



**Hamburg Messe und Congress
Business Review 2006**



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Hamburg Messe und Congress GmbH

Consolidated balance sheet 2006

ASSETS		
	€'000s	Previous year €'000s
A. Fixed assets		
I. Intangible assets		
1. Industrial property rights and similar rights	878.3	1.213.0
2. Advance payments	0.0	0.0
	<u>878.3</u>	<u>1,213.0</u>
II. Tangible assets		
1. Sites and buildings incl. buildings on third-party sites	47,463.5	48,753.9
2. Technical plant and machines	158.1	67.4
3. Other plant, fixtures and fittings	5,974.4	5,675.1
4. Advance payments and plant under construction	42,632.4	10,592.2
	<u>96,228.4</u>	<u>65,088.6</u>
III. Investments		
1. Shares in affiliated companies	2.5	2.5
2. Holdings	26.3	26.3
3. Other loans	5.4	5.4
	<u>34.2</u>	<u>34.2</u>
	97,140.9	66,335.8
B. Current assets		
I. Inventories		
1. Raw materials and supplies	198.5	187.7
2. Work in progress	74.3	729.0
3. Advance payments	27,915.3	23,677.6
	<u>28,188.1</u>	<u>24,594.3</u>
II. Accounts receivable and other assets		
1. Trade debtors	3,590.2	3,572.8
2. Loans to affiliated companies	77.5	9,324.5
3. Loans to the Freie und Hansestadt Hamburg	166.8	19.2
4. Other assets	2,870.8	1,678.7
	<u>6,705.3</u>	<u>14,595.2</u>
III. Cheques, cash on hand, credit balance with banks	218.1	356.9
	35,111.5	39,546.4
C. Prepayments and accrued income		
Prepayments and accrued income	104.3	97.5
	132,356.7	105,979.7

LIABILITIES		
	€'000s	Previous year €'000s
A. Capital and reserves		
I. Subscribed capital	10,500.0	10,100.0
II. Capital reserves	1,179.5	1,179.4
III. Profit/loss carried forward	-0.1	0.0
IV. Net profit/loss	0.1	-0.1
	11,679.5	11,279.3
B. Provisions		
1. Provisions for pensions	16,715.7	16,847.8
2. Provisions for taxation	128.9	0.0
3. Other provisions	3,477.8	4,433.1
	20,322.4	21,280.9
C. Liabilities		
1. Amounts due to banks	25,528.0	0.0
2. Advance payments on orders	30,386.7	26,598.6
3. Trade creditors	4,052.2	5,011.4
4. Amounts due to affiliated companies	3,165.8	11.5
5. Amounts due to companies in which shareholdings are held	756.0	763.0
6. Amounts due to the Freie und Hansestadt Hamburg	6.4	534.5
7. Other liabilities	366.8	4,243.6
	64,261.9	37,162.6
D. Accruals and deferred income		
Accruals and deferred income	36,092.9	36,256.9
	132,356.7	105,979.7

Hamburg Messe und Congress GmbH

Consolidated profit and loss account 2006

	€'000s	Previous year €'000s
1. Turnover	70,211.1	57,117.6
2. Changes in stocks of finished goods and work in progress	-654.7	-1,222.5
3. Other operating income	3,527.6	1,697.3
4. Raw materials and consumables		
a) Expenditure on staging trade fairs, exhibitions, congresses and events	29,872.5	23,678.4
b) Cost of purchased services	8,964.6	12,968.6
5. Personnel costs		
a) Wages and salaries	11,402.1	11,094.4
b) Social security contributions and pension costs	3,120.5	2,777.6
6. Depreciations on intangible assets of fixed assets and tangible assets	2,723.9	2,847.7
7. Other operating expenses	22,143.1	12,978.1
8. Income from shareholdings	2.5	2.5
9. Other interest and similar income	267.6	239.2
10. Interest and similar expenses	1,159.1	9.7
11. Profit/loss on ordinary activities	-6,031.7	-8,520.4
12. Taxes on income and profit	-0.1	0.1
13. Other taxes	720.4	586.5
14. Income from transfer of loss	6,752.1	9,106.9
15. Net profit/loss	0.1	-0.1

The consolidated annual accounts were not inspected by the audit company. The accounts of Hamburg Messe und Congress GmbH and BNM Baugesellschaft Neue Messe mbH were consolidated. CCH Gastronomie GmbH is no longer included from 2006; the previous annual figures were adjusted accordingly.

Report of the supervisory board for 2006

During the financial year, the supervisory board exercised its monitoring function with regular oral and written reports by the managing directors of the company and the subsidiary BNM Baugesellschaft Neue Messe mbH.

The supervisory board convened three times. In addition, all important company matters were discussed at three meetings of the financial committee and seven meetings of the building committee set up in 2006. The decisions as required by law and the company agreement were taken at the meetings and on the basis of two written circulation procedures.

The annual accounts of Hamburg Messe und Congress GmbH and BNM Baugesellschaft Neue Messe mbH were audited by Deloitte & Touche GmbH, Wirtschaftsprüfungsgesellschaft, Axel-Springer-Platz 3, 20318 Hamburg. The auditor was commissioned by the supervisory board in accordance with its decision on 18 October 2006 and by the shareholders' meeting on 2 November 2006/30 November 2006. He has issued unrestricted auditor's reports.

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 situation report presents the year 2006. The supervisory board concerned itself intensively with the New Trade Fair and CCH extension projects and commissioned special inspections. The building committee and financial committee regularly reported to the supervisory board on the progress of the special inspections.

The supervisory board approves both the situation reports of the managing directors and the annual accounts as of 31 December 2006. The supervisory board would like to express its appreciation to Hamburg Messe und Congress GmbH for its dedicated work in the 2006 financial year.

Hamburg, October 2007

Chairman of the supervisory board
sgd. Johann C. Lindenberg



All work on the redevelopment of the trade fair grounds also proceeded on schedule in 2006. Halls A3 and A2 (from l. in the foreground) were completed.

Hamburg Messe und Congress GmbH

Situation report 2006

A. HMC in its dynamic market environment

1. German trade fair market

The German trade fair sector continued to expand in 2006. The number of visitors attending international fairs increased for the first time since 2001. According to initial estimates by the Exhibition and Trade Fair Committee of German Industry (AUMA), the visitor total rose by approx. 2.5% compared with previous events (previous year: -2%). In 2006, the total number of exhibitors increased by about 1.5%, not as impressively as in the previous year (2.5%). Foreign exhibitors again accounted for the growth achieved (approx. 2.5%). The number of German exhibitors remained roughly stable. There were continued declines in exhibitor numbers only for crafts-oriented trade fairs. The low point for this segment has not yet been reached.

German trade fair organisers intend to stage 141 international fairs in Germany in 2007 (2006: 161). AUMA anticipates exhibitor growth of about 2% in 2007 compared with the previous events. The amount of space hired at fairs is forecast to expand by approx. 1% (2006: 1%). The visitor total is also expected to increase by approx. 1% to exceed the 10m mark for the first time since 2001.

2. National and international congress business

There has been a further increase in capacities of existing congress centres, and there have also been new openings in the international congress market. Moreover, the globally operating hotel chains are expanding their conference facilities all the time.

Competition is becoming ever fiercer in the national congress market. Ever more event venues are coming on to the market. Large trade fair and congress companies are expanding their hall capacities, in some cases considerably, e.g. Kölnmesse. Stuttgart Congress Centre is opening with an extensive programme in autumn 2007.

These capacity increases and new openings are preceded by comprehensive advertising campaigns in the specialist media.

The event area – concerts and cultural events – is continuing to stagnate and is subject to intense price competition. Organisers are increasingly advocating that hall owners share the business risk with payment of a percentage charge oriented to proceeds from ticket sales rather than a fixed rental. Costing in this segment is thus increasingly difficult.

Balls and social events have probably reached their low point, and there are signs of a slight upturn for these activities. For the time being, however, smaller functions are held mainly in hotels that do not require the large capacities of a congress centre.

3. Foreign business

German organisers are continuing to step up their involvement in foreign trade business. In 2007, over 200 foreign fairs are planned for the first time (2006: 192). The most important countries next year are again China (54 foreign fairs), Russia (33) and United Arab Emirates (17).



German trade fair and exhibition business is on the right course, as is also clearly evident at HMC.

Among the cities, Shanghai (30 fairs) and Moscow (29) dominate.

There has also been an increase in the number of joint ventures of German trade fair companies with foreign organisers. These developments show that the German trade fair sector is becoming one of the most internationally networked sectors.

German companies also continue to take a keen interest in their government's foreign trade fair programme. A total of 255 trade fairs abroad were used last year by German firms to exhibit within the context of a joint presentation. The focus here was also on China. It is planned to participate in 272 foreign trade fairs in 2007.

4. Hamburg Messe und Congress GmbH

4.1. Hamburg Messe division

The Hamburg Messe division is subject to a two-year rhythm. It achieves significantly higher turnover in the even years with a greater concentration of events than in the uneven years.

Hamburg Messe continued to improve its capacity utilisation to 54.0% in the event year 2006 with 41 trade fairs, including 12 own and 29 guest events (previous year: 50.2%).

Hamburg Messe also benefited from the continuing upturn in the German trade fair sector. Exhibitor and visitor growth was achieved for various events in 2006, particularly "INTERNORGA" and "SMM", which benefited from

the extension of the fair grounds and registered much more rented space.

4.2. Congress Center division

The ongoing construction work for the CCH extension project was also a keynote of this financial year for CCH – Congress Center Hamburg (CCH). Handling current business at the same time as managing the extension project represented a challenge for staff. Most congresses and events in the CCH could nevertheless be carried out smoothly without any noticeable disruptions. Customers showed a high interest in the new CCH. The business outlook for the next few years can thus be regarded as good. Some major events were held for the first time in the new multifunctional exhibition hall of the CCH.

Both customers and employees approved of the new opportunities that the CCH offers for exhibitions accompanying congresses ("acqua alta"/"Congress of the German Society of Urology"/"German Interdisciplinary Congress for Intensive and Critical Care Medicine" (DIVI)) and major events ("International Meeting of Shipbrokers and Ship Agents" followed by a traditional meal of knuckle and pork).

Turnover rose in 2006. A total of 193 (previous year: 180) national and international congresses, conferences and presentations were held in the CCH.

As in recent years, congress and conference business focused on the medical sector and annual and members' meetings.

On the other hand, results for cultural and gastronomy events declined. A total of 106 concerts, balls and other cultural or social functions took place in the CCH in 2006 (previous year: 133).

Despite the more adverse parameters, capacity utilisation could be maintained at 49.4% in 2006 (2005: 49.5%).

4.3. Foreign division

HMC also did brisk business in other countries, its foreign division boosting its sales for another time in succession to reach €8.3m in 2006 (2005: €7.7m).

On behalf of the Federal Ministry of Economics and Technology (BMWV), HMC supported all significant presentations of German companies in foreign trade fairs abroad in the maritime and oil and gas sectors. It could considerably develop its expertise in the area of airport construction by participating again in the fair in Dubai. HMC will continue to focus on these sectors in future and supplement its project portfolio effectively with new own presentations.

HMC staged various sales promotion campaigns and trade fairs for CMA, Centrale Marketing-Gesellschaft der deutschen Agrarwirtschaft mbH. Its successful cooperation with the CMA in recent years also enabled it to increase its order volume for this organisation.

HMC won the contract for organising the German Pavilion at "Expo 2008" in Saragossa (Spain), beating fierce competition.

5. Turnover

In 2006, HMC achieved sales of €60.6m, its highest level to date (2005: €42.9m, 2004: €55.1m). This represented growth of 10.0% compared with 2004. The Hamburg Messe division accounted for €44.3m (73.1% of total sales), the CCH division €8.0m (13.2%) and the foreign division €8.3m (13.7%).

6. Result for the year

The 2006 financial year closed with a result for the year before transfer of loss by HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsverwaltung mbH (HGV) of approx. €-6.8m (2005: €-9.3m, 2004: €4.1m). Compared with 2004 when the same number of events were held, the result for the year in 2006 was also influenced by the rising costs in line with progress with construction work of the property leasing financing for the New Trade Fair. The financing costs for the CCH extension also occurred for the first time in 2006.

7. Workforce

In 2006, HMC had on average 275 (previous year: 281) employees, including 233 with unlimited and 42 with limited employment contracts (previous year: 239 and 42). HMC provided on average 16 training places for event and office professionals as well as business managers and experts for event technology in the financial year.

8. Key developments in the financial year

8.1. New Trade Fair construction project

After the putting into operation of Hall A1 in 2005, Halls A2 and A3 were completed in 2006. These new halls were already used for such events as "Aircraft interiors EXPO", "HansePferd", "WindEnergy", "SMM", "hanseboot" and "MODELLBAUWELT" and were very well received by both visitors and exhibitors.

A highly flexible exhibition centre is being created by the end of 2008 with 30% more space and state-of-the-art halls. Approx. 84,000 sq.m. of usable hall space will be available from 2009 after completion of the construction project.

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

8.2. CCH extension

The CCH is also being expanded under the motto "FIT FOR THE FUTURE" to enable it to meet future requirements. The project involves the building of an approx. 7,200 sq.m. multifunctional exhibition hall and construction of a new conference area. The exhibition hall could already be used in the fourth quarter of 2006 for the "International Meeting of Shipbrokers and Ship Agents" followed by a traditional meal of knuckle and pork. The entire building project is due for completion in 2007. The overall financing is secured via bank credit.

8.3. Expansion of trade fair portfolio

Six new guest events – including "BabyWelt Hamburg" (Baby Exhibition), "Terminal Operations Conference and Exhibition 2006 Europe" (TOC), "INTERMODAL" (Exhibition and Conference for the Container and Intermodal Industry) and "Bio Nord" (Trade Fair for the Organic Food Trade) – were staged on the trade fair grounds in 2006.

Further new events, e.g. "CAR style" and "Giardina HAMBURG", will be held in 2007.



The expanded and modernised CCH can accommodate 16,000 visitors.

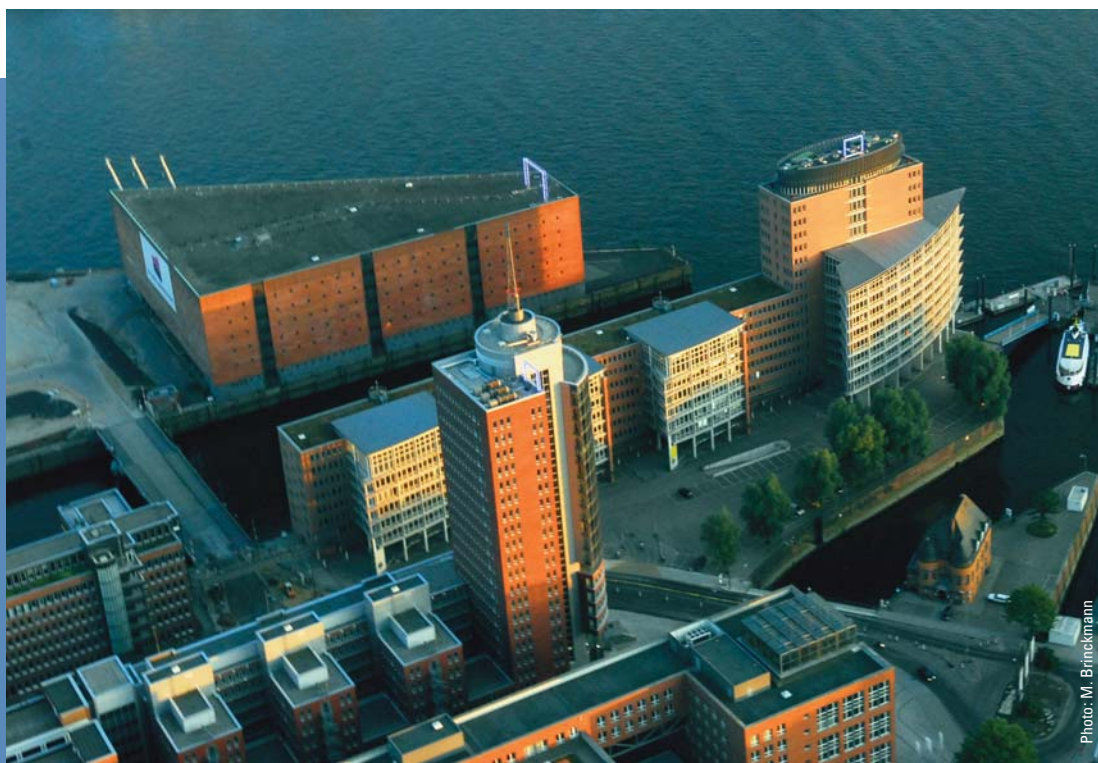
8.4. Modernisation work

Comprehensive investment and modernisation work was performed last year to meet the high standards that exhibitors and organisers expect of an advanced trade fair and congress centre. Activities included renewal of pipes and filters of the airconditioning plants in the CCH, accompanying repair work on the extension of the CCH, upgrading of the sprinkler system in the fair hall 10 and conversion work on the East and South Entrances.

9. Hedging

HMC concluded two swaps for limiting interest change risks in connection with the loan financing of the CCH extension project. Both transactions form a so-called assessment unit with two variable-interest loans, so that from the commercial point of view there are two fixed-interest loans.

As risk there is merely the possible replacement risk in the event of a withdrawal of the swap partners.



The vicinity of the Port of Hamburg – the photo features Kehrriederspitze – is reflected in HMC's impressive range of maritime trade fairs and congresses.

Photo: M. Brinckmann

B. Economic situation

1. Financial position

In the last financial year, as a result of investments for the extension of the CCH the balance-sheet total surged by €21.840.000 to €103.862.000, the equity rate thereby declining from 14.2% to 11.2%.

Investments totalled €34.5m, due mainly to activities in the context of the CCH extension. General modernisation work was also required.

Investments compare with disposals of original procurement and production costs of €10.2m and annual depreciations of €2.7m. Disposals include the demolished buildings and structures that had to yield to the New Trade Fair and CCH extension projects, as well as the minor assets acquired and fully written down in the financial year.

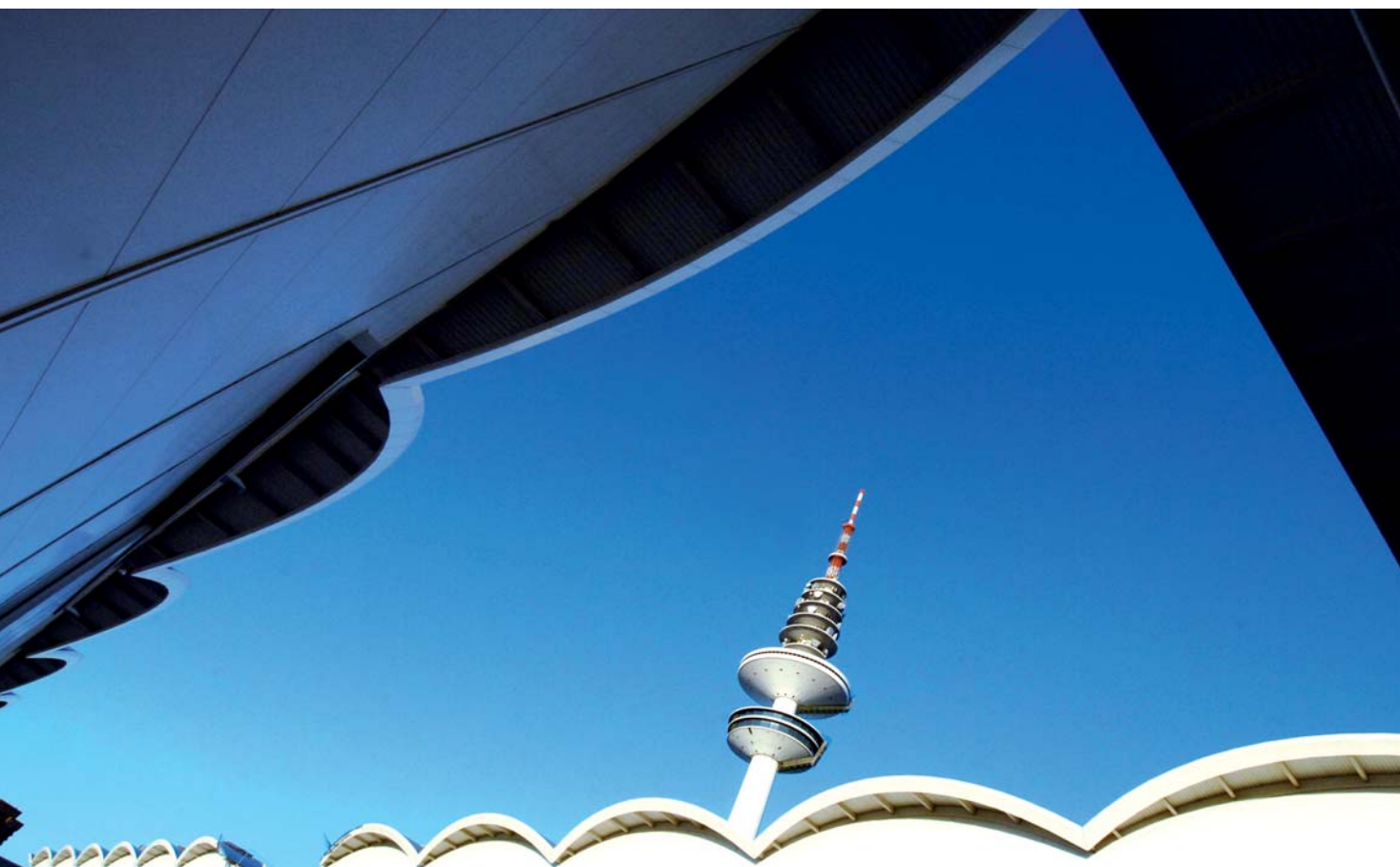
Accruals and deferred income include interest on heritable building rights received in advance for the granting of a ground lease to the sites acquired by HMC for development by MOLITA. This item is withdrawn from 2004 ratably on a linear basis over the agreed term of the heritable building right contract.

2. Liquidity

There is a control and profit transfer agreement and a Group clearing agreement with the parent company HGV. The firm's liquidity is thereby guaranteed at any time. Bank loans were taken out for the CCH extension.

3. Profitability

HMC's annual accounts show a balanced result after settlement of the loss of approx. €6.8m (previous year's loss: €9.3m) by HGV.



With the new trade fair halls under the Hamburg TV tower, HMC aims to achieve in 2007 its highest turnover in an uneven year.

C. Outlook, risks and opportunities for future development

Assuming there are no changes in market parameters, HMC expects to register sales of approx. €50m for the 2007 financial year (+16.5% compared with 2005) and thus its highest turnover to date in an uneven year.

A negative result for the year is expected owing to the considerable additional costs as a consequence of the property leasing financing of the New Trade Fair and the financing and depreciation costs of the CCH extension. The start-up losses will also depress results in the years ahead.

The New Trade Fair and CCH extension involve the usual risks connected with construction projects, e.g. a possible delay of completion.

As regards commission business abroad, CMA has announced that it has to reduce its foreign activities by approx. 70% in the next two years.

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, 16 February 2007

sgd. Bernd Aufderheide
Managing director

sgd. Dietmar Aulich
Managing director

Hamburg Messe und Congress GmbH

Balance sheet 2006

ASSETS			
	Appendix	€'000s	Previous year €'000s
A. Fixed assets	(1)		
I. Intangible assets			
Industrial property rights and similar rights		878.3	1,213.0
II. Tangible fixed assets			
1. Sites and buildings incl. buildings on third-party land		47,463.5	48,753.9
2. Technical plant and machines		158.1	67.4
3. Other plant, fixtures and fittings		5,974.4	5,675.1
4. Advance payments and plant under construction		42,632.4	10,592.2
		<u>96,228.4</u>	<u>65,088.6</u>
III. Investments	(2)		
1. Shares in affiliated companies		27.5	427.5
2. Holdings		26.3	26.3
3. Other loans		5.4	5.4
		<u>59.2</u>	<u>459.2</u>
		97,165.9	66,760.8
B. Current assets			
I. Inventories			
Supplies	(3)	198.5	187.7
II. Accounts receivable and other assets	(4)		
1. Trade debtors		2,743.4	2,238.1
2. Loans to affiliated companies		495.4	10,895.5
3. Loans to the Freie und Hansestadt Hamburg		166.8	19.2
4. Other assets	(5)	2,769.3	1,466.1
		<u>6,174.9</u>	<u>14,618.9</u>
III. Cheques, cash on hand, credit balance with banks		218.1	356.9
		6,591.5	15,163.5
C. Prepayments and accrued income			
Prepayments and accrued income		104.3	97.5
		103,861.7	82,021.8

LIABILITIES			
	Appendix	€'000s	Previous year €'000s
A. Capital and reserves			
I. Subscribed capital		10,500.0	10,500.0
II. Capital reserves		1,179.5	1,179.4
		11,679.5	11,679.4
B. Provisions			
1. Provisions for pensions	(6)	16,715.7	16,847.8
2. Provisions for taxes		128.9	0.0
3. Other provisions	(7)	3,451.6	4,396.1
		20,296.2	21,243.9
C. Liabilities			
	(8)		
1. Amounts due to banks		25,528.0	0.0
2. Advance payments on orders		2,472.4	2,701.0
3. Trade creditors		3,497.7	4,588.0
4. Amounts due to affiliated companies		3,165.8	11.5
5. Amounts due to companies in which shareholdings are held		756.0	763.0
6. Amounts due to the Freie und Hansestadt Hamburg		6.4	534.5
7. Other liabilities		366.8	4,243.6
- of which taxes: €153,100 (previous year: €124,100)			
- of which in the context of social security: €0.0 (previous year: €330,400)			
		35,793.1	12,841.6
D. Accruals and deferred income			
	(9)		
Accruals and deferred income		36,092.9	36,256.9
		103,861.7	82,021.8

Hamburg Messe und Congress GmbH

Profit and loss account 2006

	Appendix	€'000s	Previous year €'000s
1. Turnover	(10)	60,591.8	42,926.5
2. Other operating income	(11)	3,846.5	3,541.3
3. Expenditure on staging trade fairs, exhibitions, congresses and events		29,872.5	23,678.4
4. Personnel costs			
a) Wages and salaries		11,402.1	11,094.4
b) Social security contributions and pension costs		3,120.5	2,777.6
· of which pension costs: €916,900 (previous year: €610,700)			
5. Depreciations on intangible assets of fixed assets and tangible assets		2,723.9	2,847.7
6. Other operating expenses	(12)	22,491.2	14,822.1
7. Income from shareholdings		2.5	2.5
8. Other interest and similar income		296.8	239.2
· of which from affiliated companies: €284,900 (previous year: €229,400)			
9. Expenses from transfer of loss		0.0	175.5
10. Interest and similar expenses	(13)	1,159.1	9.7
· of which from affiliated companies: €798,700 (previous year: €1,800)			
11. Profit on ordinary activities		-6,031.7	-8,695.9
12. Other taxes		720.4	586.5
13. Income from transfer of loss		6,752.1	9,282.4
14. Net profit		0.0	0.0

Appendix 2006

General comments

Hamburg Messe und Congress GmbH (HMC) draws up its annual accounts in accordance with 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 (3-5 years).

Tangible assets are valued at purchase or production costs, less investment subsidies. Buildings are written down in accordance with § 7 paragraph 4 of the EstG (Income Tax Act), movable assets on a straight-line basis using the official tax depreciation tables.

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

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

Loans are given at nominal value.

For **supplies** a fixed assessment was effected.

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.



A pedestrian bridge flooded by light links up the halls of the New Hamburg Trade Fair.

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 2006 are presented in the development of fixed assets. Additions include mainly down payments and construction work in connection with the CCH extension. Disposals include the demolished buildings and structural work required for the construction of the New Trade Fair and CCH extension, as well as the minor assets procured and fully written down in the financial year.

The advance payments and plant under construction include mainly the new building of the exhibition hall and conference wing for the CCH.

(2) Investments

The development of investments is presented in the development of fixed assets. As of 31 December 2006, shares of at least 20% are held in the following companies:

	€ (book value)
BNM Baugesellschaft Neue Messe mbH, Hamburg	27,500.00
Share capital: €25,000.00	
Share: 100%	
Equity on 31 December 2006: €24,941.98	
Result for the year 2006: €56.64	
MOLITA Vermietungsgesellschaft mbH & Co.	
Objekt Messe Hamburg KG, Hamburg	10,000.00
Share capital: €10,000.00	
Share: 100%	
Equity on 31 December 2005: €0.00	
Result for the year 2005: €-4,786,581.53	

(3) Supplies

Supplies involve mainly electrical and repair material.



The roof of the CCH's multifunctional exhibition hall was completed in 2006. The largest rooftop garden in Europe is being created here in 2007.

(4) Accounts receivable and other assets

	Overall amount	Term under 1 year	
	€'000s (2006)	€'000s (2006)	€'000s (previous year)
1. Trade debtors	2,743.4	2,743.4	2,238.1
2. Loans to affiliated companies	495.4	495.4	10,895.5
· of which trade debtors	(8.9)		
· of which other assets	(486.5)		
3. Loans to the Freie und Hansestadt Hamburg	166.8	166.8	19.2
· of which trade accounts receivable	(166.8)		
4. Other assets	2,769.3	2,769.3	1,466.1
	6,174.9	6,174.9	14,618.9

Of loans to affiliated companies, €417,900 is loaned to the subsidiary BNM Baugesellschaft Neue Messe mbH.

(5) Other assets

Other assets include mainly advance payments and accounts receivable from services not yet invoiced of €1,612,300 – mainly from foreign events.

(6) Pension provisions

The changes with the provisions for pensions result from an actuary's report. The provisions for pensions include €31,900 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), omitted maintenance work, suppliers' invoices not yet received

as well as other uncertain obligations. If the maintenance work for which provisions were formed is not carried out by the end of 2007, it is deemed to be expenditure reserve in accordance with § 249 paragraph 2 of the HGB.

(8) Liabilities

	Overall amount	Term under 1 year	
	€'000s (2006)	€'000s (2006)	€'000s (previous year)
1. Amounts due to banks	25,528.0	1,074.8	0.0
2. Advanced payments on orders	2,472.4	2,472.4	2,701.0
3. Trade creditors	3,497.7	3,497.7	4,588.0
4. Amounts due to affiliated companies	3,165.8	3,165.8	11.5
· of which due to the shareholder from other liabilities	(3,161.6)		
· of which trade creditors	(4.2)		
5. Amounts due to companies in which shareholdings are held	756.0	756.0	763.0
· of which advance payments on orders	(746.0)		
6. Amounts due to the Freie und Hansestadt Hamburg	6.4	6.4	534.5
· of which trade creditors	(6.4)		
7. Other liabilities	366.8	366.8	4,243.6
	35,793.1	11,339.9	12,841.6

As a result of the interim financing of the CCH extension, there are on balance liabilities vis-à-vis the shareholder. Amounts due to banks are secured with a guarantee of the Freie und Hansestadt Hamburg (FHH) (80%) and with a letter of support of the shareholder (20%). Securities for trade creditors are merely the usual retentions of ownership.

Existing liabilities and other financial obligations

The contracts in connection with the redevelopment of the HMC trade fair grounds were 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 meet its contractual obligations at any time.

Two interest swaps for €25,300,000 and €18,800,000 (from March 2007) were concluded for the CCH extension for securing favourable long-term financing. According to the bank, the market value is €625,000/€603,000 as of 29 December 2006. To calculate the market values, all future payment flows were discounted on the basis of the forward interest rates.

The purchase commitment from the CCH extension project comes to €1,687,000.

Obligations from **hire and leasing agreements** from the following year are as follows:

Contractual partner	Item	Term		€'000s	€'000s	€'000s	€'000s	€'000s	€'000s
		from	to	2007	2008	2009	2010	2011	from 2012 p. a.
Freie und Hansestadt Hamburg	Rental CCH – Congress Center Hamburg	2006	2045	356.7	356.7	356.7	356.7	356.7	356.7
ditto	Property leasing New Trade Fair	2005	2034	14,743.0	19,320.0	21,049.0	21,300.0	21,300.0	21,300.0
CHG-Meridian	IT hardware, diverse			80.5	38.5	37.4	0.0	0.0	0.0
CHG-Meridian	Media technology	2007	2016	64.6	73.8	73.8	73.8	73.8	73.8
Others	Diverse			83.0	17.2	9.9	0.7	0.0	0.0
Total				15,327.8	19,806.2	21,526.8	21,731.2	21,730.5	21,730.5

The overall amount from the property leasing for the New Trade Fair is probably €593,600,000 up to the end of the term.

(9) Accruals and deferred income

The accruals and deferred income include interest received in advance on heritable building rights for the granting of a hereditary building right in connection with the New 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	44,262
CCH	7,971
Foreign	8,359
	60,592

(11) Other operating income

This includes mainly income from: sale of 100% of the shares in the subsidiary CCH Gastronomie GmbH (CGG), partial withdrawal of an advance payment of interest on heritable building rights, event-related allocations, passing on of costs of services in connection with the New Trade Fair, as well as income from retransfer of liability provisions (mainly as a result of the discontinuation of exemption obligations in connection with the sale of CGG (€526,000)).

(12) Other operating expenses

These include the leasing costs in connection with the New Trade Fair, as well as expenditure on redevelopment of the trade fair grounds that was passed on (see point 11).

(13) Interest and similar expenses

These relate mainly to the CCH extension project.

Supplementary details

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.

All shares in CGG were sold as of 1 January 2006.

The net profit of BNM for the financial year is €56.64.

The annual accounts and situation report 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 management

The management received overall remuneration of €375,254.60 for the 2006 financial year.

Former members of the management and their surviving dependants received €148,648.18. Pension reserves came to €1,403,066.00 as of 31 December 2006.

The total remuneration of the supervisory board was €5,740.

Organs of the company

Supervisory board

Johann C. Lindenberg from 22 December 2005
Chairman from 1 February 2006
Former National Chairman,
Unilever Deutschland

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

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

Dr. Robert Heller
Councillor of state,
Tax Department

Franz J. Klein until 2 March 2006
Senate director,
Economics and Labour Department

Bärbel Krippahle
Commercial employee,
Hamburg Messe und Congress GmbH

Dr. Claus Liesner
Management consultant

Hans Lübbers from 10 April 2006
Technical employee,
Hamburg Messe und Congress GmbH

Karin Martin
Manager,
GSA Verwaltungsgesellschaft mbH

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

Dr. Dirk Petrat from 2 March 2006
Director,
Economics and Labour Department

Andrea Saddei
Commercial employee,
Hamburg Messe und Congress GmbH

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

Management

Bernd Aufderheide, businessman
Dietmar Aulich, businessman

Employees	Workforce at year end	Average no. of employees
Managing directors	2	-
Holders of a general commercial power of attorney	2	3
White-collar employees	181	183
Blue-collar workers	44	47
	229	233
of which part-time employees	(17)	-
Trainees	18	-
Assistants	44	42
of which part-time employees	(10)	-
	291	275

Hamburg, 16 February 2007

sgd. Bernd Aufderheide
Managing director

sgd. Dietmar Aulich
Managing director



HMC is also on the growth track worldwide.

Hamburg Messe und Congress GmbH

Development of fixed assets

	Purchase and production costs					Depreciation				Book values	
	As of 01.01.2006	Additions	Repost- -ings	Disposals	As of 31.12.2006	As of 01.01.2006	Additions	Disposals	As of 31.12.2006	31.12.2006	31.12.2005
	€'000s	€'000s	€'000s	€'000s	€'000s	€'000s	€'000s	€'000s	€'000s	€'000s	€'000s
I. Intangible assets											
Industrial property rights and similar rights	3,123.3	262.7	0.0	0.0	3,386.0	1,910.3	597.3	0.0	2,507.6	878.4	1,213.0
II. Tangible fixed assets											
1. Sites and buildings incl. buildings on third-party sites	78,903.7	221.6	0.0	8,228.0	70,897.3	30,149.7	881.3	7,597.3	23,433.7	47,463.6	48,754.0
2. Technical plant and machines	2,501.7	101.9	0.0	257.2	2,346.4	2,434.3	11.3	257.3	2,188.3	158.1	67.4
3. Other plant, fixtures and fittings	19,063.2	1,526.5	30.3	1,015.6	19,604.4	13,388.1	1,234.0	992.0	13,630.1	5,974.3	5,675.1
4. Advance payments and plant under construction	10,592.2	32,347.7	-30.3	277.3	42,632.3	0.0	0.0	0.0	0.0	42,632.3	10,592.2
	111,060.8	34,197.7	0.0	9,778.1	135,480.4	45,972.1	2,126.6	8,846.6	39,252.1	96,228.3	65,088.7
III. Investments											
1. Shares in affiliated companies	427.5	0.0	0.0	400.0	27.5	0.0	0.0	0.0	0.0	27.5	427.5
2. Holdings	26.2	0.0	0.0	0.0	26.2	0.0	0.0	0.0	0.0	26.2	26.2
3. Other loans	5.4	0.0	0.0	0.0	5.4	0.0	0.0	0.0	0.0	5.4	5.4
	459.1	0.0	0.0	400.0	59.1	0.0	0.0	0.0	0.0	59.1	459.1
	114,643.2	34,460.4	0.0	10,178.1	138,925.5	47,882.4	2,723.9	8,846.6	41,759.7	97,165.8	66,760.8

Hamburg Messe und Congress GmbH

Audit opinion

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 1 January to 31 December 2006. 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 managing directors 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 opportunities and risks related to its future development.

Hamburg, 16 March 2007

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

sgd. Tesch
Auditor

sgd. ppa. Hammelstein
Auditor



The new trade fair halls (r.) impress not only exhibitors. In combination with the TV tower, they are already one of the most popular photo motifs in Hamburg.



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