

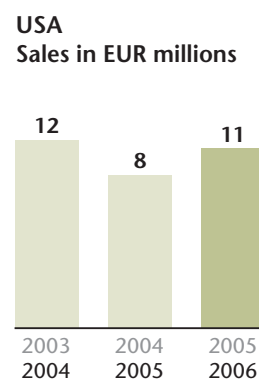
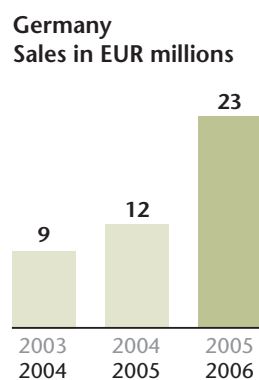
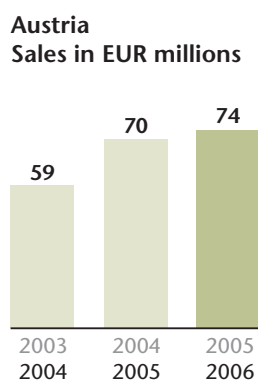
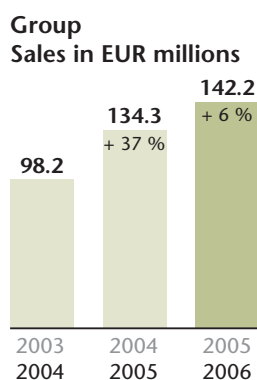
A close examination of the various divisions reveals three key factors influencing the development of the individual segments: new customers in Airline Catering, especially in New York; the catering of additional international sports events; and the development of new businesses in the Restaurants & Bars Division.

## Sales by Division

| Business year (April - March) | 2005 / 2006<br>in € millions | 2004 / 2005<br>in € millions | Change        |               | 2003 / 2004<br>in € millions |
|-------------------------------|------------------------------|------------------------------|---------------|---------------|------------------------------|
|                               |                              |                              | in € millions | in %          |                              |
| Airline Catering              | 74.79                        | 60.97                        | 13.82         | +22.7 %       | 49.89                        |
| International Event Catering  | 35.60                        | 47.26                        | -11.66        | -24.7 %       | 27.28                        |
| Restaurants & Bars            | 31.79                        | 26.03                        | 5.76          | +22.1 %       | 20.98                        |
| <b>Group sales</b>            | <b>142.18</b>                | <b>134.26</b>                | <b>7.92</b>   | <b>+5.9 %</b> | <b>98.15</b>                 |

In Airline Catering, sales grew in business year 2005/2006 by EUR 13.82 million, or 22.7 %, to EUR 74.79 million. This strong growth is largely due to the many new customers at the New York business location and to the takeover of the airline catering business of Stockheim in Germany. This division's share in consolidated sales increased from 45.4 % to 52.6 % as a result.

Without the extra boost from the catering contract for the 2004 European Football Championship in Portugal, sales in International Event Catering declined from EUR 47.26 million to EUR 35.60 million. After the EUR 19.98 million increase in sales in 2004/2005, the decline in the current reporting period was greatly mitigated by numerous new events such as the Grand Prix in Istanbul, which produced EUR 11.66 million in sales. Compared with business year 2003/2004 (EUR 27.28 million), sales were EUR 8.32 million, or 30.5 %, higher. The positive trend is evident in catering for major international sports events and in national event catering. International Event Catering accounted for 25.0 % of consolidated sales, down from 35.2 % the previous year. Thus, this division remains the second largest one in the DO & CO Group.



Restaurants & Bars, the company's original line of business, contributed 22.4 % of total consolidated sales in business year 2005/2006, increasing its divisional sales by an impressive EUR 5.76 million, or 22.1 %, to EUR 31.79 million. This fine showing can be traced mainly to the first full-year inclusion in the consolidated accounts of the new DO & CO businesses at Frankfurt Airport, PLATINUM VIENNA and SWAROVSKI Crystal Worlds.

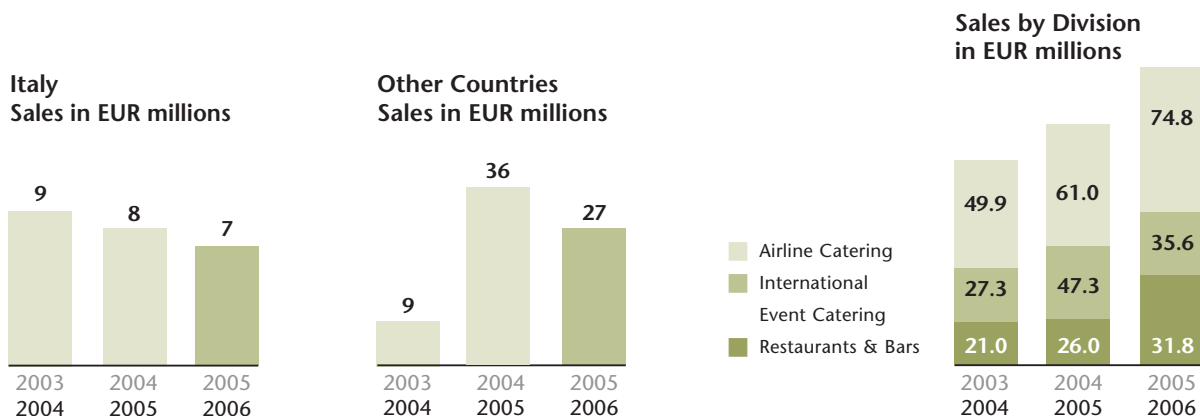
An overall comparison of the segments shows continuous growth for all three DO & CO segments. The only interruption in this trend is the one-time effect of the major EURO 2004 project. The company has laid a solid foundation for further sales growth in 2006/2007 with the renovation of the DO & CO flagship restaurant on St. Stephen's Square in Vienna and the first DO & CO Hotel as well as with the many new events in International Event Catering and the seven new business locations in Airline Catering in Germany.

DO & CO was successful as "The Gourmet Entertainment Company" on three different continents once again in business year 2005/2006, serving customers in the following countries, among others: Austria, Bahrain, Belgium, Canada, China, France, Germany, Great Britain, Hungary, Italy, Japan, Malaysia, Monaco, Spain, Switzerland, Turkey, and the United States.

The portion of sales generated in the EU declined from 90.4 % last year to 86.5 % in the business year under review. This decline is attributable primarily to the absence of the EU sales from the European Soccer Championships in Portugal. Among the European "home markets" (Austria, Germany and Italy), Germany in particular gained in significance in 2005/2006, with its seven new business locations and the first full-year inclusion in the accounts of the LUFTHANSA First Class Lounges in Frankfurt. As in 2005/2006, Great Britain is expected to become more prominent in the Group again in 2006/2007 thanks to the expanding business of the DO & CO Gourmet Kitchen at London Heathrow.

Sales outside the EU account for 13.5 % of total consolidated sales (previous year: 9.6 %). The increase over the previous year stems largely from the strong growth of the DO & CO Gourmet Kitchen at New York's JFK Airport. It has landed several contracts since its successful renovation.

With national and international business activities equally strong, Austrian sales as a percentage of total sales remained steady at 52.4 % (previous year: 52.3 %).





# PROFIT & ASSETS

In business year 2005/2006, the DO & CO Group generated higher consolidated earnings before interest and tax (EBIT) following goodwill amortization. This item increased from EUR 3.45 million last year to EUR 4.20 million in the period under review, which represents an increase of 21.7 %, or EUR 0.75 million. The EBIT margin in this same period also rose to 3.0 %.

## Group

| Business year (April - March) | 2005 / 2006<br>in € millions | 2004 / 2005<br>in € millions | Change        |         | 2003 / 2004<br>in € millions |
|-------------------------------|------------------------------|------------------------------|---------------|---------|------------------------------|
|                               |                              |                              | in € millions | in %    |                              |
| Sales                         | 142.18                       | 134.26                       | 7.92          | +5.9 %  | 98.15                        |
| EBITDA                        | 11.06                        | 8.86                         | 2.20          | +24.9 % | 8.17                         |
| Depreciation/amortization *   | -6.86                        | -5.41                        | -1.45         | -26.8 % | -5.56                        |
| EBIT                          | 4.20                         | 3.45                         | 0.75          | +21.7 % | 2.61                         |
| EBITDA margin                 | 7.8 %                        | 6.6 %                        |               |         | 8.3 %                        |
| EBIT margin                   | 3.0 %                        | 2.6 %                        |               |         | 2.7 %                        |
| Employees                     | 1,340                        | 1,133                        | 207           | +18.3 % | 1,027                        |

\*... including amortization of goodwill

Costs of materials and services rose by 2.1 % on sales growth of 5.9 %. The absence of services for the 2004 European Soccer Championship in Portugal was offset by increases to cover the growing volume of Airline Catering business in the United States, Germany and Austria and by the expansion of the Restaurants & Bars Division.

DO & CO created new jobs again in business year 2005/2006, both in Austria and abroad. It employed an average of 1,340 people, 207 more than the year before (+18.3 %). These newcomers are also reflected in the 15.3 % rise in payroll costs. This rise is largely due to new hirings at the DO & CO Gourmet Kitchens in New York, Frankfurt and Vienna and to the first full-year inclusion in the accounts of the LUFTHANSA First Class Lounges at the Frankfurter Airport and of the DO & CO PLATINUM VIENNA. The takeover of the airline catering business of the Stockholm Group on 1 January 2006 also enlarged the DO & CO team.

Investments in tangible assets increased again in the year under review, rising by EUR 5.1 million to EUR 11.6 million. As a result, depreciation for this position was 19.1 % higher than the year before. However, an impairment test conducted on the reference date resulted in unscheduled depreciation of TEUR 450 for existing goodwill.

Other operating expenses rose by 15.5 %. Proportionally high growth was recorded especially for rents, leases and other operating expenses, for other personnel expenses and for provisions for write-downs and depreciation. The other items were stable or lower in relation to the higher sales volumes of 2004/2005.

The taxation ratio (ratio of tax costs to untaxed income) was again lower than the year before, amounting to 28.7 % (previous year: 31.1 %). The reduction in the Austrian corporate tax rate from 34 % to 25 % applied for the first time for the entire year in the period under review.

Capital investments for the DO & CO Group totaled EUR 15.30 million (previous year EUR 12.06 million) in 2005/2006. In the category of tangible fixed assets, investment was concentrated on the adaptation and renovation of the Haas Haus on St. Stephen's Square in downtown Vienna, to equipment purchases for major events in International Event Catering and to enlargements of or additions to Gourmet Kitchens abroad.

The consolidated shareholders' equity of the DO & CO Group rose by EUR 4.38 million from EUR 33.16 million to EUR 37.55 million. Despite the larger balance sheet total, the group managed to keep the equity ratio (following adjustments for planned dividend payments) at 42.8 %, a figure close to the high level of the previous year (47.4 %).

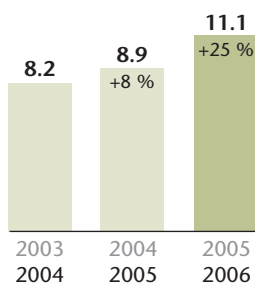
At the end of business year 2005/2006, net interest payable by the DO & CO Group amounted to minus EUR 12.58 million after ending the previous year at plus EUR 3.81 million. Proceeds from asset disposals last quarter provided effective support to the solid financial structures of DO & CO during this expansion phase.

The return on capital employed improved significantly in 2005/2006, rising from the previous year's figure of 7.0 % to 10.6 %. This trend can be traced to the improved business results, including goodwill amortization, and to the decline in capital employed from EUR 34.52 million to EUR 28.49 million.

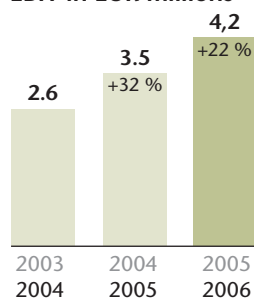
Cash flows from operating activities increased from EUR 5.94 million to EUR 7.63 million owing in large part to the much better result from ordinary business activities. Cash flows from investing activities totaled EUR 9.51 million (previous year: - EUR 12.23 million). Cash inflows from the disposal of tangible fixed assets and the sale of shares in associated companies were the main factors in this improvement. The resulting free cash flow for the year under review rose from EUR - 6.29 million to EUR 17.15 million.

For further information on the employees of the DO & CO Group, please refer to page 80. The following segment reporting in accordance with IAS 14 deviates somewhat from the specifications in the International Financial Reporting Standards (IFRS). The reason for this is that certain group companies conduct business in several segments, making it impossible to report solely on a segment basis.

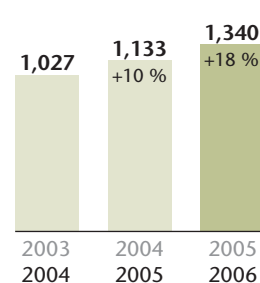
**EBITDA in EUR millions**



**EBIT in EUR millions**



**Employees**





# AIRLINE CATERING

**A**irline Catering remained the sales leader among the divisions in the DO & CO Group, recording 52.6 % (previous year: 45.4 %) of total group sales at its locations in New York, Miami, London, Frankfurt, Munich, Berlin, Milan, Salzburg and Vienna and at the business locations taken over from the Stockheim Group.

## Airline Catering

| Business year (April - March) | 2005 / 2006<br>in € millions | 2004 / 2005<br>in € millions | Change        |         | 2003 / 2004<br>in € millions |
|-------------------------------|------------------------------|------------------------------|---------------|---------|------------------------------|
|                               |                              |                              | in € millions | in %    |                              |
| Sales                         | 74.79                        | 60.97                        | 13.82         | +22.7 % | 49.89                        |
| EBITDA                        | 5.08                         | 3.98                         | 1.10          | +27.6 % | 3.70                         |
| Depreciation/amortization *   | -3.89                        | -3.16                        | -0.73         | -23.1 % | -3.22                        |
| EBIT                          | 1.19                         | 0.82                         | 0.37          | +45.1 % | 0.48                         |
| EBITDA margin                 | 6.8 %                        | 6.5 %                        |               |         | 7.4 %                        |
| EBIT margin                   | 1.6 %                        | 1.3 %                        |               |         | 1.0 %                        |
| Employees                     | 716                          | 565                          | 151           | +26.7 % | 508                          |
| Share in consolidated sales   | 52.6 %                       | 45.4 %                       |               |         | 50.8 %                       |

\*... including amortization of goodwill

As in the previous year, there were three factors behind the healthy growth in the Airline Catering Division.

First, DO & CO broadened its customer base. Second, it won contracts from existing customers for providing services at further business locations. Third, it expanded its business with existing customers at national and international locations of Airline Catering.

The New York location, whose renovation and enlargement was completed at the end of last business year, was especially successful in adding new clientele to its accounts. Besides CATHAY PACIFIC, the location can now count OLYMPIC AIRWAYS and EOS among the new customers it has won over for DO & CO.

Following the takeover of the airline catering business of the German-based Stockheim Group, DO & CO now has AIR BERLIN and numerous other airlines among its new clientele. The seven business locations of the Stockheim Group are an ideal complement to the locations DO & CO already has in Germany. With a total of over ten Gourmet Kitchens and Logistics Centers, DO & CO is now a premium supplier capable of serving the entire German market.

QATAR AIRWAYS is one customer DO & CO recently won over for yet another business location. Starting this business year, DO & CO is catering for QATAR AIRWAYS in Berlin as well as Vienna.

Other customers awarded contracts to DO & CO for services at further locations. The development of business with EMIRATES deserves special mention in this context. This airline had already been benefiting from the fine culinary services of DO & CO for several years in Italy and since April 2004 at the Vienna International Airport. EMIRATES customers are now also treated to a premium catering product at the Frankfurt and New York business locations of DO & CO. Of particular note once again is the New York location, where DO & CO is responsible not only for airline catering, but also for serving first and business class guests of EMIRATES in the lounge at JFK Airport.

In business year 2004/2005, DO & CO had acquired a stake in Supplair B.V., a supplier of innovative board catering in economy class. In the middle of the business year under review, it sold this stake to the De Ster Group, a specialist in airline catering equipment products. At the same time, it forged a strategic alliance with De Ster on global collaboration. Under this agreement, the original plan on taking over the Supplair stake can now be optimized.

In the second half of the year under review, the Miami location which first opened in 2000 was sold in the course of eminent domain proceedings for an interstate highway project. Appropriate alternative locations in the US will be evaluated in the business year ahead.

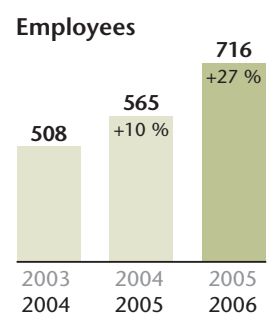
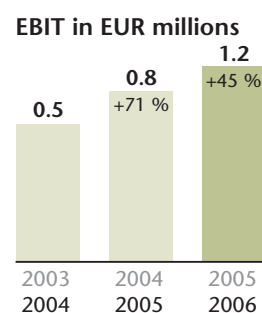
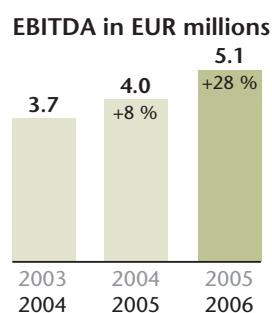
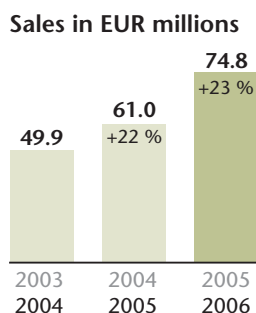
EBITDA and EBIT in the Airline Catering Division both increased against the previous year. EBIT amounted to EUR 1.19 million, a figure significantly higher than that of the previous year (EUR 0.82 million). EBITDA, for its part, rose from EUR 3.98 million to EUR 5.08 million.

#### Preview of Business Year 2006/2007

- Catering services for AIR BERLIN in Frankfurt and Munich starting in May 2006
- Launch of the buy-on-board product for AIR BERLIN and NIKI in May and June 2006
- Start-up of catering for yet another EMIRATES flight ex New York in June 2006
- QATAR AIRWAYS as a new customer in Frankfurt starting in June 2006

#### Competitive advantage of DO & CO

- Niche supplier in the premium segment
- Product creativity and innovation in core segments and secondary segments
- Triple-brand strategy: DO & CO, DEMEL and AIOLI
- Strategic alliance with the De Ster Group





# INTERNATIONAL EVENT CATERING

**B**usiness year 2005/2006 brought an anticipated decline in sales to EUR 35.60 million (a drop of 24.7 %, or EUR 11.66 million) in International Event Catering. As a result, the division's share in consolidated sales fell to 25.0 % for the period in review (previous year: 35.2 %). The VIP hospitality contract at the European Football Championship in Portugal was not there to boost sales as in the previous business year. This was the main reason for the decline. The new Grand Prix in Istanbul and the general upward trend in major international sports events did push sales considerably beyond the level attained in business year 2003/2004 (EUR 27.28 million), namely by EUR 8.32 million, or 30.5 %.

## International Event Catering

| Business year (April - March) | 2005 / 2006<br>in € millions | 2004 / 2005<br>in € millions | Change        |         | 2003 / 2004<br>in € millions |
|-------------------------------|------------------------------|------------------------------|---------------|---------|------------------------------|
|                               |                              |                              | in € millions | in %    |                              |
| Sales                         | 35.60                        | 47.26                        | -11.66        | -24.7 % | 27.28                        |
| EBITDA                        | 3.69                         | 3.37                         | 0.32          | +9.5 %  | 3.05                         |
| Depreciation/amortization *   | -1.30                        | -1.20                        | -0.10         | -8.3 %  | -1.22                        |
| EBIT                          | 2.39                         | 2.17                         | 0.22          | +10.1 % | 1.83                         |
| EBITDA margin                 | 10.4 %                       | 7,1 %                        |               |         | 11.2 %                       |
| EBIT margin                   | 6.7 %                        | 4.6 %                        |               |         | 6.7 %                        |
| Employees                     | 163                          | 156                          | 7             | +4.5 %  | 139                          |
| Share in consolidated sales   | 25.0 %                       | 35.2 %                       |               |         | 27.8 %                       |

\*... including amortization of goodwill

Major international sports events dominated business year 2005/2006. After hosting guests at the finals of the Football Champions League in the new "Arena auf Schalke" in Gelsenkirchen in 2004, DO & CO was on hand again in 2005 at the finals in Istanbul to cater the most important game of the year in European club football. DO & CO also followed up on its 2004 performance at the Olympics in Athens to cater guests and athletes at Club Austria again during the Winter Olympics in Turin/Sestriere in February 2006.

At the traditional equestrian riding and jumping tournament CHIO Aachen, DO & CO gave VIPs and the general public a first foretaste of the World Equestrian Games in 2006 at the CHIO Riding Club in Aachen. The sports highlight of the third quarter of 2005/2006 was once again the ATP Tennis Tournament in Madrid. This Masters tournament is considered to be one of the top tournaments on the ATP Tour and successfully continued its premium strategy by teaming up with DO & CO.

DO & CO figured prominently as a premium caterer at major national sports events too and delighted all guests with its excellent quality. A focal point in the summer of 2005 was the Beach Volleyball Tournament on the shores of Wörthersee, where DO & CO impressed the fans of this ever more popular sport with the diversity of its dishes. During the winter season DO & CO supplemented the sports action with culinary highlights at the Hahnenkamm Race in Kitzbühel and the Night Slalom in Schladming. The Austrian Ski Association entrusted DO & CO with catering two major events in World Cup ski jumping at the Four Hills Tournament at Berg Isel in Innsbruck and in Bischofshofen. And DO & CO furnished yet further proof of its reliability for delivering quality and flexibility while catering the Ski Flying World Championships at Kulm.

The biggest DO & CO event in the national capital of Vienna was again a collaborative effort with the city of Vienna. DO & CO organized the catering for the annual summer film festival on the square in front of city hall in Vienna and handled the overall coordination and logistics for all participating restaurants. This popular event and meeting spot for tourists and the Viennese in July and August was well attended. The quality of catering was also increased again through the use of new equipment.

EBITDA in International Event Catering rose by 9.5 % to EUR 3.69 million (previous year: EUR 3.37 million), leaving this division with the highest EBITDA margin in the DO & CO Group again, namely 10.4 % (previous year: 7.1 %). EBIT rose by 10.1 % to EUR 2.39 million (previous year: EUR 2.17 million) for an EBIT margin of 6.7 % (previous year: 4.6 %).

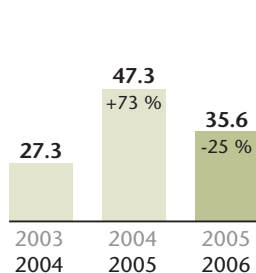
#### Preview of Business Year 2006/2007

- Finals of the 2006 Football Champions League in Paris
- World Equestrian Games in 2006 in Aachen
- Americas Cup 2006 in Valencia
- Stepped up cooperation with its partner SWAROVSKI should open up potential for more business at the DO & CO location at SWAROVSKI Crystal Worlds in Wattens
- Increased coverage of the German market by the new business locations, which will offer air-line catering as well as premium event catering

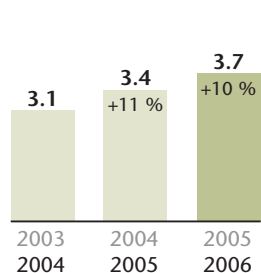
#### Competitive Advantage of DO & CO

- Unmistakable and irreplaceable on the market as a one-stop shop partner with a unique premium product
- Known for its flexibility and adherence to stringent quality criteria, making it a "no headache partner"
- New DO & CO Gourmet Kitchens in Germany as bases for further activities in International Event Catering

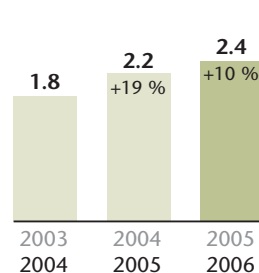
Sales in EUR millions



EBITDA in EUR millions



EBIT in EUR millions



Employees





## RESTAURANTS & BARS

**R**estaurants & Bars achieved strong sales growth of EUR 5.76 million in business year 2005/2006, pushing sales up to EUR 31.79 million. The division's share in consolidated sales rose from 19.4 % in 2004/2005 to 22.4 % in the year under review. This fine performance is largely attributable to the highly satisfactory development of business at the LUFTHANSA First Class Lounges at Frankfurt Airport and the DO & CO in PLATINUM VIENNA.

### Restaurants & Bars

| Business year (April - March) | 2005 / 2006<br>in € millions | 2004 / 2005<br>in € millions | Change        |              | 2003 / 2004<br>in € millions |
|-------------------------------|------------------------------|------------------------------|---------------|--------------|------------------------------|
|                               |                              |                              | in € millions | in € million |                              |
| Sales                         | 31.79                        | 26.03                        | 5.76          | +22.1 %      | 20.98                        |
| EBITDA                        | 2.29                         | 1.51                         | 0.78          | +51.7 %      | 1.42                         |
| Depreciation/amortization*    | -1.67                        | -1.05                        | -0.62         | -59.0 %      | -1.12                        |
| EBIT                          | 0.62                         | 0.46                         | 0.16          | +34.8 %      | 0.30                         |
| EBITDA margin                 | 7.2 %                        | 5.8 %                        |               |              | 6.8 %                        |
| EBIT margin                   | 2.0 %                        | 1.8 %                        |               |              | 1.4 %                        |
| Employees                     | 461                          | 412                          | 49            | +11.9 %      | 380                          |
| Share in consolidated sales   | 22.4 %                       | 19.4 %                       |               |              | 21.4 %                       |

\*... including amortization of goodwill

The LUFTHANSA lounges which opened at the end of calendar year 2004 serve over 400 first class passengers and members of the HON CIRCLE daily. This was the first full year in which the business results for these activities were included in the accounts. A substantial boost in business also came from PLATINUM VIENNA, a high-tech special events center in the new UNIQA Tower, opened in August 2004. Its business results were likewise included in the accounts for a full year for the first time.

Other projects also shaped business in the Restaurants & Bars Division in business year 2005/2006.

For instance, the Restaurant in the Haas Haus closed in July 2005 for total renovation and adaptation, was reopened on 3 December 2005. Exquisite materials and innovative, trend-setting design lend the flagship of the DO & CO Restaurant Division a new luster. The restaurant was expanded to include parts of the eighth and ninth upper floors while the Onyx Bar was made somewhat smaller to accommodate part of the new DO & CO Hotel.

As alluded to above, a further expansion project in the Restaurants & Bars Division involved the opening of the first DO & CO Hotel in April 2006. The hotel has 41 rooms (2 of which are suites) on the third to sixth floor of the Haas Haus. The timeless and extravagant decor coupled with ultra-modern technology and unsurpassed service will satisfy even the most demanding tastes. The hotel is sure to be fully booked thanks to its prime location in the heart of Vienna and to the superb DO & CO restaurant on the premises.

The AIOLI Restaurant was shut down in July 2005 to convert the space into a hotel. The division is now evaluating whether to reopen it at another location.

The groundwork for the first step to expand the DEMEL brand was also laid in the year under review. DO & CO will now be treating Salzburg to the finest in confectionary arts and traditional coffeehouse culture from DEMEL, its premium brand, in the former premises of the Glockenspiel, a traditional Salzburg coffeehouse. The opening is scheduled for June 2006.

DO & CO scored a major triumph in England in late 2005, beating out a national and international field to land a contract to run restaurant operations at the British Museum in London. Following the opening of the Airline Catering Unit at the end of 2003, this gives DO & CO its first foothold in the restaurant market in London. The British Museum is one of the world's most famous museums, boasting 5 million visitors a year. The catering operations encompass five cafes and restaurants as well as special event areas in which more than 2,000 guests are expected to be served daily. The preparations for this significant step were begun in January 2006. DO & CO is slated to take over operations in May 2006.

Despite startup and project costs for the above businesses, EBITDA and EBIT both increased. EBITDA rose from EUR 1.51 million in 2004/2005 to EUR 2.29 million in the year under review while EBIT climbed from EUR 0.46 million to EUR 0.62 million.

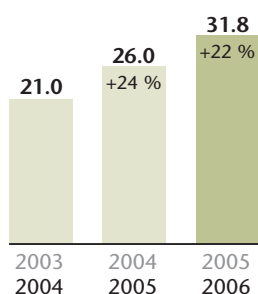
#### Preview of Business Year 2006/2007

- Opening of the DO & CO Hotel in the Haas Haus in April 2006
- Take-over of restaurant and catering operations in the British Museum in May 2006
- Opening of DEMEL in Salzburg in June 2006

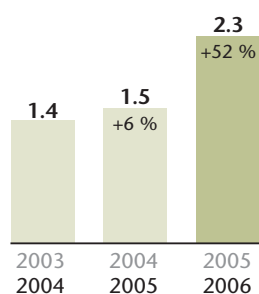
#### Competitive Advantage of DO & CO

- Businesses exclusively in unique and prime locations
- Research & Development Center with the brands DO & CO, AIOLI and DEMEL

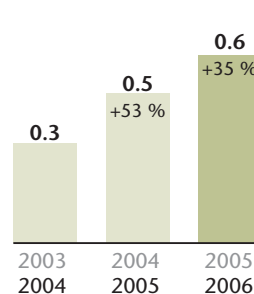
Sales in EUR millions



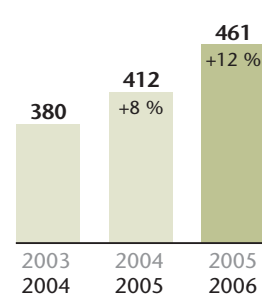
EBITDA in EUR millions



EBIT in EUR millions



Employees





# DO & CO STOCK / INVESTOR RELATIONS

**T**he Vienna Stock Exchange can look back on another highly successful year. In fact, the Vienna stock market outperformed the most important international indices again, with the local ATX index making gains of 51 % in 2005. Total capitalization of all companies listed on the Vienna Stock Exchange surpassed the EUR 100 billion mark for the first time in 2005. Total turnover on the spot market more than doubled in 2005 against the previous year.

This trend continued unabated in the first quarter of 2006, with a gain of 14 %. On 8 May 2006 the ATX hit an all-time high of 4,344 points. International investors are recognizing the growth opportunities Austrian companies have in nearby Central and Eastern Europe.

## DO & CO Stock

The price of DO & CO shares developed superbly in business year 2005/2006. Following price gains of 19 % in the previous business year, the stock recorded further gains of 32 % in the year under review. After opening the year at EUR 36.00, the price of DO & CO stock rose steadily over the summer to peak in September 2005 at EUR 52.30 and subsequently close the year at EUR 47.50. This price corresponds to a market capitalization of EUR 77.14 million.

With this performance, DO & CO prevailed quite successfully in light of the extremely difficult situation of the aviation industry.

DO & CO shares have been trading in the Standard Market Continuous segment of the Vienna Stock Exchange since 19 March 2004. A listing in the Prime Market is not currently possible due to the minimum free float requirement of 25 %.

## Shareholders' Structure

The private foundation Attila Dogudan Privatstiftung was the majority shareholder in DO & CO Restaurants & Catering Aktiengesellschaft once again in the year under review with a stake of 51.6 %. DZR Immobilien und Beteiligungs GmbH (a wholly-owned subsidiary of Raiffeisen-Holding Niederösterreich-Wien) increased its stake from 25.1 % to 32.9 % as of 4 July 2005, leaving 15.5 % of the shares in free float since that date.

## Financial Calendar

### 23 June 2006:

Results for business year 2005/2006

### 29 June 2006:

General Meeting of Shareholders

### 10 July 2006:

Dividend ex day

### 28 July 2006:

Dividend payout

### 24 August 2006:

Results for the first quarter  
(April to June 2006)

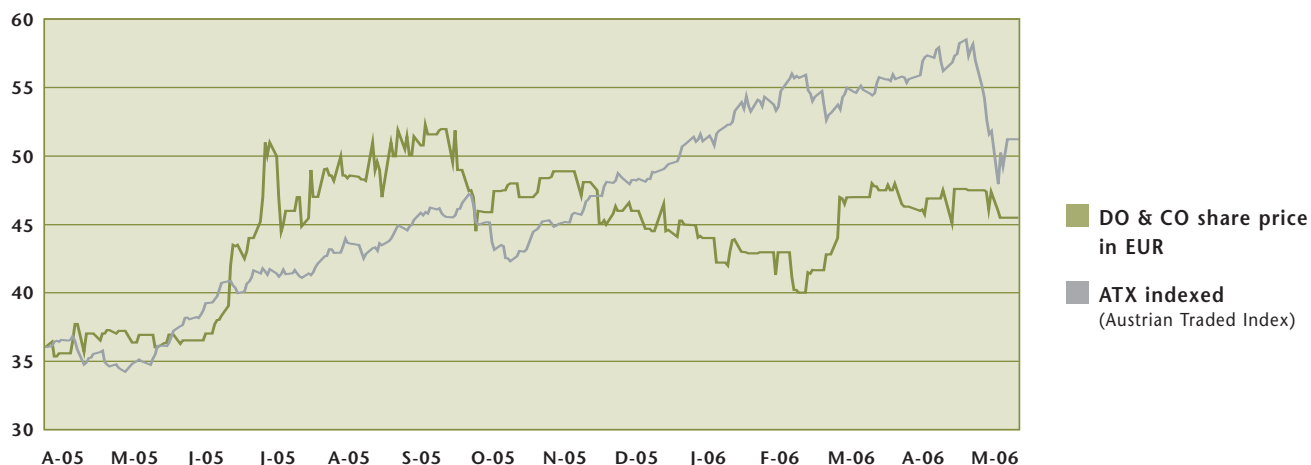
### 16 November 2006:

Results for the first half year  
(April to September 2006)

### 15 February 2007:

Results for the first three quarters  
(April to December 2006)

## DO & CO share price (from April 2005)



## Key figures per share

|                                |          | 2005 / 2006 | 2004 / 2005 | 2003 / 2004 |
|--------------------------------|----------|-------------|-------------|-------------|
| EBITDA                         | in EUR   | 6.81        | 5.46        | 5.03        |
| EBIT <sup>1</sup>              | in EUR   | 2.86        | 2.14        | 1.93        |
| Earnings <sup>1</sup>          | in EUR   | 3.21        | 1.50        | 1.30        |
| Dividend <sup>2</sup>          | in EUR   | 0.50        | 0.50        | 0.50        |
| Equity                         | in EUR   | 21.74       | 19.92       | 18.04       |
| High <sup>3</sup>              | in EUR   | 52.30       | 39.50       | 38.50       |
| Low <sup>3</sup>               | in EUR   | 35.32       | 30.00       | 30.30       |
| Year-end <sup>3</sup>          | in EUR   | 47.50       | 36.00       | 30.30       |
| PER high                       |          | 16.3        | 26.4        | 29.5        |
| PER low                        |          | 11.0        | 20.1        | 23.2        |
| PER year-end                   |          | 14.8        | 24.1        | 23.2        |
| Dividend yield                 | in %     | 1.1 %       | 1.4 %       | 1.7 %       |
| Number of shares year-end      | in TPie  | 1,624       | 1,624       | 1,624       |
| Market capitalization year-end | in m EUR | 77.14       | 58.46       | 49.21       |

<sup>1</sup> Adjusted to take goodwill amortization into account, <sup>2</sup> Proposal to the General Meeting of Shareholders 2005/2006, <sup>3</sup> Closing price

## Details on DO & CO stock

Securities code ..... DOC  
 Securities no ..... 081880  
 ISIN Code ..... AT0000818802  
 Trading segment ..... Official Trading  
 Market segment ..... Standard Market Continuous  
 Contained in the following indices ..... WBI  
 No. of individual shares ..... 1,624,000  
 Listed nominal value ..... EUR 11,802,068  
 Initial listing ..... 30 June 1998  
 In free float ..... 15.5 %

## Relevant information on the capital market

Phone ..... +43 (1) 74000-0  
 Fax ..... +43 (1) 74000-194  
 e-mail ..... investor.relations@doco.com  
 Reuters Code ..... DOCO.VI  
 Bloomberg Code ..... DOC AV  
 Homepage of Vienna Stock Exchange ... www.wienerboerse.at



# DO & CO STOCK / INVESTOR RELATIONS

## Dividend Distribution

The Management Board of DO & CO Restaurants & Catering Aktiengesellschaft will propose to the General Meeting of Shareholders that a dividend of EUR 0.50 per share be distributed for the business year 2005/2006. This corresponds to a dividend yield of 1.05% in relation to the closing price on 31 March 2006 (previous year: 1.39 %).

## Authorized Capital

The General Meeting of Shareholders on 10 July 2002 gave the Management Board the right until 30 June 2007 to increase the share capital on approval by the Supervisory Board by up to a further EUR 5,901,034.13 in exchange for cash contributions and/or contributions in kind through the issuance of up to 812,000 shares of ordinary stock. The Management Board did not exercise this right in the year under review.

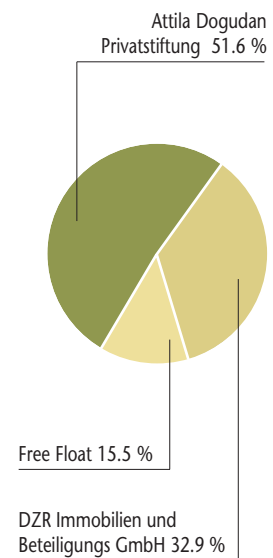
## Investor Relations

With its unique focus on the core segments Airline Catering, International Event Catering, and Restaurants & Bars as well as Logistics and Consulting, DO & CO has evolved over the years into a visible and formidable player on the global market. It is precisely this strategic orientation as a "Gourmet Entertainment Company" which renders DO & CO so difficult to benchmark adequately against other companies. It is therefore all the more important for the company to involve private and institutional investors and analysts in the company's development by pursuing a modern and transparent information policy. DO & CO is committed to straightforward communications with all target groups in the financial community. To this end, it announced business results on a regular basis throughout the business year and disclosed relevant events in press releases. You will find all published materials and interesting information on DO & CO stock under Investor Relations on our homepage at [www.doco.com](http://www.doco.com).

## Corporate Governance

As regards corporate governance, management's goal at DO & CO is to increase the value of the company on a sustainable, long-term basis. DO & CO adheres to strict principles of management and transparency while constantly refining its efficient system of corporate governance in the interest of all stakeholders. The ultimate priority is a corporate culture which engenders trust and enables the company to achieve lasting gains in value.

Corporate governance by the boards of DO & CO is based on the strictest adherence to the Corporation Act, the Capital Market Act and the Securities and Exchange Act and on voluntary compliance with parts of the Austrian Code of Corporate Governance. The DO & CO Compliance Code, posted on the homepage [www.doco.com](http://www.doco.com), has been put in place to prevent insider trading in keeping with the Issuers Compliance Regulation. A compliance officer monitors compliance with this code.



## OUTLOOK

The first quarter of 2006/2007 saw a continuation of the encouraging business trends in the year under review. The current picture is certainly a positive one, with the opening of new businesses, challenging orders in national and international event catering, start-ups with new airline customers at various locations and a large number of inquiries.

In Airline Catering, the Frankfurt and Munich bases assumed responsibility for board service for AIR BERLIN starting in May 2006. Progress was made on integrating the former airline catering enterprises of the Stockheim Group into DO & CO operations. At the same time, an innovative premium buy-on-board approach was launched for AIR BERLIN and NIKI. Board service for an additional Emirates long-distance flight ex JFK and for QATAR AIRWAYS ex Frankfurt is scheduled to start in June 2006. This steady international broadening of our customer base is the result of constant, quality-focused efforts on our part.

Developments in national and international event catering were highly encouraging. Besides the major Formula 1 events, DO & CO plays an active part in further sports events of international caliber. For instance, DO & CO is responsible for hospitality at the Champions League Finals in Paris and at the 2006 World Equestrian Games in Aachen. In another notable contract, DO & CO will see to the well-being of guests at the America's Cup in Valencia in May and June 2006.

Business in the initial months of this business year in the Restaurant & Bar Division is dominated by the launch of new establishments. One example is the opening of the first hotel in the DO & CO group in the Haas Haus at the end of April 2006. In early May, the division expanded its operations significantly by assuming responsibility for the entire catering operations at the British Museum. And DEMEL Salzburg is slated to open in June 2006, marking the first step in the expansion of the DEMEL brand.

Numerous inquiries and invitations to participate in projects are under evaluation. The overall course of business is confirmation that we are steering the right course, a course focused on premium quality and brand.



Attila Dogudan



Michael Dobersberger



# REPORT OF THE SUPERVISORY BOARD

**D**O & CO Restaurants & Catering Aktiengesellschaft had an excellent year in 2005/2006. This performance is further evidence of the company's solid basic strategy, the quality of its management and the commitment of its employees. The Management Board of DO & CO Restaurants & Catering Aktiengesellschaft regularly informed the Supervisory Board about the progress of business and the situation of the company as well as major business events. Based on the reports and information from the Management Board, the Supervisory Board monitored the management and deliberated on business processes of special significance. The Supervisory Board performed its duties under the law and the articles of association in business year 2005/2006 in four meetings. These meetings focused on deliberations regarding the company's basic strategy and discussions of possible acquisitions. Beyond that, the chairman of the Supervisory Board and the Management Board regularly consulted on essential issues of company development.

The annual financial statements plus notes of DO & CO Restaurants & Catering Aktiengesellschaft as of 31 March 2006 along with the Management Report were prepared in accordance with Austrian accounting regulations and audited by PKF CENTURION Wirtschaftsprüfungsgesellschaft mbH. This audit gave rise to no objection; the documents complied in full with the legal provisions. The auditor therefore issued an unqualified opinion on these documents. The Supervisory Board concurred with the Management Board in the latter's report on the audit findings and approved the financial statements for 2005/2006. They are thus adopted in accordance with Section 125 (2) of the Corporation Act (AktG).

The consolidated financial statements as of 31 March 2006 plus notes were prepared in accordance with the International Financial Reporting Standards (IFRS) as applied in the EU and were audited, along with the management report on the group, by PKF CENTURION Wirtschaftsprüfungsgesellschaft mbH. In the auditor's opinion, the consolidated financial statements present fairly, in all material respects, the actual assets and financial position of the DO & CO Restaurants & Catering Aktiengesellschaft Group as of 31 March 2006 and the results of their operations and their cash flows for the business year 2005/2006 in conformity with the International Financial Reporting Standards (IFRS) as applied in the EU. The only particularity pertains to the information on Segment Reporting in accordance with IAS 14, which deviates somewhat from the specifications in the standards. This is because certain group companies conduct business in several segments, making it only conditionally possible to report on a segment basis. The Supervisory Board concurred in the findings of the audit.

Furthermore, the Supervisory Board examined the proposal for the appropriation of profit of DO & CO Restaurants & Catering Aktiengesellschaft. At the General Meeting of Shareholders on 29 June 2006, a proposal will be made to distribute a dividend of EUR 0.50 for every share entitled to a dividend from the total balance-sheet profit of EUR 13,224,301.33 and to carry the remaining amount forward to new account.

The Supervisory Board proposes, in accordance with Section 270 (1) Austrian Commercial Code, that PKF CENTURION Wirtschaftsprüfungsgesellschaft mbH be appointed to be (group) auditor for the financial statements for business year 2006/2007.

Vienna, 8 June 2006

Waldemar Jud, Chairman of the Supervisory Board

# CONSOLIDATED FINANCIAL STATEMENTS 2005/2006

of the DO & CO Group prepared in accordance with IFRS





# BALANCE SHEET AS OF 31 MARCH 2006

## ASSETS

| Notes No. |   | 31 March 2006<br>in TEUR | 31 March 2005<br>in TEUR |
|-----------|---|--------------------------|--------------------------|
|           | Intangible assets                               | 4,931                    | 3,881                    |
|           | Tangible assets                                 | 28,628                   | 27,408                   |
|           | Investments                                     | 74                       | 5,541                    |
| (1)       | Fixed assets                                    | 33,632                   | 36,829                   |
| (2)       | Other long-term assets                          | 366                      | 594                      |
|           | <b>Long-term assets</b>                         | <b>33,998</b>            | <b>37,424</b>            |
| (3)       | Inventories                                     | 4,683                    | 3,297                    |
| (4)       | Trade accounts receivable                       | 16,967                   | 13,735                   |
| (4)       | Other short-term accounts receivable and assets | 4,028                    | 3,262                    |
| (5)       | Cash and cash equivalents                       | 20,188                   | 6,193                    |
|           | <b>Current assets</b>                           | <b>45,866</b>            | <b>26,487</b>            |
| (6)       | Deferred taxes                                  | 4,094                    | 4,394                    |
|           | <b>Total assets</b>                             | <b>83,958</b>            | <b>68,305</b>            |

## LIABILITIES AND SHAREHOLDERS' EQUITY

| Notes No. |   | 31 March 2006<br>in TEUR | 31 March 2005<br>in TEUR |
|-----------|---|--------------------------|--------------------------|
|           | Capital stock                                     | 11,802                   | 11,802                   |
|           | Capital reserves                                  | 13,081                   | 13,081                   |
|           | Revenue reserves                                  | 11,073                   | 9,476                    |
|           | Foreign currency translation reserve              | -2,938                   | -3,258                   |
|           | Consolidated result                               | 4,758                    | 2,406                    |
|           | Minority interests                                | -231                     | -345                     |
| (7)       | <b>Shareholders' equity</b>                       | <b>37,546</b>            | <b>33,163</b>            |
| (8)       | Long-term provisions                              | 4,791                    | 3,443                    |
| (9)       | Long-term financial liabilities                   | 0                        | 5,400                    |
| (10)      | Other long-term liabilities                       | 1,052                    | 465                      |
|           | <b>Long-term liabilities</b>                      | <b>5,842</b>             | <b>9,307</b>             |
| (11)      | Short-term provisions                             | 13,008                   | 7,374                    |
| (12)      | Short-term financial liabilities                  | 7,607                    | 4,600                    |
| (13)      | Trade accounts payable                            | 15,569                   | 10,247                   |
| (13)      | Other short-term liabilities                      | 4,386                    | 3,613                    |
|           | <b>Current liabilities</b>                        | <b>40,570</b>            | <b>25,835</b>            |
|           | <b>Total liabilities and shareholders' equity</b> | <b>83,958</b>            | <b>68,305</b>            |

The following Notes to the Consolidated Financial Statements form an integral part of this Consolidated Balance Sheet.

# INCOME STATEMENT

for Business Year 2005/2006

| Notes No. |  | 2005/2006<br>in TEUR | 2004/2005<br>in TEUR |
|-----------|--|----------------------|----------------------|
| (14)      | <b>Sales</b>   | <b>142,179</b>       | <b>134,259</b>       |
| (15)      | Other operating income   | 9,224                | 2,043                |
| (16)      | Costs of materials and services  | -51,543              | -50,475              |
| (17)      | Payroll costs  | -55,405              | -48,042              |
| (18)      | Depreciation of tangible fixed assets<br>and amortization of intangible fixed assets | -6,411               | -5,384               |
| (19)      | Amortization of goodwill   | -450                 | -23                  |
| (20)      | Other operating expenses   | -33,394              | -28,924              |
| (21)      | <b>EBIT - Operating result</b>   | <b>4,201</b>         | <b>3,452</b>         |
| (22)      | Financial result   | 2,622                | -69                  |
|           | <b>Result from ordinary business activities</b>                                      | <b>6,823</b>         | <b>3,384</b>         |
| (23)      | Income tax   | -1,955               | -1,051               |
|           | <b>Result after income tax</b>   | <b>4,868</b>         | <b>2,333</b>         |
| (24)      | Minority interests   | -109                 | 73                   |
|           | <b>Consolidated result</b>   | <b>4,758</b>         | <b>2,406</b>         |
|           |  | <b>in EUR</b>        | <b>in EUR</b>        |
| (25)      | Earnings per share before amortization of goodwill                                   | 3.21                 | 1.50                 |
| (25)      | Earnings per share   | 2.93                 | 1.48                 |
| (26)      | Planned or paid-out dividend per share   | 0.50                 | 0.50                 |

The following Notes to the Consolidated Financial Statements form an integral part of this Consolidated Income Statement.



# CASH-FLOW STATEMENT

| in TEUR  | 2005/2006     | 2004/2005      |
|--|---------------|----------------|
| <b>Result from ordinary business activities</b>  | <b>6,823</b>  | <b>3,384</b>   |
| + Depreciation and amortization  | 6,861         | 5,407          |
| -/+ Gains / losses from disposals of fixed assets  | -9,616        | 104            |
| +/- Earnings from associated companies   | 20            | -73            |
| - Other non cash income  | -1            | -1             |
| -/+ Increase / decrease in inventories and short-term accounts receivable  | -3,146        | -1,037         |
| +/- Increase / decrease in provisions  | 2,495         | 1,113          |
| +/- Increase / decrease in trade accounts payable and other liabilities  | 4,566         | -1,724         |
| +/- Currency-related changes in non fund assets  | -1,322        | 1,214          |
| +/- Change in adjustment items from debt consolidation   | 545           | -1,311         |
| +/- Income tax payments and changes in deferred taxes  | 409           | -1,133         |
| <b>Cash-flow from operating activities</b>   | <b>7,633</b>  | <b>5,943</b>   |
| + Incoming payments from disposals of tangible and intangible fixed assets   | 12,695        | 411            |
| - Outgoing payments for additions to tangible and intangible fixed assets, including changes in cash and cash equivalents arising from changes to the scope of consolidation | -11,542       | -12,868        |
| + Incoming payments from disposals of long-term investments  | 9,568         | 0              |
| - Outgoing payments for additions to long-term investments   | -1,466        | 0              |
| -/+ Increase / decrease in long-term liabilities   | 257           | 227            |
| <b>Cash-flow from investing activities</b>   | <b>9,513</b>  | <b>-12,231</b> |
| - Dividend payment to shareholders   | -812          | -812           |
| +/- Increase / decrease in short-term financial liabilities  | -2,393        | 6,200          |
| <b>Cash-flow from financing activities</b>   | <b>-3,205</b> | <b>5,388</b>   |
| <b>Total cash-flow</b>   | <b>13,941</b> | <b>-900</b>    |
| Cash and cash equivalents at the beginning of the year   | 6,193         | 7,156          |
| Effects of exchange rate changes on cash and cash equivalents  | 53            | -63            |
| Cash and cash equivalents at the end of the year   | 20,188        | 6,193          |
| <b>Change in funds</b>   | <b>13,941</b> | <b>-900</b>    |

# SUBSIDIARIES

of DO & CO Restaurants & Catering AG as of 31 March 2006

| Company  | Place of registration | Country | Share of stock in % | Controlling company <sup>1)</sup> | Currency | Nominal capital TDC <sup>2</sup> |
|--|-----------------------|---------|---------------------|-----------------------------------|----------|----------------------------------|
| <b>Companies included in full in the consolidated accounts</b>   |                       |         |                     |                                   |          |                                  |
| DO & CO Party-Service & Catering GmbH                            | Vienna                | A       | 100.0               | DCAG                              | EUR      | 36 <sup>3)</sup>                 |
| DO & CO im Haas Haus Restaurantbetriebs GmbH                     | Vienna                | A       | 100.0               | DCAG                              | EUR      | 36 <sup>3)</sup>                 |
| DO & CO Catering-Consult & Beteiligungs GmbH                     | Vienna                | A       | 100.0               | DINV                              | EUR      | 36 <sup>3)</sup>                 |
| DO & CO - Salzburg Restaurants & Betriebs GmbH                   | Salzburg              | A       | 100.0               | DCAG                              | EUR      | 36 <sup>3)</sup>                 |
| DO & CO - Baden Restaurants & Veranstaltungs GmbH                | Baden                 | A       | 100.0               | DCAG                              | EUR      | 36 <sup>3)</sup>                 |
| DO & CO Albertina GmbH   | Vienna                | A       | 100.0               | DCAG                              | EUR      | 35 <sup>3)</sup>                 |
| AIOLI - Vienna Airport Restaurants & Catering GmbH               | Schwechat             | A       | 100.0               | DCAG                              | EUR      | 36 <sup>3)</sup>                 |
| Total Inflight Solution GmbH                                     | Vienna                | A       | 100.0               | DCAG                              | EUR      | 35 <sup>3)</sup>                 |
| AIOLI Restaurants & Party-Service GmbH                           | Vienna                | A       | 100.0               | DCAG                              | EUR      | 36 <sup>3)</sup>                 |
| K.u.K. Hofzuckerbäcker Ch. Demel's Söhne GmbH                    | Vienna                | A       | 100.0               | DCCC                              | EUR      | 799 <sup>4)</sup>                |
| Demel Salzburg Café-Restaurant Betriebs GmbH                     | Salzburg              | A       | 100.0               | DCAG                              | EUR      | 35 <sup>3)</sup>                 |
| B & B Betriebsrestaurants GmbH                                   | Vienna                | A       | 100.0               | DCAG                              | EUR      | 36 <sup>3)</sup>                 |
| Cafe-Restaurant & Catering im Casino Wien GmbH                   | Vienna                | A       | 100.0               | DCCC                              | EUR      | 35 <sup>4)</sup>                 |
| DO & CO im PLATINUM Restaurantbetriebs GmbH                      | Vienna                | A       | 90.0                | DCCC                              | EUR      | 35                               |
| DO & CO (Deutschland) Holding GmbH                               | Berlin                | D       | 100.0               | DINV                              | EUR      | 25                               |
| DO & CO München GmbH   | Schwaig/Oberding      | D       | 100.0               | DDHO                              | EUR      | 25 <sup>5)</sup>                 |
| DO & CO Frankfurt GmbH   | Kelsterbach           | D       | 100.0               | DDHO                              | EUR      | 25 <sup>5)</sup>                 |
| DO & CO Berlin GmbH  | Berlin                | D       | 100.0               | DDHO                              | EUR      | 25 <sup>5)</sup>                 |
| DO & CO Lounge GmbH  | Frankfurt             | D       | 100.0               | DDHO                              | EUR      | 25 <sup>5)</sup>                 |
| TIS Total Inflight Solution Germany GmbH                         | Berlin                | D       | 76.0                | DINV                              | EUR      | 25                               |
| TIS Germany Airline Catering GmbH & Co. KG                       | Düsseldorf            | D       | 76.0                | DINV                              | EUR      | 0 <sup>6)</sup>                  |
| TIS Germany Airline Catering Verwaltungs GmbH                    | Düsseldorf            | D       | 76.0                | DINV                              | EUR      | 26 <sup>7)</sup>                 |
| DO & CO Italy S.r.l.   | Milan                 | I       | 100.0               | DCAG                              | EUR      | 1,275                            |
| DO & CO Restauración & Catering España, S.L.                     | Barcelona             | E       | 100.0               | DINV                              | EUR      | 3                                |
| DO & CO Internacional Catering Ltd.                              | Feltham               | GB      | 100.0               | DINV                              | EUR      | 30 <sup>8)</sup>                 |
| DO & CO Event & Airline Catering Ltd.                            | Feltham               | GB      | 100.0               | DINV                              | GBP      | 0                                |
| DO & CO Internacional Investments Ltd.                           | London                | GB      | 100.0               | DCAG                              | EUR      | 0 <sup>8)</sup>                  |
| DO & CO Museum Catering Ltd.                                     | London                | GB      | 100.0               | DINV                              | GBP      | 0                                |
| DO & CO Holdings USA, Inc.                                       | Wilmington            | USA     | 90.0                | DINV                              | USD      | 100                              |
| DO & CO Miami Catering, Inc.                                     | Miami                 | USA     | 90.0                | DHOL                              | USD      | 1                                |
| DO & CO New York Catering, Inc.                                  | New York              | USA     | 90.0                | DHOL                              | USD      | 1                                |
| DO & CO - Restauração & Catering, Lda                            | Lisbon                | P       | 100.0               | DINV                              | EUR      | 5                                |
| DOCO Istanbul Catering ve Restaurant Hiz. Tic. ve San. A.S.      | Istanbul              | TK      | 89.9                | DINV                              | TYL      | 50                               |
| <b>Companies included at equity in the consolidated accounts</b> |                       |         |                     |                                   |          |                                  |
| DO & CO – LAUDA-AIR Restaurants, Catering & Handling GmbH        | Vienna                | A       | 50.0                | DCAG                              | EUR      | 150                              |
| Giava Demel S.r.l.   | Milan                 | I       | 50.0                | DCCC                              | EUR      | 30                               |

<sup>1)</sup> DCAG = DO & CO Restaurants & Catering AG

DCCC = DO & CO Catering-Consult & Beteiligungs GmbH

DHOL = DO & CO Holdings USA, Inc.

<sup>2)</sup> TDC = in thousands of domestic currency units

<sup>3)</sup> There is a profit transfer agreement between these companies and DO & CO Restaurants & Catering AG

<sup>4)</sup> There is a profit transfer agreement between these companies and DO & CO Catering-Consult & Beteiligungs GmbH

<sup>5)</sup> There is a profit transfer agreement between these companies and DO & CO (Deutschland) Holding GmbH

<sup>6)</sup> Anciently Stockheim Air-Catering GmbH & Co. KG, nominal amount according to complementary capital

<sup>7)</sup> Anciently Stockheim Air-Catering Verwaltungs GmbH

<sup>8)</sup> The nominal capital was initially paid in GBP

DINV = DO & CO International Investments Ltd.

DDHO = DO & CO (Deutschland) Holding GmbH



# NOTES

The consolidated financial statements of DO & CO Restaurants & Catering AG as of 31 March 2006 were prepared in conformity with the provisions of the pertinent guidelines of the International Financial Reporting Standards (IFRS) in force on the reference date in application of provision § 245a Austrian Commercial Code and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), as they are to be applied in the European Union (EU).

## I. GENERAL INFORMATION

### 1. Basic Principles

DO & CO Restaurants & Catering AG is an international catering group with headquarters in Vienna, Austria. It conducts business in three segments: Airline Catering, International Event Catering, and Restaurants & Bars.

The consolidated financial statements conform to the International Financial Reporting Standards (IFRS) valid for business year 2005/2006, as applicable in the European Union (EU). The newly formulated IFRS 3 Business Combinations, IAS 36 Impairment of Assets, and IAS 38 Intangible Assets were already applied in the consolidated financial statements for 2004/2005.

The financial statements of all domestic and foreign companies included in full in the consolidated accounts were audited by independent auditors who issued unqualified opinions on them in each case. The only exceptions were companies already subject to audit under national law and immaterial to presenting a fair picture of the assets, earnings and financial situation of the group. The annual and interim financial statements of all subsidiaries included here were all properly prepared in accordance with the International Financial Reporting Standards (IFRS) valid for the business year 2005/2006 as applied in the EU and in application of the parent's standard group-wide accounting and valuation principles.

### 2. Consolidation Principles

#### 2.1. Scope of Consolidation

The scope of consolidation was determined in accordance with the principles of IAS 27 (Consolidated Financial Statements). In accordance with this standard, fourteen domestic and twelve foreign subsidiaries were included in the consolidated accounts as of 31 March 2006 along with DO & CO Restaurants & Catering AG. All the above subsidiaries are wholly-owned directly or indirectly by the company. The group has a 90 % stake in three foreign companies and one domestic company included in full in the consolidated accounts. DO & CO Restaurants & Catering AG has a 76 % stake in three foreign companies included in full in the consolidated accounts and an 89.92 % stake in a further foreign subsidiary included in full in the consolidated accounts.

One domestic company and one foreign company, each of which is jointly managed by DO & CO Restaurants & Catering AG (i.e. associated companies) and in each of which the latter has a 50 % stake, were included in the consolidated accounts at equity.

The scope of consolidation (including DO & CO Restaurants & Catering AG) developed as follows in the year under review

| Scope of Consolidation   | Included in full | Included at equity |
|--|------------------|--------------------|
| As of 1 April 2005   | 27               | 3                  |
| included in the consolidated account for the first time:                   |                  |                    |
| ▪ TIS Germany Airline Catering GmbH & Co. KG (76 % stake)                  |                  |                    |
| ▪ TIS Germany Airline Catering Verwaltungs GmbH (76 % stake)               | 2                | 0                  |
| founded in the business year:  |                  |                    |
| ▪ Demel Salzburg Café-Restaurant Betriebs GmbH (100 % stake)               |                  |                    |
| ▪ Total Inflight Solution GmbH (100 % stake)                               |                  |                    |
| ▪ TIS Total Inflight Solution Germany GmbH (76 % stake)                    |                  |                    |
| ▪ DOCO Istanbul Catering ve Restaurant Hiz. Tic. ve San. A.S. (90 % stake) |                  |                    |
| ▪ DO & CO Museum Catering Ltd. (100 % stake)                               | 5                | 0                  |
| sold in the business year:   |                  |                    |
| ▪ Supplair B.V. (34 % stake)   | 0                | -1                 |
| <b>As of 31 March 2006</b>   | <b>34</b>        | <b>2</b>           |
| Of which foreign companies   | 19               | 1                  |

The initial consolidation of subsidiaries included for the first time in the consolidated accounts was carried out at the date of acquisition or at the (reporting) date close in time to the attainment of domination and control if the effects thereof were immaterial as compared with an inclusion on the date of acquisition.

Changes in the scope of consolidation (first-ever inclusions in the consolidated accounts) affected the consolidated income statement and the consolidated balance sheet as follows:

| in TEUR                 | 2005/2006 |
|-------------------------|-----------|
| Sales revenues          | 3,790     |
| EBITDA                  | -490      |
| EBIT – Operating result | -517      |

| Assets (in TEUR)  | 2005/2006    | Liabilities (in TEUR)  | 2005/2006    |
|-------------------|--------------|------------------------|--------------|
| Short-term assets | 1,202        | Short-term liabilities | 3,081        |
| Long-term assets  | 2,095        | Long-term liabilities  | 216          |
| <b>Total</b>      | <b>3,297</b> | <b>Total</b>           | <b>3,297</b> |

## 2.2. Consolidation Methods

The initial consolidation in the accounts was carried out on 1 April 1997 or at the later date of acquisition or at the reporting date close in time if the effects thereof were immaterial as compared with the date of acquisition. The capital of fully consolidated associated companies was consolidated in accordance with the purchase method. In the process, the purchase costs were offset against the revalued equity of the subsidiary at the time of purchase (purchase method). The positive sums on consolidation were recognized as goodwill unless allocable to the revalued assets. In accordance with IFRS 3 Business Combinations, goodwill arising from acquisitions is not subject to scheduled amortization but only to an annual impairment test on its value and written down only in the case of an unscheduled reduction in value. Declines in goodwill were recorded to the extent that their acquisition costs were reduced or written off in full through the capitalization of other identifiable assets, particularly deferred tax claims realizable at a later date.



# NOTES

The capital of the associated companies included in the accounts at equity was likewise consolidated on the basis of the same equity accounting method as with full inclusion in the consolidated accounts. Any national valuation method was either retained or no adjustment was made if effects on the annual profit/loss included proportionally in the consolidated financial statements were immaterial.

Minority interests in the equity of fully consolidated subsidiaries which exceeded these shareholders' proportional share in equity due to incurred losses were offset against the consolidated equity and reported separately.

In the course of debt consolidation; loans, receivables and payables between companies included in the consolidated accounts were offset against each other. Moreover, sales revenues and other income from deliveries and services between the fully consolidated companies were offset against the corresponding expense items. Any interim result in fixed and current assets from deliveries and services within the group was eliminated unless of negligible significance. Discounts applied to determine the current value of future payments and other one-sided entries affecting profit/loss were adjusted in the consolidated financial statements. Income tax effects were taken into account in consolidation operations affecting profit and loss and deferred tax was recognized.

## **2.3. Currency Translation**

The annual financial statements of the foreign subsidiaries were translated in accordance with the functional currency principle as outlined in IAS 21 (The Effects of Changes in Foreign Exchange Rates). The functional currency of all companies is the national currency of their country of registration, since the subsidiaries are independent financially, economically and organizationally in their conduct of business.

The annual financial statements of three foreign subsidiaries with registered offices outside the Community Territory of the Member States of the European Union or in Great Britain were translated in accordance with the principles of the modified current rate method. The balance sheet items were valued at the mean rate on the reporting date of 31 March 2006. Income and expenses on the income statement were translated at the annual average rate.

Translation differences on the reporting date arising from the balance sheet were allocated to shareholders' equity without affecting profit. Translation differences between the reporting date rate within the balance sheet and the average rate in the income statement were offset in shareholders' equity. Negative translation differences of TEUR 248 were recognized in equity in the year under review without affecting profit and loss.

The movements in fixed assets were presented at average rates. Changes in the mean of the buying and selling price of foreign exchange as of the balance sheet date compared with that of the previous year and differences arising from the application of average rates were separately recorded in the consolidated assets schedule as "currency changes".

Non-realized translation differences in conjunction with monetary items which are economically allocable to a share in an associated company, particularly borrowings under company loans issued to American subsidiaries, were allocated with no effect on profit or loss to an adjustment item for translation differences and recorded in shareholders' equity.

The exchange rates used in currency conversion developed as follows:

| in EUR          | Reporting Date Rate |               | Annual Average Rate |           |
|-----------------|---------------------|---------------|---------------------|-----------|
|                 | 31 March 2006       | 31 March 2005 | 2005/2006           | 2004/2005 |
| 1 US Dollar     | 0.826173            | 0.771367      | 0.825878            | 0.792169  |
| 1 British Pound | 1.435956            | 1.452433      | 1.465358            | 1.463804  |

### 3. Accounting and Valuation Principles

The accounting and valuation principles were the same as those applied in the previous year's consolidated financial statements.

#### Intangible Fixed Assets and Tangible Fixed Assets

Acquired intangible assets are shown at the cost of acquisition less scheduled amortization.

The goodwill on consolidation carried forward as of 31 March 2005 was as follows:

| in TEUR              | 31 March 2006 | 31 March 2005 |
|----------------------|---------------|---------------|
| Capitalized goodwill | 1,429         | 0             |

Tangible fixed assets are recorded at their cost of acquisition less scheduled, allocated depreciation or less unscheduled and continued depreciation. Assets showing signs of diminished value and present values of future payment surpluses under the book values were written down in accordance with IAS 36 (Impairment of Assets) to a value obtainable if they were sold singly or at the liquidation value.

Scheduled depreciation was effected on a straight-line basis. Assets added in the first half of the financial year were always written down at the full annual rate of depreciation; those added after 30 September 2005 were written down pro rata temporis.



# NOTES

The following service life figures based on expected economic or technical usefulness were applied in the main to scheduled, straight-line depreciation and amortization of fixed assets:

|  |      |     |      |       |
|--|------|-----|------|-------|
| a) Intangible fixed assets                     | 2.0  | to  | 25.0 | years |
| b) Land and buildings                          | 25.0 | and | 40.0 | years |
| c) Buildings on land owned by others           | 2.0  | to  | 10.0 | years |
| d) Plant and machinery                         | 2.0  | to  | 10.0 | years |
| e) Other production plant and office equipment | 1.5  | to  | 10.0 | years |

Assets of minor value are immediately written down to a token amount during the year of acquisition to the full extent permitted by tax law. In the schedule of changes in fixed assets, assets of minor value are recorded as a disposal on expiration of a period of assumed usefulness of three years.

Government grants and third-party building cost subsidies (investment grants) are recorded under liabilities and are written down in a way affecting profit/loss in accordance with the useful life of the subsidized asset.

Leased tangible fixed assets deemed economically to be asset purchases involving long-term financing and a transfer of substantially all the risks and rewards incident to asset ownership (finance lease) were recorded under assets at their present value in accordance with IAS 17 (Leases). Amortization is scheduled and undertaken in accordance with the useful economic life of the assets. Payment obligations arising from the future leasing rates were appropriately discounted and recorded under trade payables.

## **Shares in Associated Companies and other Financial Assets**

The shares in associated companies were valued at equity. Securities were valued at the cost of acquisition or the lower applicable market value.

## **Inventories**

Inventories were valued at cost of acquisition or the lower market value on the reporting date. The cost of acquisition was determined primarily using the moving average price method. The quantities were determined by physical stock-taking conducted close to the balance sheet date.

### **Trade Accounts Receivable and Other Assets**

Accounts receivable and other assets were carried as assets at their nominal value unless, in the case of discernible specific risks, suitable value adjustments were made and the lower applicable value was to be applied. Non-interest or non-interest-bearing receivables were recorded at their discounted present value. Foreign-currency items from the financial statements of individual companies included in the consolidated accounts were largely valued at the foreign-exchange buying rate as of the reporting date unless the price of acquisition was below that rate as of the reporting date, with the deviations being not insubstantial.

### **Current Financial Assets**

Current financial assets (cash in hand and at banks) were recorded under cash and cash equivalents and, in the case of receivables expressed in foreign currency, were valued at the current market rates as at the reporting date.

### **Deferred Taxes**

Deferred tax liabilities were recognized in accordance with IAS 12 (Income Taxes) for all temporary valuation and accounting differences between the values applied in the individual companies' balance sheets under IFRS and under tax law. The value adjustments were calculated on the basis of the usual national income tax rate of the given group company at the time of the reversal of the value difference. Deferred tax assets were recognized for unused tax loss carryforwards to the extent that there will be sufficient future taxable profit against which the loss carryforwards can be utilized in the foreseeable future.

### **Prepaid Expenses and Deferred Income**

Prepaid expenses and deferred income are carried under other receivables and liabilities. These items pertain to expenditures or incoming payments received prior to the reporting date but intended for a certain time after that date.

### **Provisions for Termination Benefits and Similar Types of Payments**

The projected benefit obligation (PBO) method was applied in calculating Austrian group companies' obligations to employees under the law or under collective agreements to set up a one-time termination benefit to be paid out on dismissal or retirement. In the process, the projected benefits were determined on the basis of an imputed rate of 4 % increase pa (previous year's rate: 4 % pa) and on the basis of expected pay raises (2 % pa), with 60 assumed as the retirement age for female employees and 65 for male employees. A provision for long-service anniversaries primarily for employees at Austrian companies was recorded under liabilities as an obligation similar to the termination benefit. This provision was determined on the basis of the same calculation factors applied to termination benefit provisions. The present value of these provisions was determined in an expertise and recorded under liabilities taking into account a discount for age-related fluctuation. Actuarial gains and losses were immediately offset in the year of occurrence in a manner affecting profit and loss owing to their immaterial influence on earnings. Benefit-based termination pay obligations of foreign companies were provided for in accordance with comparable methods unless contribution-based provision systems were involved.



# NOTES

## Other Provisions

Other long and short-term provisions were recognized for all legal or constructive obligations to third parties arising from a past event if payment was probable, i.e. if an outflow of cash for them was more likely than not. The amounts recognized as provisions were the best estimates of the expenditures required to settle the present obligations at the balance sheet date.

## Liabilities

Liabilities have been valued at acquisition cost, the nominal value or the higher repayment amounts. Foreign currency liabilities were valued at the selling rate applicable on the reporting date.

## Derivative Financial Instruments

Hedges, particularly option dealings to hedge changes in foreign exchange rates, were recognized on the conclusion of the contracts at acquisition cost and valued at the reporting date at fair value.

## Estimates

To a certain extent, consolidated financial statements require that estimates and assumptions be made which affect the balance-sheet assets and liabilities involved as well as the information on other obligations as of the reporting date and the presentation of income and expenses during the period reviewed. The amounts actually realized in the future could diverge from these estimates.

## II. NOTES TO THE BALANCE SHEET AND THE INCOME STATEMENT

### II.1. Notes to the Balance Sheet

#### (1) Fixed Assets

| in TEUR           | 31 March 2006 | 31 March 2005 |
|-------------------|---------------|---------------|
| Intangible assets | 4,931         | 3,881         |
| Tangible assets   | 28,628        | 27,408        |
| Investments       | 74            | 5,541         |
| <b>Total</b>      | <b>33,632</b> | <b>36,829</b> |

A breakdown of the fixed asset items summarized in the consolidated balance sheet and changes in them during business year 2005/2006 are shown in the attached assets schedule. Translation adjustments are the amounts resulting from the translation of assets of foreign subsidiaries at the different reporting date rates prevailing at the beginning and end of the year under review and from the use of average rates.

The intangible fixed assets recorded pertain solely to other rights, in particular trademark titles, rights of use, and software licenses. The group had no company-produced intangible fixed assets eligible for capitalization in the year under review.

The land included under tangible fixed assets has a value of TEUR 752 (previous year: TEUR 2,677). The company effected unscheduled depreciation on this item in business year 2005/2006 amounting to TEUR 1,291 (previous year: TEUR 150).

The following amounts were recorded under tangible fixed assets (other production plant and office equipment) based on finance lease agreements the company entered into:

| in TEUR                  | 31 March 2006 | 31 March 2005 |
|--------------------------|---------------|---------------|
| Acquisition costs        | 2,299         | 2,299         |
| Accumulated depreciation | 2,299         | 1,953         |
| Book value               | 0             | 346           |

Obligations from the use of property, plant and equipment not reported in the balance sheet pertain to lease or rental agreements on movables and to leases on real estate and were as follows:

| in TEUR                         | 31 March 2006 | 31 March 2005 |
|---------------------------------|---------------|---------------|
| In the following business year  | 5,685         | 5,656         |
| In the next five business years | 27,514        | 27,581        |

Other production plant and office equipment includes standard values of TEUR 213 (previous year: TEUR 209) for tableware, cutlery, table linen and containers. The standard values were carried under assets at the companies producing sales in the Restaurants & Bars Division.

Expenses connected to equity interests in two associated companies included at equity amounted to TEUR 20 in business year 2005/2006 (previous year: income of TEUR 73).

The fixed-interest securities were valued at their cost of acquisition or the lower prices from previous years. At book value, the holdings amounted to TEUR 6 (previous year: TEUR 6); the sale value of these securities amounted to TEUR 7 (previous year: TEUR 7). The other securities carried under fixed assets were valued at acquisition cost.

## (2) Other Long-Term Assets

| in TEUR                | 31 March 2006 | 31 March 2005 |
|------------------------|---------------|---------------|
| Other long-term assets | 366           | 594           |
| <b>Total</b>           | <b>366</b>    | <b>594</b>    |



# NOTES

The other long-term assets of subsidiaries included in the consolidated accounts pertain primarily to capitalized advance income tax payments by DO & CO Restaurants & Catering AG due to the latter having a business year that diverges from the calendar year and due to receivables arising from counter-trade as well as deposit payments put down for leased facilities.

### (3) Inventories

| in TEUR                    | 31 March 2006 | 31 March 2005 |
|----------------------------|---------------|---------------|
| Raw materials and supplies | 1,044         | 884           |
| Goods                      | 3,639         | 2,413         |
| <b>Total</b>               | <b>4,683</b>  | <b>3,297</b>  |

The sub-item "purchased Goods" includes TEUR 1,446 (previous year: TEUR 1,468) in standard-value items for tableware, cutlery, table linen, serving aids and containers as well as for other work aids, with account taken of future usefulness.

### (4) Trade Accounts Receivable and Other Short-Term Accounts Receivable and Assets

The current assets with a residual term of less than one year can be summarized as follows:

| in TEUR  | 31 March 2006 | 31 March 2005 |
|--|---------------|---------------|
| <b>Trade accounts receivable</b>   | <b>16,967</b> | <b>13,735</b> |
| Accounts receivable from associated companies                              | 51            | 45            |
| Other accounts receivable and assets                                       | 3,600         | 2,894         |
| Prepaid expenses and deferred charges                                      | 377           | 323           |
| <b>Total of other current accounts receivable and other current assets</b> | <b>4,028</b>  | <b>3,262</b>  |
| <b>Total</b>   | <b>20,995</b> | <b>16,997</b> |

Trade receivables were recorded at nominal value less required specific write-downs amounting to TEUR 2,767 (previous year: TEUR 855) for any default risk or interest losses. The TEUR 706 increase in other accounts receivable and assets from TEUR 2,894 to TEUR 3,600 pertained largely to the offsetting of value-added tax claims with foreign authorities and to advance payments of corporate tax carried under assets.

## (5) Cash and Cash Equivalents

| in TEUR       | 31 March 2006 | 31 March 2005 |
|---------------|---------------|---------------|
| Cash, checks  | 200           | 248           |
| Cash at banks | 19,988        | 5,945         |
| <b>Total</b>  | <b>20,188</b> | <b>6,193</b>  |

Cash at banks increased due to changes in the scope of companies included in the consolidated accounts and to a short-term rise in foreign currency holdings immediately prior to the reporting date. An amount of TEUR 11,118 from this total was invested in short-term time deposits.

## (6) Deferred Taxes

Deferred tax assets and liabilities result from the following temporary accounting and valuation differences between the book values in the consolidated financial statements under IFRS and the corresponding bases of assessment for taxation:

| in TEUR   | 31 March 2006 |               | 31 March 2005 |               |
|---|---------------|---------------|---------------|---------------|
|   | Assets        | Liabilities   | Assets        | Liabilities   |
| Intangible fixed assets                                 | 177           | -195          | 247           | -221          |
| Property, plant and equipment                           | 510           | -1,758        | 822           | -332          |
| Financial assets  | 16            | -784          | 7             | -1,682        |
| Inventories   |               | -76           |               | -73           |
| Accounts receivable                                     | 44            |               | 43            | -21           |
| Consolidating entries                                   | 536           | -408          | 1,465         | -270          |
| Provisions  | 870           | -2            | 378           | -43           |
| Liabilities   | 1,011         |               | 1,532         |               |
| Prepaid expenses or deferred income                     |               |               |               | -9            |
| <b>Total deviations in balance sheet</b>                | <b>3,164</b>  | <b>-3,223</b> | <b>4,494</b>  | <b>-2,651</b> |
| Tax losses carried forward                              | 4,544         |               | 4,388         |               |
| Valuation discount for capitalized deferred tax         | -1,579        |               | -2,090        |               |
| Offsetting of differences with the same tax authorities | -2,035        | 2,035         | -2,398        | 2,398         |
| <b>Total</b>  | <b>4,094</b>  | <b>-1,188</b> | <b>4,394</b>  | <b>-253</b>   |

No deferred taxes were capitalized in these consolidated financial statements for differences on the asset side and for tax loss carry-forwards totaling TEUR 1,579 (previous year: TEUR 2,090), because the company is not yet sufficiently certain that these deferred tax assets can be realized as future tax relief.



# NOTES

## (7) Shareholders' Equity

The consolidated shareholders' equity developed as follows in the business years 2004/2005 and 2005/2006:

| in TEUR                          | Capital Stock | Capital reserves | Revenue reserves | Foreign currency translation reserve | Consolidated result | Minority interests | Total         |
|----------------------------------|---------------|------------------|------------------|--------------------------------------|---------------------|--------------------|---------------|
| <b>As of 31 March 2004</b>       | <b>11,802</b> | <b>13,081</b>    | <b>7,256</b>     | <b>-2,128</b>                        | <b>1,601</b>        | <b>-294</b>        | <b>31,318</b> |
| Consolidated result 2004/2005    |               |                  |                  |                                      | 2,406               | -51                | 2,356         |
| Dividend payment 2003/2004       |               |                  |                  |                                      | -812                |                    | -812          |
| Profit carried forward 2003/2004 |               |                  | 789              |                                      | -789                |                    | 0             |
| Currency translation             |               |                  |                  | -1,130                               |                     |                    | -1,130        |
| Other changes                    |               |                  | 1,432            |                                      |                     |                    | 1,432         |
| <b>As of 31 March 2005</b>       | <b>11,802</b> | <b>13,081</b>    | <b>9,476</b>     | <b>-3,258</b>                        | <b>2,406</b>        | <b>-345</b>        | <b>33,163</b> |
| Consolidated result 2005/2006    |               |                  |                  |                                      | 4,758               | 86                 | 4,844         |
| Dividend payment 2004/2005       |               |                  |                  |                                      | -812                |                    | -812          |
| Profit carried forward 2004/2005 |               |                  | 1,595            |                                      | -1,595              |                    | 0             |
| Currency translation             |               |                  |                  | 320                                  |                     |                    | 320           |
| Other changes                    |               |                  | 2                |                                      |                     | 28                 | 30            |
| <b>As of 31 March 2006</b>       | <b>11,802</b> | <b>13,081</b>    | <b>11,073</b>    | <b>-2,938</b>                        | <b>4,758</b>        | <b>-231</b>        | <b>37,546</b> |

The capital stock of DO & CO Restaurants & Catering AG totals EUR 11,802,068.26 and is divided into 1,624,000 individual bearer shares endowed with voting rights.

At the General Meeting of Shareholders on 10 July 2002, the Management Board was given the right, in accordance with Section 169 Corporations Act, until 30 June 2007 to increase the share capital by up to a further EUR 5,901,034.13 in exchange for cash contributions and/or contributions in kind, even to the exclusion of preemptive rights (authorized capital).

The shares of DO & CO Restaurants & Catering AG have been listed in the Standard Market Continuous segment of the Vienna Stock Exchange since 19 March 2004 (prior to that in the Prime Market segment). The majority shareholder of DO & CO Restaurants & Catering AG is Attila DOGUDAN Privatstiftung. DZR Immobilien und Beteiligungs GmbH, a wholly owned subsidiary of the registered limited-liability association Raiffeisen-Holding Niederösterreich-Wien, holds a stake of 32.9 %, and the remaining shares are in free float.

The paid-in capital surplus contains tied-up capital reserves from capital increases in accordance with Austrian corporation law. These reserves remained unchanged against the previous year at TEUR 13,081.

Besides earnings salted away in reserves, the revenue reserve item contains revenue reserves in the amount of the tax investment allowances taken advantage of, as recorded in the individual financial statements of domestic companies. No deferred tax provision was formed for these

untaxed reserves. Besides legally stipulated revenue reserves of various individual companies included in the consolidated accounts, this item contains all revenue reserves at subsidiaries not eliminated in the course of business combinations accounting for subsidiaries as well as changes arising from consolidation entries adapted in 2005/2006, whereby said changes had no effect on profit and loss.

Minority interests include the direct 10 % minority interest in the equity of the fully consolidated DO & CO Holdings USA Inc. and DO & CO im PLATINUM Restaurantbetriebs GmbH as well as the indirect minority interests in subsidiaries (DO & CO New York Catering Inc., DO & CO Miami Catering Inc.). This item also covers minority interests of 24 % of the shares in TIS Total Inflight Solution Germany GmbH, TIS Germany Airline Catering GmbH & Co. KG and TIS Germany Airline Catering Verwaltungs GmbH. Likewise recorded here is the minority interest of 10.1 % in DOCO Istanbul Catering ve Restaurant Hiz. Tic. ve A.S.

#### (8) Long-Term Provisions – Schedule of Provisions

The composition of and changes in long-term provisions as of the reporting date were as follows:

| in TEUR   | As of<br>31 March 2005 | Consumed    | Release    | Allocation   | As of<br>31 March 2006 |
|---|------------------------|-------------|------------|--------------|------------------------|
| Provisions for severance payments PBO               | 2,000                  | -175        | -2         | 419          | 2,242                  |
| Provision for long-service anniversary payments PBO | 1,071                  | -120        | -9         | 283          | 1,226                  |
| Provisions for deferred tax                         | 253                    | 0           | 0          | 936          | 1,189                  |
| Other provisions                                    | 119                    | 0           | 0          | 16           | 135                    |
| <b>Total</b>  | <b>3,443</b>           | <b>-295</b> | <b>-11</b> | <b>1,654</b> | <b>4,791</b>           |

The values of provisions for termination benefits and for long-service anniversary payments were calculated as of the reporting date along actuarial lines in expert opinions applying the projected benefit obligation method. The imputed interest rate and the pay increase rate remained unchanged over the previous year at 4 % pa and 2 % pa, respectively. Actuarial gains and losses were recognized in the year of their occurrence in a manner affecting profit and loss.

| in TEUR   | Severance payment provision |               | Long-service anniversary provision |               |
|---|-----------------------------|---------------|------------------------------------|---------------|
|   | 31 March 2006               | 31 March 2005 | 31 March 2006                      | 31 March 2005 |
| Present value of obligations (PBO) on 1 April         | 2,000                       | 1,743         | 1,071                              | 932           |
| Long-service anniversary expenses                     | 182                         | 182           | 195                                | 165           |
| Interest expenses                                     | 67                          | 64            | 50                                 | 55            |
| Severance payments                                    | -116                        | -110          | -118                               | -66           |
| Result along actuarial lines                          | 109                         | 122           | 27                                 | -15           |
| <b>Present value of obligations (PBO) on 31 March</b> | <b>2,242</b>                | <b>2,000</b>  | <b>1,226</b>                       | <b>1,071</b>  |

Other long-term provisions include expenses pertaining to a commitment to cover losses exceeding the existing equity interest in an associated company.



# NOTES

## (9) Long-term Financial Liabilities

| in TEUR              | 31 March 2006 | 31 March 2005 |
|----------------------|---------------|---------------|
| Liabilities to banks | 0             | 5,400         |
| <b>Total</b>         | <b>0</b>      | <b>5,400</b>  |

The company sold the business stake connected to the borrowing reported under this item in the previous business year, which sale allowed it to settle this debt early. The average interest rate was 2.7 % p.a.

## (10) Other Long-Term Liabilities

| in TEUR                | 31 March 2006 | 31 March 2005 |
|------------------------|---------------|---------------|
| Trade accounts payable | 566           | 0             |
| Other liabilities      | 123           | 101           |
| Deferred income        | 363           | 363           |
| <b>Total</b>           | <b>1,052</b>  | <b>465</b>    |

Apart from a construction-cost grant and deposit payments received, there were no other long-term liabilities on the reporting date based on remaining term. Trade payables contained solely obligations from finance leases in accordance with IAS 17.

## (11) Other Short-Term Provisions – Schedule of Provisions

| in TEUR                                  | As of<br>31 March 2005 | Currency-<br>changes | Changes in<br>scope of<br>consolidation | Consumed      | Release     | Allocation    | As of<br>31 March 2006 |
|--|------------------------|----------------------|---|---------------|-------------|---------------|------------------------|
| Tax provisions                           | 347                    | -4                   | 484                                     | -73           | -13         | 1,547         | 2,288                  |
| Other personnel provisions               | 4,186                  | 1                    | 26                                      | -4,057        | -163        | 6,658         | 6,650                  |
| Deliveries and services not yet invoiced | 875                    | 0                    | 0                                       | -691          | -168        | 1,367         | 1,383                  |
| Other provisions                         | 1,967                  | 17                   | 308                                     | -1,509        | -577        | 2,482         | 2,687                  |
| <b>Total</b>                             | <b>7,374</b>           | <b>15</b>            | <b>817</b>                              | <b>-6,330</b> | <b>-921</b> | <b>12,054</b> | <b>13,008</b>          |

Provisions for personnel expenses pertain largely to three sets of provisions. The first totals TEUR 1,025 (previous year: TEUR 914) and relates to pro rata special payments due to having a business year not coinciding with the calendar year. The second comprises provisions of TEUR 3,040 (previous year: TEUR 2,283) for vacation not yet taken as of the reporting date. The third pertains to other provisions totaling TEUR 2,585 (previous year: TEUR 989) for performance-linked components of pay and also for obligations arising from organizational changes at foreign subsidiaries.

## (12) Short-Term Financial Liabilities

| in TEUR          | 31 March 2006 | 31 March 2005 |
|------------------|---------------|---------------|
| Current account  | 807           | 0             |
| EUR cash advance | 6,800         | 4,600         |
| <b>Total</b>     | <b>7,607</b>  | <b>4,600</b>  |

Financial liabilities existing as of the reporting date resulted from euro cash advances taken out at various banks at an average interest rate of 2.7 % (previous year: 2.6 %). There were also short-term current account overdrafts at the reporting date for which interest of about 4.6 % pa was charged.

### (13) Trade Accounts Payable and Other Short-Term Liabilities

| in TEUR                                   | 31 March 2006 | 31 March 2005 |
|---|---------------|---------------|
| <b>Trade accounts payable</b>             | <b>15,569</b> | <b>10,247</b> |
| Amounts owed to associated companies      | 0             | 52            |
| Advance payments received on orders       | 0             | 352           |
| Other liabilities                         | 4,279         | 3,106         |
| Deferred income                           | 107           | 103           |
| <b>Total other short-term liabilities</b> | <b>4,386</b>  | <b>3,613</b>  |
| <b>Total</b>                              | <b>19,954</b> | <b>13,861</b> |

The TEUR 5,322 increase in trade accounts payable from TEUR 10,247 to TEUR 15,569 pertained to changes in the scope of consolidation and to a short-term rise in the level of trade accounts payable owing to investments in business year 2005/2006. The other liabilities with a remaining term of less than one year totaled TEUR 4,279 (previous year: TEUR 3,106) and resulted largely from liabilities to tax authorities for value-added tax and other pay-related taxes, from liabilities to social insurance funds and from liabilities to service providers in an amount equal to current remuneration payments.

### Contingent Liabilities

| in TEUR    | 31 March 2006 | 31 March 2005 |
|------------|---------------|---------------|
| Guarantees | 1,466         | 1,713         |

The amounts recorded under this item pertain to bank guarantees to secure claims in connection with leases and to secure refunds of advance tax payments from the Italian fiscal authorities.

## II.2. Notes to the Income Statement

The consolidated income statement was prepared in accordance with the total cost method.

### (14) Sales

| in TEUR                      | 2005/2006      | 2004/2005      |
|------------------------------|----------------|----------------|
| Airline Catering             | 74,794         | 60,971         |
| International Event Catering | 35,598         | 47,255         |
| Restaurants & Bars           | 31,787         | 26,033         |
| <b>Total</b>                 | <b>142,179</b> | <b>134,259</b> |

Realized sales were defined for primary segment reporting in accordance with the internal report structure. Regionally, sales were divided according to the place of performance by the companies of the DO & CO group ("Management Approach" in accordance with IAS 14). As regards the detailed presentation of the sales revenues, please refer to segment reporting in the Management Report.



# NOTES

## (15) Other Operating Income

| in TEUR  | 2005/2006    | 2004/2005    |
|--|--------------|--------------|
| Accounting gains from the disposal of fixed assets | 7,049        | 9            |
| Income from the release of provisions              | 917          | 479          |
| Release of provisions for bad debts                | 333          | 269          |
| Insurance payments                                 | 109          | 100          |
| Rent income  | 118          | 122          |
| Other operating income                             | 697          | 1,065        |
| <b>Total</b>                                       | <b>9,224</b> | <b>2,043</b> |

The TEUR 7,181 increase in other operating income is mainly attributable to proceeds from the disposal of tangible fixed assets.

## (16) Costs of Materials and Services

| in TEUR   | 2005/2006     | 2004/2005     |
|---|---------------|---------------|
| Costs of materials (including goods purchased for resale) | 39,650        | 34,840        |
| Costs of services   | 11,893        | 15,635        |
| <b>Total</b>  | <b>51,543</b> | <b>50,475</b> |

## (17) Payroll Costs

| in TEUR   | 2005/2006     | 2004/2005     |
|---|---------------|---------------|
| Wages   | 33,987        | 30,234        |
| Salaries  | 10,055        | 7,630         |
| Expenses for severance payments   | 693           | 643           |
| Expenses for legally mandated social security contributions and for related costs | 9,884         | 8,606         |
| Other social expenses   | 785           | 930           |
| <b>Total</b>  | <b>55,405</b> | <b>48,042</b> |

## (18) Amortization of Intangible Fixed Assets and Depreciation of Tangible Fixed Assets

| in TEUR                                   | 2005/2006    | 2004/2005    |
|---|--------------|--------------|
| Scheduled amortization and depreciation   | 5,120        | 5,234        |
| Unscheduled amortization and depreciation | 1,291        | 150          |
| <b>Total</b>                              | <b>6,411</b> | <b>5,384</b> |

## (19) Amortization of Goodwill

| in TEUR                  | 2005/2006  | 2004/2005 |
|--------------------------|------------|-----------|
| Amortization of goodwill | 450        | 23        |
| <b>Total</b>             | <b>450</b> | <b>23</b> |

Unscheduled amortization in an amount totaling TEUR 450 was undertaken on goodwill from acquisitions made in business year 2005/2006.

## (20) Other Operating Expenses

The composition of other operating expenses was as follows:

| in TEUR   | 2005/2006     | 2004/2005     |
|---|---------------|---------------|
| Taxes other than those included under income tax                            | 577           | 479           |
| Rentals, leases and operating costs<br>(including airport fees and charges) | 12,865        | 11,505        |
| Travel and communication expense  | 4,437         | 5,020         |
| Transport, vehicle expense and maintenance                                  | 5,006         | 5,109         |
| Insurance   | 850           | 757           |
| Legal, auditing and consulting expenses                                     | 1,696         | 1,715         |
| Advertising expense   | 354           | 391           |
| Other personnel costs   | 1,605         | 564           |
| Rest of other operating expenses  | 2,602         | 1,066         |
| Value adjustments, losses on bad debts<br>and other losses                  | 2,108         | 771           |
| Exchange rate differences   | 292           | 512           |
| Accounting losses from the disposal of fixed assets                         | 88            | 113           |
| Other administrative expenses   | 915           | 924           |
| <b>Total</b>  | <b>33,394</b> | <b>28,924</b> |

## (21) EBIT – Operating Result

EBIT increased against the year before by TEUR 749 or 21.7 %, from TEUR 3,452 to TEUR 4,201. This growth is attributable mainly to the upsurge in sales in Restaurants & Bars and Airline Catering and in the proceeds from the disposal of tangible fixed assets in business year 2005/2006. On the expense side, personnel expenses increased by EUR 7,363 and other operating expenses by TEUR 4,470. The operating profit was also negatively affected by unscheduled amortization and depreciation. For a detailed analysis of this item, please refer to the Management Report.

## (22) Financial Result

| in TEUR   | 2005/2006    | 2004/2005   |
|---|--------------|-------------|
| <b>Result from investments</b>                          |              |             |
| Result from investments                                 | -36          | 100         |
| of which from associated companies                      | -20          | 73          |
| <b>Total result from investments</b>                    | <b>-36</b>   | <b>100</b>  |
| <b>Result from other financial activities</b>           |              |             |
| Income from other securities carried under fixed assets | 3            | 23          |
| Other interest received and similar income              | 362          | 140         |
| Other interest paid and similar expenses                | -363         | -343        |
| Other financial result                                  | 2,655        | 11          |
| <b>Total result from other financial activities</b>     | <b>2,658</b> | <b>-169</b> |
| <b>Total</b>  | <b>2,622</b> | <b>-69</b>  |

The other result from financial operations resulted solely from the final inclusion of associated undertakings in the consolidated accounts.



# NOTES

## (23) Income Tax

| in TEUR              | 2005/2006    | 2004/2005    |
|----------------------|--------------|--------------|
| Income tax expenses  | 1,646        | 259          |
| thereof non periodic | 71           | -102         |
| Deferred tax         | 309          | 792          |
| <b>Total</b>         | <b>1,955</b> | <b>1,051</b> |

This item contains income tax paid by and owing to DO & CO Restaurants & Catering AG and its subsidiaries and the provisions for deferred taxes. The effective tax burden on the DO & CO Group, defined as a ratio of total tax expenses to profit before tax, amounted to 28.7 % (previous year: 31.1 %). The difference between the reduced corporate tax rate of 25 % (previous year: 31.75 %) to be applied in full in business year 2005/2006 and the reported corporate tax rate came about as follows:

| in TEUR  | 2005/2006    | 2004/2005    |
|--|--------------|--------------|
| <b>Consolidated result before tax</b>  | <b>6,823</b> | <b>3,384</b> |
| <b>Tax expense at tax rate of 25.00 % (previous year: 31.75 %)</b>   | <b>1,706</b> | <b>1,074</b> |
| Non-temporary differences<br>and tax expenses and income from prior periods  | -36          | -180         |
| Change of value adjustments on capitalized deferred tax as well as<br>losses for which no deferred tax provisions were created | -60          | 155          |
| Changes in tax rates   | 345          | 2            |
| <b>Effective tax burden</b>  | <b>1,955</b> | <b>1,051</b> |
| <b>Effective tax rate in %</b>   | <b>28.7</b>  | <b>31.1</b>  |

## (24) Minority Interests

Minority interests in the annual result of fully consolidated companies amounted to minus TEUR 109 (previous year: TEUR 73).

| in TEUR  | 2005/2006   | 2004/2005 |
|--|-------------|-----------|
| Share of annual result going to minority interests | -109        | 73        |
| <b>Total</b>                                       | <b>-109</b> | <b>73</b> |

## III. Other Information

### (25) Earnings per Share

The number of shares issued as of 31 March 2006 totaled 1,624,000. Just as in the previous business year, the company held no treasury stock as at the reporting date.

|  | 2005/2006   | 2004/2005   |
|--|-------------|-------------|
| Issued shares (number of individual shares)                        | 1,624,000   | 1,624,000   |
| Weighted shares (number of individual shares)                      | 1,624,000   | 1,624,000   |
| <b>Earnings per share before amortization of goodwill (in EUR)</b> | <b>3.21</b> | <b>1.50</b> |
| <b>Earnings per share (in EUR)</b>                                 | <b>2.93</b> | <b>1.48</b> |

Based on the consolidated result of TEUR 4,758 (previous year: TEUR 2,406), the earnings per share amounted to EUR 2.93 (previous year: EUR 1.48). The earnings per share based on the adjusted consolidated result of TEUR 5,208 (previous year: TEUR 2,429), ie on taking into account goodwill amortization, amounted to EUR 3.21 (previous year: EUR 1.50). The Management did not exercise the right given to it at the General Meeting of Shareholders on 10 July 2002 to acquire treasury stock pursuant to Section 65.1.8 Stock Corporation Act, the maximum number of shares to be acquired limited to 10 % of the share capital and the acquisition to take place within a period of 18 months.

#### **(26) Proposal for Appropriation of Profit**

According to the provisions of the Corporation Act (AktG), the annual financial statements of DO & CO Restaurants & Catering AG as of 31 March 2006, prepared in accordance with the Austrian accounting regulations, form the basis for the distribution of a dividend. These financial statements show a balance sheet profit of EUR 13,224,301.33. The Management Board will therefore suggest to the General Meeting of Shareholders that a dividend of EUR 0.50 per share be distributed on the share capital totaling EUR 11,802,068.26 and that the remaining profit be carried forward to new account.

#### **(27) Cash Flow Statement**

The cash flow statement was presented in accordance with the indirect method, whereby the fund of cash and cash equivalents corresponds to the cash in hand and at banks.

Income tax payments are presented as a separate sub-item in the cash flow from operating activities. Interest paid and received was also carried under current business activities. The dividend payments to shareholders of DO & CO Restaurants & Catering AG were recorded as part of the financing activities.

#### **(28) Financial Instruments**

The core segments at DO & CO are Airline Catering, International Event Catering and Restaurants & Bars. Key determinants of group business include developments in the aviation industry and the requirements arising for catering enterprises from these developments. Other key factors are the development of general global economic conditions and the effect they have on the willingness of major international corporations to allocate budget resources to large-scale special events. Our business activities are subject to the usual market risks. Based on present knowledge, there are no discernible risks that could endanger the continuation of business at the company.

Financial instruments are claims to payment as a result of a contractually based economic operation (IAS 32). They include what are considered original financial instruments, namely trade receivables and payables as well as financial receivables and financial debts. They also include derivative financial instruments used to hedge currency risks and interest risks. Claims or obligations arising from derivative contracts to hedge foreign currency positions did not exist as of the reporting date. The level of original financial instruments is evident from the balance sheet. The accounting and valuation principles pertinent to the individual balance sheet items were applied in each case. The receivables recorded under assets and reduced by appropriate value adjustments represent the maximum solvency and default risk. Since the solvency of existing and new customers is continuously monitored, the credit risk from customer receivables can be considered negligible based on present knowledge. This risk depends on market developments. The credit risk arising from the investment of cash and cash equivalents and securities is also



# NOTES

deemed to be non-existent, given the excellent credit rating of the contractual partners and the low level of assets tied up in securities.

The recorded book values for cash and cash equivalents, short-term investments and short-term receivables and liabilities correspond in the main to the current market values due to the short maturities involved. There were outstanding financial debts as of the reporting date from a short-term euro cash advance and a current account overdraft and from a longer-term financial exposure to finance the further expansion of the group with a concordance of maturity. These debts could pose an interest risk depending on how money market interest rates develop. Virtually all of the other receivables and liabilities resulting from operations had a remaining term of less than one year and posed no interest risk of material significance.

Currency risks exist in all cases in which receivables and liabilities are invoiced in a currency other than the local currency of the company. The company strives to use the foreign currency in internal group deliveries and services as a counter-balance to minimize the currency risk as long as no closed foreign exchange positions arise from offsetting receivables in the foreign currency against liabilities equivalent as regards term and amount in the same currency.

Currency risks in respect of trade receivables derive primarily from the US dollar, with a share of 15 % (previous year: 5 %) and the British pound with 14 % (previous year: 17 %). In respect of trade payables, the US dollar accounts for 4 % (previous year: 11 %) of total currency risk while the British pound accounts for 12 % (previous year: 22 %). Investments at any given group company are made largely within that company's own currency area so that only quite limited currency risks arise in this respect.

## **(29) Events After the Balance Sheet Date**

Events occurring after the reporting date which are significant to the valuation on the balance sheet date, eg pending legal cases, claims for damages and other obligations or threats of losses, are required to be included in the accounts or divulged in accordance with IAS 10 (Events after the Balance Sheet Date). DO & CO Restaurants & Catering AG took any such events it was aware of into account in these consolidated financial statements.

The DO & CO Group opened its first hotel at the end of April 2006 in the adapted Haas Haus on St. Stephen's Square in downtown Vienna. In early May, the Restaurant & Bar Division took yet another significant step to expand its operations by assuming responsibility for the entire catering operations at the British Museum in London. DEMEL Salzburg is slated to open in June 2006, marking the first step in the expansion of the DEMEL brand. In Airline Catering, the Frankfurt and Munich bases assumed responsibility for board service for AIR BERLIN starting in May 2006. At the same time, an innovative premium buy-on-board approach was launched for AIR BERLIN and NIKI. Board service for an additional Emirates long-distance flight ex JFK and for QATAR AIRWAYS ex Frankfurt is scheduled to start in June 2006. This progressive international broadening of our customer base is the result of constant, quality-focused efforts on our part. The International Event Catering Division handled catering for the following events, among others: Formula 1, Champions League Finals in Paris, the traditional equestrian riding and jumping tournament CHIO Aachen, and the America's Cup in Valencia.

### (30) Related Party Disclosures

Raiffeisenlandesbank Niederösterreich-Wien AG is indirectly a related party as it holds a stake in DO & CO Restaurants & Catering AG through Raiffeisen-Holding Niederösterreich-Wien. Business relations with Raiffeisenlandesbank Niederösterreich-Wien AG were intensified in the year under review and were handled at terms and conditions customary for external customers.

### (31) Information on Corporate Boards and Employees

The average number of employees was as follows:

| Number             | 2005/2006    | 2004/2005    |
|--------------------|--------------|--------------|
| Workers            | 1,143        | 927          |
| Salaried employees | 197          | 206          |
| <b>Total</b>       | <b>1,340</b> | <b>1,133</b> |

On average, a further 216 individuals (previous year: 198) worked part-time in addition to the workers indicated above.

The following individuals served as members of the corporate boards of DO & CO Restaurants & Catering AG in business year 2005/2006:

#### Management Board:

**Attila Dogudan**, Vienna, Chairman

**Michael Dobersberger**, Vienna

The emoluments for the members of the Management Board in the year under review totaled TEUR 432 (previous year: TEUR 505).

#### Supervisory Board:

**Waldemar Jud**, Graz, Chairman

**Werner Sporn**, Vienna, Deputy Chairman

**Georg Thurn-Vrints**, Poysbrunn

**Christian Konrad**, Vienna

The members of the Supervisory Board received remuneration totaling TEUR 19 (previous year: TEUR 19) for business year 2004/2005 in accordance with a decision by the General Meeting of Shareholders on 7 July 2005.

Vienna, 29 May 2006

The Management Board:



Attila Dogudan mp  
Chairman



Michael Dobersberger mp



# SCHEDULE OF CHANGES IN FIXED ASSETS

as of 31 March 2006

| in TEUR   | Cost of Acquisition and Production |  |                            |               |                        |               | As of<br>31 March<br>2006 |
|---|------------------------------------|--|----------------------------|---------------|------------------------|---------------|---------------------------|
|   | As of<br>31 March<br>2005          | Addition to<br>scope of<br>consolidation | Translation<br>differences | Additions     | Reclassifi-<br>cations | Disposals     |                           |
| <b>I. Intangible assets</b>   |                                    |  |                            |               |                        |               |                           |
| 1. Industrial property rights<br>and similar rights and benefits<br>including licenses deriving from them | 7,468                              | 4  | -39                        | 178           | 0                      | 12            | 7,599                     |
| 2. Goodwill   | 0                                  | 2,140                                    | 0                          | 0             | 0                      | 711           | 1,429                     |
| 3. Payments in advance  | 0                                  | 0  | 0                          | 7             | 0                      | 0             | 7                         |
|   | <b>7,468</b>                       | <b>2,144</b>                             | <b>-39</b>                 | <b>186</b>    | <b>0</b>               | <b>723</b>    | <b>9,035</b>              |
| <b>II. Tangible assets</b>  |                                    |  |                            |               |                        |               |                           |
| 1. Land and buildings including<br>buildings on third-party land  | 32,715                             | 126                                      | 1,177                      | 1,299         | 205                    | 7,905         | 27,617                    |
| 2. Plant and machinery  | 8,032                              | 331                                      | 61                         | 732           | 0                      | 282           | 8,874                     |
| 3. Other production-plant and<br>office equipment   | 18,555                             | 724                                      | 226                        | 3,236         | 71                     | 2,774         | 20,038                    |
| 4. Payments on account and assets<br>in course of construction  | 379                                | 0  | 1                          | 6,284         | -276                   | 1,395         | 4,994                     |
|   | <b>59,682</b>                      | <b>1,181</b>                             | <b>1,465</b>               | <b>11,550</b> | <b>0</b>               | <b>12,356</b> | <b>61,523</b>             |
| <b>III. Investments</b>   |                                    |  |                            |               |                        |               |                           |
| 1. Investments in associated companies  | 5,497                              | 0  | 0                          | 1,465         | 0                      | 6,933         | 29                        |
| 2. Securities held as long-term investments   | 44                                 | 0  | 0                          | 1             | 0                      | 0             | 45                        |
|   | <b>5,541</b>                       | <b>0</b>                                 | <b>0</b>                   | <b>1,466</b>  | <b>0</b>               | <b>6,933</b>  | <b>74</b>                 |
| <b>Total</b>  | <b>72,691</b>                      | <b>3,325</b>                             | <b>1,426</b>               | <b>13,202</b> | <b>0</b>               | <b>20,012</b> | <b>70,632</b>             |

| Accumulated Amortization/Depreciation |  |                            |  |              |                           | Book Value                |                           |
|---------------------------------------|--|----------------------------|--|--------------|---------------------------|---------------------------|---------------------------|
| As of<br>31 March<br>2005             | Addition to<br>scope of<br>consolidation | Translation<br>differences | Depreciation/<br>amortization<br>during the year | Disposals    | As of<br>31 March<br>2006 | As of<br>31 March<br>2006 | As of<br>31 March<br>2005 |
|                                       |  |                            |  |              |                           |                           |                           |
| 3,588                                 | 4  | -13                        | 538  | 12           | 4,105                     | 3,494                     | 3,881                     |
| 0                                     | 261                                      | 0                          | 450  | 711          | 0                         | 1,429                     | 0                         |
| 0                                     | 0  | 0                          | 0  | 0            | 0                         | 7                         | 0                         |
| <b>3,588</b>                          | <b>264</b>                               | <b>-13</b>                 | <b>989</b>                                       | <b>723</b>   | <b>4,105</b>              | <b>4,931</b>              | <b>3,881</b>              |
|                                       |  |                            |  |              |                           |                           |                           |
| 10,968                                | 108                                      | 177                        | 1,551  | 2,346        | 10,458                    | 17,159                    | 21,747                    |
| 6,395                                 | 297                                      | 30                         | 707  | 258          | 7,171                     | 1,702                     | 1,637                     |
| 14,910                                | 561                                      | 198                        | 2,323  | 2,727        | 15,266                    | 4,772                     | 3,645                     |
| 0                                     | 0  | 0                          | 1,291  | 1,291        | 0                         | 4,994                     | 379                       |
| <b>32,274</b>                         | <b>966</b>                               | <b>405</b>                 | <b>5,872</b>                                     | <b>6,622</b> | <b>32,895</b>             | <b>28,628</b>             | <b>27,408</b>             |
|                                       |  |                            |  |              |                           |                           |                           |
| 0                                     | 0  | 0                          | 0  | 0            | 0                         | 29                        | 5,497                     |
| 0                                     | 0  | 0                          | 0  | 0            | 0                         | 45                        | 44                        |
| <b>0</b>                              | <b>0</b>                                 | <b>0</b>                   | <b>0</b>   | <b>0</b>     | <b>0</b>                  | <b>74</b>                 | <b>5,541</b>              |
|                                       |  |                            |  |              |                           |                           |                           |
| <b>35,861</b>                         | <b>1,230</b>                             | <b>392</b>                 | <b>6,861</b>                                     | <b>7,345</b> | <b>37,000</b>             | <b>33,632</b>             | <b>36,829</b>             |



# AUDITOR'S UNQUALIFIED OPINION

## and Auditor's Report

### To the Management Board of DO & CO Restaurants & Catering AG

We have audited the consolidated financial statements of DO & CO Restaurants & Catering AG for the business year 1 April 2005 to 31 March 2006. The company's management is responsible for preparing these consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) as applied in the European Union and in accordance with the regulations under Austrian commercial law and for seeing that their contents comply with these standards and regulations. Our responsibility is to express an opinion on these financial statements based on our audits and to state whether the Group Management Report is in accord with the consolidated financial statements.

We conducted our audits in accordance with generally accepted standards in Austria for properly auditing financial statements and in accordance with the International Standards of Auditing (ISAs). These standards require that we plan and perform the audit of the consolidated financial statement to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement and to state whether the Group Management Report is in accord with the consolidated financial statements. In determining the auditing activities, account is taken of knowledge about the business activities and the economic and legal environment in which the group operates and expectations about possible errors. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also involves assessing the accounting principles applied and the significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe our audit provides a sufficient basis for our judgment.

Our audit led to no objections. In our opinion and on the basis of the knowledge gained in the audit, the consolidated financial statements comply with the legal requirements and present fairly, in all material respects, the actual assets and financial position of the DO & CO Restaurants & Catering Aktiengesellschaft Group as of 31 March 2006 and the results of their operations and their cash flows for the business year 1 April 2005 to 31 March 2006 in conformity with the International Financial Reporting Standards (IFRS) as they are to be applied in the EU. The only particularity pertains to the information on Segment Reporting in accordance with IAS 14, which deviates somewhat from the specifications in the standards. This is because certain group companies conduct business in several segments, making it only conditionally possible to report on a segment basis. The Group Management Report is in accord with the consolidated financial statements.

Vienna, 29 May 2006

**PKF CENTURION**  
Wirtschaftsprüfungsgesellschaft mbH  
Member Firm of PKF International

Günther Prindl mp

Andreas Staribacher mp  
Certified Public Accountants and Tax Consultants

# SIGNIFICANT DIFFERENCES

## between Austrian Accounting Standards and International Financial Reporting Standards (IFRS)

### **Goodwill from capital consolidation:**

The Austrian Commercial Code permits the offsetting of retained earnings without effect to net income. IFRS 3, for its part, stipulates that goodwill be capitalized and that it was to be amortized up to 31 March 2004 over its useful life. This scheduled amortization has now been eliminated. In its stead, an annual impairment test is to be conducted.

### **Deferred tax:**

In accordance with IAS/IFRS, deferred taxes are to be accrued for all temporary differences between the tax balance sheet and the IFRS balance sheet, applying the currently valid tax rate. In deviation from the regulations of the Austrian Commercial Code, deferred tax assets under IFRS are also to be recognized for as yet unused tax losses carried forward, insofar as it is likely that they can be offset against taxable profits in the future.

### **Other provisions:**

The Austrian Commercial Code is based on the principle of commercial prudence. IAS/IFRS, for its part, is geared towards the determinability of payment obligations for which provisions should be formed and the degree of probability of the relevant events occurring. Unlike Austrian commercial law, IAS/IFRS does not permit expense provisions to be formed.

### **Personnel provisions:**

Under IAS/IFRS, personnel provisions (for severance pay, long-service anniversary bonus) are calculated on the basis of the Projected Benefit Obligation Method, applying the current interest rate on the capital market and taking into account future pay raises. Under the Austrian Commercial Code, these provisions are calculated according to the part-value method applying an imputed discounted rate which is usually 4 %.

### **Sales of marketable securities:**

According to the Austrian accounting rules, marketable securities are to be assessed at their cost of acquisition or at the lower market values. Under the IFRS, marketable securities are to be assessed at market values.

### **Valuation of foreign currency amounts:**

Receivables and liabilities in foreign currency are always valued on the reporting date at the rate prevailing on that date. As a result, any currency fluctuation is recorded in a manner affecting profit and loss. The Austrian Commercial Code takes a different approach. Only unrealized losses are recorded on the balance sheet in keeping with the imparity principle. Under IFRS, conversion-related currency differences from debt consolidation in connection with inner-group loans are recorded under shareholders' equity as unrealized price gains or losses without an effect on profit or loss.

### **Extraordinary result:**

IFRS does not permit a company to record an extraordinary result; Austrian commercial law does.

### **Expanded divulgence obligation:**

IAS/IFRS requires that the items on the balance sheet, income statement, cash flow statement and the development of shareholder's equity be explained in detail in the Notes. It also imposes additional information obligations as regards business segments and derivative financial instruments in particular.



# BALANCE SHEET AS OF 31 MARCH 2006

of DO & CO Restaurants & Catering AG

## ASSETS

| in TEUR                                       | 31 March 2006 | 31 March 2005 |
|---|---------------|---------------|
| Intangible assets                             | 119           | 22            |
| Tangible assets                               | 248           | 329           |
| Investments                                   | 16,501        | 30,049        |
| <b>Fixed assets</b>                           | <b>16,868</b> | <b>30,401</b> |
| Trade accounts receivable                     | 102           | 267           |
| Receivables from group companies              | 28,475        | 18,397        |
| Receivables from associated companies         | 174           | 46            |
| Other receivables and assets                  | 989           | 243           |
| <b>Receivables and other assets</b>           | <b>29,741</b> | <b>18,952</b> |
| <b>Cash and checks in hand, cash at banks</b> | <b>16,024</b> | <b>2,415</b>  |
| <b>Current assets</b>                         | <b>45,765</b> | <b>21,367</b> |
| <b>Prepaid expenses and deferred charges</b>  | <b>30</b>     | <b>19</b>     |
| <b>Total assets</b>                           | <b>62,663</b> | <b>51,787</b> |

## LIABILITIES

| in TEUR   | 31 March 2006 | 31 March 2005 |
|---|---------------|---------------|
| Capital stock                                     | 11,802        | 11,802        |
| Capital reserves                                  | 13,081        | 13,081        |
| Revenue reserves                                  | 94            | 94            |
| Retained earnings                                 | 13,224        | 10,456        |
| <b>Shareholders' equity</b>                       | <b>38,202</b> | <b>35,434</b> |
| Provisions for severance payments                 | 550           | 411           |
| Provisions for taxes                              | 1,590         | 308           |
| Other provisions                                  | 2,775         | 2,293         |
| <b>Provisions</b>                                 | <b>4,915</b>  | <b>3,012</b>  |
| Bank loans and overdrafts                         | 6,800         | 10,000        |
| Trade accounts payable                            | 301           | 394           |
| Accounts payable to group companies               | 12,176        | 2,690         |
| Other liabilities                                 | 270           | 258           |
| <b>Liabilities</b>                                | <b>19,547</b> | <b>13,342</b> |
| <b>Total Shareholders' equity and liabilities</b> | <b>62,663</b> | <b>51,787</b> |
| <b>Contingent liabilities</b>                     | <b>2,334</b>  | <b>2,511</b>  |

# INCOME STATEMENT

for Business Year 2005/2006 of DO & CO Restaurants & Catering AG

| in TEUR   | 2005/2006     | 2004/2005     |
|---|---------------|---------------|
| <b>Sales</b>  | <b>9,759</b>  | <b>8,419</b>  |
| Other operating income                              | 291           | 783           |
| Costs of materials and services                     | -625          | -1,612        |
| Payroll costs                                       | -6,724        | -5,601        |
| Amortization and depreciation                       | -228          | -205          |
| Other operating expenses                            | -3,194        | -3,068        |
| <b>Operating result</b>                             | <b>-722</b>   | <b>-1,284</b> |
| Income from equity interests                        | 6,880         | 5,495         |
| Income from other securities                        | 0             | 5             |
| Other interest and similar income                   | 1,497         | 529           |
| Profits on disposal of investments                  | 3,525         | 3             |
| Expenses from investments and marketable securities | -4,382        | -4,367        |
| Interest and similar expenses                       | -1,918        | -1,294        |
| <b>Financial result</b>                             | <b>5,602</b>  | <b>370</b>    |
| <b>Result from ordinary business activities</b>     | <b>4,880</b>  | <b>-914</b>   |
| Taxes on income                                     | -1,300        | -287          |
| <b>Result after income tax</b>                      | <b>3,580</b>  | <b>-1,201</b> |
| Write-back of untaxed reserves                      | 0             | 10            |
| Allocation to revenue reserves                      | 0             | -6            |
| <b>Annual result</b>                                | <b>3,580</b>  | <b>-1,197</b> |
| Profit carried forward from previous year           | 9,644         | 11,653        |
| <b>Retained earnings</b>                            | <b>13,224</b> | <b>10,456</b> |

Simplified presentation without details to associated companies

The annual financial statements, along with the management report, of DO & CO Restaurants & Catering AG were prepared in accordance with the Austrian accounting regulations. The audit of these documents by PKF CENTURION Wirtschaftsprüfungsgesellschaft mbH resulted in an unqualified opinion. These statements will be submitted together with their accompanying documents to the Commercial Registry of the Commercial Court of Vienna under Commercial Registry Number 156765 m.

## Proposal for Appropriation of Profit

According to the provisions of the Stock Corporation Act (AktG), the annual financial statements of DO & CO Restaurants & Catering AG as of 31 March 2006, prepared in accordance with the Austrian accounting regulations, form the basis for the distribution of a dividend. These financial statements show a balance sheet profit of EUR 13,224,301.33. The Management Board will therefore suggest to the General Meeting of Shareholders that a dividend of EUR 0.50 per share be distributed on the share capital totaling EUR 11,802,068.26 and that the remaining profit be carried forward to new account.

Vienna, 24 May 2006

The Management Board of DO & CO Restaurants & Catering AG



# GLOSSARY OF KEY FIGURES

## **EBITDA margin**

Consists of EBITDA (earnings before interest and tax plus depreciation and amortization) divided by sales

## **EBIT margin**

Consists of EBIT (earnings before interest and tax) divided by sales

## **ROS – Return on sales**

The return on sales, ie the ration of the result on ordinary activities to sales

## **Net Debts**

Interest-incurring debt less cash and cash equivalents

## **Gearing Ratio**

Indicates financial management as the ratio between net debts and equity (adjusted by dividend payments and book values for goodwill)

## **ROE – Return on equity**

The ratio of the result after income tax and before amortization of goodwill and the result from extraordinary activities to common equity after dividend distribution

## **Capital Employed**

Equity after dividend payments less the book values of goodwill plus borrowed capital and net debts and less financial investments

## **ROCE – Return on capital employed**

Shows return on capital invested by juxtaposing EBIT before amortization of goodwill and extraordinary result and less the adjusted taxes with the average capital employed

## **Free Cash-Flow**

Cash from operating activities plus cash from investing activities

## **Working Capital**

Is the surplus of current assets in excess of short-term borrowed capital

## **Equity ratio**

Shows the relationship of equity capital, adjusted by dividend payments and book values for goodwill, to total capital





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# Thank you!



*It was very lovely –  
it pleased us very much.”*

See you again in 2006/2007!