

06 2007

Management Report
Report of the Supervisory Board
Glossary of Key Figures
Consolidated Financial Statements
Notes
Auditor's Opinion / Auditor's Report
Financial Statements of DO & CO AG



THE GOURMET ENTERTAINMENT COMPANY

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## MANAGEMENT REPORT 2006/2007

### HIGHLIGHTS

#### Turkish Airlines added to clientele for the entire Turkish market – Joint venture established with Turkish Airlines

- In September 2006, DO & CO added Turkish Airlines as an Airline Catering customer for the whole Turkish market. Under an asset deal, DO & CO and Turkish Airlines set up a joint venture, which took over the airline catering business locations of Gate Gourmet.

#### New airline catering contract for the entire Austrian Airlines Group

- In March 2007, Austrian Airlines and DO & CO entered into a new long-term airline catering supplier agreement that optimizes the position of both partners.

#### New DO & CO locations in Austria, Slovakia and Malta following the acquisition of AIREST

- In March 2007, DO & CO acquired from the Italian SAVE Group the airline catering business of AIREST with business locations in Vienna, Linz, Graz, Salzburg, Bratislava and Malta.

#### New airline catering customers added in 2006/2007

- ETIHAD Airways ex New York
- QATAR Airways ex Frankfurt
- A host of new customers with the acquisition of AIREST and the commencement of business in Turkey.

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

- Football Champions League Finals in Paris
- America's Cup Tournament 11 and 12 in Valencia
- Women's Tennis World Championships in Madrid

#### DO & CO as Gourmet Entertainer at the EURO 2008

- In a repeat of Portugal in 2004, DO & CO will treat the many VIP guests at the 2008 European Football Championship in Austria and Switzerland to culinary highlights.

#### DO & CO launch in the British Museum

- Early May 2006 saw a significant expansion of the Restaurants, Lounges & Hotel Division with DO & CO's takeover of the entire catering operations at the British Museum in London.

#### DEMEL Salzburg on Mozartplatz

- The highly successful opening of DEMEL Salzburg in July 2006 marked the first step in the expansion of the DEMEL brand.

#### Capital increase at DO & CO Restaurants & Catering AG in March 2007

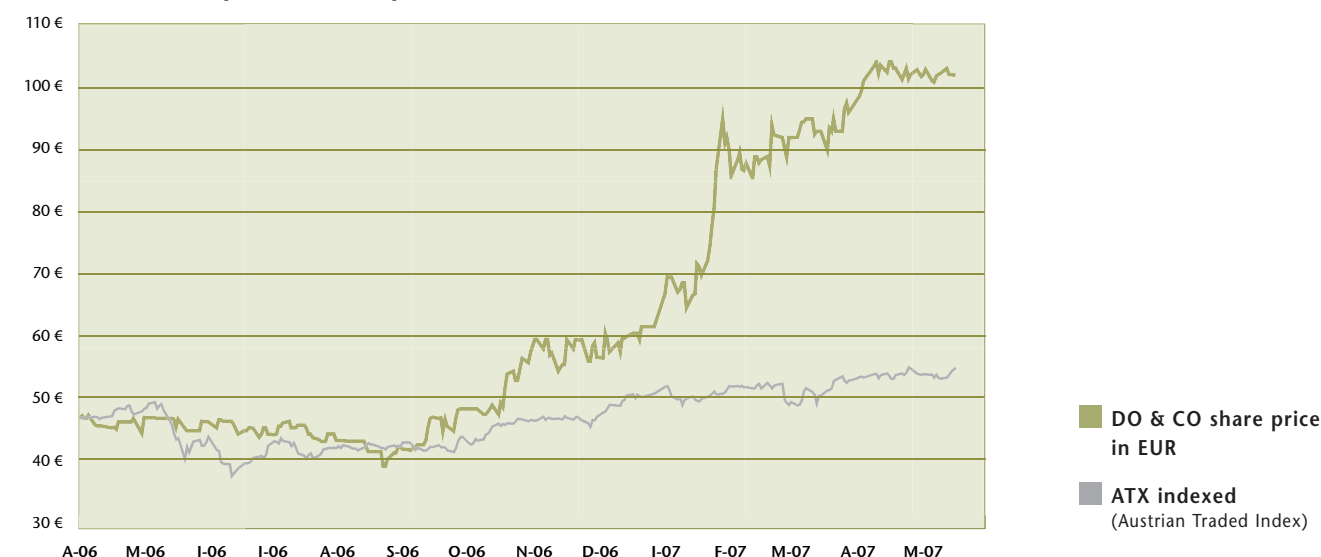
- Number of new shares totaled 324,800 (subscription ratio of 1:4)
- Offer price per share set at EUR 82.00
- Gross proceeds of EUR 26.6 million
- Strong interest from Austrian and international institutional investors
- Trading of the newly issued shares on the Vienna Stock Exchange started on 29 March 2007

#### DO & CO stock listed again in Prime Market

- Following the capital increase, DO & CO stock satisfies the criteria in the Prime Market again with more than 25 % free float and has been back in the top trading segment of the Vienna Stock Exchange since 19 March 2007.

# KEY FIGURES OF DO & CO

## DO & CO share price (from April 2006)



### Details on DO & CO stock

Securities code	DOC
Securities no	081880
ISIN Code	AT0000818802
Trading segment	Official Trading
Market segment	Prime Market
Contained in the following indices	ATX Prime, WBI
No. of individual shares	1,948,800
Listed nominal value	EUR 14,162,482
Initial listing	30 June 1998
In free float	29.1 %

### Relevant information on the capital market

Phone	+43 (1) 74000-0
Fax	+43 (1) 74000-1029
e-mail	investor.relations@doco.com
Reuters Code	DOCO.VI
Bloomberg Code	DOC AV
Homepage of Vienna Stock Exchange	www.wienerboerse.at

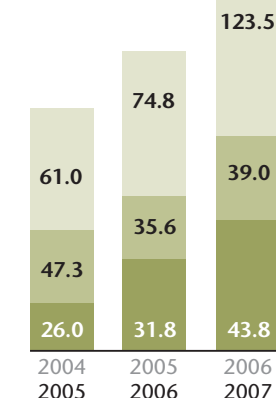
## Divisions 2006/2007

Business year (April – March)	Airline Catering	International Event Catering	Restaurants, Lounges & Hotel	Total
Sales	123.48	39.04	43.82	206.33
EBITDA	7.18	3.83	2.48	13.49
Depreciation/amortization*	-4.59	-1.20	-1.56	-7.35
EBIT	2.59	2.63	0.92	6.14
EBITDA margin	5.8 %	9.8 %	5.7 %	6.5 %
EBIT margin	2.1 %	6.7 %	2.1 %	3.0 %
Employees	1,218	191	605	2,014
Share in consolidated sales	59.9 %	18.9 %	21.2 %	

\*... including amortization of goodwill

Owing to the automatic calculation aids used, calculation differences may arise when adding up rounded figures and percentages and when converting to Euro figures.

## Sales by Division in EUR millions



■ Airline Catering  
■ International Event Catering  
■ Restaurants, Lounges & Hotel

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

The abbreviations and calculations of the key figures are explained in the Key Figures Glossary on page 150.

Business Year (April – March)		2006/2007	2005/2006	2004/2005
Sales	in m €	206.33	142.18	134.26
Sales change to previous year	in %	45.1 %	5.9 %	36.8 %
EBITDA	in m €	13.49	11.06	8.86
EBITDA change to previous year	in %	22.0 %	24.9 %	8.4 %
EBITDA margin	in %	6.5 %	7.8 %	6.6 %
EBIT	in m €	6.14	4.20	3.45
EBIT change to previous year	in %	46.2 %	21.7 %	32.2 %
EBIT margin	in %	3.0 %	3.0 %	2.6 %
Result from ordinary business	in m €	6.86	6.82	3.38
Consolidated result	in m €	3.83	4.76	2.41
Employees		2,014	1,340	1,133
Equity <sup>1</sup>	in m €	68.21	35.31	32.35
Equity ratio <sup>1</sup>	in %	36.3 %	42.8 %	47.4 %
Net debts	in m €	15.30	-12.58	3.81
Net gearing	in %	22.4 %	-35.6 %	11.8 %
Working Capital	in m €	15.51	4.48	-0.16
Operational cash-flow	in m €	11.72	7.63	5.94
Investments in tangible assets	in m €	5.87	11.55	6.53
Depreciation/amortization	in m €	-7.35	-6.86	-5.41
Free cash-flow	in m €	-53.86	17.15	-6.29
ROS	in %	3.3 %	4.8 %	2.5 %
Capital Employed	in m €	106.64	28.49	34.52
ROCE	in %	6.0 %	10.6 %	7.0 %
ROE	in %	7.5 %	15.4 %	7.9 %

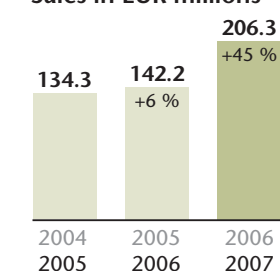
<sup>1</sup> Adjusted to take designated dividend payments and bookvalue of goodwill into account.

## Key Figures per share (as per weighted number of shares)

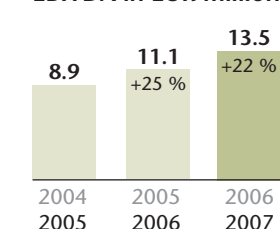
Business Year (April – March)		2006/2007	2005/2006	2004/2005
EBITDA	in EUR	8.29	6.81	5.46
EBIT <sup>1</sup>	in EUR	3.82	2.86	2.14
Earnings <sup>1</sup>	in EUR	2.40	3.21	1.50
Dividend <sup>2</sup>	in EUR	0.50	0.50	0.50
Equity	in EUR	41.93	21.74	19.92
High <sup>3</sup>	in EUR	97.50	52.30	39.50
Low <sup>3</sup>	in EUR	39.90	35.32	30.00
Year-end <sup>3</sup>	in EUR	96.50	47.50	36.00
PER high		40.6	16.3	26.4
PER low		16.6	11.0	20.1
PER year-end		40.2	14.8	24.1
Dividend yield	in %	0.5 %	1.1 %	1.4 %
Weighted number of shares	in TPie	1,627	1,624	1,624
Number of shares year-end	in TPie	1,949	1,624	1,624
Market capitalization year-end	in m €	188.06	77.14	58.46

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

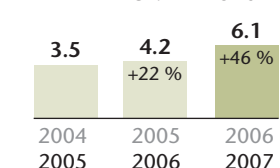
## Group Sales in EUR millions



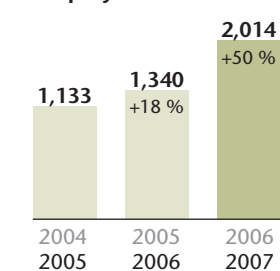
## EBITDA in EUR millions



## EBIT in EUR millions



## Employees



## ECONOMIC CLIMATE

The global economy continued its upturn in 2006. Real growth climbed to 5.4 %, exceeding expectations. Attributable mainly to developments in China and India and to the strong demand for imports in the United States, this expansion was achieved despite the high oil price. Growth would have been even more robust had it not been for a shortage in the supply of raw materials, further exacerbated by geopolitical crises as well as speculative factors and technically induced supply bottlenecks. The volume of world trade increased in the same period by 9.6 %.

*Developments varied in the different economic regions*

Developments in the major economic regions varied substantially. Asia and Eastern Europe, particularly China, India and Russia, recorded high economic growth rates while the pace of growth in the United States and the euro area lagged substantially behind. So strong of late, the U.S. economy expanded at a much slower rate in 2006 than in the years before, recording growth of 3.3 % in real terms. The dip can be traced mainly to much weaker domestic demand, caused, inter alia, by corrections in the overvalued U.S. real estate market. Growth is expected to decline a further one percent or so to 2.2 % in 2007.

The succession of interest rate hikes in the euro area has narrowed the interest rate spread between the US dollar (USD) and the euro (EUR) and been a major reason for the ten percent devaluation of the U.S. dollar against the euro. The large U.S. trade deficit has put additional pressure on the USD. The EUR to USD exchange rate rose from 1.25 in April 2006 to 1.32 by the end of 2006. The value of the USD slipped further against the euro in the first quarter of 2007, ending at 1.34 as of 31 March 2007.

High growth rates again dominated the economic picture in Asia. Japan continued the economic recovery that has been in place since 2005, recording 2.2 % growth in real terms in 2006. Of particular note, however, is the growth in China. Its economy expanded at a rate of 10.7 % in the year just ended, thus contributing substantially to worldwide economic growth. Economic figures in Europe were much improved over the previous year, with the member states of the euro area doubling their rate of economic growth to 2.7 %. Owing to vibrant economic growth in Central and Eastern Europe, the 25 EU member states expanded at a pace of 2.9 % to outperform the euro area.

*Positive trend in domestic market*

The behavior of private consumers contributed little to economic growth. The high level of investment and strong demand for exports were the main drivers of this trend. To counter the mounting risk of inflation, the European Central Bank raised their key interest rate to 3.5 % by the end of 2006 and continued this practice in the first quarter of 2007. The Austrian economy saw real growth in 2006 of 3.2 %, its biggest increase in GDP since 2000. The strong 10.2 % growth in goods exports was the most crucial factor in this rise. Labor market figures reflected the high level of economic activity. Austria also recorded one of the lowest inflation rates in the euro area, at 1.5 %. Tourism, a significant industry for Austria, stagnated in 2006 due to a meager 0.1 % increase in overnight stays. According to the major national economic research institute WIFO, Austria can anticipate GDP growth of about 3.0 % in 2007, with the expected decline in export demand being offset by an increase in investments.

## RISK MANAGEMENT

DO & CO is subject to widely varying risks because it conducts business globally in three different segments. Risk management, that is the 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, it does not relegate risk management to a separate organizational entity but rather views it as an essential task for the managers of all business entities.

*Process integral to all business units*

At least once a year, DO & CO takes an inventory of opportunities and risks and documents its findings. Possible interdependencies of opportunities and risks are considered in the process. Any detected 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 detected risks were defined and implemented as part of risk analysis. 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.

*Diversification of business segments helps to offset risks*

In the period under review, the risks below were the main ones determined for the DO & CO Group:

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

### **Risks and trends specific to the airline industry**

The airline industry is heavily dependent on economic developments in the various markets. DO & CO management also believes that the market adjustments in this industry consisting largely of state-owned European carriers are not yet complete. That means further consolidations and market adjustments lay ahead. A similar trend is expected among the so-called "low cost" carriers. There will be an increasing move towards alliances and takeovers.

### **Risks pertaining to terror and political unrest**

Following the terrorist attacks of 11 September 2001, the airline industry has taken great pains to close any existing security gaps. Increased security checks, restrictions involving carry-on luggage, and checks on the suppliers are among the steps that have

been taken in almost all corners of the world. Nonetheless, an acute danger of further attacks persists owing to the geopolitical situation in the Near and Middle East. The terrorist attacks in Madrid and London highlighted the prime target status of mass transit.

#### **Economic developments**

DO & CO's business in all three divisions is strongly shaped by global economic developments, because of their enormous influence on tourism and consumers' leisure-time behavior. Consumers' volatile travel and flight activities affect Airline Catering in particular and to a lesser extent, Restaurants, Lounges & Hotel. These external factors beyond DO & CO's control can also materialize in the medium term in reduced demand in International Event Catering. The growth enjoyed in recent years is no guarantee of steadily rising demand in the future.

To counter economic risk in its business, DO & CO has diversified its locations by region in eight different countries and by sector in three different market segments. Keenly aware that all of its lines of business are highly seasonal, DO & CO is poised to respond to cyclical fluctuations. Its reporting unit issues business results promptly, along with analyses and projections on current operating business, so that appropriate capacity adjustments can be made immediately.

#### **Hygiene risks**

To ensure the hygienic safety of the food it produces, DO & CO has carried out risk analyses in all business areas as part of the ongoing development of its HACCP System ("Hazard Analysis and Critical Control Points") and taken actions to control and minimize risks based on these analyses. An internationally active quality control team monitors the effectiveness of these actions.

#### **Personnel risks**

For DO & CO, the biggest assets it has are its employees and the corporate culture they breathe life into. The employees are the most crucial factor in DO & CO's success. The future development of DO & CO therefore depends, inter alia, on its success in hiring and integrating highly skilled and motivated employees and forging bonds of loyalty between them and the company. Professional training and consistent personnel development are central tools for achieving the growth desired. The professional and profitable integration of new company units will be equally crucial for the future success of DO & CO. Shared values and a vital corporate culture help our new employees to understand the high quality standards we aspire to in our product and personal service and to anchor those standards permanently.

#### **Legal risks**

With its constant expansion and global scope of business, DO & CO has to abide by a myriad of legal requirements at the national and international level, especially in relation to food law, hygiene, and waste management, as well as special guidelines and regulations of various airlines.

Present or future legal regulations or changes in them can cause the company's costs to increase enormously. At present, there are no signs of any changes of this kind.

All important business transactions are therefore examined and approved by Legal Compliance at the headquarters in Vienna to avoid legal risks. Liability risks and claims are largely reduced to a minimum internationally by taking out specific insurance policies.

*Regional diversification as an additional step to counter risks*

*Employees – The most valuable company assets and crucial to company success*

#### **Foreign currency risks**

DO & CO is highly vulnerable to exchange rate fluctuations due to the international nature of its business segments, especially Airline Catering and International Event Catering. The major foreign currencies involved are USD, TRY and GBP.

*Currency fluctuations pose a risk to international business*

Closed positions are set up as a hedge by trying to offset proceeds in a given foreign currency against expenses in that same currency and with the same maturity. The company also strives to avoid additional risk by including appropriate clauses in its agreements with customers and suppliers.

If need be, financial instruments and derivatives are employed to control currency risks. No such derivative financial instruments were used in business year 2006/2007.

#### **Liquidity risks**

Precise financial planning updated daily is the key to controlling liquidity and to avoiding liquidity risk. It is also important to thoroughly analyze the liquidity effects of all projects and expansion steps.

Deviations from financial plans are detected immediately thanks to regular and prompt financial reporting. This approach ensures that counter-measures can be taken quickly.

All Austrian companies are integrated in a single cash-pooling system so that liquidity can be controlled centrally.

#### **Rating risks**

DO & CO keeps the risk of default to a minimum by closely monitoring outstanding debts as part of receivables management. It is proactive in controlling the risk of default associated with major customers by entering into contractual agreements with them and by having customers furnish collateral. DO & CO does not avail itself of credit insurance. Investments are made only at banks with first-class ratings. No material default risks are expected from the other original financial instruments.

*Reduced risk thanks to close monitoring of receivables*

#### **Credit risks**

All financial facilities have the same term as the projects they finance. Financing is done at usual market conditions. No negative effects are expected from interest rate changes.

In sum, DO & CO views its risks as manageable and offsettable based on the risk management system it has put in place. These risks do not endanger the continued existence of the Group.



## SALES

Consolidated sales of the DO & CO Group grew by 45.1 % in business year 2006/2007, rising from EUR 142.18 million to EUR 206.33 million. The rate of growth was uniform during the first three quarters and increased in the fourth quarter.

Segmental reporting shows especially strong growth in Airline Catering, up EUR 48.69 million, or +65.1 %, and in Restaurants, Lounges & Hotel, up EUR 12.03 million, or +37.8 %. International Event Catering reported an increase in sales of EUR 3.44 million, or 9.6 %.

### Sales by Division

Business year (April - March)	2006/2007 in m €	2005/2006 in m €	Change in m €	Change in %	2004/2005 in m €
Airline Catering	123.48	74.79	48.69	+65.1 %	60.97
International Event Catering	39.04	35.60	3.44	+9.6 %	47.26
Restaurants, Lounges & Hotel	43.82	31.79	12.03	+37.8 %	26.03
Group sales	206.33	142.18	64.15	+45.1 %	134.26

Airline Catering increased its sales from EUR 74.79 million last year to EUR 123.48 million in the year under review. This growth is attributable to the positive development of key accounts in Airline Catering, particularly Emirates Airlines and British Airways.

Another substantial source of growth in Airline Catering was the founding of the joint venture with Turkish Airlines in Turkey. Since 1 January 2007, the nine business locations in Turkey have been serving not only Turkish Airlines as their key customers but 40 further airlines, national and international.

Changes in the scope of consolidation also had positive effects on sales in Airline Catering.

The Airline Catering segment accounts for 59.9 % (previous year: 52.6 %) of consolidated sales in the business year under review.

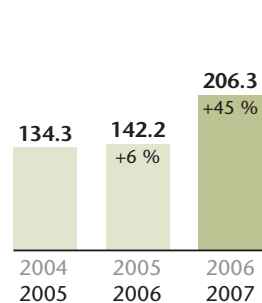
International Event Catering increased its sales for the period by a robust EUR 3.44 million, from EUR 35.60 million to EUR 39.04 million. This 9.6 % growth was generated by headliner international events like the America's Cup in Valencia, the World Equestrian Games in Aachen, the WTA Tournament in Madrid and several national events. This division made up 18.9 % of total consolidated sales.

There was a world-wide increase in sales from the Grand Prix events in addition to the Grand Prix of China. Two significant Grand Prix events (the Grand Prix of Bahrain and the Grand Prix of Malaysia in Sepang) took place in the 2007 GP season in April instead of March as was the case the previous year and are therefore not included in the consolidated sales for business year 2006/2007. Moreover, the Grand Prix of Belgium was canceled in the 2006 GP season because of renovation work.

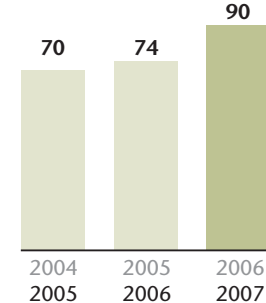
The Restaurants, Lounges & Hotel segment contributed EUR 43.82 million to consolidated sales, constituting 21.2 % of the total (previous year: 22.4 %). Divisional sales rose from EUR 31.79 million last year to EUR 43.82 million in the year under review (an increase of EUR 12.03 million). This growth is traceable to the development of existing enterprises such as the Restaurant in the Haas Haus, the restaurants at Casino Baden or DEMEL Vienna and to the opening of new businesses, namely the DO & CO Hotel at St. Stephen's Square, DEMEL Salzburg and the restaurants and cafés in the British Museum in London.

The Group put in an exceptional performance worldwide, producing sales growth in nearly all countries. Business developed especially well in Germany, Great Britain, Italy and the United States. Worthy of special note was the sales increase in Austria, the group's domestic market.

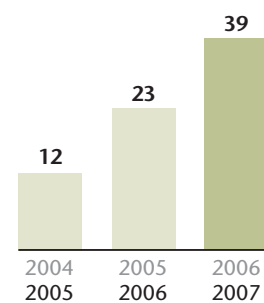
Group  
Sales in EUR millions



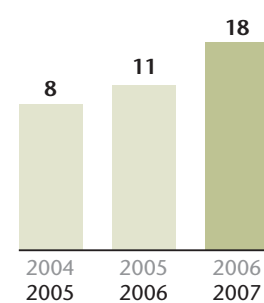
Austria  
Sales in EUR millions



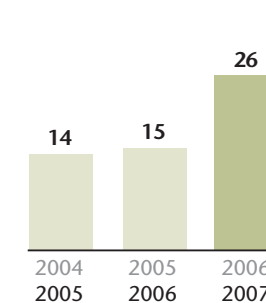
Germany  
Sales in EUR millions



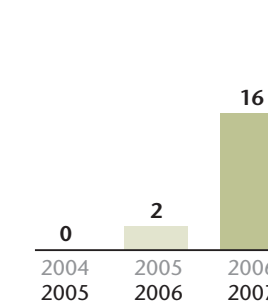
USA  
Sales in EUR millions



Great Britain  
Sales in EUR millions



Turkey  
Sales in EUR millions



Sales by Division  
in EUR millions



## PROFIT AND ASSETS

In business year 2006/2007, the DO & CO Group increased the consolidated earnings before interest and tax (EBIT) following goodwill amortization from EUR 4.20 million in the previous year to EUR 6.14 million in the period under review. This represents an increase of 46.2 %, or EUR 1.94 million. The EBIT margin in this same period held steady at 3.0 %.

The DO & CO Group increased its EBITDA by EUR 2.43 million, or 22.0 %, for an EBITDA margin of 6.5 %.

### Group

Business year (April – March)	2006/2007 in € millions	2005/2006 in € millions	Change in € millions	Change in %	2004/2005 in € millions
Sales	206.33	142.18	64.15	+45.1 %	134.26
EBITDA	13.49	11.06	2.43	+22.0 %	8.86
Depreciation/amortization*	-7.35	-6.86	-0.49	-7.1 %	-5.41
EBIT	6.14	4.20	1.94	+46.2 %	3.45
EBITDA margin	6.5 %	7.8 %			6.6 %
EBIT margin	3.0 %	3.0 %			2.6 %
Employees	2,014	1,340	674	50.3 %	1,133

\*...including amortization of goodwill

Costs of materials and services rose in relation to sales from 36.3 % percent the previous year to 37.6 % in the year under review. In absolute terms, the cost of materials increased by EUR 26.05 million (+50.5 %) while sales rose by 45.1 %. This trend is attributable mainly to the inclusion of the new business entities in the consolidated accounts and the additional costs associated with the opening of new businesses.

DO & CO created additional jobs again in business year 2006/2007. It employed an average of 2,014 employees in Austria and abroad. This represents an increase of 674 employees, or 50.3 %. These newcomers are also reflected in the 39.5 % increase in payroll costs against the previous year. The ratio of payroll costs to sales fell from 39.0 % the previous year to 37.4 % in the year under review.

New hirings at the DO & CO Gourmet Kitchens in New York, Frankfurt, London Heathrow and Vienna are largely responsible for this increase. A substantial part of the rise can also be traced to the opening of new business locations such as DEMEL Salzburg or the British Museum in London. Further newcomers to the team came with the establishment of the joint venture in Turkey and the acquisition of AIREST.

Depreciation in the year under review rose by 7.1 % due to the volume of investments in business year 2006/2007.

Other operating expenses rose by 23.0 %. Proportionally high growth was recorded especially for rents, leases and other operating expenses as well as for other administrative expenses. The remaining items were stable or lower in relation to 2005/2006 on higher sales volumes.

The taxation ratio (ratio of tax costs to untaxed income) was higher than the year before, rising from 28.7 % to 34.1 % in the year under review.

The consolidated shareholders' equity of the DO & CO Group rose by EUR 36.14 million in business year 2006/2007 to EUR 73.69 million (previous year: EUR 37.55 million). The capital increase in March 2007 and the founding of the joint venture with Turkish Airlines are two important events in this context. Following adjustments for planned dividend payments, the equity ratio amounts to 36.3 % (previous year: 42.8 %).

At the end of business year 2006/2007, net interest payable by the DO & CO Group totaled plus EUR 15.30 million following a surplus of minus EUR 12.58 million on the balance sheet date the previous year.

Cash flows from operating activities rose in the year under review by EUR 4.08 million to EUR 11.72 million (previous year: EUR 7.63 million). That means this cash flow item is at the same level as the EBITDA earned this business year. The launch of the joint venture with Turkey had a particularly strong effect on cash flow. With the commencement of operating activities on January 1, there was a sharp rise in receivables as well as short-term provisions and liabilities at the end of the business year.

Cash flows from investing activities totaled - EUR 65.57 million (previous year: EUR 9.51 million). It was spurred mostly by investments connected to the joint venture's business start in Turkey and to the acquisition of the airline catering business of AIREST.

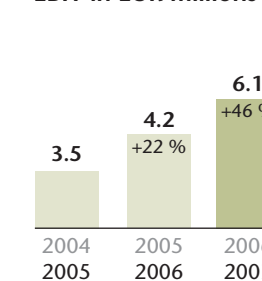
For further information on the employees of the DO & CO Group, please refer to page 116.

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

With its locations in New York, London, Frankfurt, Munich, Berlin, Milan, Salzburg and Vienna as well as the newly acquired business locations of AIREST and of the joint venture in Turkey, Airline Catering further increased its lead as the frontrunner in sales among the divisions in the DO & CO Group.

The Airline Catering clientele at the various business locations includes, among others, Austrian Airlines Group, Turkish Airlines, British Airways, Cathay Pacific, Emirates Airlines, EOS, Etihad, Niki, Livingston, Qatar Airways, Royal Air Maroc and Singapore Airlines. DO & CO has more than 50 airlines as customers.

### Airline Catering

Business year (April – March)	2006/2007 in € millions	2005/2006 in € millions	Change in € millions	Change in %	2004/2005 in € millions
Sales	123.48	74.79	48.69	+65.1 %	60.97
EBITDA	7.18	5.08	2.10	+41.4 %	3.98
Depreciation/amortization*	-4.59	-3.89	-0.70	-18.1 %	-3.16
EBIT	2.59	1.19	1.40	+117.6 %	0.82
EBITDA margin	5.8 %	6.8 %			6.5 %
EBIT margin	2.1 %	1.6 %			1.3 %
Employees	1,218	716	502	70.1 %	565
Share in consolidated sales	59.9 %	52.6 %			45.4 %

\*...including amortization of goodwill

Airline Catering recorded sales of EUR 123.48 million in business year 2006/2007. That corresponds to growth of EUR 48.69 million, or 65.1 %. Its share in consolidated sales thus increased from 52.6 % in business year 2005/2006 to 59.9 % in the year under review.

There are several factors responsible for this impressive growth.

First, DO & CO won over Turkish Airlines as a new key account throughout Turkey following the acquisition of catering accounts. DO & CO has also been serving a number of national and international customers besides Turkish Airlines at nine Turkish business locations since 1 January 2007.

Second, DO & CO added the entire Austrian Airlines Group in Austria to its clientele in March 2007. That means the DO & CO Group now supplies not only Lauda Air flights, as before, but also all flights of the Austrian Airlines Group at Vienna, Linz, Graz and Salzburg. The takeover of the airline catering business of AIREST was associated with this move and itself yielded a number of new customers.

Other fine additions to the clientele are Etihad, a top line Arab carrier, which is now DO & CO customer ex New York, as is Qatar Airways ex Frankfurt.

Third, the division expanded its business with existing customers. Of special note in this context is the expansion of business with Emirates Airlines. The contract for hosting guests at the first and business class lounges in New York was especially successful.

EBITDA and EBIT were both substantially higher than last year. EBITDA totaled EUR 7.18 million, a rise of EUR 2.10 million against the previous year. EBIT increased by EUR 1.19 million to EUR 2.59 million. That corresponds to growth of 117.6 %. The EBIT margin in Airline Catering thus rose from 1.6 % in business year 2005/2006 to 2.1 % in business year 2006/2007.

In the second half of the year under review, DO & CO submitted the winning bid in a tender for the Turkish Airlines account in Turkey. A 50 – 50 joint venture was established to forge stronger cooperative ties between the two companies.

The newly founded company took over the airline catering business locations of Gate Gourmet, the leading airline caterer in the Turkish market and caterer to Turkish Airlines at the time of the tender. These airline catering business locations were acquired as part of an asset deal.

Operations commenced simultaneously at nine business locations on 1 January 2007:

- Istanbul – Atatürk
- Istanbul – Sabiha Gökçen
- Ankara
- Antalya
- Izmir
- Bodrum
- Trabzon
- Dalaman
- Adana

About 24 million meals are produced every year at the nine business locations. That accounts for a 70 % share of the Turkish market. With up to 1,500 employees (1,150 full time), the joint venture TURKISH DO & CO is expected to contribute about EUR 70 million in Airline Catering sales to the DO & CO Group this next business year.



## AIRLINE CATERING

In late 2006, the management of the Austrian Airlines Group initiated talks aimed at bringing about a restructuring of on board services of the Austrian Airlines Group. In March 2007, these negotiations resulted in the conclusion of a comprehensive Airline Catering supply contract between the Austrian Airlines Group and DO & CO and to DO & CO's acquisition of the airline catering business of AIREST.

This new airline catering supply agreement between Austrian Airlines and DO & CO supersedes all previous contracts between the Austrian Airlines Group, AIREST and DO & CO. Along with clauses on classic subjects like meals, beverages, storage and equipment handling, the contract also lays down agreements on agency services that DO & CO will perform for the Austrian Airlines Group in the future.

As a result of the agreement, DO & CO will cover the entire Airline Catering needs of Austrian Airlines for more than 10 million passengers and more than 80,000 flights a year at the business locations of Vienna, Linz, Graz and Salzburg.

Following the acquisition of the airline catering business of AIREST, the operating units below were transferred to the DO & CO Group to take economic effect on 1 January 2007:

- Airline catering business locations in Vienna, Salzburg, Graz and Bratislava
- Austrian Airlines lounges at the Vienna International Airport
- Company cafeterias and staff restaurants at the airport and in Vienna
- Business and event catering in Vienna, Salzburg and Graz
- The entire AIREST location in Linz including airline catering, restaurants and other activities
- A 40 % stake in AIREST Malta Ltd.

This company was included in the consolidated financial statements starting at the time DO & CO obtained economic control over it. This occurred on 1 March 2007.

It should also be mentioned that DO & CO sold its 76 % stake in the Stockheim Group to Air Berlin on 30 September 2006.

### Strategy of DO & CO

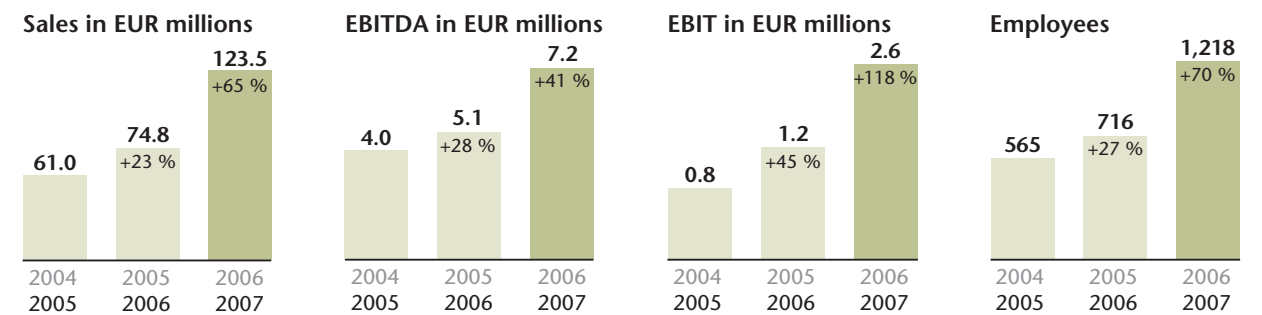
- To offer a unique quality product tailored to the needs of economy and business class passengers
- To maintain and improve DO & CO's reputation as a quality niche supplier in the premium segment
- To create and develop a global network of gourmet kitchens
- To optimize cooperation with existing airline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

### Preview of business year 2007/2008

- Integration of AIREST in the DO & CO Group
- Innovative and harmonized board product for the entire Austrian Airlines Group
- Expansion and organization of business at TURKISH DO & CO
- Redesigning of the on-board product for Turkish Airlines ex Turkey
- Turkish Airlines as a new account for New York business

### 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



## INTERNATIONAL EVENT CATERING

International Event Catering achieved the anticipated sales growth in business year 2006/2007, increasing sales by 9.6 %, or EUR 3.44 million, to EUR 39.04 million. Owing to strong growth in Airline Catering and Restaurants, Lounges & Hotel, the share of the special event segment in consolidated sales dropped from 25.0 % the previous year to 18.9 % in the period under review. DO & CO continued its quality growth by prevailing over international competition and emerging as the winning bidder for several international sport events.

### International Event Catering

Business year (April – March)	2006/2007 in € millions	2005/2006 in € millions	Change in € millions	Change in %	2004/2005 in € millions
Sales	39.04	35.60	3.44	+9.6 %	47.26
EBITDA	3.83	3.69	0.14	+3.7 %	3.37
Depreciation/amortization*	-1.20	-1.30	0.10	+7.9 %	-1.20
EBIT	2.63	2.39	0.24	+10.0 %	2.17
EBITDA margin	9.8 %	10.4 %			7.1 %
EBIT margin	6.7 %	6.7 %			4.6 %
Employees	191	163	28	17.2 %	156
Share in consolidated sales	18.9 %	25.0 %			35.2 %

\*...including amortization of goodwill

Activities in the first quarter of 2007/2008 revolved around the traditional America's Cup in Valencia, where DO & CO catered to international guests of the competition in May and June 2006. After this successful debut in international sailing, DO & CO has been put in charge of gourmet entertainment in the current contests for the prestigious 32nd America's Cup held between April and July 2007. Another highlight came in the second quarter with the 2006 World Equestrian Games or World Championships in Riding and Jumping, held in August 2006 at the same site in Aachen as the CHIO. The third major sports event in business year 2006/2007 had the same venue as one of DO & CO's long-standing events in the Spanish capital city of Madrid. After providing full service to the guests at the ATP Men's Tennis Masters Tournament in October 2006, DO & CO was chosen for its qualities as a premium caterer to host guests a few weeks later at the same site for Women's Tennis Association World Championships.

DO & CO also put in a brilliant performance at a number of major sports events it handled repeatedly in the past. With its usual high quality standards, DO & CO played host to guests at 14 Formula 1 Grand Prix events between April and October, at the Champions League Finals in Paris and the traditional CHIO Tournament in Aachen in May, and at the PGA Golf Tournament in Valderrama, Spain, in October. In January 2007, the DO & CO Sport's Division was again rewarded for its performance and efforts by being singled out as the winner in a major tender: DO & CO emerged as the best bidder for the 2008 European Football Championships in Austria and Switzerland. This marks the second time after Portugal 2004 that DO & CO will have handled the complete VIP hospitality operations at the world's third largest sporting event. EURO 2008 takes place from 7 to 29 June 2008 and therefore falls into the DO & CO business year 2008/2009.

An array of sports events figured large in national event business in 2006/2007 as well. At the EC stadium in Salzburg, DO & CO catered the matches of Austria's new soccer champion Red Bull Salzburg in the national league and in international contests. DO & CO also handled the culinary side of a number of national games for the Austrian Soccer Association (ÖFB) and the ÖFB Cup finals. During the summer break in soccer action, the highlight event was the beach volleyball tournament on the shore of Wörthersee, where fans were impressed by the creativity and quality of DO & CO fare. In winter 2006/2007, the VIP guests at the Hahnenkamm Race in Kitzbühel and the popular Night Slalom in Schladming were treated to superb quality catering from DO & CO. The Austrian Ski Association also relied on DO & CO's culinary mastery in the catering of two major events in World Cup ski jumping at the Four Hills Tournament at Berg Isel in Innsbruck and in Bischofshofen.

International Event Catering increased its EBITDA to EUR 3.83 million (previous year: EUR 3.69 million). This division also continued to have the highest EBITDA margin in the DO & CO Group, namely 9.8 % (previous year: 10.4 %). EBIT rose by 10.0 % to EUR 2.63 million (previous year: EUR 2.39 million). That translates into an EBITDA margin of 6.7 % (previous year: 6.7 %).

### Strategy of DO & CO

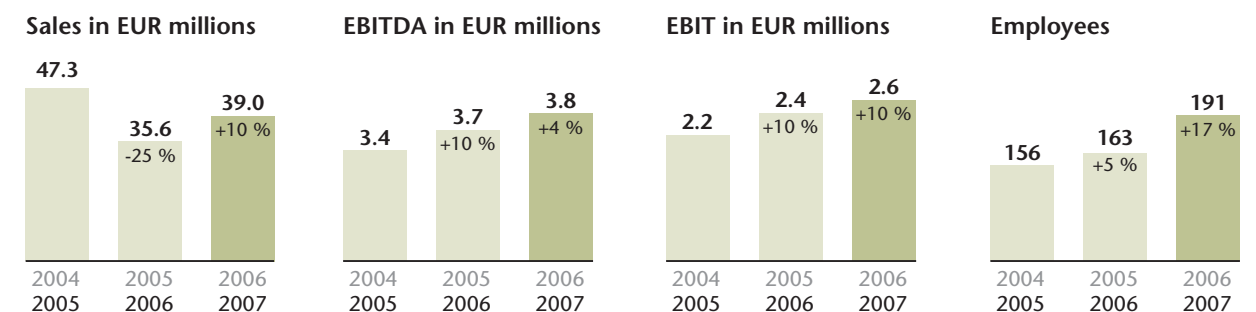
- To strengthen the core competence in premium catering as a „Gourmet Entertainment Company“ and build on it in order to become a „Gourmet General Contractor“
- To continue establishing and strengthening DO & CO as a premium brand in the special events market
- To enter new lines of business in the special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

### Preview of business year 2007/2008

- America's Cup in Valencia from April to July 2007
- CHIO Riding and Jumping Tournament in Aachen
- Men's ATP Masters Series Tournament in Madrid
- WTA Women's World Tennis Championships in Madrid
- PGA Golf Tournament in Valderrama, Spain
- 15 Formula 1 Grand Prix events, including new Grand Prix in Fuji, Japan

### 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 Graz, Linz, Bratislava and nine business locations in Turkey create new opportunities for International Event Catering



## RESTAURANTS, LOUNGES & HOTEL

Business year 2006/2007 saw Restaurants, Lounges & Hotel achieve robust sales growth of EUR 12.03 million, for total sales of EUR 43.82 million (previous year: EUR 31.79 million). Its share in consolidated sales thus declined in the year under review from 22.4 % to 21.2 %. The sales growth is mainly attributable to the opening of the DO & CO Hotel and the re-opening of the DO & CO Restaurant on St. Stephen's Square in Vienna in December 2005. The catering business in the British Museum and the opening of DEMEL Salzburg boosted sales even further.

### Restaurants, Lounges & Hotel

Business year (April – March)	2006/2007 in € millions	2005/2006 in € millions	Change in € millions	Change in %	2004/2005 in € millions
Sales	43.82	31.79	12.03	+37.8 %	26.03
EBITDA	2.48	2.29	0.19	+8.4 %	1.51
Depreciation/amortization*	-1.56	-1.67	0.11	+6.5 %	-1.05
EBIT	0.92	0.62	0.30	+48.4 %	0.46
EBITDA margin	5.7 %	7.2 %			5.8 %
EBIT margin	2.1 %	2.0 %			1.8 %
Employees	605	461	144	31.2 %	412
Share in consolidated sales	21.2 %	22.4 %			19.4 %

\*...including amortization of goodwill

The first DO & CO Hotel opened in the Haas Haus in Vienna on April 2006. Directly across the square from St. Stephen's Cathedral, the hotel has the most coveted location in Vienna. Its ultra-modern interior and superb service offer urban luxury at its most sumptuous. The hotel has 41 rooms and two suites on the third to sixth floor of the Haas Haus and had achieved a good occupancy rate from the start. The newly renovated Restaurant in the Haas Haus offers diners a culinary cross section of the world's best cuisines. The modern bar on the sixth floor rounds out the culinary offerings for our guests.

Following its launch in late 2003, the Airline Catering Unit took its first step toward developing catering business in London in May 2006 by landing a catering contract from the British Museum. The British Museum is one of the world's oldest and most important museums and attracts five million visitors a year. The catering operations DO & CO took over comprise five cafés and restaurants plus the special event areas.

The opening of DEMEL Salzburg in July 2006 marks yet another expansion step of the Restaurants, Lounges & Hotel Division. DO & CO will now be treating Salzburg to the finest in confectionary arts from DEMEL, its premium brand, in the former premises of the Glockenspiel, a traditional Salzburg coffeehouse. With indoor seating for 120 and garden and terrace seating for 350, DEMEL Salzburg offers traditional Austrian coffeehouse culture of matchless quality. Guests in Salzburg can look forward to an exclusive terrace and a shop with inimitable DEMEL confectionary and hand-made chocolates.

Other top locations for this brand are DEMEL Vienna, where the finest in pastry and confectionary arts are alive and well; Café Griensteidl, a typical Viennese coffeehouse; and the Albertina, with its unique symbiosis of cultural and culinary delights. Gourmet specialties from DO & CO are also available in prime locations at the casinos in Baden

and Vienna. At a truly unique location, the Swarovski Crystal Worlds in Wattens, DO & CO combines the many facets of its delicious fare with the world-famous crystals at Café Luna and in the special events area. Exclusive events and press conferences are staged at all business locations of Restaurants, Lounges & Hotel, particularly at the top event location PLATINUM VIENNA in the UNIQA Tower.

Preparations for another expansion step went forward in the year under review. October 2007 will see the official opening of the BMW World in Munich, planned by the Vienna architectural firm COOP HIMMELB(L)AU. DO & CO is proud to have won the catering tender for the BMW World against a field of national and international competitors. The catering operations consist of four cafés and restaurants, with indoor seating for about 300 and terrace seating for 180. The entire BMW World is expected to attract up to 850,000 guests a year. Further, DO & CO is responsible for providing catering services to the entire special events area and two lounges.

Despite startup and project costs, the fine showings by renowned businesses such as DEMEL Vienna, DO & CO Lounges Frankfurt and DO & CO Baden enabled the division to increase both EBITDA and EBIT. EBITDA rose from EUR 2.29 million in the previous year to EUR 2.48 million in the year under review. EBIT increased from EUR 0.62 million to EUR 0.92 million.

### Strategy of DO & CO

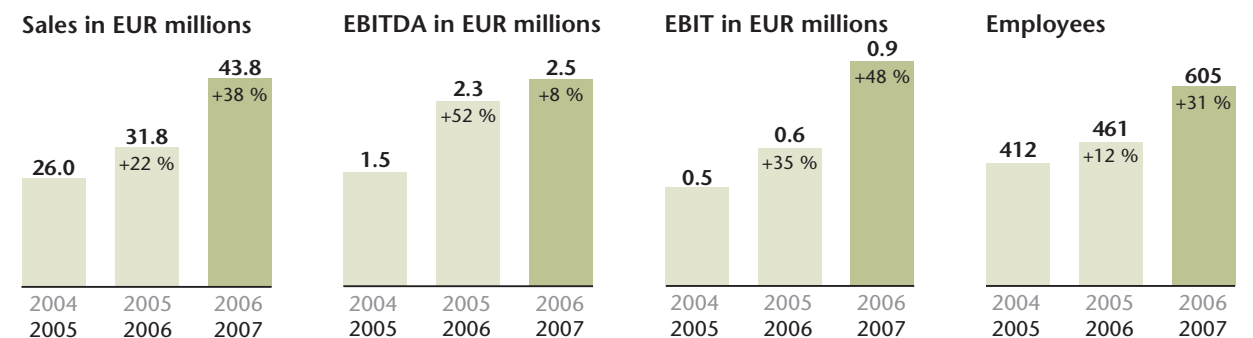
- As the original line of business, R&D center and creator of ideas for new products
- Marketing instrument and standard bearer for the group and original brand development
- Restaurants, Lounges & Hotel providing comprehensive hospitality solutions

### Preview of business year 2007/2008

- Opening of catering areas at the BMW World in Munich in October 2007
- Redesigning of Casino Baden in July and August 2007
- Relaunch of the Crystal Worlds in Wattens, including Café Luna and the special events facilities in October 2007

### Competitive advantage of DO & CO

- Businesses exclusively in unique and prime locations
- Staff that is superbly trained at the DO & CO Academy



## DO & CO STOCK / INVESTOR RELATIONS

The Vienna Stock Exchange can look back on another successful year in 2006. ATX, the lead index, gained 22 %. Although short of the previous year's incredible performance of 51 %, the strong positive trend definitely persisted on the Vienna Stock Exchange.

The first quarter of 2007 saw a continuation of the trend with moderate growth of 4 %. In April 2007 the ATX topped 4,800 points and peaked on 26 April 2007 at its highest level yet of 4,824 points. The chances of the ATX breaking the magical 5,000 point level will be even better in 2007 due to growth opportunities international investors have recognized in Austrian companies in Central and Eastern Europe.

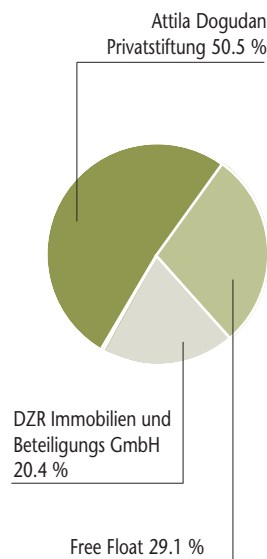
### DO & CO Stock

The price trend for DO & CO stock was highly dynamic in business year 2006/2007. Following gains of 32 % the previous year, DO & CO shares gained another 103 % in the year under review. At the beginning of the period, the stock was trading at EUR 47.50. By mid-October 2006 it had topped EUR 50.00 and continued to climb steadily till the end of the business year. Just days before year-end, the stock hit its peak value of EUR 97.50 and closed the business year at EUR 96.50. This price corresponds to market capitalization of EUR 188.06 million.

Following the capital increase in March 2007, DO & CO Restaurants & Catering Aktiengesellschaft once again satisfies all criteria for listing in the PRIME MARKET (free float above 25 % again). On 19 March 2007, it returned to trading on the PRIME MARKET after a review by the ATX Committee.

### Shareholders' Structure

The private foundation Attila Dogudan Privatstiftung remained the majority shareholder in DO & CO Restaurants & Catering Aktiengesellschaft in the year under review with a stake of 50.5 %. DZR Immobilien und Beteiligungs GmbH (a wholly-owned subsidiary of Raiffeisen-Holding Niederösterreich-Wien reg. Gen.m.b.H.) decreased its stake from 32.9 % to 25.1 % during the business year and once again in March 2007 in the course of the capital increase from 25.1 % to 20.4 %. The shares in free float thus increased from 21.9 % to 29.1 %.



### 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 2006/2007. This corresponds to a dividend yield of 0.52 % in relation to the closing price on 31 March 2007 (previous year: 1.05 %).

### 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 exercised part of this right in the year under review by issuing 324,8000 shares at a price of EUR 82.00.

### Investor Relations

With its unique focus on the core segments Airline Catering, International Event Catering, and Restaurants, Lounges & Hotel, 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. That makes it 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. All published materials and interesting information on DO & CO stock are posted under Investor Relations on the DO & CO homepage at [www.doco.com](http://www.doco.com).

### Notes in accordance with § 243a Austrian Commercial Code (UGB)

1. The share capital totals EUR 14,162,481.91 and is divided into 1,948,800 individual bearer shares. Only shares of this class are issued.
2. The company knows of no limitations on the voting rights or transfer of DO & CO shares, also from agreements between shareholders.
3. Two shareholders hold more than 10.0 % of the share capital, namely Attila Dogudan Privatstiftung with a stake of 50.5 % and DZR Immobilien und Beteiligungs GmbH with a stake of 20.4 %.
4. There are currently no shares endowed with special control rights.
5. DO & CO staff owning company stock exercise their voting rights directly at the General Meeting.
6. Provisions of this kind do not exist.
7. Pursuant to § 5 (3) of the Articles of Association, the Management Board has the right until 30 June 2007 to increase the share capital by up to a further EUR 3,540,620.48 through the issuance of up to 487,200 shares of new ordinary bearer shares in exchange for cash contributions and/or contributions in kind. The company has an agreement with Bank Austria Creditanstalt AG under which the latter must consent to the exercise of this right.
8. Agreements exist with service providers of the DO & CO Group that entitle them to cancel the contractual relationship in full or in part if there is a change of control in the company. These agreements are not further specified here owing to the damage this disclosure would do the company.
9. Agreements of this kind do not exist.

## Financial Calendar

### 14 June 2007:

Results for business year 2006/2007

### 5 July 2007:

General Meeting of Shareholders

### 9 July 2007:

Dividend ex day

### 27 July 2007:

Dividend payout

### 23 August 2007:

Results for the first quarter  
(April to June 2007)

### 15 November 2007:

Results for the first half year  
(April to September 2007)

### 14 February 2008:

Results for the first three quarters  
(April to December 2007)



## CORPORATE GOVERNANCE REPORT

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.

DO & CO has been committed to full compliance with the rules of the Austrian Code of Corporate Governance (2006) since February 2007 and satisfies not only the legally stipulated rule, the "L Requirements", but also all comply-or-explain rules, "C Requirements".

DO & CO is voluntarily having the Vienna law firm Berger-Saurer-Zöchbauer Rechtsanwälte evaluate its compliance with the Code of Corporate Governance for business year 2007/2008.

The internal rules of procedure for the Management Board and Supervisory Board were amended at the Supervisory Board meeting of 14 February 2007 to fit the 2006 version of the Code of Corporate Governance. The tasks and areas of responsibility of the Auditing Committee and the Chairmanship are described on our website at [www.doco.com](http://www.doco.com).

Neither former members of the Management Board nor senior employees hold seats on the Supervisory Board of DO & CO; thus, no cross-over interlinking exists. Business relations existing with enterprises in which members of the Supervisory Board of DO & CO Restaurants & Catering AG are active are conducted at terms and conditions customary for external customers (please refer also to the Compensation Report on page 178).

The criteria for the independence of members of the Supervisory Board and the committees and the areas of competence of individual committees are posted on the Group website at [www.doco.com](http://www.doco.com).

An extensive Risk Report (Rule 67) is in the Notes to the Consolidated Financial Statements on pages 127 to 129.

Announcements of director's dealings (Rule 70) are depicted on the Group website at [www.doco.com](http://www.doco.com).

All information for disclosing the shareholder's structure can be found in the section Stock/Investor Relations on page 142.

## COMPENSATION REPORT

The Compensation Report summarizes the principles applied in determining compensation for the Management Board and the Supervisory Board of DO & CO Restaurants & Catering AG. The Supervisory Board invested the Chairmanship with the task of determining compensation for the DO & CO Management Board, which means that that body also functions as the Compensation Committee.

### The Management Board

The Management Board is appointed for a term of five years. The total pay is divided into fixed components and performance-linked components. The former are geared to the tasks and areas of responsibility of the members and paid out retroactively in 14 monthly payments. A further key element of Management Board compensation is a highly variable component based on company performance. This performance-linked component is geared to the EBIT margin following goodwill amortization and is capped at 100 % of the fixed pay.

There are no agreements at present on company retirement benefits for the Management Board. Management Board members are entitled to termination benefits in an analogous application of the White-Collar Workers' Act (Angestelltengesetz). The Management Board has no further claims relating to the termination of employment.

Additional information on the compensation of the Management Board can be found on page 178.

### The Supervisory Board

The remuneration scheme for Supervisory Board members provides that the chairperson receive 50 % more in remuneration than the other members and the deputy chairman, 25 % more.

Firms in which Supervisory Board members Waldemar Jud and Werner Sporn have a considerable economic interest charged professional fees of EUR 232,631 in the year under review for legal counsel.



## MEMBERS AND COMMITTEES OF THE SUPERVISORY BOARD

### The Supervisory Board

Waldemar JUD  
Chairman; independent  
Current term runs until the 11th Ordinary General Meeting of Shareholders (2009);  
first appointed on 20 March 1997  
*Deputy Chairman of the Supervisory Board of Ottakringer Brauerei AG, Vienna*

Werner SPORN  
Deputy Chairman; independent; representative of shares in free float  
Current term runs until the 11th Ordinary General Meeting of Shareholders (2009);  
first appointed on 20 March 1997  
*No further seats on supervisory boards of listed companies*

Georg THURN-VRINTS  
Member; independent  
Current term runs until the 11th Ordinary General Meeting of Shareholders (2009);  
first appointed on 20 March 1997  
*No further seats on supervisory boards of listed companies*

Christian KONRAD  
Member; independent  
Current term runs until the 11th Ordinary General Meeting of Shareholders (2009);  
first appointed on 10 July 2002  
*Chairman of the Supervisory Board of UNIQA Versicherungen AG, Vienna*  
*Chairman of the Supervisory Board of AGRANA-Beteiligungs Aktiengesellschaft, Vienna*  
*Deputy Chairman of the Supervisory Board of Südzucker AG, Mannheim/Ochsenfurt*  
*Member of the Supervisory Board of BAYWA AG, Munich*

### Committees

Auditing Committee:  
Waldemar JUD: Chairman  
Werner SPORN: Deputy Chairman  
Georg THURN-VRINTS: Member  
Christian KONRAD: Member

Chairmanship (this body also functions as the Nominating Committee, the Compensation Committee, and the Committee for Making Decisions in Emergencies):  
Waldemar JUD: Chairman  
Werner SPORN: Deputy Chairman

## OUTLOOK

Business year 2006/2007 saw several major changes in the DO & CO Group that lay the groundwork for further growth in business year 2007/2008 and for the future direction of the DO & CO Group. The increased volume of business in the new business year 2007/2008 stems from the company's entry into the airline catering market in Turkey, its takeover of AIREST and its successful capital increase in March 2007.

The integration of AIREST is a major priority in Airline Catering. This division will also devise and implement an innovative and harmonized board product for the entire Austrian Airlines Group.

At TURKISH DO & CO, the joint venture operating since January 2007, management's main tasks will be to further develop and strengthen the organizational structure and to optimize company processes. A new on-board product for Turkish Airlines will be designed and implemented in the first half of the year.

Thanks to the efforts to broaden the customer base, DO & CO can count Turkish Airlines also among its clientele ex New York in the new business year starting in July 2007. DO & CO is currently taking part in a number of significant tenders intended to safeguard and further improve the position of the Airline Catering Division in the Group.

Activities in International Event Catering in the first quarter of 2007/2008 are revolving mostly around the 32nd America's Cup in Valencia, which lasts more than three months. Following its successful premiere last year, DO & CO will be displaying its catering skills again in 2007 as the Gourmet Entertainment Company at the world's most important and prestigious sailing event.

The project team in the DO & CO Sports Division is busily preparing for the 2008 European Football Championships in Austria and Switzerland, which will further boost growth in the International Event Catering Division in business year 2008/2009.

The opening of the BMW World in Munich in October 2007 will be a special highlight for the Restaurants, Lounges & Hotel Division. DO & CO is proud to have been chosen by BMW to be its exclusive catering partner for the entire catering operations consisting of four cafés and restaurants and the special event areas.

There are changes in store for the two renowned restaurant businesses DO & CO Baden and DO & CO in the Swarovski Crystal Worlds in Wattens. Renovations and innovations are in the works to ensure that our guests can continue to be pampered in ultra-modern facilities.

The many inquiries for further projects for 2008 underscore the strong interest there is in the services of the DO & CO Group. This confirms once again how important DO & CO's consistent quality and brand strategy is for success as a premium caterer in international competition.

Attila Dogudan

Michael Dobersberger

## REPORT OF THE SUPERVISORY BOARD

DO & CO Restaurants & Catering Aktiengesellschaft can look back on an extremely eventful and successful business year 2006/2007. 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 in writing and orally 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 held seven meetings in business year 2005/2006. These meetings focused on deliberations regarding the company's basic strategy and discussions of possible acquisitions as well as the capitalization of DO & CO Restaurants & Catering Aktiengesellschaft.

The internal rules of procedure for the Management Board and Supervisory Board were adapted at the Supervisory Board meeting of 14 February to fit the revised 2006 Code of Corporate Governance. The Management Board and the Supervisory Board have declared their commitment to complying with the rules of this code.

The Supervisory Board unanimously reappointed Attila Dogudan for another 5-year term as chairman of the Management Board. Further, the Chairmanship, in its capacity as Compensation Committee, adapted the employment agreements of the two Management Board members at the meeting on 14 February 2007 to comply with the rules of the 2006 Code of Corporate Governance.

Two Supervisory Board meetings in March 2007 were devoted to passing the necessary resolutions for the successful capital increase of EUR 2,360,413.65 through the issuance of 324,800 new bearer shares.

At its meeting on 11 June 2007, the Auditing Committee dealt with the annual financial statements of DO & CO Restaurants & Catering Aktiengesellschaft, the consolidated financial statements, and the summarized Management Report as well as the proposal for the appropriation of profit, the Management Letter and the assessment of the effective functioning of risk management. The Auditing Committee suggested selecting PKF CENTURION Wirtschaftsprüfungsgesellschaft mbH as auditor of the financial statements of DO & CO Restaurants & Catering Aktiengesellschaft and as auditor of the consolidated financial statements of the DO & CO Group.

The annual financial statements plus notes of DO & CO Restaurants & Catering Aktiengesellschaft as of 31 March 2007 along with the Management Report were prepared in accordance with Austrian accounting regulations and audited by PKF CENTURION Wirtschaftsprüfungsgesellschaft mbH, which 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 2006/2007. They are thus adopted in accordance with Section 125 (2) of the Corporation Act (AktG).

The consolidated financial statements as of 31 March 2007 plus notes were prepared in accordance with the International Financial Reporting Standards (IFRS) 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 2007 and the results of their operations and their cash flows for the business year 2006/2007 in conformity with the International Financial Reporting Standards (IFRS). 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. As regards the total balance-sheet profit of EUR 13,079,179.47, a proposal will be made to the General Meeting of Shareholders on 5 July 2007 to place EUR 12 million in free reserves, to distribute a dividend of EUR 0.50 for every share entitled to a dividend and to carry the remaining balance-sheet profit of EUR 104,779.47 forward to new account.

The Supervisory Board proposes, in accordance with Section 270 (1) Austrian Commercial Code and Rule 78 of the Austrian Code of Corporate Governance, that PKF CENTURION Wirtschaftsprüfungsgesellschaft mbH be appointed to be (group) auditor for the financial statements for business year 2007/2008.

Vienna, 11 June 2007

Waldemar Jud  
Chairman of the Supervisory Board

## GLOSSARY OF KEY FIGURES

### **EBITDA margin**

Ratio of EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization ) to sales

### **EBIT margin**

Ratio of EBIT (Earnings Before Interest and Taxes) to sales

### **Equity ratio**

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

### **Net debts**

Interest-incurring debt less cash and cash equivalents

### **Gearing ratio**

Financial management expressed as the ratio of net debts to equity (adjusted by dividend payments and book values for goodwill)

### **Working capital**

The surplus of current assets above and beyond short-term borrowed capital

### **Free cash flow**

Cash from operating activities plus cash from investing activities

### **ROS – Return on sales**

Return on sales, i.e. the ratio of the result on ordinary activities to sales

### **Capital employed**

Equity after dividend payments less the book values of goodwill plus interest-incurring 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

### **ROE – Return on equity**

The ratio of taxed earnings (before amortization of goodwill) to average equity after dividend distribution and deduction of the book values of goodwill.

## CONSOLIDATED FINANCIAL STATEMENTS 2006/2007

of the DO & CO Group prepared in accordance with IFRS



## BALANCE SHEET AS OF 31 MARCH 2007

### ASSETS

Notes No.	31 March 2007 in TEUR	31 March 2006 in TEUR
	47,633	4,931
	43,419	28,628
	282	74
(1)	91,334	33,632
(2)	323	366
<b>Long-term assets</b>	<b>91,658</b>	<b>33,998</b>
(3)	7,125	4,683
(4)	35,723	16,967
(4)	14,080	4,028
(5)	12,858	0
(6)	25,753	20,188
<b>Current assets</b>	<b>95,538</b>	<b>45,866</b>
(7)	5,202	4,094
<b>Total assets</b>	<b>192,398</b>	<b>83,958</b>

### LIABILITIES AND SHAREHOLDERS' EQUITY

Notes No.	31 March 2007 in TEUR	31 March 2006 in TEUR
	14,162	11,802
	35,892	13,081
	15,020	11,073
	-3,676	-2,938
	3,834	4,758
	8,454	-231
(8)	<b>73,687</b>	<b>37,546</b>
(9)	14,870	4,791
(10)	16,236	0
(11)	8,553	1,052
<b>Long-term liabilities</b>	<b>39,659</b>	<b>5,842</b>
(12)	23,169	13,008
(13)	9,672	7,607
(14)	20,125	15,569
(15)	11,500	0
(14)	14,587	4,386
<b>Current liabilities</b>	<b>79,052</b>	<b>40,570</b>
<b>Total liabilities and shareholders' equity</b>	<b>192,398</b>	<b>83,958</b>

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

## INCOME STATEMENT

for Business Year 2006/2007

Notes No.	2006/2007 in TEUR	2005/2006 in TEUR
(16)	206,333	142,179
(17)	3,067	9,224
(18)	-77,589	-51,543
(19)	-77,266	-55,405
(20)	-7,278	-6,411
(21)	-68	-450
(22)	-41,059	-33,394
(23)	<b>6,139</b>	<b>4,201</b>
(24)	719	2,622
<b>Result from ordinary business activities</b>	<b>6,858</b>	<b>6,823</b>
(25)	-2,336	-1,955
<b>Result after income tax</b>	<b>4,522</b>	<b>4,868</b>
(26)	-688	-109
<b>Consolidated result</b>	<b>3,834</b>	<b>4,758</b>
	in EUR	in EUR
(27)	<b>2.40</b>	<b>3.21</b>
(27)	<b>2.36</b>	<b>2.93</b>
(28)	<b>0.50</b>	<b>0.50</b>

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

## CASH-FLOW STATEMENT

in TEUR	2006/2007	2005/2006
<b>Result from ordinary business activities</b>	<b>6,858</b>	<b>6,823</b>
+ Depreciation and amortization	7,347	6,861
-/+ Gains / losses from disposals of fixed assets	47	-9,616
+/- Earnings from associated companies	4	20
- Other non cash income	-1	-1
-/+ Increase / decrease in inventories and short-term accounts receivable	-12,904	-3,146
+/- Increase / decrease in provisions	7,614	2,495
+/- Increase / decrease in trade accounts payable and other liabilities	4,036	4,566
+/- Currency-related changes in non fund assets	1,200	-1,322
+/- Change in adjustment items from debt consolidation	-857	545
- Income tax payments and changes in deferred taxes	-1,628	409
<b>Cash-flow from operating activities</b>	<b>11,716</b>	<b>7,633</b>
+ Incoming Payments from disposals of tangible and intangible fixed assets	260	12,695
+/- Changes in cash and cash equivalents arising from changes to the scope of consolidation	-12,299	744
- Outgoing payments for additions to tangible and intangible fixed assets	-53,506	-12,285
- Outgoing payments for additions to long-term investments	0	-1,466
+ Incoming payments from disposals of long-term investments	0	9,568
-/+ Increase / decrease in long-term accounts receivable	-27	257
<b>Cash-flow from investing activities</b>	<b>-65,572</b>	<b>9,513</b>
- Dividend payment to shareholders	-812	-812
+ Capital increase	26,105	0
+/- Increase / decrease in financial liabilities	34,296	-2,393
<b>Cash-flow from financing activities</b>	<b>59,589</b>	<b>-3,205</b>
<b>Total cash-flow</b>	<b>5,732</b>	<b>13,941</b>
Cash and cash equivalents at the beginning of the year	20,188	6,193
Effects of exchange rate changes on cash and cash equivalents	-168	53
Cash and cash equivalents at the end of the year	25,753	20,188
<b>Change in funds</b>	<b>5,732</b>	<b>13,941</b>

## SUBSIDIARIES

of DO & CO Restaurants & Catering AG as of 31 March 2007

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
DO & CO - Salzburg Restaurants & Betriebs GmbH	Salzburg	A	100.0	DCAG	EUR	36 <sup>3)</sup>
DO & CO - Baden Restaurants & Veranstaltungen 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>
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 Handling GmbH	Vienna	A	100.0	DCAG	EUR	150
AIREST Catering GmbH	Schwechat	A	100.0	DCCC	EUR	800
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>
DO & CO Italy S.r.l.	Vizzola Ticino	I	100.0	DCAG	EUR	1,275
DO & CO Restauración & Catering Espana, S.L.	Barcelona	E	100.0	DINV	EUR	3
DO & CO International Catering Ltd.	Feltham	GB	100.0	DINV	EUR	30 <sup>6)</sup>
DO & CO Event & Airline Catering Ltd.	Feltham	GB	100.0	DINV	GBP	0
DO & CO International Investments Ltd.	London	GB	100.0	DCAG	EUR	0 <sup>6)</sup>
DO & CO Museum Catering Ltd.	London	GB	100.0	DINV	GBP	0
DO & CO Holdings USA, Inc.	Wilmington	USA	100.0	DINV	USD	100
DO & CO Miami Catering, Inc.	Miami	USA	100.0	DHOL	USD	1
DO & CO New York Catering, Inc.	New York	USA	100.0	DHOL	USD	1
DO & CO - Restauração e Catering, Sociedade Unipessoal, Lda	Lisbon	P	100.0	DINV	EUR	5
DOCO Istanbul Catering ve Restaurant Hiz. Tic. ve San. A.S.	Istanbul	TK	100.0	DINV	TRY	50
THY DO & CO Ikram Hizmetleri A.S.	Istanbul	TK	50.0	DIST	TRY	60,000
<b>Companies included at equity in the consolidated accounts</b>						
AIREST Malta Ltd.	Fgura	MAL	40.0	DAIR	MTL	3
Giava Demel S.r.l.	Milan	I	50.0	DCCC	EUR	30
<b>Not included in the consolidated accounts</b>						
AIREST Slovensko s.r.o.	Bratislava	SK	100.0	DAIR	SKK	1,900

<sup>1)</sup> DCAG = DO & CO Restaurants & Catering AG  
DCCC = DO & CO Catering-Consult & Beteiligungs GmbH  
DHOL = DO & CO Holdings USA, Inc.  
DINV = DO & CO International Investments Ltd.

DDHO = DO & CO (Deutschland) Holding GmbH  
DAIR = AIREST Catering GmbH  
DIST = DOCO Istanbul Catering ve Restaurant Hiz. Tic. ve San. A.S.

<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> The nominal capital was initially paid in GBP.



## NOTES

The consolidated financial statements of DO & CO Restaurants & Catering AG as of 31 March 2007 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. I. GENERAL INFORMATION

#### I.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, Lounges & Hotel.

The consolidated financial statements conform to the International Financial Reporting Standards (IFRS) valid for business year 2006/2007, as applicable in the European Union (EU). The material changes in IAS 19 had no effects on accounting and valuation methods; in particular, DO & CO did not exercise the option to record actuarial profits and losses in shareholders' equity. Nor will DO & CO voluntarily opt for the early application of the newly formulated provisions in IAS 1 (disclosures about capital), IFRS 7 (disclosures about financial instruments), IFRS 8 (operating segments), IFRIC 7 (applying the restatement approach under IAS 29 financial reporting in hyperinflationary economies), IFRIC 8 (scope of IFRS 2) and IFRIC 9 (reassessment of embedded derivatives). With the exception of the amendments to IAS 1 and IFRS 7, the above changes are not expected to have material effects on the presentation of the assets, earnings and financial situation of the group or they are insignificant for the group. The amendments to IAS 1 and IFRS 7 pertain exclusively to future new disclosure obligations in the financial statements.

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 properly prepared in accordance with the International Financial Reporting Standards (IFRS) valid for the business year 2006/2007 as applied in the EU and in application of the parent's standard group-wide accounting and valuation principles.

#### I.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 sixteen foreign subsidiaries were included in the consolidated accounts as of 31 March 2007 along with DO & CO Restaurants & Catering AG. All the above subsidiaries are wholly-owned directly or indirectly by the latter company. The group has a 90 % stake in one domestic company included in full in the consolidated accounts.

One foreign company in which the group has a 50 % stake is fully consolidated because the stake constitutes a controlling interest. One foreign company and one domestic company, each of which is jointly managed by DO & CO Restaurants & Catering AG (i.e. associated companies) and in which the latter has stakes of 50 % and 40 % respectively, 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
<b>As of 1 April 2006</b>	<b>34</b>	<b>2</b>
included in the consolidated accounts for the first time:		
▪ AIREST Catering GmbH (100 % stake)		
▪ DO & CO Handling GmbH (100 % stake) (former DO & CO – LAUDA-AIR Restaurants, Catering & Handling GmbH; at-equity)	2	-1
included in the consolidated accounts at-equity for the first time:		
▪ AIREST Malta Ltd. (40 % stake)	0	1
founded in the business year:		
▪ THY DO & CO Ikram Hizmetleri A.S. (50 % stake)	1	0
sold in the business year:		
▪ TIS Germany Airline Catering GmbH & Co. KG (76 % stake)		
▪ TIS Germany Airline Catering Verwaltungs GmbH (76 % stake)		
▪ TIS Total Inflight Solution Germany GmbH (76 % stake)		
▪ Total Inflight Solution GmbH (100 % stake)	-4	0
<b>As of 31 March 2007</b>	<b>33</b>	<b>2</b>
Thereof foreign companies	17	2

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. Additions to the scope of consolidation affected the consolidated income statement as follows:

in TEUR	2006/2007
Sales revenues	19,772
EBITDA	3,655
EBIT – Operating result	2,018

All changes in the scope of consolidation affected the consolidated balance sheet as follows:

Assets (in TEUR)	2006/2007	Liabilities (in TEUR)	2006/2007
Short-term assets	559	Minority interests	8,047
Long-term assets	59,439	Short-term liabilities	44,386
		Long-term liabilities	7,565
<b>Total</b>	<b>59,998</b>	<b>Total</b>	<b>59,998</b>

The scope of consolidation changed as follows in business year 2006/2007:

THY DO & CO Ikram Hizmetleri Anonim Sirketi was established under a joint venture agreement concluded in September 2006 between DO & CO Restaurants & Catering AG and Türk Hava Yollari A.O. (Turkish Airlines). A wholly-owned subsidiary of DO & CO Restaurants & Catering AG took over 50 % of the shares. Owing to the subsidiary's controlling interest in THY DO & CO, the latter was included in full in the consolidated accounts for the first time as of 31 March 2007. Under an asset deal, this company then took over the operating facilities and employees of an airline catering company conducting business in Turkey.

As part of purchase price allocation in accordance with IFRS 3, intangible assets (customer contracts, licenses) and tangible assets (fixtures and fittings in third-party buildings) were recorded; no goodwill was recognized.

With the agreement of 1 March 2007 ("Share purchase agreement"), DO & CO Catering-Consult & Beteiligungs GmbH acquired all shares of AIREST Restaurant- und Hotelbetriebsgesellschaft m.b.H (thereafter the name of the acquired company was changed to AIREST Catering GmbH) from Airline, Terminal & Business Catering Holding GmbH, a subsidiary of the SAVE Group. Based on this agreement and the "Business transfer agreement" concluded on 1 March 2007 the following acquisitions were made:

- "Airline Catering" business at the business locations in Vienna, Salzburg, Linz, Graz and Bratislava, as well as
- Culinary services at the Austrian Airlines lounges at the Vienna International Airport,
- Catering operations at the Linz Airport,
- "Business & Event Catering" and
- a 40 % stake in AIREST Malta Ltd.

The acquisition took economic effect retroactive to 1 January 2007.

Under the "Business transfer agreement", the remaining lines of business of AIREST Restaurant- und Hotelbetriebsgesellschaft m.b.H. (except for the 49 % stake in ISS AIREST Bodenabfertigungsdienste Ges.m.b.H.) remained in the hands of the SAVE Group. This agreement is implemented by means of a spin-off for the absorption of these lines of business (in accordance with the Austrian Demerger Act (Spaltungsgesetz)) into AIREST Gastronomy and Retail GmbH (with retroactive effect to 31 December 2006) and the transfer of the shares in this company to the SAVE Group. The drafts of the demerger and takeover agreements including attachments were filed in accordance with § 7 Demerger Act with the Commercial Register Court on 24 May 2007.

These consolidated financial statements as of 31 March 2007 recognize the spin-off as specified in the submitted documents. The shares in AIREST Gastronomy and Retail GmbH are recorded as non-current assets held for sale (IFRS 5).

As part of purchase price allocation in accordance with IFRS 3, intangible assets (customer contract) were recognized and goodwill was set at TEUR 4,507.

Total Inflight Solution GmbH, Vienna, established the previous year as a wholly-owned subsidiary of DO & CO Restaurants & Catering AG, was transferred with the agreement of 14 May 2007 to DO & CO Catering-Consult & Beteiligungs GmbH effective 31 March 2007. Total Inflight Solution GmbH is no longer included in the consolidated financial statements as of 31 March 2007, because held for sale.

With the agreement of 27 September 2006, TIS Total Inflight Solution Germany GmbH, Berlin, established in the previous year as a subsidiary of DO & CO International Investments Ltd., London, in which the latter held a 76 % interest, was sold effective 30 September 2006, as were the 76 % stakes in TIS Germany Airline Catering Verwaltungs GmbH and in TIS Germany Airline Catering GmbH & Co KG.

The following material change occurred in the subsidiaries included in the consolidated accounts at equity:

The stake in DO & CO – LAUDA-AIR Restaurants, Catering & Handling GmbH, Vienna, amounting to 50 % of the total paid-in share capital of EUR 150,000.00, which was previously included at equity in the consolidated financial statements, was increased by a further 50 % under the purchase agreement of 1 March 2007. The company name was consequently changed to DO & CO Handling GmbH. The resulting wholly-owned subsidiary was included in full in the consolidated accounts as of 31 March 2007.

## 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 is written down only in the case of an unscheduled reduction in value.

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 methods were 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 results in fixed and current assets from deliveries and services within the group were 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 five foreign subsidiaries with registered offices outside the Community Territory of the Member States of the European Union and two subsidiaries with registered offices 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 2007. 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 and loss. 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 297 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 for significant currencies developed as follows:

in EUR	Reporting Date Rate		Annual Average Rate	
	31 March 2007	31 March 2006	2006/2007	2005/2006
1 US-Dollar	0.750863	0.826173	0.774747	0.825878
1 British Pound	1.471021	1.435956	1.474594	1.465358
1 New Turkish Lira	0.541859	–	0.533331	–

### 1.3. 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 cost of acquisition of goodwill acquired in connection with company

acquisitions are valued at the time of acquisition as the surplus of expenses for the acquisition over the fair value of the acquired assets less debts and contingent liabilities. Goodwill is reported below as the difference after deducting acquisition costs and less required impairment. The need for impairment of assets is tested annually by determining the discounted present value of the assets and debts allocable to the goodwill and comparing that figure with the goodwill. When subsidiaries are sold, the goodwill allocable to them are proportionally written off in a manner affecting profit and loss.

The goodwill on consolidation carried forward as of 31 March 2007 was as follows:

in TEUR	31 March 2007	31 March 2006
Capitalized goodwill	4,507	1,429

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 to 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 2006 were subjected to half of the annual rate or written down pro rata temporis.

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) were recorded under liabilities and 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**

Shares in associated companies pertained to AIREST Slovensko s.r.o. and to a company being established in Hungary that were not consolidated due to immaterial effects on the assets, earnings and financial situation.

Shares in associated companies were valued at the cost of acquisition.

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

The shares in associated companies were valued at equity. Securities were valued at their cost of acquisition at the time of their addition and valued in subsequent periods at the currently applicable market value as quoted on the stock exchange. Fluctuations in market value are recognized in the financial result in a manner affecting profit/loss.

### **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 middle 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.

### **Non-current Assets Held for Sale/Liabilities Directly Allocable to Non-current Assets Held for Sale**

Assets held for sale and liabilities of subsidiaries were carried according to IFRS 5 at the lower of the book value and the applicable present market value less sales expenses under this item.

### **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 increase of 4 % 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.

Termination pay obligations to employees at a Turkish group company were calculated on the basis of an imputed rate of increase of 11.71 % pa and on the basis of expected pay raises of 5 % pa. Obligations arising from a pension commitment to a former employee (of a subsidiary acquired in the year under review) were determined on the basis of the same calculation factors used for the termination pay provisions of Austrian group companies.

### **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 were carried at the cost of acquisition applying the effective interest method. Foreign currency liabilities were valued at the mean between the foreign-exchange buying and selling rate applicable on the reporting date.

### **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.



### Earnings per Share

Earnings per share are calculated by dividing the consolidated profit/loss after minority interests by the weighted number of shares issued.

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

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

#### (1) Fixed Assets

in TEUR	31 March 2007	31 March 2006
Intangible assets	47,633	4,931
Tangible assets	43,419	28,628
Investments	282	74
Total	91,334	33,632

A breakdown of the fixed asset items summarized in the consolidated balance sheet and changes in them during business year 2006/2007 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 customer contracts, licenses, 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.

As part of purchase price allocation of the companies acquired in 2006/2007, goodwill was set at TEUR 4,507; other intangible assets (customer contracts and licenses) at TEUR 40,538; and fixtures and fittings in third-party buildings, at TEUR 9,410. These items other than goodwill will be subjected to scheduled amortization based on the expected period of economic usefulness.

The land included under tangible fixed assets has a value of TEUR 854 (previous year: TEUR 752). The company effected no unscheduled depreciation on this item in business year 2006/2007 (previous year: TEUR 1,291).

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 2007	31 March 2006
Acquisition costs	2,299	2,299
Accumulated depreciation	2,299	2,299
Book value	0	0

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 2007	31 March 2006
In the following business year	9,690	5,685
In the next five business years	43,782	27,514

An obligation of TEUR 23,900 exists based on a long-term lease (waiver of termination until 2024).

Other production plant and office equipment includes standard values of TEUR 311 (previous year: TEUR 213) for tableware, cutlery, table linen and containers. The standard values were carried under assets at the companies producing sales in the Restaurants, Lounges & Hotel Division.

Expenses connected to equity interests in two associated companies included at equity amounted in business year 2006/2007 to TEUR 3 (previous year: income of TEUR 20).

Other securities carried under fixed assets were valued at cost of acquisition or the lower applicable prices.

#### (2) Other Long-Term Assets

in TEUR	31 March 2007	31 March 2006
Other long-term assets	323	366
Total	323	366

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 2007	31 March 2006
Raw materials and supplies	3,316	1,044
Goods	3,809	3,639
Total	7,125	4,683

The sub-item "Goods purchased" includes TEUR 1,627 (previous year: TEUR 1,446) 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 2007	31 March 2006
Trade accounts receivable	35,723	16,967
Accounts receivable from associated companies	126	0
Accounts receivable from companies with distributed ownership	230	51
Other accounts receivable and assets	12,387	3,600
Prepaid expenses and deferred charges	1,297	377
Other short-term assets	41	0
Total of other current accounts receivable and other current assets	14,080	4,028
<b>Total</b>	<b>49,803</b>	<b>20,995</b>

Trade receivables were recorded at nominal value less required specific write-downs amounting to TEUR 2,788 (previous year: TEUR 2,767) for any default risk or interest losses. The TEUR 8,828 increase in other accounts receivable and assets from TEUR 3,600 to TEUR 12,428 pertained largely to the offsetting of value-added tax claims with foreign authorities and to advance payments of corporate tax carried under assets.

#### (5) Non-current Assets Held for Sale

in TEUR	31 March 2007	31 March 2006
For realisation maintained long-term assets	12,858	0
<b>Total</b>	<b>12,858</b>	<b>0</b>

In connection with the acquisition of AIREST Catering GmbH, the acquiring group company agreed to spin off the operating units remaining with the original owner of this company (SAVE Group) and sell them at a pre-set price with retroactive economic effect to 1 January 2007.

Further, the acquiring group company agreed to spin off and sell the interest in ISS AIREST Bodenabfertigungsdienste Ges.m.b.H. The shares in the absorbing company (Total Inflight Solution GmbH) are therefore carried under this item.

These demerger operations are expected to be completed at the end of June 2007.

#### (6) Cash and Cash Equivalents

in TEUR	31 March 2007	31 March 2006
Cash, checks	317	200
Cash at banks	25,436	19,988
<b>Total</b>	<b>25,753</b>	<b>20,188</b>

Cash at banks increased due to the capital increase effected shortly before the reporting date and to changes in the scope of companies included in the consolidated accounts. An amount of TEUR 7,660 from this total was invested in short-term time deposits.

#### (7) 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 2007		31 March 2006	
	Assets	Liabilities	Assets	Liabilities
Intangible fixed assets	116	-1,241	177	-195
Property, plant and equipment	260	-1,728	510	-1,758
Financial assets	0	-1,027	16	-784
Inventories	0	-51	0	-76
Accounts receivable	35	0	44	0
Consolidating entries	1,045	0	536	-408
Provisions	2,325	-6	870	-2
Liabilities	1,682	0	1,011	0
Prepaid expenses or deferred income	0	0	0	0
<b>Total deviations in balance sheet</b>	<b>5,463</b>	<b>-4,053</b>	<b>3,164</b>	<b>-3,223</b>
Tax losses carried forward	4,288	0	4,544	0
Valuation discount for capitalized deferred tax	-1,645	0	-1,579	0
Offsetting of differences with the same tax authorities	-2,905	2,905	-2,035	2,035
<b>Total</b>	<b>5,202</b>	<b>-1,148</b>	<b>4,094</b>	<b>-1,188</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 1,645 (previous year: TEUR 1,579), because the company is not yet sufficiently certain that these deferred tax assets can be realized as future tax relief.

## (8) Shareholders' Equity

The consolidated shareholders' equity developed as follows in the business years 2005/2006 and 2006/2007:

in TEUR	Capital Stock	Capital reserves	Revenue reserves	Foreign currency translation reserve	Consolidated result	Minority interests	Total
As of 31 March 2005	11,802	13,081	9,476	-3,258	2,406	-345	33,163
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	31
As of 31 March 2006	11,802	13,081	11,073	-2,938	4,758	-231	37,546
Consolidated result 2006/2007					3,834	688	4,522
Dividend payment 2005/2006					-812		-812
Profit carried forward 2005/2006			3,946		-3,946		0
Currency translation				-738		-49	-787
Addition/Disposal of minority interests						8,047	8,047
Capital increase	2,360	24,273					26,634
Costs of capital increase		-1,463					-1,463
As of 31 March 2007	14,162	35,892	15,020	-3,676	3,834	8,454	73,687

On 26 March 2007, the Management Board decided, with the consent of the Supervisory Board granted that same day, to increase the share capital from the authorized capital approved by the General Meeting of Shareholders on 10 July 2002. It thereby increased capital by EUR 2,360,413.65 from EUR 11,802,068.26 to EUR 14,162,481.91, by issuing 324,800 new bearer shares at an issue price of EUR 7.27 (rounded) per share. Pursuant to § 169 (3) last sentence of the Corporation Act (AktG), the total number of shares increased by the same ratio as the amount of the increase to the amount of previous share capital. The new shares entitle the bearer to participate in profit from 1 April 2006. The capital increase was effected in exchange for cash contributions.

The share capital of DO & CO restaurants & Catering AG totals EUR 14,162,481.91 and is divided into 1,948,800 individual bearer shares endowed with voting rights.

The subscription and offer price for the capital increase was set at EUR 82.00 per share on offer. A total of 324,800 new shares were placed.

The surplus from the issue amount above the par value (premium) totaling TEUR 24,273 was allocated to committed capital reserves pursuant to § 130 Corporation Act in connection with § 229 (2) Austrian Commercial Code. Pursuant to IAS 32.35, the costs of capital acquisition less all associated income tax advantages were deducted from shareholders' equity.

Taking into account the capital increase, the Management Board is still empowered until 30 June 2007 to increase the share capital by a further EUR 3,540,620.48 in exchange for cash contributions or contributions in kind (authorized capital).

The shares of DO & CO Restaurants & Catering AG have been listed since 19 March 2007 in the Prime Market of the Vienna Stock Exchange (before that in the Standard Market Continuous). 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 20.4 %, and the remaining shares are in free float.

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. 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 capital consolidation as well as changes arising from consolidation entries adapted in 2006/2007, said changes not having any effect on profit and loss.

Minority interests include the direct 10 % minority interest in the equity of the fully consolidated DO & CO im PLATINUM Restaurantbetriebs GmbH. This item also includes the 50 % minority interest in THY DO & CO Ikram Hizmetleri A.S.

Since the stake in DO & CO Holdings USA, Inc. was increased in the year under review from 90 % to 100 %, the minority interests reported under this item up until last year no longer existed at the reporting date.

## (9) Long-Term Provisions

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

in TEUR	As of 31 March 2006	Currency changes	Changes in scope of consolidation	Consumed	Release	Allocation	As of 31 March 2007
Provisions for severance payments PBO	2,242	41	7,618	184	3	768	10,481
Provisions for long-service anniversary payments PBO	1,226	0	1,050	88	5	350	2,533
Provisions for deferred tax	1,188	0	0	40	0	0	1,148
Provisions for pension payments	0	0	535	0	0	16	552
Other provisions	135	0	123	22	81	0	155
Total	4,791	41	9,326	334	89	1,135	14,870

The values of provisions for termination benefits and for long-service anniversary payments were calculated as of the reported 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.

Termination pay obligations to employees at a Turkish group company were calculated on the basis of an imputed rate of increase of 11.71 % pa and on the basis of expected pay raises of 5 % pa.

in TEUR	Severance payment		Pension payment		Long-service anniversary	
	2006/2007	2005/2006	2006/2007	2005/2006	2006/2007	2005/2006
Present value of obligations (PBO) on 1 April	2,242	2,000	0	0	1,226	1,071
Currency changes	41	0	0	0	0	0
Changes in scope of consolidation	7,618	0	535	0	1,050	0
Long-service anniversary expenses	294	182	0	0	242	195
Interest expenses	82	67	16	0	66	50
Severance payments	-111	-116	0	0	-74	-118
Result along actuarial lines	316	109	0	0	23	27
Present value of obligations (PBO) on 31 March	10,481	2,242	552	0	2,533	1,226

Other long-term provisions at the reporting date consisted exclusively of provisions for agreements on an option for older employees to go part-time.

#### (10) Long-Term Financial Liabilities

in TEUR	31 March 2007	31 March 2006
Liabilities to banks	16,236	0
Total	16,236	0

Long-term financial liabilities resulted from borrowing to finance the establishment of THY DO & CO Ikram Hizmetleri A.S. Interest was incurred at terms and conditions customary for external customers.

#### (11) Other Long-Term Liabilities

in TEUR	31 March 2007	31 March 2006
Trade accounts payable	299	566
Other liabilities	8,133	123
Deferred income	121	363
Total	8,553	1,052

Trade payables consist entirely of obligations under finance lease agreements pursuant to IAS 17. Other liabilities pertain mostly to a loan granted by the holder of a minority interest at a foreign subsidiary. 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.

#### (12) Short-Term Provisions

in TEUR	As of 31 March 2006	Currency changes	Changes in scope of consolidation				As of 31 March 2007
			Consumed	Release	Allocation		
Tax provisions	2,288	4	1,079	312	5	1,269	4,323
Other personnel provisions	6,650	-7	2,110	5,104	273	6,533	9,909
Deliveries and services not yet invoiced	1,383	0	3	1,754	373	2,199	1,458
Other provisions	2,687	-25	3,403	1,672	273	3,357	7,478
Total	13,008	-27	6,595	8,841	924	13,359	23,169

Provisions for payroll expenses pertain largely to three sets of provisions. The first totals TEUR 1,706 (previous year: TEUR 1,025) 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 4,960 (previous year: TEUR 3,040) for vacation not yet taken as of the reporting date. The third pertains to other provisions totaling TEUR 3,238 (previous year: TEUR 2,585) for performance-linked components of pay and also for obligations arising from organizational changes at foreign subsidiaries.

#### (13) Short-Term Financial Liabilities

in TEUR	31 March 2007	31 March 2006
Loan	7,172	0
Current account	0	807
EUR cash advances	2,500	6,800
Total	9,672	7,607

Financial liabilities existing as of the reporting date resulted from euro cash advances taken out at various banks at an average interest rate of 3.7 % (previous year: 2.7 %). There were also short-term financial liabilities in connection with borrowing to finance the establishment of THY DO & CO Ikram Hizmetleri A.S. Interest was incurred at terms and conditions customary for external customers.

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

in TEUR	31 March 2007	31 March 2006
Trade accounts payable	20,125	15,569
Advance payments received on orders	876	0
Other liabilities	13,494	4,279
Deferred income	217	107
Total other short-term liabilities	14,587	4,386
Total	34,712	19,955

The TEUR 4,556 increase in trade accounts payable pertained primarily to changes in the scope of consolidation.

The other liabilities with a remaining term of less than one year from a loan granted by the holder of a minority interest at a foreign subsidiary and 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.

#### (15) Liabilities Directly Allocable to Non-current Assets Held for Sale

in TEUR	31 March 2007	31 March 2006
For realisation maintained assets	11,500	0
Total	11,500	0

This item contains the outstanding liabilities in connection with the transfer of the interest in AIREST Gastronomy and Retail GmbH.

#### Contingent Liabilities

in TEUR	31 March 2007	31 March 2006
Guarantees	1,236	1,466

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.

#### (16) Sales

in TEUR	2006/2007	2005/2006
Airline Catering	123,481	74,794
International Event Catering	39,035	35,598
Restaurants, Lounges & Hotel	43,817	31,787
Total	206,333	142,179

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.

#### (17) Other Operating Income

in TEUR	2006/2007	2005/2006
Accounting gains from the disposal of fixed assets	0	7,049
Income from the release of provisions	1,004	917
Release of provisions for bad debts	29	333
Insurance payments	154	109
Rent income	170	118
Other operating income	1,710	697
Total	3,067	9,224

The TEUR 6,157 decline in other operating income is mainly attributable to proceeds from the disposal of tangible fixed assets recorded the year before.

#### (18) Costs of Materials and Services

in TEUR	2006/2007	2005/2006
Costs of materials (including goods purchased for resale)	63,313	39,650
Costs of services	14,276	11,893
Total	77,589	51,543

#### (19) Payroll Costs

in TEUR	2006/2007	2005/2006
Wages	47,437	33,987
Salaries	13,275	10,055
Expenses for severance payments	1,538	693
Expenses for legally mandated social security contributions and for related costs	13,234	9,884
Other social expenses	1,783	785
Total	77,266	55,405

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

in TEUR	2006/2007	2005/2006
Scheduled amortization and depreciation	7,278	5,120
Unscheduled amortization and depreciation	0	1,291
Total	7,278	6,411

#### (21) Amortization of Goodwill

in TEUR	2006/2007	2005/2006
Amortization of Goodwill	68	450
Total	68	450

#### (22) Other Operating Expenses

The composition of other operating expenses was as follows:

in TEUR	2006/2007	2005/2006
Taxes other than those included under income tax	982	577
Rentals, leases and operating costs (including airport fees and charges)	19,644	12,865
Travel and communication expense	5,670	4,437
Transport, vehicle expense and maintenance	6,444	5,006
Insurance	964	850
Legal, auditing and consulting expenses	1,886	1,696
Advertising expense	484	354
Other personnel costs	476	1,605
Rest of other operating expenses	1,210	2,602
Value adjustments, losses on bad debts and other losses	741	2,108
Exchange rate differences	1,036	292
Accounting losses from the disposal of fixed assets	47	88
Other administrative expenses	1,476	915
Total	41,059	33,394

#### (23) EBIT – Operating Profit/Loss

EBIT increased against the year before by TEUR 1,938, or 46.1 %, from TEUR 4,201 to TEUR 6,139. This growth is attributable mainly to the upsurge in sales in the Airline Catering Division. On the expense side, costs of materials, payroll costs and other operating expenses increased. For a detailed analysis of this result, please consult the Management Report.

## (24) Financial Result

in TEUR	2006/2007	2005/2006
<b>Result from investments</b>		
Result from investments	-4	-36
of which from associated companies	-4	-20
Result from consolidation	598	0
<b>Total result from investments</b>	<b>594</b>	<b>-36</b>
<b>Result from other financial activities</b>		
Income from other securities carried under fixed assets	6	3
Other interest received and similar income	1,565	362
Other interest paid and similar expenses	-1,445	-363
Other financial result	0	2,655
<b>Total result from other financial activities</b>	<b>125</b>	<b>2,658</b>
<b>Total</b>	<b>719</b>	<b>2,622</b>

## (25) Income Tax

in TEUR	2006/2007	2005/2006
Income tax expenses	2,900	1,646
thereof non periodic	-5	71
Deffered tax	-564	309
<b>Total</b>	<b>2,336</b>	<b>1,955</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 34.1 % (previous year: 28.7 %). The difference between the corporate tax rate of 25 % applicable in business year 2006/2007 (previous year: 25 %) and the reported corporate tax rate came about as follows:

in TEUR	2006/2007	2005/2006
<b>Consolidated result before tax</b>	<b>6,858</b>	<b>6,823</b>
<b>Tax expense at tax rate of 25 % (previous year: 25 %)</b>	<b>1,715</b>	<b>1,706</b>
Non-temporary differences, and tax expenses and income from prior periods	309	-36
Change of value adjustments on capitalized deferred tax as well as losses for which no deferred tax provisions were created	517	-60
Changes in tax rates	-204	345
<b>Effective tax burden</b>	<b>2,336</b>	<b>1,955</b>
<b>Effective tax rate in %</b>	<b>34.1</b>	<b>28.7</b>

## (26) Minority Interests

Minority interests in the annual result of fully consolidated companies amounted to minus TEUR 688 (previous year: minus TEUR 109).

## III. Other Information

### (27) Earnings per Share

The number of shares issued as of 31 March 2007 totaled 1,948,800. Just as in the previous business year, the company held no treasury stock as at the reporting date.

	2006/2007	2005/2006
Issued shares (number of individual shares)	1,948,800	1,624,000
Weighted shares (number of individual shares)	1,626,670	1,624,000
Earnings per share before amortization of goodwill (in EUR)	2.40	3.21
Earnings per share (in EUR)	2.36	2.93

Based on the consolidated result of TEUR 3,834 (previous year: TEUR 4,758), the earnings per share amounted to EUR 2.36 (previous year: EUR 2.93). The earnings per share based on the adjusted consolidated result of TEUR 3,903 (previous year: TEUR 5,208), i.e. on taking into account goodwill amortization, amounted to EUR 2.40 (previous year: EUR 3.21).

### (28) 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 2007, 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 13,079,179.47. The Management Board will therefore propose to the General Meeting of Shareholders to place EUR 12 million in free reserves, to distribute a dividend of EUR 0.50 per share on the share capital of EUR 14,162,481.91 and to carry the balance-sheet profit remaining after dividend distribution forward to new account.

### (29) 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.

### (30) Risk Report

#### General Information

The core segments at DO & CO are Airline Catering, International Event Catering and Restaurants, Lounges & Hotel. 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 international corporations to allocate budget resources to 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. The risks and their potential effects are analyzed and dealt with as part of corporate risk management. A detailed description of risk management is contained in the Management Report.



### Financial Instruments

DO & CO faces interest rate and currency risks owing to the nature of its operating activities and utilized derivative financial instruments to control and limit these risks. In no case were derivatives employed for trading or speculative transactions. No derivative financial instruments were employed in business year 2006/2007.

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 ratings of existing and new customers are 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 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 from longer-term financial exposure to finance the expansion of the group in the year under review, for which an interest risk could arise 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 with respect to trade receivables derive primarily from deliveries and services, especially from the US dollar with a share of 6 % (previous year: 15 %) and the British pound with 12 % (previous year: 14 %) and the Turkish lira, with 23 %. With respect to trade payables, the US dollar accounts for 1 % (previous year: 4 %) of total currency risk while the British pound accounts for 9 % (previous year: 12 %) and the Turkish lira for 14 %. 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.

### (31) Events After the Balance Sheet Date

Events occurring after the reporting date which are significant to the valuation on the balance sheet date, e.g. 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 necessary drafts of the demerger and takeover agreements required for the demerger operations for the acquisition of AIREST Catering GmbH were filed with the Commercial Register Court on 24 May 2007. These demerger operations are expected to be completed at the end of June 2007.

### (32) 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 reg Gen mbH and the latter's wholly owned subsidiary DZR Immobilien und Beteiligungs GmbH. 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.

Existing business relations with enterprises in which members of the Supervisory Board of DO & CO Restaurants & Catering AG are active are conducted at terms and conditions customary for external customers. Firms in which Supervisory Board members Waldemar Jud and Werner Sporn have a considerable economic interest charged professional fees of EUR 232,631 in the year under review for legal counsel.

The Group has a 50 % stake in THY DO & CO Ikram Hizmetleri AS. Turkish Airlines (Türk Hava Yollari A.O.) holds the remaining 50 % stake in this company. THY DO & CO Ikram Hizmetleri A.S. provides airline catering services to Turkish Airlines. In business year 2006/2007, sales revenues of TEUR 11,334 were achieved (business activity started on 1 January 2007). Trade receivables contain about TEUR 5,422 in trade receivables owed by Turkish Airlines in connection with this business relationship. The consolidated financial statements contain long-term liabilities totaling TEUR 7,969 and short-term liabilities totaling TEUR 7,172 incurred in the financing of THY DO & CO Ikram Hizmetleri A.S.

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

The average number of employees was as follows:

Number	2006/2007	2005/2006
Workers	1,777	1,143
Salaried employees	237	197
Total	2,014	1,340

On average, a further 292 individuals (previous year: 216) 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 2006/2007:

**The 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 452 (previous year: TEUR 432), with Attila Dogudan receiving approximately TEUR 241 (previous year: TEUR 205) and Michael Dobersberger receiving approximately TEUR 210 (previous year: TEUR 228).

**The 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 2005/2006 in accordance with a decision by the General Meeting of Shareholders on 29 June 2006.

There were no outstanding liabilities for loans or group company loans extended to members of the Management Board and Supervisory Board.

Vienna, 29 May 2007

The Management Board:

Attila DOGUDAN mp  
Chairman

Michael DOBERSBERGER mp

## SIGNIFICANT DIFFERENCES

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

**Goodwill from capital consolidation:** The Austrian Commercial Code permits the off-setting of retained earnings without effect to net income or capitalization of straight-line depreciation. IFRS 3, for its part, stipulates that goodwill be capitalized and subjected to an annual impairment test. Scheduled amortization has now been eliminated.

**Deferred Taxes:** 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 whereas the Austrian Commercial Code only requires accrual for temporary differences involving deferred tax liabilities. In deviation from the regulations of the Austrian Commercial Code, deferred tax assets under IFRS are also to be recognized for 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 termination benefits, 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.

**Sales of marketable securities:** According to the Austrian Commercial Code, marketable securities are to be assessed at the lower market values or at most at their cost of acquisition. Under the IFRS, marketable securities are always 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 accounting rules do.

**Expanded disclosure 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 disclosure obligations as regards business segments and derivative financial instruments in particular.

## SCHEDULE OF CHANGES IN FIXED ASSETS

as of 31 March 2007

in TEUR	Cost of Acquisition and Production						As of 31 March 2007
	As of 31 March 2006	Change in scope of consolidation	Translation differences	Additions	Reclassifications	Disposals	
<b>I. Intangible assets</b>							
1. Industrial property rights and similar rights and benefits including licenses deriving from them	7,599	40,914	363	405	21	0	49,303
2. Goodwill	1,429	3,146	0	0	0	68	4,507
3. Payments in advance	7	0	0	0	-7	0	0
	9,035	44,060	363	405	14	68	53,810
<b>II. Tangible assets</b>							
1. Land and buildings including buildings on third-party land	27,617	12,318	-944	269	2.113	4	41,368
2. Plant and machinery	8,874	8,313	-74	1,231	16	37	18,323
3. Other production-plant and office equipment	20,038	6,704	-167	3,854	2.515	450	32,494
4. Payments on account and assets in course of construction	4,994	81	0	518	-4.658	249	685
	61,523	27,416	-1,185	5,872	-14	741	92,871
<b>III. Investments</b>							
1. Investments in group companies	0	48	0	12	0	0	60
2. Investments in associated companies	29	-20	0	0	0	4	5
3. Securities held as long-term investments	45	182	0	0	0	3	224
	74	211	0	12	0	7	290
<b>Total</b>	<b>70,632</b>	<b>71,687</b>	<b>-822</b>	<b>6,290</b>	<b>0</b>	<b>816</b>	<b>146,970</b>

As of 31 March 2006	Change in scope of consolidation	Translation differences	Depreciation/ amortization during the year	Disposals	As of 31 March 2007	Book value	
						As of 31 March 2007	As of 31 March 2006
4,105	358	35	1,679	0	6,177	43,126	3,494
0	0	0	68	68	0	4,507	1,429
0	0	0	0	0	0	0	7
4,105	358	35	1,747	68	6,177	47,633	4,931
10,458	2,132	-219	1,962	0	14,332	27,037	17,159
7,171	6,012	-49	792	31	13,895	4,427	1,702
15,266	3,664	-145	2,846	406	21,225	11,269	4,772
0	0	0	0	0	0	685	4,994
32,895	11,808	-414	5,599	437	49,452	43,419	28,628
0	0	0	0	0	0	60	0
0	0	0	0	0	0	5	29
0	7	0	0	0	7	217	45
0	7	0	0	0	7	282	74
37,000	12,173	-378	7,347	505	55,636	91,334	33,632

# 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 2006 to 31 March 2007. These consolidated financial statements consist of the consolidated balance sheet as of 31 March 2007, the income statement, the consolidated cash-flow statement and the schedule of changes in consolidated shareholders' equity for the business year ending 31 March 2007 as well as a summary of the principle accounting and valuation methods applied and other information in the notes.

## Responsibility of the Management of the Consolidated Financial Statements

The company's management is responsible for preparing these consolidated financial statements to convey as fairly as possible the group's actual assets and financial position and the results of their operations and their cash flows in conformity with the International Financial Reporting Standards (IFRS) as be applied in the European Union. This responsibility includes designing, implementing and maintaining an internal system control relevant to the preparation of consolidated financial statements and to conveying as fairly as possible the group's assets, earnings and financial situation so that these financial statements are free from material misstatement, whether due to fraud or error. Further, it entails selecting and applying appropriate accounting and valuation methods and making accounting estimates that are reasonable in the circumstances.

## Responsibility of the Auditor

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with valid legal regulations in Austria and in accordance with the International Standards on Auditing (ISAs) published by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). These standards require that we abide by the code of ethics of our profession and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In assessing these risks, the auditor takes into account the internal control system relevant to the preparation of consolidated financial statements and to conveying as fairly as possible the group's assets, earnings and financial situation in order to determine suitable auditing activities for the given circumstances. It is not the auditor's task to issue an opinion on the effectiveness of the group's internal control system. An audit also involves assessing the accounting and valuation principles applied and the significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe our audit has yielded sufficient and suitable audit evidence that provides a sufficient and reliable basis for our audit opinion.

## Auditor's Opinion

Our audit led to no objections. In our opinion, based on 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 group as of 31 March 2007 and the results of the group's operations and cash flows for the business year 1 April 2006 to 31 March 2007 in conformity with the International Financial Reporting Standards (IFRS) as they are to be applied in the EU.

Without in any way diminishing our unqualified auditor's opinion, we note that the demerger operation connected with the acquisition of AIREST Catering GmbH had not yet been completed at the time we did our audit. These consolidated financial statements take into account the demerger as described in the documents submitted to the Commercial Register Court.

## Report on the Consolidated Management Report

The consolidated management report is to be audited in accordance with valid Austrian laws and regulations to obtain assurance that it is consistent with the consolidated financial statements and does not misrepresent the group's situation. In our opinion, the consolidated management report for the group is consistent with the consolidated financial statements.

Vienna, 29 May 2007

**PKF CENTURION**  
WIRTSCHAFTSPRÜFUNGSGESELLSCHAFT MBH  
MEMBER FIRM OF PKF INTERNATIONAL

Stephan Maurer mp

Günther Prindl mp

Certified Public Accountants and Tax Consultants

## BALANCE SHEET AS OF 31 MARCH 2007

of DO & CO Restaurants & Catering AG

### Assets

in TEUR	31 March 2007	31 March 2006
Intangible assets	99	119
Tangible assets	353	248
Investments	15,469	16,501
<b>Fixed assets</b>	<b>15,921</b>	<b>16,868</b>
Trade accounts receivable	134	102
Receivables from group companies	77,083	28,475
Receivables from associated companies	0	174
Other receivables and assets	694	989
<b>Receivables and other assets</b>	<b>77,910</b>	<b>29,741</b>
Cash and checks in hand, cash at banks	674	16,024
<b>Current assets</b>	<b>78,585</b>	<b>45,765</b>
Prepaid expenses and deferred charges	33	30
<b>Total assets</b>	<b>94,538</b>	<b>62,663</b>

### Liabilities

in TEUR	31 March 2007	31 March 2006
Capital stock	14,162	11,802
Capital reserves	37,354	13,081
Revenue reserves	94	94
Retained earnings	13,079	13,224
<b>Shareholders' equity</b>	<b>64,690</b>	<b>38,202</b>
Provisions for severance payments	647	550
Provisions for taxes	1,912	1,590
Other provisions	3,922	2,775
<b>Provisions</b>	<b>6,481</b>	<b>4,915</b>
Bank loans and overdrafts	2,500	6,800
Trade accounts payable	809	301
Accounts payable to group companies	19,684	12,176
Other liabilities	374	270
<b>Liabilities</b>	<b>23,367</b>	<b>19,547</b>
<b>Total Shareholders' equity and liabilities</b>	<b>94,538</b>	<b>62,663</b>
Contingent liabilities	26,026	2,334

## INCOME STATEMENT

für Business Year 2006/2007 of DO & CO Restaurants & Catering AG

in TEUR	2006/2007	2005/2006
Sales	10,887	9,759
Other operating income	469	291
Costs of materials and services	-588	-625
Payroll costs	-7,918	-6,724
Amortization and depreciation	-276	-228
Other operating expenses	-6,750	-3,194
<b>Operating results</b>	<b>-4,176</b>	<b>-722</b>
Income from equity interests	6,555	6,880
Other interest and similar income	2,937	1,497
Profits on disposal of investments	0	3,525
Expenses from investments and marketable securities	-3,825	-4,382
Interest and similar expenses	-501	-1,918
<b>Financial result</b>	<b>5,165</b>	<b>5,602</b>
Result from ordinary business activities	989	4,880
Taxes on income	-322	-1,300
<b>Result after income tax</b>	<b>667</b>	<b>3,580</b>
Annual result	667	3,580
Profit carried forward from previous year	12,412	9,644
<b>Retained earnings</b>	<b>13,079</b>	<b>13,224</b>

The annual financial statements, including the management report, of DO & CO Restaurants & Catering Aktiengesellschaft was prepared in accordance with Austrian accounting regulations and audited by PKF CENTURION Wirtschaftsprüfungsgesellschaft mbH, which issued an unqualified opinion on them. Said documents are being submitted as such to the Commercial Court Vienna for entry in the Commercial Register under the Commercial Register No. 156765 m.

### 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 2007, 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 13,079,179.47. The Management Board will therefore propose to the General Meeting of Shareholders to place EUR 12 million in free reserves, to distribute a dividend of EUR 0.50 per share on the share capital of EUR 14,162,481.91 and to carry the balance-sheet profit remaining after dividend distribution forward to new account.

Vienna, 24 May 2007

The Management Board of DO & CO Restaurants & Catering AG





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