

WELCOMING THE WORLD



Hamburg Messe und Congress Business Review 2005



Contents

FACTS & FIGURES

HAMBURG MESSE UND CONGRESS GMBH CONSOLIDATED BALANCE SHEET 2005 _____	3–4
HAMBURG MESSE UND CONGRESS GMBH CONSOLIDATED PROFIT AND LOSS ACCOUNT 2005 _____	5
REPORT OF THE SUPERVISORY BOARD _____	6
HAMBURG MESSE UND CONGRESS GMBH	
Situation report 2005 _____	7–12
Balance sheet 2005 _____	13–14
Profit and loss account 2005 _____	15
Appendix 2005 _____	16–21
Development of fixed assets _____	22
Auditors' report _____	23

Hamburg Messe und Congress GmbH

Consolidated balance sheet 2005

ASSETS		
	€'000s	<u>Previous year</u> €'000s
A. Fixed assets		
I. Intangible assets		
1. Industrial property rights and similar rights	1,222.3	1,510.4
2. Advance payments	0.0	0.0
	<u>1,222.3</u>	<u>1,510.4</u>
II. Tangible assets		
1. Sites and buildings incl. buildings on third-party sites	48,753.9	47,232.3
2. Technical plant and machines	67.4	78.5
3. Other plant, fixtures and fittings	6,096.1	6,401.7
4. Advance payments and plant under construction	10,592.2	1,925.2
	<u>65,509.6</u>	<u>55,637.7</u>
III. Investments		
1. Shares in affiliated companies	2.5	2.5
2. Holdings	26.3	29.9
3. Other loans	5.4	5.4
	<u>34.2</u>	<u>37.8</u>
	66,766.1	57,185.9
B. Current assets		
I. Inventories		
1. Raw materials and supplies	260.4	264.9
2. Work in progress	729.0	1,951.5
3. Finished products, merchandise	81.5	87.9
4. Advance payments	23,677.6	15,667.3
	<u>24,748.5</u>	<u>17,971.6</u>
II. Accounts receivable and other assets		
1. Trade debtors	3,951.6	3,568.7
2. Loans to affiliated companies	9,218.6	14,286.5
3. Loans to the Free and Hanseatic City of Hamburg	19.2	10.2
4. Other assets	1,755.2	1,090.9
	<u>14,944.6</u>	<u>18,956.3</u>
III. Cheques, cash on hand, credit balance with banks	471.5	801.5
	40,164.6	37,729.4
C. Prepayments and accrued income		
Prepayments and accrued income	111.4	64.8
	107,042.1	94,980.1

LIABILITIES		
	€'000s	<u>Previous year</u> €'000s
A. Capital and reserves		
I. Subscribed capital	10,500.0	10,500.0
II. Capital reserves	1,179.4	1,179.4
III. Profit carried forward	0.0	0.2
IV. Net profit/loss	-0.1	-0.2
	11,679.3	11,679.4
B. Provisions		
1. Provisions for pensions	16,847.8	17,288.7
2. Other provisions	4,588.0	3,368.2
	21,435.8	20,656.9
C. Liabilities		
1. Advance payments on orders	26,604.6	16,587.1
2. Trade creditors	5,156.9	6,706.1
3. Amounts due to affiliated companies	11.5	5.9
4. Amounts due to companies in which shareholdings are held	763.0	755.0
5. Amounts due to the Free and Hanseatic City of Hamburg	562.6	82.7
6. Other liabilities	4,571.5	1,480.8
	37,670.1	25,617.6
D. Accruals and deferred income		
Accruals and deferred income	36,256.9	37,026.2
	107,042.1	94,980.1

Hamburg Messe und Congress GmbH

Consolidated profit and loss account 2005

	€'000s	Previous year €'000s
1. Turnover	64,015.0	96,086.5
2. Changes in stocks of finished goods and work in progress	-1,220.3	-10,404.3
3. Other operating income	1,758.3	1,550.2
4. Raw materials and consumables		
a) Expenditure on staging trade fairs, exhibitions, congresses and events	23,323.1	25,572.1
b) Cost of raw materials and supplies and of purchased goods	1,596.2	1,889.3
c) Cost of purchased services	12,968.6	22,016.6
5. Personnel costs		
a) Wages and salaries	15,026.6	14,904.5
b) Social security contributions and pension costs	3,530.0	3,988.3
6. Depreciation on intangible assets of fixed assets and tangible assets	2,894.8	2,806.2
7. Other operating expenses	14,331.6	11,403.9
8. Income from shareholdings	2.5	2.6
9. Other interest and similar income	205.1	209.7
10. Interest and similar expenses	11.1	223.0
11. Profit/loss on ordinary activities	- 8,921.4	4,640.8
12. Extraordinary income	415.1	0.0
13. Extraordinary expenses	188.8	0.0
14. Extraordinary profit/loss	226.3	0.0
15. Taxes on income and profit	0.1	0.0
16. Other taxes	587.3	553.2
17. Income from transfer of loss	9,282.4	0.0
18. Profit transferred as a result of profit transfer agreement	0.0	4,087.8
19. Net profit/loss	-0.1	-0.2

The consolidated annual accounts were not inspected by the audit company.

Report of the supervisory board

During the financial year, the supervisory board exercised its monitoring function with regular oral and written reports by the managers of the company and the subsidiaries BNM Baugesellschaft Neue Messe mbH and CCH Gastronomie GmbH.

The supervisory board advised at five meetings and at five meetings of the advisory financing committee on all important matters affecting the companies and took the necessary decisions as required by law and the company agreement.

The annual accounts of Hamburg Messe und Congress GmbH and of BNM Baugesellschaft Neue Messe mbH were audited by Deloitte & Touche GmbH, Wirtschaftsprüfungsgesellschaft, Axel-Springer-Platz 3, 20318 Hamburg, appointed auditor by the annual general meeting on 02.09.2005/20.09.2005 and commissioned by the supervisory board according to its decision on 24.08.2005.

The annual accounts of CCH Gastronomie GmbH were audited by

Hansaberatung GmbH, Wirtschaftsprüfungsgesellschaft, Schwachhauser Heerstraße 266 b, 28359 Bremen, appointed auditor by the annual general meeting on 20.09.2005 and commissioned by the supervisory board according to its decision on 24.08.2005. Both auditors have issued unrestricted auditor's reports.

The concluding result of the inspections gave no occasion for initiating any measures. The result of the audit of the annual accounts corresponds to the assessment of the annual accounts by the supervisory board. It inspected the accounts and

the situation reports and raised no objections. The supervisory board approves both the situation reports of the managers and the annual accounts as of 31.12.2005.

The supervisory board should like to express its appreciation to the managers and employees for their commitment in the 2005 financial year.

Hamburg, April 2006

Chairman of the supervisory board
sgd. Johann C. Lindenberg



Hamburg Messe und Congress GmbH

Situation report 2005

A. Business development

1. General economic situation

The world economy again grew at an above-average rate in 2005, expanding by 4.3%. This also benefited the German economy, which picked up noticeably, particularly in the second half of the year. On an annual average, gross domestic product (GDP) was in real terms +0.9% above the previous year's level. A key contributory factor was foreign demand, which increased enormously, particularly thanks to the dynamic global economy and the again favourable euro-dollar exchange rate. As much as +0.7% of GDP growth in real terms was due to exports.

Domestic demand, however, increased only slightly. The only bright spot was investment activity. Companies' investments in plant and equipment, which have again been increasing basically from 2004, rose from the summer months, important factors being the favourable outlook for sales and profits in other countries and higher capacity utilisation in exporting areas.

Private consumption continues to be the crucial weak area in the overall picture. Given the desolate situation on the labour market, the mood among

consumers is no better than a year ago. As in 2004, growth in consumption in real terms was restrained in particular by the upsurge in energy prices.

The favourable overall economic trend was also reflected in the German trade fair sector. According to initial estimates by the Exhibition and Trade Fair Committee of German Industry (AUMA), exhibitor totals for the 142 international fairs rose compared with their previous events by approx. 2.5% on average (previous year -0.7%). The number of German exhibitors stabilised for the first time in 2005, following previous annual declines of 5%, with the number of foreign exhibitors continuing to increase. AUMA expects growth of over 4% for 2005 (2004: approx. 2%), again mainly from Asia. However, visitor totals are still on the decline (2005: approx. -1%; 2004: -1.4%).

The leading economic research institutes expect a further upturn in 2006, with exports acting as the mainstay of the economy, assuming a continued favourable international environment. The negative effect of

the oil price increases should also gradually decline as long as the oil price stabilises at approx. US\$60 per barrel. This should also contribute somewhat to boosting private consumption, which will also benefit from consumers timing purchases for the second half of the year to avoid the planned increase in value-added tax in 2007. GDP is forecast to grow by approx. 1.7%.

In view of the rather hesitant upturn in Germany and the increasing interest taken by German companies in foreign trade fairs, German trade fair organisers are stepping up their presence in foreign markets. As many as 192 trade fairs on all continents have been announced for next year (2004: 158 trade fairs, 2003: 125 trade fairs). The clear priority is China, where as much as one third of all foreign trade fairs of German organisers will be held in 2006.

An advertising climate survey carried out by the Society for Consumer Research (GfK) shows that major companies plan to invest close on 1% more in participating in domestic fairs than in the previous year. The partici-



pation volume for German exhibitors should thus continue to stabilise (2005: 0.5%, 2004: -3.0%). Another increase in foreign exhibitors can also be expected, so it is reasonable to forecast further growth in international fairs.

Three trends can be identified in the international congress market:

1. Congress capacities are being considerably expanded in Spain and Portugal (Barcelona, Valencia, Madrid, Bilbao, Lisbon).
2. For congress organisers in the West, the Far East and South-East Asia are becoming increasingly attractive regions for congresses with their decisive cost and service advantages.
3. American congress organisers are again looking increasingly towards Europe – in the wake of September 11th 2001, congresses were held only in the USA.

Competition became ever fiercer in the national congress business in 2005. Apart from the traditional suppliers of congress infrastructure,

hotels and other event organisers and service providers increasingly entered the market with additional capacities. Their usage concepts involve congresses and events similar to congresses to an ever greater extent.

Even public institutions such as universities, clinics and concert halls are attempting to market their free capacities for congresses, conferences and workshops – in some cases at dumping prices.

Basically, the trend in congress business of staging specialist congresses with accompanying exhibitions is continuing. The focal areas often shift so much that organisers later develop their own trade fairs from these.

The market segment “Events” – concerts and other cultural events – has been stagnating for some time. This is attributable to reduced consumer purchasing power.

2. Hamburg Messe und Congress GmbH

2.1. Hamburg Messe division

The upward trend with significant exhibitor growth in the German trade fair sector last year was also evident at Hamburg Messe. Events registering more exhibitors compared with 2004 included INTERNORGA, REISEN, hanseboot and mineralien hamburg. INTERNORGA and hanseboot attracted significantly more visitors.

According to AUMA, there was also further growth in stand area hired in Germany. This is confirmed by the HMC figures. In 2005, there was an increase of over 2% compared with 2003. Above all, REISEN, INTERNORGA and mineralien hamburg achieved considerable growth in hired space. The Messe division is subject to a 2-year rhythm. Much higher turnover is achieved in the even years with more events than in the uneven years. Hamburg Messe thus registered in the event year 2005 with 36 trade fairs, including 8 of its own events and 28 guest events, a capacity utilisation of 50.2% (previous year: 56.6%).

HMC's most important own event in the 2005 financial year, INTERNORGA, International Fair for the Hotel, Restaurant, Catering, Baking and Confectionery Trades, continued to strengthen its position, achieving strong growth in exhibitor and visitor numbers and volume of space hired.

Hamburg Messe registered the highest exhibitor total since 1999 in the uneven years for its own and guest events and achieved growth in exhibitors and visitors at hanseboot and mineralien hamburg, in addition to INTERNORGA.

2.2. Congress Center division

A keynote of the financial year for Congress Center Hamburg (CCH) was the start of construction work for its extension project. Halls 5, 9,

and 10 were withdrawn from hire, while Hall 5 was converted into a foyer for the new hall under construction.

Customer interest in the New CCH is very high. However, the construction work in the existing complex and thus the risk of disturbances to congress operation caused bookings to decline in the current building phase to a greater extent than expected. The temporary reduction in the number of halls available has depressed turnover. A total of 180 (previous year: 193) national and international congresses, conference and presentations were staged in the CCH.

The focus was on medical and other scientific congresses as well as annual general meetings, with highlights including:

- 8th Congress for Infectious Illnesses and Tropical Medicine
- Annual General Meeting of Volkswagen AG
- H2Expo, 5th International Conference and Trade Fair on Hydrogen and Fuel Cell Technologies
- 7th hamburger dialog – communication congress
- International Forum Endoscopy – Endo Club Nord
- International Meeting of Ship Agents with traditional knuckle of pork dinner (4,600 participants)

The declining congress business could be partially offset with gastronomy and cultural events. A total of 133 concerts, balls and other cultural or social events were staged (previous year: 128).

Despite the adverse parameters, capacity utilisation again increased, so there has been an upward trend since 2004. Capacity utilisation was 49.5% in 2005 (2004: 48.3%).

2.3. Foreign division

Business in other countries was also brisk in 2005. The foreign division boosted its sales for another time in succession. On behalf of the federal ministry for economics and technology (BMW), HMC supported the participation of German companies in major foreign trade fairs abroad, particularly international shipbuilding fairs and important events of the oil and gas sector. It also very successfully organised a presentation at the airport construction fair in Dubai for the first time. Future activities will continue to focus on these sectors.

HMC staged various sales promotion campaigns and trade fairs for CMA, Centrale Marketing-Gesellschaft der deutschen Agrarwirtschaft mbH. Its successful cooperation with CMA in recent years has also stimulated business.

3. Turnover

In 2005, HMC achieved its highest sales in an uneven year with €42.9m (2004: €55.1m, 2003: €40.3m). Turnover surged by 6.5% compared with 2003. The Hamburg Messe division accounted for sales of €29,282,000 (68.2%), CCH division €5,958,000 (13.9%) and foreign division €7,686,000 (17.9%).

4. Result for the year

The 2005 financial year concluded with a result for the year before transfer of loss to HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsverwaltung mbH (HGV) of approx. -€9.3m (2004: €4.1m, 2003: -€4.2m). Compared with 2003 with the

same events, the result for the year was negatively affected by additional costs for leasing financing for the New Hamburg Trade Fair. There were also repair costs for the renewal of the CCH airconditioning plant.

5. Employees

In 2005, HMC had on average 281 (previous year: 273) employees, including 50 wage and 189 salary recipients and 42 assistants (previous year: 51/185/37).

In the last financial year, HMC provided 18 training places for future event, advertising or office professionals, as well as for business administrators and event technology specialists.

6. Important developments in the financial year

6.1. New Trade Fair construction project

The completion of the first hall A 1 on the trade fair extension site was a major "milestone" in the progress of the construction project. The new hall was already used for three of HMC's own events and enthusiastically received by visitors and exhibitors alike. A highly flexible exhibition centre is being created up to the end of 2008 – with 30% more space and state-of-the-art halls. Approx. 84,000 m² of usable hall space will be available from 2009 after the completion of the construction project.

The New Hamburg Trade Fair is being financed via property leasing through a project company (MOLITA). This ensured the entire refinancing with a long-term interest swap in 2005.

6.2. CCH extension

The CCH is also being expanded under the motto "FIT FOR THE FUTURE" to ensure it will be able to meet future

requirements. The preparatory planning was already begun in 2004 for the construction of a 7,200 m² multifunctional exhibition hall. The extension project also involves the construction of a new conference area. The completion of the exhibition hall is planned for autumn 2006. The overall financing is secured via bank credit. Two interest swap contracts of €25.3m and €18.8m were concluded to ensure a constant interest rate over the long term.

6.3. Extension of trade fair portfolio

In 2005, three new guest events were staged on the trade fair grounds: WAEA – World Airline Entertainment (Annual Conference and Exhibition of the Airline Entertainment Association, McLean, USA), Trans Tech (Car and Motorcycle Repair Trade Fair), as well as Tea and Coffee World Cup Exhibition (Exhibition and Symposium for Tea and Coffee Products and Ideas).

In 2006, H2Expo (International Fair for Hydrogen and Fuel Cell Technologies) will already take place for the third time as an HMC event after 2003 and 2004. Six new guest events, including BabyWelt Hamburg (Baby Exhibition), TOC Europe (Terminal Operations Conference & Exhibition), INTERMODAL (Exhibition and Conference for the Container and Intermodal Industry) and BIO NORD (Trade Fair for the Organic Food Trade), are also staged on the trade fair grounds.

6.4. Modernisation activities

Comprehensive investment and modernisation projects were carried out last year to meet the many requirements of exhibitors and organisers on an advanced trade fair and congress centre. These included in particular the renewal of the CCH airconditioning plant, conversion work connected with the extension of the CCH and the

upgrading of the sprinkler system in the trade fair halls 9-12.

6.5. Sale of CGG

The subsidiary CCH Gastronomie GmbH (CGG) was entirely sold to Restaurationsbetriebe Stockheim GmbH & Co. KG (Düsseldorf) with effect from January 1st 2006. It was thus reported in the balance sheet with HMC for the last time on December 31st 2005. The control and profit transfer agreement between HMC and CGG was cancelled on December 31st 2005.

In this connection, there were special expenditures with the restructuring of CGG and costs for an invitation to tender throughout Europe. CGG now operates as Stockheim Catering Hamburg GmbH.



B. Economic situation

1. Financial position

The necessary site purchases in the context of the trade fair extension already led in 2003 to an increase in the balance-sheet total and thus a decline in the equity rate.

The balance-sheet total increased by €3,665,000 to €82,022,000 in the financial year, with the equity rate thus falling from 14.9% to 14.2%.

Investments came to €14.3m, due mainly to measures in the context of the extension of the CCH. General modernisation work was also performed.

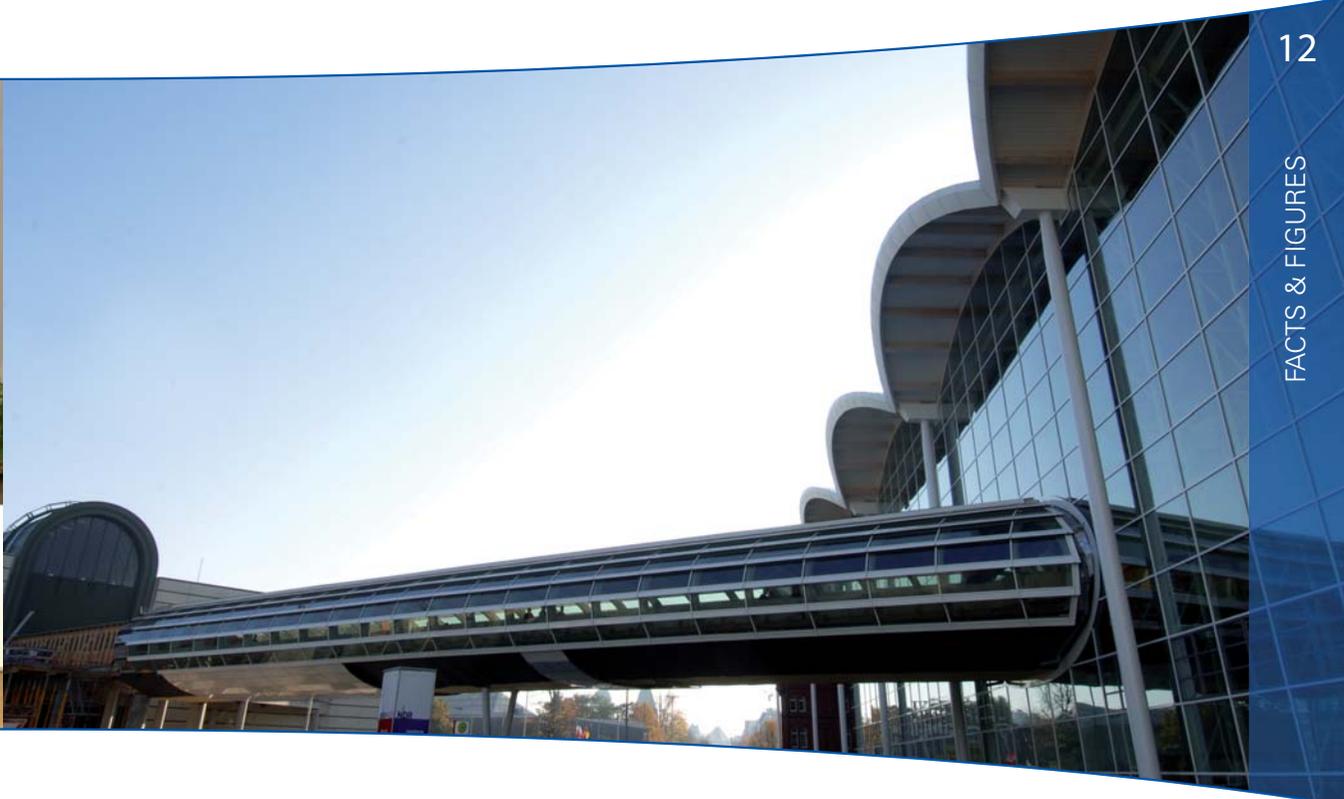
Accruals and deferred income include interest on heritable building rights received in advance for the granting of a ground lease to the sites acquired by HMC for development by MOLITA. This item is withdrawn from 2004 ratably on a straight line basis over the agreed term of the heritable building right contract.

2. Liquidity

There is a control and profit transfer agreement and a Group clearing agreement with the parent company HGV. The company's liquidity is thereby guaranteed at any time.

3. Profitability

The HMC annual accounts show a balanced result after settlement of the loss of €9,282,000 (previous year: profit of €4,088,000) on the basis of the control and profit transfer agreement with the parent company HGV.



C. Outlook, risks and opportunities for future development

Assuming no changes in market parameters, HMC expects to achieve sales of approx. €58m (5.3% up on 2004), its highest ever, for the 2006 financial year.

The Hamburg Messe division is to achieve sales of approx. €43m (2005: €29m, 2004: €39m). The increase compared with 2004 is attributable to the extension of trade fair capacities, noticeable particularly at INTERNORGA (sales growth target compared with 2004: approx. 17%). HMC will be able to become even more competitive in the trade fair sector in the long term with its new exhibition centre being completed in the next few years.

The sales target for the CCH division is approx. €8m (2005: approx. €6m, 2004: approx. €9m). In this area, thanks to comprehensive modernisation measures and the construction of an exhibition hall at the CCH, HMC will maintain its position as one of the

top venues in the congress and event sector.

It is planned to achieve sales of approx. €7m in the foreign division.

A net loss (approx. €5m) is anticipated for 2006 owing to the considerable additional costs due to the leasing financing for the New Trade Fair. The leasing financing will continue to exert a negative effect in the next few years.

The New Hamburg Trade Fair and the extension of the CCH involve the usual risks connected with construction projects, e.g. a possible delay of completion. However, the activities are currently on schedule with costs on target.

The losses envisaged in the next few years are to be offset by HGV under a control and profit transfer agreement.

There are currently no risks identifiable at HMC endangering the

company's future development. Normal business risks are covered by insurance policies.

Hamburg, February 15th 2006

sgd. Bernd Aufderheide
Managing director

sgd. Dietmar Aulich
Managing director

Hamburg Messe und Congress GmbH

Balance sheet 2005

ASSETS			
	Appendix	€'000s	Previous year €'000s
A. Fixed assets	(1)		
I. Intangible assets			
Industrial property rights and similar rights		1,213.0	1,510.4
II. Tangible fixed assets			
1. Sites and buildings incl. buildings on third-party land		48,753.9	47,012.5
2. Technical plant and machines		67.4	78.5
3. Other plant, fixtures and fittings		5,675.1	6,363.2
4. Advance payments and plant under construction		10,592.2	1,925.2
		<u>65,088.6</u>	<u>55,379.4</u>
III. Investments	(2)		
1. Shares in affiliated companies		427.5	79.5
2. Holdings		26.3	29.9
3. Other loans		5.4	5.4
		<u>459.2</u>	<u>114.8</u>
		66,760.8	57,004.6
B. Current assets			
I. Inventories			
Supplies	(3)	187.7	192.4
II. Accounts receivable and other assets	(4)		
1. Trade debtors		2,238.1	1,981.5
2. Loans to affiliated companies		10,895.5	17,980.2
3. Loans to the Free and Hanseatic City of Hamburg		19.2	10.2
4. Other assets	(5)	1,466.1	448.0
		<u>14,618.9</u>	<u>20,419.9</u>
III. Cheques, cash on hand, credit balance with banks		356.9	697.7
		15,163.5	21,310.0
C. Prepayments and accrued income			
Prepayments and accrued income		97.5	42.6
		82,021.8	78,357.2

LIABILITIES			
	Appendix	€'000s	Previous year €'000s
A. Capital and reserves			
I. Subscribed capital		10,500.0	10,500.0
II. Capital reserves		1,179.4	1,179.4
		11,679.4	11,679.4
B. Provisions			
1. Provisions for pensions	(6)	16,847.8	17,288.7
2. Other provisions	(7)	4,396.1	2,952.2
		21,243.9	20,240.9
C. Liabilities			
	(8)		
1. Advance payments on orders		2,701.0	1,897.4
2. Trade creditors		4,588.0	5,661.1
3. Amounts due to affiliated companies		11.5	5.8
4. Amounts due to companies in which shareholdings are held		763.0	755.0
5. Amounts due to the Free and Hanseatic City of Hamburg		534.5	23.7
6. Other liabilities; · of which taxes: €124,100 (previous year: €161,100) · of which in the context of social security: €330,400 (previous year: €309,000)		4,243.6	1,085.1
		12,841.6	9,428.1
D. Accruals and deferred income			
	(9)		
Accruals and deferred income		36,256.9	37,008.8
		82,021.8	78,357.2

Hamburg Messe und Congress GmbH

Profit and loss account 2005

	Appendix	€'000s	Previous year €'000s
1. Turnover	(10)	42,926.5	55,100.6
2. Other operating income	(11)	3,541.3	1,974.8
3. Expenditure on staging trade fairs, exhibitions, congresses and events		23,678.4	25,975.2
4. Personnel costs			
a) Wages and salaries		11,094.4	10,716.8
b) Social security contributions and pension costs		2,777.6	3,131.2
· of which pension costs: €610,700 (previous year: €1,052,200)			
5. Depreciation on intangible assets of fixed assets and tangible assets		2,847.7	2,756.3
6. Other operating expenses	(12)	14,822.1	9,920.6
7. Income from shareholdings		2.5	2.6
8. Income from profit transfer agreements		0.0	24.1
9. Income from loans of financial assets		0.0	3.1
· of which from affiliated companies: €0 (previous year: €3,100)			
10. Other interest and similar income		239.2	254.2
· of which from affiliated companies: €229,400 (previous year: €243,000)			
11. Expenses from transfer of loss		175.5	0.0
12. Interest and similar expenses		9.7	219.1
· of which to affiliated companies: €1,800 (previous year: €219,100)			
13. Profit on ordinary activities		- 8,695.9	4,640.2
14. Other taxes		586.5	552.4
15. Income from transfer of loss		9,282.4	0.0
16. Profit transferred as a result of profit transfer agreement		0.0	4,087.8
17. Net profit/loss		0.0	0.0

Hamburg Messe und Congress GmbH

Appendix 2005

General comments

Hamburg Messe und Congress GmbH (HMC) draws up its annual accounts according to the regulations of the HGB (German Commercial Code) for major companies and the GmbHG (Private Companies Act). The profit and loss account is based on total cost accounting.

In the profit and loss account, the item "Raw materials and consumables" has been replaced by the item "Expenditure on staging trade fairs, exhibitions, congresses and events" on the basis of the application of § 265 paragraph 6 of the HGB in view of the special conditions involved with the business of a trade fair and congress company.

Accounting and assessment principles

Intangible assets are capitalised at purchase costs and written down according to the usual duration of operating usage (3-10 years).

Tangible assets are measured at purchase or production costs, less investment subsidies. The buildings are written down according to § 7 paragraph 4 EstG (Income Tax Act), the movable assets on a straight line based on the official tax depreciation tables.

Minor assets are fully written down in the year of acquisition in accordance with § 6 paragraph 2 EStG and posted as disposal.

Shares in affiliated companies and holdings are valued at purchase costs.

Loans are given at the nominal value.

For **supplies** a fixed assessment was effected at purchase costs.

Accounts receivable are basically posted at nominal value. In addition to

specific provisions for doubtful debts, there is a general provision for doubtful debts to cover the general risk of default.

Other assets are valued at the nominal amount.

Provisions for pensions are assessed in terms of going-concern value. The new biometric calculation principles "Guidance Tables 2005 G" of Dr. Heubeck and an assumed rate of interest of 6% are taken as basis.

Other provisions appropriately take into consideration all recognisable risks and uncertain liabilities including expenditure for omitted maintenance activities, which is to be made up for in the subsequent year.

Liabilities are carried as liability at the repayment amount.



Notes on balance sheet and profit and loss account and additional details

(1) Fixed assets

The individual items of the fixed assets including depreciation for 2005 are presented in the development of fixed assets. Additions include mainly building work on third-party sites in connection with the CCH extension. Disposals include the demolished buildings and structural works required for the construction of the New Hamburg Trade Fair and CCH extension, while disposals include the minor assets procured and fully written down in the financial year.

Unplanned depreciation of €311,000 was effected as a result of the forthcoming demolition of the old trade fair halls in 2006 and 2007 in line with the New Trade Fair building project.

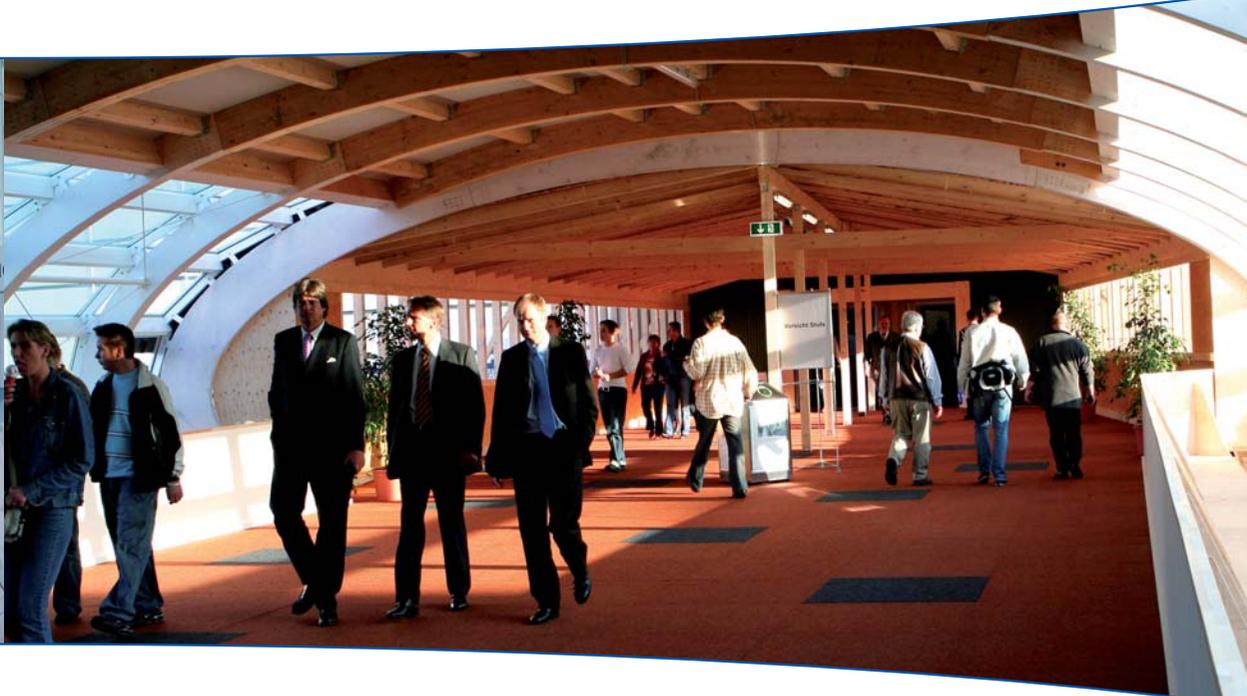
Moreover, the remaining useful life of an intangible asset was adjusted from 10 to 5 years. The resulting additional depreciation is €68,000.

The advance payments and plant under construction include mainly costs for the construction of the new exhibition hall at Congress Center Hamburg.

(2) Investments

The development of investments is presented in the development of fixed assets. As of December 31st 2005, shares of at least 20% are held in the following companies:

	€ (book value)
CCH Gastronomie GmbH, Hamburg Share capital: €52,000.00 Share: 100% Equity on December 31st 2005: €400,000.00 Result for the year 2005 before transfer of loss HMC: –€175,535.40	400,000.00
BNM Baugesellschaft Neue Messe mbH, Hamburg Share capital: €25,000 Share: 100% Equity on December 31st 2005: €24,885.34 Result for the year 2005: –€102.29	27,500.00
MOLITA Vermietungsgesellschaft mbH & Co. Objekt Messe Hamburg KG, Hamburg Share capital: €10,000.00 Share: 100% Equity on December 31st 2004: €0.00 Result for the year 2004: –€2,513,901.11	10,000.00



(3) Inventories

Supplies comprise mainly electrical and repair material.

(4) Accounts receivable and other assets

	Overall amount	Maturity under 1 year
	€'000s	€'000s
1. Trade debtors	2,238.1	2,238.1
2. Loans to affiliated companies	10,895.5	10,895.5
- of which trade debtors	(273.3)	
3. Loans to the Free and Hanseatic City of Hamburg (FHH)	19.2	19.2
- of which advance payments	(4.0)	
- of which trade accounts receivable	(13.0)	
4. Other assets	1,466.1	1,466.1
	14,618.9	14,618.9

(5) Other assets

Other assets include mainly advance payments and accounts receivable from services not yet invoiced, as well as turnover tax reimbursement claims vis-à-vis foreign financial authorities.

Of loans to affiliated companies, €9,171,800 is loaned to the parent company HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsverwaltung mbH and €1,571,000 to the subsidiary BNM Baugesellschaft Neue Messe mbH.

(6) Pension provisions

The amount provided for provisions for pensions was calculated by an actuarial expert's report. The provisions for pensions include €27,600 in old age insurance contributions made by employees without a right to future pension benefits.

(7) Other provisions

These include for example amounts for personnel costs (remaining holiday, overtime, part-time work for older employees, severance pay and incentive bonuses), for omitted maintenance work, suppliers' invoices not yet received as well as for other uncertain obligations. If the maintenance work for which provisions were formed is not carried out by the end of 2006, it is deemed to be expenditure reserve in accordance with § 249 paragraph 2 HGB.

The provisions for omitted maintenance include an amount of €1,063,000 for the repair of the CCH airconditioning plant.

In connection with the sale of all shares in CCH Gastronomie GmbH, declarations of exemption were given to the purchaser, for which a provision of €661,000 was formed.

(8) Liabilities

	Overall amount	Remaining term
	€'000s	under 1 year €'000s
1. Advance payments on orders	2,701.0	2,701.0
2. Trade creditors	4,588.0	4,588.0
3. Liabilities to affiliated companies	11.5	11.5
· incl. to shareholder	(0.0)	
· incl. to trade creditors	(0.1)	
4. Liabilities to companies in which a shareholding is held	763.0	763.0
· of which advance payments on orders	(753.0)	
5. Liabilities to the Free and Hanseatic City of Hamburg	534.5	534.5
· incl. trade creditors	(12.8)	
6. Other liabilities	4,243.6	4,243.6
	12,841.6	12,841.6

Securities for trade creditors are merely the usual retentions of ownership. There are no securities over and beyond these.

Existing contingent liabilities and other financial obligations

The contracts of HMC in connection with the development of the New Trade Fair are transferred with all rights and duties to BNM Baugesellschaft Neue Messe mbH. HMC has undertaken vis-à-vis the contractual partners to ensure that BNM is able to fulfil its contractual obligations at any time.

Two interest swaps for €25,300 and €18,800 were concluded for the CCH extension for securing favourable long-term financing. The market value as of December 31st 2005 is –€748,600 or –€357,200. To calculate the market value, all future payment flows were discounted on the basis of the forward interest rates.

The purchase commitments from the CCH extension building project come to €14,670,000. The overall amount from the New Hamburg Trade Fair rental agreement is €587,268,000 up to the end of the term.

The obligations from rental and leasing agreements from the following year are as follows:

Contracting party	Item	Term		€'000s	€'000s	€'000s	€'000s	€'000s	€'000s
		from	to	2006	2007	2008	2009	2010	from 2011 p.a.
Free and Hanseatic City of Hamburg	Rent Congress Center Hamburg	2006	2045	354.0	354.0	354.0	354.0	354.0	354.0
ditto	Property leasing New Trade Fair	2005	2034	7,768.0	14,000.0	19,500.0	21,000.0	21,000.0	21,000.0
CHG-Meridian	IT hardware, Various			122.9	96.6	15.5	20.8	0.0	0.0
Others	Various			64.0	14.8	2.7	0.9	0.0	0.0
Total				8,308.9	14,465.4	19,872.2	21,375.7	21,354.0	21,354.0

Supplementary details

(9) Accruals and deferred income

The accruals and deferred income include interest received in advance on heritable buildings rights for the granting of a hereditary building right in connection with the New Hamburg Trade Fair construction project. The item is withdrawn ratably on a linear basis over the contractually agreed term of the heritable building right contract.

(10) Turnover

Division	€'000s
Hamburg Messe	29,282
CCH	5,958
Foreign	7,687
	42,927

(11) Other operating income

This includes mainly income from the partial withdrawal of an advance payment of interest on heritable building rights, passing on of costs of services in connection with the New Hamburg Trade Fair, income from the retransfer of liability provisions, receipts from written down receivables as well as event-related allocations.

(12) Other operating expenses

These include operating expenses for the New Trade Fair project that were passed on (see 11).

Relationship to affiliated companies

The share capital of HMC of €10.5m is held entirely by HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsverwaltung mbH, 20095 Hamburg, Mönckebergstraße 31 (Commercial Register No. 16106). There is a control and profit transfer agreement between HGV and HMC. To guarantee its solvency, HMC receives liquidity assistance from HGV where required in the course of a financial year. HMC provides liquidity surpluses to HGV.

The annual accounts and situation report of HMC are included in the Group accounts – drawn up according to German law – and Group situation report of HGV, which is disclosed in Hamburg. The inclusion exempts HMC from the obligation to draw up a Group accounts and Group situation report.

The net loss of CGG for the financial year is €175,535.40. As of December 31st 2005, HMC effected a payment to equity of €348,000.00, which was transferred to capital reserves at CGG. There was a control and profit transfer agreement between HMC and CGG up to December 31st 2005. The shares in CGG were sold as of January 1st 2006 100%.

The net loss of BNM for the financial year is €102.29.

The annual accounts and situation report of CGG and of BNM are also included in the Group accounts and Group situation report of HGV. The Group accounts are submitted to the Commercial Register in Hamburg.

Overall remuneration of the supervisory board and the management

The management received overall remuneration of €364,911.60 for the 2005 financial year.

Former members of the management and their surviving dependants received €148,648.18. Pension reserves came to €1,436,460 on December 31st 2005.

The total remuneration of the supervisory board was €6,580.

Organs of the company

Supervisory board

Gunnar Uldall until 22.12.2005
Senator, president of the economics
and labour department
Chairman until December 22nd 2005

Johann C. Lindenberg from 22.12.2005
Former National Chairman,
Unilever Deutschland
Chairman from February 1st 2006

Ulrike Fürniß until 24.05.2005
Trade union secretary,
Trade union ver.di
Deputy chairman

Loretta Marsh from 24.08.2005
Commercial salaried employee,
Hamburg Messe und Congress GmbH
Deputy chairman

Jacqueline Giraud until 31.12.2005
Staff council chairman,
CCH Gastronomie GmbH

Heino Greve
Manager, HGV Hamburger
Gesellschaft für Vermögens- und
Beteiligungsverwaltung mbH

Maximilian Gussone until 24.05.2005
Trade union secretary,
trade union ver.di

Dr. Robert Heller
Councillor of state, tax department

Franz J. Klein
Senate director,
Economics and labour department

Bärbel Krippahle
Commercial employee,
Hamburg Messe und Congress GmbH

Dr. Claus Liesner
Management consultant

Karin Martin
Manager,
GSA Verwaltungsgesellschaft mbH

Richard Meißner until 31.12.2005
Blue-collar worker,
CCH Gastronomie GmbH

Edgar E. Nordmann
Managing partner,
Nordmann, Rassmann GmbH & Co.

David Oruzgani
Commercial employee,
Hamburg Messe und Congress GmbH

Ingo C. Peters
Managing director,
Hotel Vier Jahreszeiten

Andrea Saddei
Commercial employee,
Hamburg Messe und Congress GmbH

Prof. Dr. Hans-Jörg Schmidt-Trenz
Chief manager,
Chamber of Commerce Hamburg

Lutz Tillack until 24.05.2005
Department manager,
Food and Restaurants Workers' Union

Management

Bernd Aufderheide, businessman

Dietmar Aulich, businessman

Employees	Workforce at year end	Average no. of employees
Managers	2	-
Holders of a general commercial power of attorney	3	3
White-collar employees	188	186
Blue-collar workers	50	50
	243	
· incl. part-time employees	(16)	-
trainees	18	-
assistants	46	42
· incl. part-time employees	(17)	
	307	281

Hamburg, February 15th 2006

sgd. Dietmar Aulich sgd. Bernd Aufderheide
Managing director Managing director

Hamburg Messe und Congress GmbH

Development of fixed assets

	Purchase and production costs				Depreciation				Book values	
	As of	Additions	Disposals	As of	As of	Additions	Disposals	As of	31.12.2005	31.12.2004
	01.01.2005	€'000s	€'000s	31.12.2005	01.01.2005	€'000s	€'000s	31.12.2005	€'000s	€'000s
I. Intangible assets										
Industrial property rights and similar rights	2,909.3	263.8	49.8	3,123.3	1,398.8	558.8	47.3	1,910.3	1,213.0	1,510.5
II. Tangible assets										
1. Sites and buildings incl. buildings on third-party sites	78,338.6	2,892.2	2,327.2	78,903.6	31,326.0	1,097.2	2,273.5	30,149.7	48,753.9	47,012.6
2. Technical plant and machines	2,543.5	23.9	65.7	2,501.7	2,465.0	34.9	65.6	2,434.3	67.4	78.5
3. Other plant, fixtures and fittings	19,594.4	560.1	1,091.3	19,063.2	13,231.2	1,156.8	999.9	13,388.1	5,675.1	6,363.2
4. Advance payments and plant under construction	1,925.2	10,183.9	1,516.9	10,592.2	0.0	0.0	0.0	0.0	10,592.2	1,925.2
	102,401.7	13,660.1	5,001.1	111,060.7	47,022.2	2,288.9	3,339.0	45,972.1	65,088.6	55,379.5
III. Investments										
1. Shares in affiliated companies	79.5	348.0	0.0	427.5	0.0	0.0	0.0	0.0	427.5	79.5
2. Holdings	29.8	0.0	3.5	26.3	0.0	0.0	0.0	0.0	26.3	29.8
3. Other loans	5.4	0.0	0.0	5.4	0.0	0.0	0.0	0.0	5.4	5.4
	114.7	348.0	3.5	459.2	0.0	0.0	0.0	0.0	459.2	114.7
	105,425.7	14,271.9	5,054.4	114,643.2	48,421.0	2,847.7	3,386.3	47,882.4	66,760.8	57,004.7

Hamburg Messe und Congress GmbH

Auditors' report

We have inspected the annual accounts – comprising balance sheet, profit and loss account as well as appendix – including the bookkeeping and the situation report of Hamburg Messe und Congress GmbH, Hamburg, for the financial year from January 1st to December 31st 2005. The bookkeeping and the drawing up of the annual accounts and situation report according to the German commercial law regulations and the supplementary regulations in the company agreement are the responsibility of the company's management. Our task is to give on the basis of the audit we carried out an assessment of the annual accounts including the bookkeeping and the situation report.

We conducted our audit of the annual accounts in accordance with § 317 HGB and following the German auditing regulations drawn up by the auditors' institute Institut der Wirtschaftsprüfer (IDW). These standards require that we plan and carry out the audit to obtain reasonable assurance about identifying anything incorrect or infringements seriously impairing the presentation of the net assets, financial position and cash flows given by the annual accounts taking into consideration the principles of orderly bookkeeping and the situation report.

Information on the business activity and economic and legal environment of the company as well as expectations of potential errors are considered in determining the audit activities. In the context of the audit, the effectiveness of the internal control system for accounting as well as documentation for details given in the bookkeeping, annual accounts and situation report are assessed mainly on the basis of samples. The audit includes assessing the accounting principles used and the significant estimates of the managers as well as evaluating the overall presentation of the annual accounts and the situation report. We are of the opinion that our audit provides a reasonable basis for our assessment.

Our audit has led to no objections. In our opinion, on the basis of the findings of the audit, the annual accounts of Hamburg Messe und Congress GmbH (Hamburg) comply with the legal regulations and supplementary provisions of the company agreement and, following the principles of orderly bookkeeping, give an accurate view of the assets, financial position and cash flows of the company. The situation report corresponds to the annual accounts and gives on the whole an appropriate presentation of the company's position and adequately

presents the risks related to its future development.

Hamburg, March 9th 2006
Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

sgd. Tesch
Auditor

sgd. ppa. Hammelstein
Auditor



Hamburg Messe und Congress GmbH

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**Hamburg Messe
und Congress**