



Hamburg Messe und Congress GmbH
Annual Report 2007



**Hamburg Messe
und Congress**

Key figures of Hamburg Messe und Congress GmbH

	2007	2006	2005	2004	2003
Key financial figures					
Sales of Hamburg Messe und Congress GmbH in EUR million	48.1	60.6	42.9	55.1	40.3
of which Hamburg Messe in EUR million	29.0	42.8	28.5	39.2	26.7
of which international in EUR million	7.4	8.4	7.7	7.3	6.2
of which CCH – Congress Center Hamburg (CCH) in EUR million	9.1	7.2	5.1	8.6	7.4
of which property in EUR million*	2.6	2.2	1.6	—	—
Key personnel figures					
Number of employees (average)	274	275	281	273	272
Trainees (average)	17	16	18	15	13
Key figures of Hamburg Messe					
Number of exhibitors	9,734	12,791	10,424	13,677	10,344
of which own events	4,339	7,309	4,843	7,546	4,508
of which guest events	5,395	5,482	5,581	6,131	5,836
Number of visitors	848,746	980,226	843,304	981,950	979,546
of which own events	554,542	709,431	636,236	771,509	668,050
of which guest events	294,204	270,795	207,068	210,441	311,496
Gross area used (excl. outside space) in square metres	738,385	829,405	737,585	819,082	749,487
Number of fairs and exhibitions	45	41	36	38	39
of which own events	9	12	8	15	9
of which guest events	36	29	28	23	30
International key figures					
Number of joint presentations	19	23	25	20	20
Number of exhibitors	823	535	503	379	421
Key figures of CCH – Congress Center Hamburg					
Number of events	315	299	313	321	335
of which conventions and conferences	195	193	180	193	192
of which other events	120	106	133	128	143
Number of participants	358,821	327,139	351,000	430,000	440,000
of which conventions and conferences	148,781	145,642	146,000	115,000	120,000
of which other events	210,040	181,497	205,000	315,000	320,000

* The property division was not officially disclosed until 2007; figures for 2006 and 2005 were calculated retroactively

Hamburg Messe und Congress GmbH

One location – one company – two divisions

Hamburg Messe und Congress GmbH is a full-service provider specialised in organising and executing both national and international trade fairs and conventions. The particular advantage of this set-up is that these two divisions, Hamburg Messe and CCH – Congress Center Hamburg, constitute highly professional units that are perfectly suited for joint utilisation, given their proximity to each other. The new trade fair grounds and the expanded CCH are located in the heart of Hamburg, the metropolis on the Elbe River. Organisers and visitors alike will increasingly benefit from the resulting synergies in future.

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Management



Bernd Aufderheide, President and Chief Executive Officer (CEO)

Dr. Ulla Kopp, Chief Financial Officer (CFO)

Foreword of the Management

2007 was yet another highly successful year for Hamburg Messe und Congress GmbH. Following record sales for even years in 2006, at EUR 48.1 million, our revenue in 2007 was the highest yet for an odd year. Operating income improved accordingly.

Both our managing board which was largely revamped and our workforce which showed once again how well it can perform have enabled Hamburg Messe und Congress GmbH to master all the challenges it faced and set the course for the future. We are very proud of this team. It made sure that neither internal restructuring measures nor extensive construction works hampered the smooth implementation of all events at high levels of quality. Individual corporate goals were achieved earlier than planned almost as an aside. We wish once again to emphatically express our thanks to all our employees.

But we are not the only ones who look forward to the opportunities that Hamburg Messe und Congress GmbH will offer. Indeed, the Neue Messe Hamburg distinctive façade and modern exhibition halls are already generating much enthusiasm among visitors and exhibitors the world over. Thanks to its attractive and state-of-the-art floor plans and excellent location, the expanded CCH – Congress Center Hamburg (CCH) is becoming an ever more desirable venue for both national and international customers.

It is this backdrop that allows Hamburg Messe und Congress GmbH to react calmly to the recurring debate regarding supposedly excess capacities in the German trade fair sector, even despite its extensive expansion. Our customers value every additional square metre we can offer them. This becomes evident in many discussions with them. Hence the debate begs the question what precisely is meant when major German trade fairs call for other trade fair venues to be closed in order to safeguard their own location.

Indeed, Hamburg is perfectly capable of living with the competition. The maritime economy, the aviation industry, media companies, numerous hospitals and medical research centres, a strong logistics sector as well as a large number of innovative companies in the fields of mechanical engineering and energy provide the city with numerous strong economic clusters of international significance – all of which are reflected in the portfolio of Hamburg Messe und Congress GmbH.

Working closely with the Freie und Hansestadt Hamburg, Hamburg Messe und Congress GmbH has taken on the important task of both enhancing these clusters through important and sector-specific national and international trade fairs and conventions and giving these industries sufficient high-value floor space for showcasing their products and innovations.

The numbers alone underscore the resounding success of this approach. Hamburg Messe und Congress GmbH rented its entire trade fair area 11.2 times in the period under review. In 2006, the turnover factor was even 12.8. This places the company among the absolute top performers in the German trade fair sector.

Without anticipating the discussion in the outlook section of this annual report, suffice it to say here that we want to achieve even more. Hence 2007 was also a year for laying the groundwork. The first new national and international events will already be introduced into our portfolio in 2008.

We are very pleased that the financial year just ended was successful and we would like to take this opportunity to thank both our customers and our partners. But our thanks are also due to the Supervisory Board, public authorities, the actors in Hamburg's political arena, and all participants that have enabled and supported the expansion of Hamburg Messe and the CCH.

Thank you for the trust that all of you have placed in us.

Hamburg, June 2008



Bernd Aufderheide
President and Chief Executive Officer (CEO)



Dr. Ulla Kopp
Chief Financial Officer (CFO)

Managing board



Pascal C. Thirion
Head of Events and Exhibitions

Jörg Bläß
Head of Human Resources

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Head of Conventions and Events

Lars Kanbach
Head of Technology and Infrastructure

Bernd Auferheide
President and Chief Executive Officer (CEO)

Birgit Czernotzky
Head of Marketing



Hamburg is regarded as one of Europe's most attractive and liveable cities

Close to the city and committed to it: Hamburg Messe und Congress GmbH

One of Central Europe's largest and most dynamic metropolitan areas – home to about 4.1 million people – revolves around the Freie und Hansestadt Hamburg. And the CCH – Congress Center Hamburg and the Neue Messe Hamburg are two of Hamburg's modern and attractive points of interest.



The city's economy is characterised by the coexistence and interplay of modern industrial production, cutting-edge service industries and traditional commerce. More than 120,000 small and medium-sized companies (SMEs) and the broad range of jobs and training slots they offer provide its economic backbone.

The Neue Messe Hamburg is Hamburg's most important current construction project aside from HafenCity and the Elbe Philharmonic Hall. It is slated for completion at the end of January 2009. But we expect the entire site to be operational as early as in September 2008. It will offer the guests and visitors of Hamburg Messe und Congress GmbH a total of 103,000 square metres of halls, open spaces and exhibition space in one of Europe's state-of-the-art urban trade fair grounds.

Hamburg Messe und Congress GmbH – key to both the city and the region in economic and cultural terms

Annually, more than 40 trade fairs, exhibitions and other events at which up to 12,700 exhibitors present their products and services to roughly a million visitors from all around the world reflect the significance of Hamburg Messe und Congress GmbH for both the city of Hamburg and the region as a whole. The CCH – Congress Center Hamburg for its part hosts approximately 350 conventions as well as cultural and social events with a total of up to 440,000 guests each year. It is separated from the trade fair grounds by a park that can be traversed on foot in a few minutes; completion of the extensive construction works have turned it into one of Europe's most modern and largest convention centres.

Both the Hamburg Messe and the CCH are centrally located, making them particularly attractive venues for visitors and guests alike. The diverse range of shops, restaurants, hotels and theatres in the city's centre is just a few hundred metres away. And the connections to long-distance transportation hubs are excellent, too. The InterCity Express train station at Hamburg Dammtor – largely considered Germany's most appealing train station architecturally – is located directly across the trade fair grounds, and the airport is a mere twenty-minute drive away. Those who are more interested in rest and relaxation can do so to their heart's content in the "Planten un Blomen" gardens directly adjacent to the grounds of Hamburg Messe und Congress GmbH. Compared to Germany's other cities that host trade fairs and conventions, all of this indisputably makes Hamburg the one with the shortest routes.

Hamburg Messe und Congress GmbH – focus on innovative sectors

The event portfolio of Hamburg Messe und Congress GmbH is essentially rooted in the sector clusters that benefit from Hamburg's economic development policies. This includes such innovative, cutting-edge fields as aviation and information

technology, port and logistics, media, medicine, maritime activities, life sciences, nanotechnology and renewable sources of energy. Networks enhance the collaborative and stimulating interplay of corporations, service providers as well as research and educational institutions. This consistent approach to the creation of competence clusters is also making itself felt internationally. The fact that more than 320 Chinese companies have established themselves in Hamburg, turning it into one of Europe's premier locations for doing business with China, is emblematic of this development.

Hamburg's face is constantly changing in tune with economic developments. Given its size and significance, Hamburg is using the Hafencity project – currently the largest urban development project in Europe – to expand its core by about 40 percent. This entails erecting 5,500 apartments for 12,000 people as well as commercial space for 40,000 jobs on 155 hectares of centrally located former harbour area. Well-known companies – among them SAP, Jungheinrich and Unilever – have already announced that they will relocate to the new district. Of course, close to 100 parks and landscaped areas that are available for rest and recreation will preserve Hamburg's charm as a "green city".



Its central location makes Hamburg Messe a highly attractive venue for both visitors and exhibitors

HAFENGEBURTSTAG HAMBURG – challenge and obligation alike

Hamburg Messe und Congress GmbH also underscored its close ties to the Hanseatic city by organising the traditional HAFENGEBURTSTAG HAMBURG for the 14th time in 2007. This year, more than a million visitors from home and abroad celebrated the 818th anniversary of the world's biggest port festival. The festival's unique programmes – on the water, on land and in the air – took place between the warehouses of Speicherstadt and the fish auction hall in Altona.

Michael Glos was the first Federal Minister of Economics ever to launch the three-day festivities. He toured the festival in the company of Gunnar Uldall, Hamburg's Senator for Economic and Labour Affairs, visiting the frigate Rheinland-Pfalz, the sailing ship Wissemara, and the world's largest windjammer, the Sedov.

Hamburg Messe und Congress GmbH's staff had previously coordinated the event's entire programme with public authorities, organisations, partners and other actors, as well as with property owners, associations and commercial entities.

This required giving due consideration to the interests of all participants and complying with a multitude of statutory regulations. The fact that it must not undermine the port's normal operations is one of the overriding challenges of the HAFENGEBURTSTAG HAMBURG.

The multitude of largely simultaneous events and activities thus required the staff of Hamburg Messe und Congress GmbH to discharge their tasks with the utmost concentration and coordination. This was the only way to ensure that aerial acrobats could safely show off their skills in spectacular manoeuvres while a wide variety of offerings ranging from shops to sports to adventures entertained the visitors down below along Hamburg's port.

But that was not all. Hamburg Messe und Congress GmbH also organised a broad range of religious, cultural, folklore and sporting events, and, last but not least, the major fireworks display that is part and parcel of every HAFENGEBURTSTAG HAMBURG.



More than a million visitors celebrated the 818th HAFENGEBURTSTAG HAMBURG despite the changeable weather



Europe's largest perennial rooftop garden has been planted on the roof of the CCH's multifunctional exhibition hall



Hamburg is a venue for international events

Hamburg Messe und Congress GmbH stimulates both the city and the region

Just as Hamburg's rich traditions, cultural diversity and urbanity have imprinted themselves on the image of Hamburg Messe und Congress GmbH, so does the company contribute to the economic prosperity of the city and the entire metropolitan area. A study by the prestigious Munich-based Ifo Institute for Economic Research that was presented in May 2007 documented that the company's contribution is remarkable indeed.

Based on their analyses, Ifo's scientists came to the conclusion that Hamburg Messe und Congress GmbH provides great momentum to the city, the metropolitan region and even the whole country. This is because all participants in its trade fairs and conventions – visitors as well as exhibitors and organisers – require a wide range of services that have substantial effects on production, employment and, in the final analysis, tax revenues.

According to the Ifo study, the revenue that the visitors, exhibitors and participants of Hamburg Messe und Congress GmbH's events generate in an average year amounts to

EUR 465 million from trade fairs and EUR 162 million from conventions and other events – i. e. EUR 627 million overall. Of this amount, EUR 352 million are generated in Hamburg alone!

Relative to the company's direct revenue, this means that on average every euro in Hamburg Messe und Congress GmbH sales generates an additional EUR 7.60 in revenue for the city's commercial, retail and service establishments. This inflow of purchasing power – i. e. the exponential effect – amounts to EUR 6.00 for trade fairs and EUR 16.60 (i. e. almost three times as much) for conventions and conferences.

These figures comprise visitors' expenditures for hotels, restaurants, shopping, transportation, tickets to all manner of entertainment venues and the like. On average, each and every fairgoer spends EUR 116 while participants in conventions spend EUR 409 per capita. The outlays of trade fair exhibitors exceed these numbers: they spend EUR 14,800 on average. This includes the cost of erecting the trade fair booth (23.3 percent), booth rentals (18.1 percent), services purchased (13.2 percent) and personnel (16.2 percent).



The new trade fair grounds combine form and function in aesthetically pleasing ways

Job and tax effects thanks to the activities of Hamburg Messe und Congress GmbH

All of this substantially benefits the city's job market. Annually, the direct and indirect employment effects sparked by Hamburg Messe und Congress GmbH's activities generate 6,455 additional jobs in Germany on average. Of this amount, just under 4,100 are located in Hamburg alone.

The hospitality industry (restaurants and hotels) is the main direct beneficiary of these effects. At 1,791 employees, the number of additional staff in this sector is particularly high because Hamburg's event calendar translates into about 565,000 overnight stays per year. Yet the Ifo Institute calculated that the trades also substantially benefit from Hamburg Messe und Congress GmbH's activities in that they add 1,657 jobs. The employment effects in the retail sector are not quite as pronounced, however.

Various territorial authorities besides corporate, service and commercial entities also benefit from the activities of Hamburg Messe und Congress GmbH. Production processes, the resulting revenues and profits as well as private consumption trans-

late into EUR 106 million in overall tax revenue on the federal, state and local level. The Freie und Hansestadt Hamburg takes in EUR 13.6 million of this amount.

But we must also emphasise the non-monetary effects of the conferences, concerts, annual general meetings and other events that have a positive impact on Hamburg's image.

These so-called "soft location factors" promote the marketing of Hamburg as a key site by showcasing both the city itself and its metropolitan area as an attractive location for investments by national and international companies – especially because it attracts people who, besides looking for interesting jobs, are also interested in a diversified and suitable environment for themselves and their families.



Its central location in the direct vicinity of Hamburg's Heinrich-Hertz-Tower gives the Hamburg Messe added flair

Event business – continued growth in 2007

Despite extensive construction works, the sales revenue of Hamburg Messe und Congress GmbH rose by 12.1 percent in 2007 compared to 2005, the comparable year. This is due especially to our employees whose dedication, organisational skills and expertise ensured smooth implementation of all our events at high levels of quality.

The number of trade fairs, conventions and other events rose substantially in the reporting year. Hamburg Messe alone carried out a total of 45 events – nine more than in 2005 (the comparable year) – during which gross exhibition space of 738,385 square metres was rented out. INTERNORGA, hanseboot, DU UND DEINE WELT, Seatrade Europe as well as NORTEC were among the largest trade fairs in 2007 – and all of them were organised by Hamburg Messe und Congress GmbH itself. National and international guest organisers utilised Hamburg Messe und Congress GmbH's special trade fair expertise and know-how for an additional 36 trade fairs and exhibitions.

The business of CCH – Congress Center Hamburg also developed along a positive trajectory. The number of conventions, conferences and other events rose by 16 in 2006 to 315 in 2007, triggering an increase in the number of participants by just under 32,000 to about 359,000. The following events were some of the high points of CCH's year: a regional conference of the northern state chapters of Germany's Christian Democratic Party (CDU), which German Chancellor Angela Merkel attended; the annual convention of Germany's Social Democratic Party (SPD); the annual general meeting of Volkswagen AG; as well as the exclusive "hansentreff" of Germany's Second Public Tele-

vision Broadcaster (ZDF) to which its Hamburg studios invites a broad range of political, financial, cultural, media and sports celebrities once a year.

Overseas, Hamburg Messe und Congress GmbH organised or participated in a total of 19 events in 2007 – especially in the maritime, oil and natural gas as well as the hotel and gastro-nomic industry – on behalf of both the Federal Ministry of Economics and Technology (BMWi) and the Central Marketing Organisation of German Agricultural Industries (CMA).

A major success: The 81st INTERNORGA

The 81st INTERNORGA – the International Fair for the Hotel, Restaurant, Catering, Baking and Confectionery Trades – was a resounding success. This year, it was host to almost 1,000 exhibitors from 23 countries, which presented their products and services to more than 116,000 visitors from Germany and another 28 countries on a total of 81,000 square metres of exhibition space. The INTERNORGA has by now become the number one meeting place for the hotel and food service trades, as surveys among exhibitors and visitors clearly document. Indeed, most recently 96 percent of the exhibitors called the INTERNORGA an important event for their industry. The com-



Cooking show at the INTERNORGA



Positive mood at the hanseboot

prehensive overview it offered of the industry, its showcasing of the latest trends as well as the extensive opportunities for networking were particularly significant in their view. The fact that 85 percent of all professional visitors were decision makers underscores the fair's significance. Overall, 87 percent of the exhibitors were very satisfied with the business they had generated at the INTERNORGA. 93 percent also expected highly promising follow-up business.

hanseboot on the up-and-up

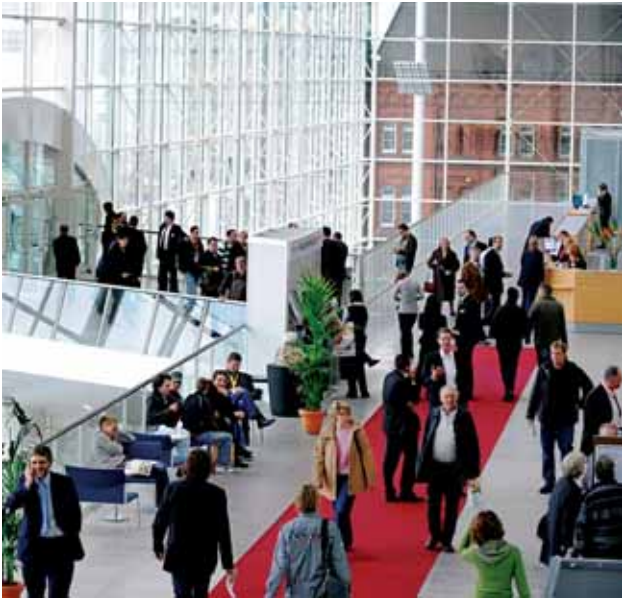
The 48th hanseboot, International Boat Show Hamburg 2007, was equally successful overall. A total of about 110,000 people visited this fair. Roughly 25,000 guests also made their way to hanseboot harbour on Hamburg's Baumwall, where the largest yachts – more than 40 – were moored.

The new hall for equipment (B6), which provides 13,000 square metres of exhibition space, was a particular draw on the expanded trade fair grounds. The spike in visitors' willingness to make purchases and the public's high level of technical expertise pleased the exhibitors. This was also reflected in the

visitor survey, in which 94 percent of respondents stated that they were actively engaged in water sports and 75 percent declared that they owned their own boat.

Visitors' purchasing power was remarkable in that one out of five visitors had net monthly household income in excess of EUR 5,000. Visitor interest was directed mainly at sailing (56 percent), followed by accessories and equipment (46 percent) and motor boats (35 percent), satisfying boat and ship builders' high expectations. Given demand levels at the fair, exhibitors expect hanseboot to generate lucrative orders during the remainder of the financial year as well.

The 48th hanseboot also served as a pilot project for Hamburg Messe und Congress GmbH. The company developed an exhibitor magazine that will regularly inform interested visitors of all pertinent developments in this area until the next trade fair. Hamburg Messe und Congress GmbH considers this a promising way to further improve the alignment of its marketing with the needs of exhibitors and visitors alike.



The central entrance foyer is a place of communication and encounter



Angela Merkel at the CDU regional conference

Attracting large crowds: DU UND DEINE WELT

More than 140,000 visitors browsed the offerings of roughly 800 exhibitors from 44 countries in three areas – Leisure, Lifestyle and Discovery – at DU UND DEINE WELT, the nine-day great consumer exhibition. According to an independent survey, the successful mixture of information, interesting innovations and manifold opportunities for obtaining ideas and advice was the main reason why 89 percent of the visitors deemed the fair excellent, very good or good.

Offers related to hobbies and crafts were especially popular, as were original gift ideas. The topics health and fitness also garnered a lot of attention. Because nutrition naturally is key to these issues, numerous fairgoers visited the cooking studio where renowned chefs showcased their skills. Last but not least, visitors also flocked to presentations of high-value products related to living and design as well as construction and renovation.

The following excerpt of the list of exhibitors provides insight into the variety of topics that DU UND DEINE WELT addressed. Among them were the German Army's personnel office, providers of sanitary and heating equipment, furniture makers, representatives from hospitals, suppliers of pet food, Hamburg's police force and public relations officers of the German Bundestag. In short, the fair was highly attractive, varied and exciting.

Two major political parties – CDU and SPD – at the CCH

The two events of Germany's two major parties in October undoubtedly were among the highlights of CCH's 2007 financial year. Germany's CDU was first to stage a regional conference in Hamburg. Around 1,000 members of the party's chapters in the northern states Lower Saxony, Bremen, Schleswig-Holstein and Hamburg, as well as numerous state prime ministers, attentively followed German Chancellor Angela Merkel's keynote address regarding the new CDU platform.

Two weeks later, Germany's SPD staged its annual national convention at the same spot. About 7,000 people attended the meeting, which generated a lot of interest. It was also the



Political VIPs at the SPD's national convention



CCH hosts Volkswagen AG's auto show cum annual general meeting

party's largest convention ever, drawing a host of prominent guests, among them party head Kurt Beck, German foreign minister Frank-Walter Steinmeier, Franz Müntefering as well as former chancellors Helmut Schmidt and Gerhard Schröder. Yet the convention's significance resides in the fact that it adopted the so-called Hamburg programme, which sets out the SPD's future political platform.

Volkswagen AG coupled its annual general meeting with a large automobile show

CCH hosted the annual general meeting of Volkswagen AG for the 14th time. Creating a distinct VW world for this purpose required a lot of state-of-the-art technology. Among other things, CCH's team installed around 1,100 spotlights and 350 telephone and communications lines with a total length of roughly 100 kilometres; laying and hiding all these cables required a special double floor.

On four days, Volkswagen AG also used CCH's new multifunctional exhibition hall to showcase numerous models that represent the Group's complete range of automobile brands. The work that was put into this show was comparable to the

investments the Group makes in connection with its presentations at major international auto shows.

Hosting the annual general meeting also required providing support and catering services for approximately 4,000 shareholders and 150 journalists. Once it had experienced all the advantages of the new and modern infrastructure that the CCH – Congress Center Hamburg offers its customers, Volkswagen AG agreed to extend its contract with Hamburg Messe und Congress GmbH for another six years. The fact that the VW Group will convene its annual general meetings at the CCH in future not only has a positive effect on the earnings of Hamburg Messe und Congress GmbH, it also shows that the expansion of CCH into a modern, state-of-the-art venue was successful.

ZDF's exclusive hanstetref makes full use of CCH's new ambience

More than 1,000 guests were invited to the 9th hanstetref of Germany's Second Public Television Broadcaster (ZDF). ZDF's director-general Markus Schächter and studio manager Kristina Hansen welcomed VIPs and celebrities from the political and



ZDF's 9th hansenstreff in CCH's roof garden



The health industry meets at Dubai's Arab Health Fair

economic arena as well as from the world of sports, culture and the media, among them Hamburg's First Mayor Ole von Beust, the author Ralph Giordano, the designer Jette Joop, the actors Jan Fedder and Dieter Pfaff as well as the comedian Olli Dittrich. The event garnered a lot of attention in the national press thanks to the large number of celebrities in attendance. The CCH's new ambience impressed all guests. Particularly the atmospheric rooftop garden and the new lounge met with much approval.

Expertise in the maritime sector

The Seatrade Europe, Cruise, Ferry & River Cruise Convention of British publisher Seatrade Communications Ltd., served yet again to further expand Hamburg Messe und Congress GmbH's cluster of maritime activities. This trade fair is the leading European event in its industry. It succeeded in drawing about 3,250 trade fair and convention participants in 2007 – twice as many as in 2005 (the comparable year), setting a new record. The fact that Europe is now the largest growth market for the cruise industry will also ensure Seatrade Europe's continued growth.

Success beyond Hamburg

Support services provided to German companies and exhibitors abroad constituted another growth area. A total of 823 exhibitors (2006: 535) utilised Hamburg Messe und Congress GmbH's sector-specific trade fair and convention know-how for 19 events. Arab Health, the international health trade fair in Dubai, the Iran Oil & Gas Show (Teheran), the Marintec China (Shanghai) as well as the Kormarine (Busan, South Korea) were some of the high points during 2007. Hamburg Messe und Congress GmbH also participated for the very first time in the Wind Power Shanghai and in Offshore Europe, Aberdeen's oil and natural gas trade fair.

Construction of the Neue Messe and the CCH – Congress Center Hamburg

The Neue Messe and the CCH are giving form and function in impressive ways to Hamburg's future vision of itself as "The Growing City". Located in the heart of Hamburg, particularly the Neue Messe is an international meeting point that draws the world's eye to the city.

Neue Messe Hamburg and CCH are as functional as they are attractive

Thanks to its new state-of-the-art and cutting-edge exhibition and convention halls that are a work of visionary architecture, Hamburg Messe und Congress GmbH will be able to further exploit the potential that the city of Hamburg provides to it for the pursuit of its business. As a result, the company's ability to acquire new trade fair and convention customers while main-



The state-of-the-art trade fair grounds are internationally competitive



taining existing ones will be significantly enhanced. Hamburg Messe und Congress GmbH's extensive construction programme aims to lay the foundation for securing its competitiveness in the hotly contested trade fair and convention market in the long term.

The halls that have already been completed, as well as the generous lobbies with their white curved ceilings and the large glass façades, are not just attractive but also offer interesting views of the lively activities within. A grand central entrance, whose atrium-style lobby is encased in glass, and the three additional entrances open onto a modern trade fair ambience. The new A trade fair grounds are linked to the new buildings on the B trade fair grounds by a transparent bridge.

While the construction works have not yet been fully completed, the Neue Messe Hamburg's A grounds with its four new halls (A1 to A4) were officially opened in the autumn of 2007. Just these halls comprise exhibition space totalling

30,500 square metres. The largest of these halls is A1, with floor space of approximately 10,000 square metres and a height of 18 metres. Hall B6 has also been completed; with floor space of 13,000 square metres, it is Hamburg Messe und Congress GmbH's largest by far. Construction of B5, an exhibition space with 8,500 square metres, was nearing completion at the close of 2007. The new Hall B7, finally, is being erected on the site of former Hall 8, which was torn down at the end of March 2008 following the INTERNORGA (the International Fair for the Hotel, Restaurant, Catering, Baking and Confectionery Trades).

Neue Messe Hamburg – large, modern and functional

Although initially planned for the end of January 2009, the entire exhibition space on the new trade fair grounds will be ready six months earlier. All eleven exhibition halls of the Neue Messe with total floor space of 87,000 square metres will be available by September 2008 because B7, a 7,800



Johann C. Lindenberg, Gunnar Uldall and Bernd Aufderheide at the ribbon-cutting ceremony for the A trade fair grounds

square-metre hall, will also be operational by that time. Add to that 6,000 square metres of open space. Expanding the underground parking lot will increase the number of covered parking spaces on the trade fair grounds to a total of 2,000. The world's leading maritime trade fair – the SMM 2008, ship-building, machinery & marine technology international trade fair hamburg – will be the first to benefit from the enlarged space.

Its size, its modernity and its unusual exterior in the heart of Hamburg are but a few aspects of the Neue Messe. Its functionality and its flexibility are two additional aspects that are no less important. A key concern during the planning stage was the need to ensure that the new structure would be able to host the most diverse range of trade fairs, exhibitions and events such that exhibitors and organisers would have the greatest possible creative latitude in designing their events.

This meant that the new halls would have to establish new standards for both trade show design and multifunctionality. In turn, this required largely self-supporting ceilings strong enough for carrying heavy loads. Four separate entrances ensure optimal utilisation of the spaces, thus making it possible to stage several events simultaneously. Public transportation provides direct access to each entrance.

All the new single-storey halls possess extensive floor load capacity, however high the load requirement, and their indoor temperature can be lowered by six degrees celsius compared to the outdoor temperature thanks to an air-conditioning system.



A glass bridge connects the halls across Karolinenstraße



The multifunctional exhibition hall is spanned by reinforced concrete beams that are up to 46 metres wide

Great store was placed on logistics and profitability

Efficient site logistics, which were designed with flexibility and low costs in mind, also ensure high levels of profitability. For instance, the fact that the logistics terminals between the halls are 36 metres wide enables shorter set-up and takedown times than previously. In addition, a logistics tunnel suitable for lorries connects the A and B trade fair grounds to each other, in turn not only accelerating processes but also alleviating general traffic.

The new exhibition halls offer visitors a wide range of gastronomic offerings. Organisers can also rent conference rooms for workshops, seminars and events that seat between 35 and 800 people and are directly linked to the halls. Additional office spaces were created in all halls to increase the flexible use options. A comfortable business and press centre equipped with state-of-the-art IT facilities as well as a VIP lounge round out the exhibition halls' extensive design.

CCH – Congress Center Hamburg: one of Germany's best convention centres

While the Neue Messe offers its visitors eleven exhibition halls containing 40 seminar rooms, CCH offers its guests 23 fully air-conditioned rooms that are dividable, with about 12,500 seats overall and exhibition space of 10,000 square metres. A total of 900 parking spaces in an underground parking lot are available to those travelling by car.

The watchword for the CCH's expansion was "Fit for the Future" and there is no doubt that Hamburg Messe und Congress GmbH has met this aim. This was confirmed by a survey of 676 conference and event industry professionals, which revealed that the CCH is considered one of Germany's foremost convention centres. It placed second nationally in the "convention centre" category while Hamburg was third in the "destinations" category. The Association of German Event Organisers' "Conga Award" constitutes not just an honour for Hamburg Messe



The new CCH possesses 10,000 square metres of exhibition space

und Congress GmbH but also defines the standard for the state of the art in the conference industry.

Europe's largest perennial rooftop garden

The new CCH is as modern as it is functional. Construction of a new conference area served to substantially expand the available space. This was enhanced by a modern, multifunctional exhibition hall with 7,000 square metres of floor space. Europe's largest perennial rooftop garden with 40,000 plants was installed on its roof – entirely in keeping with Hamburg's reputation of being the "green city". CCH's visitors can access this rooftop garden directly from the lobbies below and enjoy the views of the adjacent park. The new CCH was completed in the autumn of 2007.

The Neue Messe and CCH – Congress Center Hamburg are centrally located amidst ample parks and green spaces

The Neue Messe and the CCH are just a few minutes' walk from each other. This proximity makes both of these units – which are managed by a single, highly professional team – perfectly suited for events that combine trade fairs and conventions.

Thanks to their extraordinary location in Hamburg's leafy centre, they offer visitors and guests all the amenities of a modern metropolis yet sufficient peace and quiet after stimulating events, meetings and debates. Rapid and comfortable tie-ins to both local and long-distance transportation are further criteria when selecting a suitable trade fair and convention venue.



Ability to work in teams – that's a key qualification in Britta von Selchow's product development department

Employees – competent, responsive and always in proximity to the customer

The economic success of Hamburg Messe und Congress GmbH largely depends on its staff's competence.

More than ever, flexibility and willingness to excel are a must

Hamburg Messe und Congress GmbH's consistent realignment also poses considerable challenges for its employees, whatever the department or division. Aside from the construction works, in 2007 decisive internal restructuring measures were implemented with the aim of setting the company on the road to its continued success. Flexibility and willingness to excel are absolutely indispensable. Teamwork within and across departments is necessary for achieving our stated objectives. Our employees' unwavering dedication made it possible to proceed with the necessary process of change in such consistent fashion.

Hamburg Messe und Congress GmbH places much store in supporting its staff during this realignment. We conducted an employee survey in order to analyse core issues that needed to be addressed and develop relevant solutions. Internal communications were also enhanced and refined at the same time. For well-informed and motivated employees are significant factors in a company's performance, especially during a process of fundamental change.

This is all the more true in an industry such as the event business where staff must be able to manage a large number of different responsibilities. The highly complex trade fair and conference business requires not just extensive specialist skills but also the ability and the willingness to look outside the box and not forget to keep the big picture in mind, i. e. the company's overall success. Yet that success can only be achieved if absolutely all areas dovetail as smoothly as possible. Above and beyond expertise, it is indispensable that all participants also possess the ability to solve problems competently as well as extensive social and communicative skills.

Attractive employer and sought-after trainer

On average, in 2007 Hamburg Messe und Congress GmbH had 274 employees and made 17 training slots available.

At a training ratio of slightly over six percent, Hamburg Messe und Congress GmbH fulfils an important social function and responsibility towards young people in the city of Hamburg. The fact that each year the company's human resources department receives up to 1,000 applications for trainee positions

shows that Hamburg Messe und Congress GmbH is considered an extremely attractive employer. Yet Hamburg Messe und Congress GmbH's involvement in training also constitutes an investment in its own future because it allows the company to gain self-directed employees who possess the requisite expertise and know-how. Systematically promoting young talent thus is an important factor in the success of Hamburg Messe und Congress GmbH.

It is as interesting as it is challenging to be trained by Hamburg Messe und Congress GmbH. The young employees are integrated into ongoing work processes from the very first day and they are assigned their own projects shortly thereafter, subject to supervision of course. This introduces them to all aspects of the trade fair and conference business. Their training ranges from customer acquisition and support, to budgeting and technical project execution, all the way to idea generation and corporate communications. The trainees rapidly

learn during this process that they must master a great many abilities and skills if they are to be successful in their chosen field. Being prepared to deal with new issues and challenges as they arise certainly tops this list of requirements.

Our personnel development approach is the basis for continued employee education

Hamburg Messe und Congress GmbH is emphatically dedicated not just to training young people but also to providing continued education to experienced staff. The need to adapt staff skills to rapidly changing technical and economic conditions is a central entrepreneurial challenge and thus is vigorously pursued in the context of our integrated approach to human resources management. Among other things, this entails continuously refining Hamburg Messe und Congress GmbH's personnel development measures and meshing new ideas with the tried and tested.



Bundled know-how: René Gängler, Event Technician, and Jennifer Morath, Drafting Technician



Peter Bergleiter, Project Manager SMM

Personnel development at Hamburg Messe und Congress GmbH also serves to push the integration of the company's two divisions, Hamburg Messe and CCH, which evolved independently of each other, with the aim of making them dovetail to a greater extent.

Hamburg Messe und Congress GmbH's personnel development approach mainly comprises basic training, on- and off-the-job training as well as basic and continued education, including information events concerning topics specific to trade fairs and conventions.

Team training and coaching sessions as well as group seminars aimed at enhancing executives' skills are also offered. In addition, Hamburg Messe und Congress GmbH has put in place a special personnel development programme (PEP) as well as the so-called ELAN programme.

Personnel development: PEP and ELAN

The company's PEP personnel development programme entails addressing interdisciplinary topics and issues such as time management, presentation skills or rhetoric.

In contrast, ELAN is an English-language programme that aims to promote employees' mastery of the language on a one-to-one basis. Both programmes are regularly reviewed and new topics are added to them as needed.



Many people are required to ensure the success of a trade fair – José Machado, Facility Management, is one of them

Strategic positioning

Strategic realignment ensures the economic success of Hamburg Messe und Congress GmbH.

Hamburg Messe und Congress GmbH is pursuing a strategy that aims to achieve growth in the company's core business, the commission business and services. It defined its medium-term objectives in a white paper entitled "Horizonte 2015". The company plans both to double turnover to EUR 100 million over 2005, the comparable year, and break even by 2015/16.

The strategy of Hamburg Messe und Congress GmbH for attaining these objectives rests on four pillars: innovation, internationalisation, infrastructure and integration. All four entail numerous individual measures that were already launched in 2006.

These measures will ensure that Hamburg Messe und Congress GmbH is successful in economic terms by substantially improving earnings and enhancing cost efficiency.



Designed in 2007: The German pavilion at EXPO Zaragoza 2008





Hamburg harbour was the open-air setting of hanseboot 2007



Aviation is an important competence cluster

New structures spell success

The fundamental organisational restructuring of Hamburg Messe und Congress GmbH in 2007 was an important step toward achieving this goal. It entailed eliminating the company's previous division into two separate units, Hamburg Messe and CCH. It also entailed bundling the sales and marketing departments such that they serve the entire company and creating a commercial and administrative management department. All of this will enable Hamburg Messe und Congress GmbH in future to enhance its efficiency in leveraging synergies and further intensifying its focus on sales and marketing.

Additional qualified executives and staff were hired to support this realignment. Administrative capacities were and will continue to be reduced in favour of strengthening the company's sales and marketing activities. Hamburg Messe und Congress GmbH also established a product development department that is charged with refining the company's portfolio on an ongoing basis. A services profit centre is being set up as well. At the same time, the company is also laying the groundwork for increasing cost efficiency and making management more effective. Purchasing was strengthened, processes were standardised and services were bundled or outsourced to external providers as appropriate.

Competence and quality open up new markets

Hamburg Messe und Congress GmbH is also working vigorously on enlarging its event portfolio. Existing trade fairs are being expanded, new events were acquired and additional events are in the planning stage. As a modern customer- and service-oriented partner in the international trade fair and convention business, Hamburg Messe und Congress GmbH places great store on tailoring trade fairs and other events to the relevant market and satisfying highest quality requirements.

Hamburg Messe und Congress GmbH fulfils and refines these standards by focusing as much on ongoing product adjustments – with an eye to achieving a balanced portfolio of own events – as on the continuous development of new products. Acquiring trade fairs with a viable future as well as enriching the portfolio through guest events are important elements besides spin-off events and cooperation agreements in enabling us to successfully weather the competition.

Hamburg Messe und Congress GmbH makes sure that its activities are designed to dovetail closely with the economic clusters that the city of Hamburg has defined for itself. This gives rise to a symbiotic relationship that will also benefit the



Press conference in the run-up to EXPO Zaragoza 2008

region's industry, the Freie und Hansestadt Hamburg as well as Hamburg Messe und Congress GmbH internationally, in particular because it entails leveraging synergy effects with the company's domestic business. For instance, Hamburg Messe und Congress GmbH and its subsidiaries have used the world's foremost shipbuilding trade fair SMM to successfully position themselves as a strong international partner to the maritime industry that can also help its customers navigate to new centres of economic growth. Hamburg Messe und Congress GmbH will push its international strategy in its trade fair business in line with its competence clusters which include aviation technology, the life sciences and medical technology among others.

Moreover, thanks to its infrastructure the newly expanded CCH – Congress Center Hamburg provides the company with a convention centre that is one of the industry's most attractive venues. As a result, the company's close collaboration with many of Hamburg's institutions to bring major new high-value events to the city is already bearing fruit.

New thinking and new actions

Change is in the air at Hamburg Messe und Congress GmbH. Defining the company's objectives and strategies has sparked unmistakable changes in the way its staff think and act. And

the modern exhibition halls (which are nearing completion) as well as the expanded CCH will offer the company an entirely new platform for dealing with customers from a position of confidence and strength. The internal restructuring of Hamburg Messe und Congress GmbH entails clearly defining areas of responsibility and accountability. The results of an employee survey have also revealed additional areas that need to be worked on. For instance, introducing goal-setting procedures on a broad scale has enhanced both transparency and clarity. This process in turn is being helped along by intensive internal communications that foster employees' basic understanding of entrepreneurial issues and the degree to which they identify with the company. Core values such as passion for the tasks at hand, reliability and openness constitute the basis of a corporate culture that allows for tough and targeted yet consistently objective debates and critiques on the merits.

Coupled with an integrated marketing and public relations strategy, continuous employee development, an optimised system environment, ongoing process standardisation, high levels of professionalism and the controlled application of resources, all of these measures will allow Hamburg Messe und Congress GmbH to continue along its successful growth trajectory and achieve its stated objectives within the envisioned timetable.

Outlook

Targeting sales in excess of EUR 70 million will permit the company to continue developing its business, as in recent years.

2008 will be yet another year of growth for Hamburg Messe und Congress GmbH. The company's target of more than EUR 70 million in sales will continue to move it along the successful trajectory it has pursued for some years. Hamburg Messe und Congress GmbH will also continue to enhance its marketing and sales operations. Existing trade fairs and conventions will be expanded or repositioned. Further events will be acquired. And strong new guest events will supplement the portfolio of Hamburg Messe und Congress GmbH in meaningful ways. Furthermore new in-house products will be developed and implemented. The focus in 2008, a year with a large number of trade fairs, will be on the maritime sector.

Shipbuilding and aviation – innovative and cutting-edge sector clusters

In its capacity as a partner to companies in various industries worldwide, Hamburg Messe und Congress GmbH will continue to consolidate the leading position it has already achieved. For instance, the new International Conference on Maritime Secu-

urity and Defence (MS&D) will be hosted for the first time in 2008 alongside the SMM – before supplementing the portfolio of Hamburg Messe und Congress GmbH as an entirely separate event from 2009. In future, MS&D will constitute yet another strong maritime event held in odd years in Hamburg.

At the same time, the company will fully leverage the potential of SMM, the world's largest shipbuilding trade fair, which will have the entire floor space of 87,000 square metres available to it in 2008 for the first time. For example, there will be an SMM Istanbul as early as in 2009. And SMM India is yet another shipbuilding trade fair that is being planned abroad under the powerful auspices of the Hamburg brand.

Seatrade Europe, Europe's leading Cruise, Ferry & River Cruise Convention, will also be enhanced. Hamburg, a city on the cruise ship circuit, offers an ideal platform for this event. In addition, under its new project team hanseboot will present itself with new ideas and an entirely revamped allocation of space.

In terms of guest events, the focus of Hamburg Messe und Congress GmbH remains on aviation. Add to that trade fairs in logistics, occupational safety and other sectors that correspond to both the Hamburg clusters and the portfolio of Hamburg Messe und Congress GmbH.

The number of B2C events – leisure and lifestyle exhibitions, for instance – will increase while CCH will aim to acquire major international conventions besides hosting annual general meetings.

Internationally, Hamburg Messe und Congress GmbH is entering an entirely new field. Building and operating the pavilion for EXPO 2008 in Zaragoza, Spain, entails positioning the company in an international environment in which it does not yet possess much experience. But there can be no doubt that Hamburg Messe und Congress GmbH will use this opportunity

to gain a foothold in the future EXPO market. No matter how much it internationalises its business, Hamburg Messe und Congress GmbH will never lose sight of the highly attractive niche trade fair market (especially in technology) nor of the opportunities that arise from Hamburg's economic clusters.

For example, the acquisition of acqua alta, the International Conference and Exhibition on Consequences of Climate Change and Flood Protection, will allow to take possession of a topic that will be equally significant to the city of Hamburg in future.

The strong ties to Hamburg will be enhanced in 2008 because topics specific to Hamburg are also specific to Hamburg Messe und Congress GmbH.



High-tech airline cabin design and engineering at the Aircraft interiors EXPO

Report of the Supervisory Board

The Supervisory Board carried out its monitoring duties during the year under review based on regular oral and written reports provided by the Management of Hamburg Messe und Congress GmbH and its subsidiary BNM Baugesellschaft Neue Messe mbH.

In six meetings and through four circulars, as well as in 14 meetings of the committees charged with discussing matters beforehand, the Supervisory Board discussed all important company matters and adopted the resolutions required by law and the articles of association. The committees discussing matters beforehand include the Finance Committee (four meetings), the Construction Committee (nine meetings) and the Personnel Committee (one meeting), which was set up in 2007.

The annual financial statements 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, which was appointed as the auditor of the annual financial statements by the shareholder meeting on 28 November 2007 and 5 November 2007. The auditor was commissioned by the Supervisory Board on 18 December 2007. The auditor issued unqualified auditor's reports.

The audits' final results did not give rise to any actions. The result of the audit of the financial statements corresponds to the Supervisory Board's assessments of the annual financial statements. The Supervisory Board examined the financial statements and the management reports and does not raise any objections. The Supervisory Board approves both the management reports of the Managing Directors and the annual financial statements as at 31 December 2007.

The Supervisory Board wishes to thank the Managing Directors and the company's employees for their great dedication and their successful work in the past financial year.

Hamburg, April 2008



signed Johann C. Lindenberg
Chairman of the Supervisory Board

Annual financial statements 2007

Hamburg Messe und Congress GmbH

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BNM Baugesellschaft Neue Messe mbH

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Consolidated balance sheet

as at 31 December 2007

ASSETS	2007		2006
	EUR '000	EUR '000	EUR '000
A. Fixed assets			
I. Intangible assets			
1. Industrial property rights and similar rights		1,417	878
II. Tangible assets			
1. Land and buildings including buildings on third-party land	88,105		47,464
2. Technical equipment and machinery	6,122		158
3. Other equipment, operating and office equipment	9,543		5,974
4. Payments on account and assets under construction	1,887		42,633
		105,657	96,229
III. Long-term financial assets			
1. Shares in affiliated companies	3		3
2. Other equity investments	23		26
3. Other loans	0		5
		26	34
		107,100	97,141
B. Current assets			
I. Inventories			
1. Consumables and supplies	181		199
2. Work in progress	133		74
3. Payments on account	20,855		27,915
		21,169	28,188
II. Receivables and other assets			
1. Trade receivables	4,304		3,590
2. Receivables from affiliated companies	16,090		78
3. Receivables from other investees and investors	2		0
4. Receivables from the Freie und Hansestadt Hamburg	22		167
5. Other assets	8,339		2,871
		28,757	6,706
III. Cheques, cash-in-hand and bank balances		347	218
		50,273	35,112
C. Prepaid expenses		84	104
		157,457	132,357

Consolidated income statement

for the financial year from 1 January to 31 December 2007

	2007	2006
	EUR '000	EUR '000
1. Sales revenue	60,271	70,211
2. Increase/decrease in finished goods and work in progress	59	- 655
3. Other operating income	2,137	3,528
4. Cost of materials		
a) Expenses for staging fairs, exhibitions, conventions and other events	23,886	29,873
b) Cost of purchased services	12,266	8,965
5. Personnel expenses		
a) Wages and salaries	11,204	11,402
b) Social security and other pension costs	3,051	3,121
6. Depreciation, amortisation and write-downs on intangible and tangible assets	4,883	2,724
7. Other operating expenses	22,853	22,143
8. Income from investments	3	2
9. Other interest and similar income	182	268
10. Interest and similar expenses	1,936	1,159
11. Profit/loss from ordinary activities	- 17,427	- 6,032
12. Other taxes	730	720
13. Income from loss absorption	18,157	6,752
14. Net income/net loss for the year	0	0

The consolidated financial statements were not audited

Management report for 2007

A. Business and economic environment

1. The German trade fair market

In 2007, the trade fair industry benefited from strong economic developments, just as in the previous year. According to initial calculations by the Association of the German Trade Fair Industry (AUMA), the number of exhibitors rose by about 3 percent year on year (2006: 1.5 percent). The growth in the amount of floor space rented out climbed from 0.7 percent the previous year to 3 percent in 2007, and the number of visitors rose by the same percentage (2.5 percent) in 2007 as it did in 2006. While international trade fairs in particular benefited from this positive development, many major regional consumer exhibitions presented a different picture. Falling attendance figures increasingly dampened exhibitors' mood, in turn negatively affecting their decisions whether or not to participate in subsequent events.

While AUMA expects the trade fair sector to grow in 2008 at a rate similar to that achieved in 2007 in terms of both exhibitors and floor space, it does expect a slight downturn in the number of visitors.

2. The national and international convention and conference business

The convention and conference industry is expanding capacities at existing convention centres – nationally and internationally – as well as opening new ones. And worldwide hotel chains for their part are increasingly marketing their own meeting facilities (for events up to 2,000 participants). This expansion of the offerings is having a negative effect on prices. The event industry – concerts and cultural events – has recovered slightly.

3. Foreign business

German trade fair organisers' own events in foreign countries continued to develop along a positive trajectory. While they mounted 197 trade fairs abroad in 2006, the number climbed to 222 events in 2007. According to AUMA, 233 trade fairs are planned for 2008. Geographically, the focus will be on China, Russia, India and the United Arab Emirates (UAE).

The German Foreign Trade Fair Programme of the Federal Ministry of Economics and Technology is also growing. While the programme facilitated participations in 254 trade fairs in 2007, its plans call for official German participation in 286 events in 2008. Asia is the most important target market in this connection, and the Indian trade fair market is showing particularly strong growth.

4. Hamburg Messe und Congress GmbH

4.1. Hamburg Messe division

Given the two-year intervals at which some trade fairs take place, in odd years fewer events are staged on the grounds of Hamburg Messe such that this division posts lower revenue in odd years than in even years. In 2007, a total of 45 trade fairs were hosted at Hamburg Messe, including nine own events and 36 guest events, for a total capacity utilisation of 46.9 percent (previous year: 54.0 percent).

The developments in the German trade fair industry are reflected in the events that Hamburg Messe itself organises. INTERNORGA posted increases in terms of both exhibitors and visitors, benefiting yet again from the growing expansion of the trade fair grounds. In contrast, consumer exhibitions such as REISEN (International Exhibition Tourism & Caravaning), hanseboot (International Boat Show Hamburg) and DU UND DEINE WELT (The great consumer exhibition) had to contend with declines in the number of visitors that mirrored the downward trend throughout Germany. Overall, this division succeeded nonetheless in posting slight revenue growth over 2005.

4.2. CCH division

The construction works aimed at expanding the CCH – Congress Center Hamburg were largely completed in 2007. The new multifunctional exhibition hall as well as the newly erected convention centre were very well received. VW's annual general meeting, the International Meeting of Shipping Brokers and Agents (which was followed by a traditional Eisbein, i. e. hamhock, feast), the German Congress of Anaesthesiology as well as the BIO-Europe 2007 were some of the major events that were staged at the CCH. In 2007, CCH hosted a total of 195 national and international congresses, conventions and presentations (previous year: 193). The number of events in the cultural and culinary field climbed to 120 (previous year: 106). Capacity utilisation rose year on year from 49.4 percent in 2006 to 50.2 percent in 2007.

4.3. Foreign business division

Hamburg Messe und Congress GmbH (HMC) hosted mainly joint appearances at trade fairs related to the maritime industry, the oil and gas industry as well as the aviation industry on behalf of the Federal Ministry of Economics and Technology. Moreover, HMC also organised the largest official German participation at the Dubai Arab Health. The CMA's order volume has declined substantially due to its strategic realignment.

HMC also participated in foreign trade fairs pertaining to the maritime industry and the oil and gas industry, both of which are among its competence clusters.

5. Sales revenue

At EUR 48.1 million (2006: EUR 60.6 million; 2005: EUR 42.9 million), HMC posted its highest sales revenue yet in an odd year. The company thus succeeded in raising revenue by 12.0 percent compared to 2005. Sales

revenue is distributed as follows among the divisions: Hamburg Messe: EUR 29.0 million; CCH: EUR 9.1 million; and Foreign Business: EUR 7.4 million. Sales revenue from the property profit centre were EUR 2.6 million.

6. Profit/loss for the year

HMC posted a loss of approximately EUR 18.2 million for the 2007 financial year before absorption by HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH (HGV) (2006: EUR –6.8 million; 2005: EUR –9.3 million). Property leasing of the Neue Messe, the costs of which rose as construction progressed, had a stronger impact on results in 2007 than in 2005 (the comparable year). We have also been incurring financing costs since 2006 in connection with the expansion of the CCH.

7. Employees

In 2007, HMC had 274 employees on average (previous year: 275); of these, 230 had unlimited contracts while 44 had limited contracts (previous year: 233 and 42, respectively).

In the year just ended, HMC made 17 training slots available for future event and office clerks as well as for both graduates in business administration and event technology specialists.

8. Modernisation

8.1. New construction of the trade fair grounds

The new construction will lead to a highly flexible trade fair site with approximately 30 percent more floor space and state-of-the-art halls. Hall B5 was opened in February 2008. The last hall to be built (B7) will be completed ahead of schedule such that roughly 87,000 m² of usable floor space will already be available from September 2008.

The Neue Messe is being financed by means of property leasing via a project company, MOLITA. This project company entered into a long-term interest rate swap in 2005 to hedge the interest rates for the entire refinancing.

8.2. Expansion of CCH

The expansion of the CCH will boost capacity to 12,500 seats and exhibition space to 10,000 m². CCH now has a multifunctional exhibition hall with about 7,000 m² of floor space and a new conference centre with about 3,000 m² of floor space at its disposal. The conference centre comprises six 300 m² conference halls that can be divided using mobile partition walls and a 1,200 m² banquet hall that includes a generous lobby.

CCH's expansion is being financed by means of bank loans, and the interest rates were hedged through long-term swaps.

B. Economic situation

1. Net assets

Total assets rose in the reporting year by EUR 32,289 thousand to EUR 136,151 thousand, and the equity ratio declined accordingly from 11.2 percent to 8.6 percent, especially due to the investments related to the expansion of the CCH.

Total investments were EUR 17.1 million. In particular, this is due to measures concerning the expansion of the CCH, the moveable Neue Messe property and the completion of the provisional West Entrance. General modernisation work was also necessary.

Investments were offset by disposals of EUR 13.8 million and annual depreciation of EUR 4.9 million. The disposals comprise the buildings and facilities that were torn down ahead of the construction of the Neue Messe as well as various disposals arising from a physical inventory conducted in 2007. Additionally, the disposals also include all minor-value assets that were acquired and expensed in full in the 2007 financial year.

Deferred income contains ground rent collected in advance in connection with the granting of a heritable building right to the real property that HMC purchased and that MOLITA will use for construction. This item has been amortised over the stipulated term of the ground lease using the straight-line method since 2004.

2. Financial position

The company has a control and profit transfer agreement as well as a Group clearing agreement with HGV, its parent, which ensures its liquidity at all times.

3. Earnings

The annual financial statements of HMC show that the company broke even after HGV absorbed its loss of about EUR 18.2 million (previous year: loss of EUR 6.8 million).

C. Outlook, risks and opportunities of the company's future development

HMC expects sales revenue of about EUR 74 million in the 2008 financial year (a gain of 21 percent over 2006) and hence the highest sales revenue ever in its history.

We expect to post a net loss for the current year, given the considerable additional financing costs for leasing the Neue Messe property as well as the costs arising from the financing and depreciation of CCH's expansion. Property costs will continue to have a negative impact on earnings in the coming years. Based on our control and profit transfer agreement, HGV will absorb the losses that are planned for the next few years.

HMC maintains a risk management system that enables timely and systematic analyses and assessments of the company's exposure to risk as well as pertinent countermeasures. These analyses and assessments concern both strategic and operating risks. Risks arising from the construction projects related to the Neue Messe and the expansion of the CCH are also covered.

The Neue Messe entails risks that customarily arise in connection with construction projects, such as possible delays in completion. At the present time, however, the project is both on time and within budget.

HMC entered into three swaps to limit interest rate risks related to the borrowings for the CCH expansion project. These transactions constitute a macro hedge, i. e. three loans subject to variable interest rates, such that, financially speaking, there are three fixed-rate loans. The only risk that may arise in this connection resides in the potential replacement risk if one of the swap partners defaults.

In terms of its future development, at this time HMC is unaware of any risks that might jeopardise the company as a going concern. However, there will be a need to act on necessary renovation work in connection with the CCH. Normal business risks are covered through insurance policies.

There were no significant events after the close of the 2007 financial year.

Hamburg, 25 April 2008

signed Bernd Aufderheide
President and Chief Executive Officer (CEO)

signed Dr. Ulla Kopp
Chief Financial Officer (CFO)

Balance sheet

as at 31 December 2007

ASSETS	Note	2007		2006
		EUR '000	EUR '000	EUR '000
A. Fixed assets	(1)			
I. Intangible assets				
1. Industrial property rights and similar rights			1,417	878
II. Tangible assets				
1. Land and buildings including buildings on third-party land		88,105		47,464
2. Technical equipment and machinery		6,122		158
3. Other equipment, operating and office equipment		9,543		5,974
4. Payments on account and assets under construction		1,887		42,633
			105,657	96,229
III. Long-term financial assets	(2)			
1. Shares in affiliated companies		28		28
2. Other equity investments		24		26
3. Other loans		0		5
			51	59
			107,125	97,166
B. Current assets				
I. Inventories				
Consumables and supplies	(3)		181	199
II. Receivables and other assets	(4)			
1. Trade receivables		2,091		2,743
2. Receivables from affiliated companies		18,280		495
3. Receivables from other investees and investors		2		0
4. Receivables from the Freie und Hansestadt Hamburg		22		167
5. Other assets	(5)	8,020		2,770
			28,414	6,175
III. Cheques, cash-in-hand and bank balances			347	218
			28,942	6,592
C. Prepaid expenses			84	104
			136,151	103,862

Income statement

for the financial year from 1 January to 31 December 2007

	Note	2007 EUR '000	2006 EUR '000
1. Sales revenue	(10)	48,072	60,592
2. Other operating income	(11)	2,966	3,847
3. Expenses for staging fairs, exhibitions, conventions and other events		23,886	29,873
4. Personnel expenses			
a) Wages and salaries		11,204	11,402
b) Social security and other pension costs		3,051	3,121
of which for old age pensions: EUR 965 thousand (previous year: EUR 917 thousand)			
5. Depreciation, amortisation and write-downs on intangible and tangible assets		4,883	2,724
6. Other operating expenses	(12)	23,745	22,492
7. Income from investments		3	2
8. Other interest and similar income		237	297
of which from affiliated companies: EUR 94 thousand (previous year: EUR 285 thousand)			
9. Interest and similar expenses	(13)	1,936	1,159
of which to affiliated companies EUR 663 thousand (previous year: EUR 799 thousand)			
10. Profit/loss from ordinary activities		- 17,427	- 6,032
11. Other taxes		730	720
12. Income from loss absorption		18,157	6,752
13. Net income/net loss for the year		0	0

Notes

as at 31 December 2007

General disclosures

Hamburg Messe und Congress GmbH (HMC) prepares its annual financial statements in accordance with the provisions of the German Commercial Code (Handelsgesetzbuch – HGB) applicable for large corporations and in accordance with the German Limited Liability Companies Act (GmbH-Gesetz – GmbHG). The income statement is drawn up using the nature of expense format.

Given the peculiarities of the trade fair and convention business, the item “cost of materials” in the income statement has been replaced by the item “expenses for staging fairs, exhibitions, conventions and other events”, by applying Section 265 para. 6 of the HGB.

Accounting policies

Intangible assets are recognised at cost and amortised over their useful life (three to five years).

Tangible assets are measured at cost less investment grants. Buildings are depreciated in accordance with Section 7 para. 4 of the German Income Tax Act (Einkommensteuergesetz – EStG); moveable assets are depreciated based on the official tax depreciation tables, using the straight-line method.

Low-value assets are written off in full and shown as disposals in the year of acquisition in accordance with Section 6 para. 2 EStG.

Shares in affiliated companies and other equity investments are measured at cost.

Consumables and supplies are shown at a fixed value.

Receivables are always carried at their nominal values. In addition to specific valuation allowances, a general valuation allowance has been recognised to cover the general default risk.

The **other assets** are carried at their nominal values.

Cheques, cash-in-hand and bank balances are carried at their nominal values.

Prepaid expenses are recognised in accordance with Section 250 para. 1 sentence 1 HGB.

Pension provisions are recognised at their present value, which is computed using the German entry age normal method. Calculation is based on the mortality tables of Prof. Dr. Heubeck ("Richttafeln 2005 G"), a discount rate of six percent and an annual pension adjustment of one percent in accordance with the Hamburg Act on Additional Retirement Pensions (Hamburgisches Zusatzversorgungsgesetz – HmbZVG).

Tax provisions take into account the expected additional property tax payments based on outstanding taxable value assessment notices.

Other provisions adequately take into account all discernible risks and uncertain liabilities including the expenditure for overdue maintenance work which is to be carried out during the first three months of the following year.

Liabilities are carried at their redemption amount.

Deferred income is recognised in accordance with Section 250 para. 2 HGB.

Balance sheet and income statement disclosures as well as additional disclosures

(1) Fixed assets

The development of the individual items of fixed assets including depreciation, amortisation and write-downs for 2007 is presented in the statement of changes in fixed assets. A physical inventory of tangible assets was carried out in the 2007 financial year.

Payments on account and assets under construction essentially concern activities in connection with moveable assets for equipping the Neue Messe.

(2) Long-term financial assets

The development of long-term financial assets is shown in the statement of changes in fixed assets. As at 31 December 2007, HMC held an interest of at least twenty percent in the following companies:

	Carrying amount
	EUR
BNM Baugesellschaft Neue Messe mbH, Hamburg Share capital: EUR 25,000.00; interest: 100 percent; equity as at 31 December 2007: EUR 24,941.98; net profit/loss for 2007: EUR 0.00	27,500
MOLITA Vermietungsgesellschaft mbH & Co. Objekt Messe Hamburg KG, Hamburg Share capital: EUR 10,000.00; interest: 100 percent; equity as at 31 December 2006: EUR 0.00; net profit/loss for 2006: EUR –2,004,786.38	10,000

(3) Consumables and supplies

Consumables and supplies essentially comprise electrical material and material for repairs.

(4) Receivables and other assets

	Total		Due in less than 1 year	
	2007	2006	2007	2006
	EUR '000	EUR '000	EUR '000	EUR '000
1. Trade receivables	2,091	2,743	2,091	2,743
2. Receivables from affiliated companies	18,280	495	18,280	495
of which from the shareholder	16,082	0		
of which trade receivables	12	9		
of which other assets	18,267	487		
3. Receivables from other investees and investors	2	0	2	0
4. Receivables from the Freie und Hansestadt Hamburg (FHH)	22	167	22	167
of which trade receivables	2	167		
of which other assets	19	0		
5. Other assets	8,020	2,770	8,020	2,770
	28,414	6,175	28,414	6,175

(5) Other assets

Other assets largely comprise payments on account totalling EUR 1,116 thousand and receivables from unbilled services totalling EUR 1,687 thousand, essentially in connection with events abroad.

(6) Pension provisions

The changes in pension provisions result from an actuarial expert opinion. Pension provisions include EUR 18.2 thousand of own contributions for pensions of employees without vested pension entitlements.

(7) Other provisions

Other provisions include, for example, amounts for invoices outstanding and obligations from the CCH expansion project, which was completed in 2007; personnel expenses (previous year's vacation, overtime, partial retirement, termination benefits and performance bonuses); overdue maintenance work; supplier invoices outstanding; and other uncertain obligations.

(8) Liabilities

	Total		Due in less than 1 year		Due in more than 5 years	
	2007	2006	2007	2006	2007	2006
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
1. Liabilities to banks	46,704	25,528	1,782	1,075	37,499	21,428
2. Payments received on account of orders	7,708	2,472	7,708	2,472	0	
3. Trade payables	5,641	3,498	5,641	3,498	0	
4. Liabilities to affiliated companies	29	3,166	29	3,166	0	
of which to the shareholder	0	3,162				
of which trade payables	15	4				
of which other liabilities	14	3,162				
5. Liabilities to other investees and investors	870	756	870	756	0	
of which payments received on account of orders	870	746				
6. Liabilities to FHH	3,118	6	3,118	6	0	
of which trade payables	1	6				
of which other liabilities	3,117	0				
7. Other liabilities	341	367	341	367	0	
	64,409	35,793	19,487	11,340	37,499	21,428

With the exception of EUR 3.4 million, 80 percent of the liabilities to banks are collateralised with a guarantee furnished by FHH. The company has issued a letter of comfort for the remaining 20 percent and for the amount of EUR 3.4 million.

Trade payables are only subject to customary retention of title rules.

(9) Deferred income

Deferred income contains ground rent collected in advance for the granting of a heritable building right in connection with the Neue Messe construction project. This item is amortised over the stipulated term of the ground lease using the straight-line method.

Contingent liabilities and other financial obligations

The contracts for the construction of the new trade fair grounds including all rights and obligations thereunder have been transferred 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 all times.

Three interest rate swaps for EUR 25,300 thousand, EUR 18,800 thousand and EUR 3,400 thousand were concluded to secure the favourable long-term financing of the CCH expansion. According to the bank, the fair value of the swaps as at 31 December 2007 was EUR 1,769 thousand, EUR 1,447 thousand and EUR –80 thousand, respectively.

Purchase commitments in connection with the CCH expansion project total EUR 292 thousand.

Rental and lease contracts

The obligations under rental and lease contracts from the following year are as follows:

Partner	Regarding	Term		EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
		from	until	2008	2009	2010	2011	2012	from 2013 p. a.
Freie und Hansestadt Hamburg	Rent CCH	2006	2045	369	369	369	369	369	369
Freie und Hansestadt Hamburg	Property lease, Neue Messe	2005	2034	19,320	21,049	21,400	21,400	21,400	21,400
CHG-Meridian	Media technology	2007	2016	75	75	75	75	75	75
CHG-Meridian	IT hardware, miscellaneous			53	31	0	0	0	0
Others	miscellaneous			80	78	58	47	23	0
Total				19,897	21,601	21,902	21,891	21,867	21,844

The total amount under the property lease for the Neue Messe until the end of term is approximately EUR 571,980 thousand.

(10) Sales revenue

	EUR '000
Sales profit centre	
Hamburg Messe division	28,991
CCH division	9,082
Foreign business division	7,385
Property profit centre	
Messe	1,572
CCH	1,042
	48,072

(11) Other operating income

Other operating income essentially comprises the following income: partial amortisation of ground rent collected in advance; income from the disposal of fixed assets; cost allocations for services in connection with the construction of the new trade fair grounds; compensation for damages; and income from receivables written off and the reversal of provisions.

(12) Other operating expenses

Other operating expenses include lease costs in connection with the Neue Messe. The item also contains expenses for the construction of the new trade fair grounds, which were allocated.

(13) Interest and similar expenses

Interest and similar expenses essentially concern the CCH expansion.

Additional disclosures**Relations with affiliated companies**

The entire share capital of HMC totalling EUR 10.5 million is held by HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH, 20095 Hamburg, Moenckebergstrasse 31 (registration number HRB 16106). A control and profit transfer agreement is in place between HGV and HMC. HMC receives funds from HGV during a financial year if such funds are required to ensure HMC's solvency. HMC makes any liquidity surplus available to HGV.

The annual financial statements and the management report of HMC are included in the consolidated financial statements and the Group management report of HGV, which were prepared in accordance with German

law and are disclosed in Hamburg. This inclusion exempts HMC from the obligation to prepare consolidated financial statements and a Group management report.

BNM broke even in the 2007 financial year.

The annual financial statements and the management report of BNM are also included in the consolidated financial statements and the Group management report of HGV. The documentation on the consolidated financial statements is submitted to the electronic Bundesanzeiger (Federal Gazette).

Total remuneration of the Supervisory Board and the Management

The members of the Management received total remuneration of EUR 299,114.76 for the 2007 financial year.

A total of EUR 148,648.18 was paid to previous members of the Management and their surviving dependants. The pension provisions as at 31 December 2007 total EUR 1,366,173.00.

The total remuneration paid to the Supervisory Board amounted to EUR 10,220.00.

Corporate bodies

Supervisory Board

- Johann C. Lindenberg, chairman, former National Chairman of Unilever Germany
- Loretta Marsh, deputy chairman, office employee, Hamburg Messe und Congress GmbH
- Heino Greve, managing director, HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH
- Dr. Robert Heller, Councillor of state, Finance Authority
- Thorsten Kausch, managing director, Hamburg Marketing GmbH, from 6 August 2007
- Bärbel Krippahle, office employee, Hamburg Messe und Congress GmbH
- Dr. Claus Liesner, managing director, AMC Asset-Management-Consulting GmbH
- Hans Lübbers, technical employee, Hamburg Messe und Congress GmbH
- Karin Martin, managing director, GSA Verwaltungsgesellschaft mbH
- Edgar E. Nordmann, managing partner, Nordmann, Rassmann GmbH & Co.
- David Oruzgani, office employee, Hamburg Messe und Congress GmbH
- Ingo C. Peters, managing director, Hotel Vier Jahreszeiten, until 6 August 2007
- Dr. Dirk Petrat, office director, Authority for Economic and Labour Affairs
- Andrea Saddei, office employee, Hamburg Messe und Congress GmbH
- Prof. Dr. Hans-Jörg Schmidt-Trenz, chief executive, Hamburg Chamber of Commerce

Management

- Bernd Aufderheide, businessman
- Dr. Ulla Kopp, businesswoman, from 1 August 2007
- Dietmar Aulich, businessman, until 31 March 2007

Employees

	Number of employees at year's end	Average number of employees
Members of the Management	2	—
"Prokuristen" (executives holding a general commercial power of attorney)	5	4
Permanent employees	228	226
	235	
of which part-time employees	18	—
Trainees	19	17
Temporary employees	44	44
of which part-time employees	10	
	298	274

Hamburg, 25 April 2008

signed Bernd Aufderheide
President and Chief Executive Officer (CEO)

signed Dr. Ulla Kopp
Chief Financial Officer (CFO)

Auditors' report

We have audited the annual financial statements – comprising the balance sheet, the income statement and the notes – together with the bookkeeping system and the management report of Hamburg Messe und Congress GmbH, Hamburg, for the financial year from 1 January to 31 December 2007. The maintenance of the books and records and the preparation of the annual financial statements and the management report in accordance with German commercial law and supplementary provisions in the articles of association are the responsibility of the company's Management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with Section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the "Institut der Wirtschaftsprüfer". Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and evaluations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit statement. The audit includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall presentation of the annual financial statements and the management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, which is based on the findings of the audit, the annual financial statements of Hamburg Messe und Congress GmbH, Hamburg, are in compliance with legal provisions and the supplementary provisions of the articles of association and give a true and fair view of the net assets, financial position and results of the operations of the company in accordance with the principles of proper accounting. The management report is consistent with the annual financial statements and on the whole provides a suitable understanding of the company's position and suitably presents the opportunities and risks of future development.

Hamburg, 25 April 2008

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

signed Tesch
Wirtschaftsprüfer [German Public Auditor]

signed Dietterle
Wirtschaftsprüfer [German Public Auditor]

Statement of changes in fixed assets

as at 31 December 2007

	Cost				As at 31.12.2007 EUR '000
	As at 01.01.2007 EUR '000	Additions EUR '000	Transfers EUR '000	Disposals EUR '000	
I. Intangible assets					
1. Industrial property rights and similar rights	3,386	1,159	66	8	4,603
II. Tangible assets					
1. Land and buildings incl. buildings on third-party land	70,897	9,678	34,045	6,742	107,878
2. Technical equipment and machinery	2,346	959	5,510	611	8,204
3. Other equipment, operating and office equipment	19,604	4,061	1,682	5,797	19,551
4. Payments on account and assets under construction	42,632	1,230	- 41,303	672	1,887
	135,480	15,928	- 66	13,821	137,521
III. Long-term financial assets					
1. Shares in affiliated companies	28	0	0	0	28
2. Other equity investments	26	0	0	3	24
3. Other loans	5	0	0	5	0
	59	0	0	8	51
Total	138,925	17,087	0	13,838	142,175

Depreciation/amortisation/write-downs				Carrying amounts		
As at 01.01.2007	Additions	Disposals	As at 31.12.2007	31.12.2007	31.12.2006	
EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	
2,508	686	8	3,185	1,417	878	
23,434	1,871	5,531	19,773	88,105	47,464	
2,188	504	610	2,082	6,122	158	
13,630	1,822	5,443	10,009	9,543	5,974	
0	0	0	0	1,887	42,633	
39,252	4,197	11,585	31,864	105,657	96,229	
0	0	0	0	28	28	
0	0	0	0	24	26	
0	0	0	0	0	5	
0	0	0	0	51	59	
41,760	4,883	11,593	35,050	107,125	97,166	

BNM Baugesellschaft Neue Messe mbH

Management report for 2007

A. Foreword

The corporate purpose of BNM Baugesellschaft Neue Messe mbH (BNM) entails providing those planning and construction services related to the Neue Messe construction project that are not provided by the project company MOLITA Vermietungsgesellschaft mbH & Co. Objekt Messe Hamburg KG (MOLITA). The cost of all of BNM's services are billed to MOLITA on an ongoing basis. BNM is designed to be operational until completion of the construction works – probably in 2009. The company's business volume is approximately EUR 93 million. BNM does not have any employees.

B. Development of business

1. Services

In 2007, BNM participated in the following activities, among others, related to the Neue Messe Hamburg project:

- New construction of the catering facilities in halls A1, A3, A4 and B6;
- Completion of hall A4, including the administration building;
- Completion of the provisional West Entrance and entrances to the Sternschanze tunnel;
- Completion of hall B6 as well as of the head-end building of hall B1;
- Laying of supply and sewage pipes and cables in the trade fair grounds West; and
- Relocating Telekom's transmission technology.

2. Sales revenue

In the 2007 financial year, the company generated sales revenue of about EUR 13.1 million. This largely concerns the billing of construction costs to MOLITA.

C. Economic situation

In our view, there are no significant risks to the company's assets or earnings because its activities are limited to its corporate purpose and all costs incurred are continuously billed to MOLITA.

D. Outlook, opportunities and risks of the company's future development

The company's activities in 2008 will chiefly comprise completion of halls B5 and B7 and the attendant underground parking lot East; demolition of hall 8; implementation of the sub-projects concerning interim construction of halls B1 and B7 as well as the East Entrance and the passages between the halls.

The projects related to moveable property, especially the catering facilities for the halls, will be completed on schedule.

Given extant contracts, the company will largely break even in future as well.

BNM does not perceive any risks that might jeopardise its existence as a going concern. There were no significant events after the balance sheet date.

Hamburg, 25 April 2008

signed Bernd Aufderheide
Managing Director

Balance sheet

as at 31 December 2007

ASSETS		2007	2006
	Note	EUR '000	EUR '000
Current assets			
I. Inventories (1)			
1. Work in progress		133	74
2. Payments on account		20,855	27,915
		20,988	27,990
II. Receivables and other assets			
1. Trade receivables	(2)	2,213	847
2. Other assets	(3)	320	102
		2,532	948
		23,520	28,938
EQUITY AND LIABILITIES			
	Note	2007	2006
		EUR '000	EUR '000
A. Equity			
I. Subscribed capital			
II. Loss brought forward			
III. Net income for the year			
		25	25
		-0	-0
		0	0
		25	25
B. Provisions			
Other provisions	(4)	268	26
C. Liabilities			
1. Payments received on account	(5)	20,845	27,914
2. Trade payables	(6)	248	555
3. Liabilities to affiliated companies	(7)	2,134	418
		23,228	28,887
		23,520	28,938

Income statement

for the financial year from 1 January to 31 December 2007

	Note	2007 EUR '000	2006 EUR '000
1. Sales revenue		13,091	9,619
2. Increase/decrease in work in progress		59	-655
3. Cost of materials			
Cost of purchased services		13,095	8,935
4. Interest and similar expenses	(8)	55	29
5. Profit/loss from ordinary activities		0	0
6. Taxes on income		0	-0
7. Net income/net loss for the year		0	0

Notes

as at 31 December 2007

General disclosures

BNM Baugesellschaft Neue Messe mbH, which was founded in 2003, carries out certain building work in connection with the construction of the new trade fair grounds in Hamburg. All of the company's shares are held by Hamburg Messe und Congress GmbH (HMC). Based on contractual agreements, the construction costs are allocated to MOLITA Vermietungsgesellschaft mbH & Co. Objekt Messe Hamburg KG (MOLITA) since 2004. HMC will rent the new trade fair grounds once they are completed.

BNM prepares its annual financial statements in accordance with the provisions of the German Commercial Code (Handelsgesetzbuch – HGB) applicable for large corporations, taking into account the German Limited Liability Companies Act (GmbH-Gesetz – GmbHG). The income statement is drawn up using the nature of expense format.

In contrast to the previous year, interest and similar expense incurred in connection with bank account clearing transactions with the shareholder HMC are shown separately (previous year: cost of purchased services). The previous year's figure was adjusted accordingly.

Accounting policies

Inventories are measured at cost.

Receivables and other assets are carried at their respective nominal values.

Provisions are recognised to the extent required based on prudent business judgement.

Liabilities are carried at their redemption amount.

Balance sheet disclosures

- (1) The work in progress shown under **inventories** is allocated to MOLITA. The payments on account made concern various construction services.
- (2) **Trade receivables** concern receivables from MOLITA in connection with finished work. All receivables are due within less than one year.
- (3) **Other assets** essentially concern VAT receivables from the tax authority. These receivables are due within less than one year.
- (4) **Other provisions** are recognised for invoices outstanding and for the audit of the annual financial statements.
- (5) Under **payments received on account**, we show amounts paid by MOLITA for work in progress of BNM.
- (6) **Trade payables** concern several construction companies and other suppliers. They are due within less than one year, as in the previous year.
- (7) The **liabilities to affiliated companies** concern the shareholder HMC. The liabilities result from bank account clearing transactions, disbursements and VAT set-offs. The liabilities are due within one year, as in the previous year.

Income statement disclosures

- (8) The item **interest and similar expenses** concerns interest incurred in connection with bank account clearing transactions with the shareholder HMC, as in the previous year.

Additional disclosures

Other financial obligations

Purchase commitments total EUR 3,483 thousand.

Relations with affiliated companies

BNM's total share capital of EUR 25,000.00 is held by HMC. BNM receives funds from HMC during a financial year if such funds are required to ensure BNM's solvency. BNM makes any liquidity surplus available to HMC.

HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH, Hamburg (HGV), which is BNM's ultimate parent company, prepares consolidated financial statements that include most of the Group's companies. These consolidated financial statements are disclosed in the electronic Bundesanzeiger (Federal Gazette).

From a VAT point of view, BNM is a consolidated tax group subsidiary of HMC and, thus, of HGV as well.

Corporate bodies

The company does not have a Supervisory Board. The respective tasks are carried out by the Supervisory Board of HMC.

The following individuals were Managing Directors of the company in the 2007 financial year:

Mr. Dietmar Aulich, Managing Director of HMC (until 31 March 2007)

Mr. Bernd Aufderheide, President and Chief Executive Officer (CEO) of HMC (from 1 April 2007)

Neither the Supervisory Board nor the Managing Directors receive remuneration from BNM.

Employees

BNM does not have any employees. All required tasks are carried out by employees of HMC. An agency agreement is in place between HMC and BNM.

Hamburg, 25 April 2008

signed Bernd Aufderheide
Managing Director

Auditors' report

We have audited the annual financial statements – comprising the balance sheet, the income statement and the notes – together with the bookkeeping system and the management report of BNM Baugesellschaft Neue Messe mbH, Hamburg, for the financial year from 1 January to 31 December 2007. The maintenance of the books and records and the preparation of the annual financial statements and the management report in accordance with German commercial law and supplementary provisions in the articles of association are the responsibility of the company's Management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with Section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the "Institut der Wirtschaftsprüfer". Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and evaluations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit statement. The audit includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall presentation of the annual financial statements and the management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, which is based on the findings of the audit, the annual financial statements of BNM Baugesellschaft Neue Messe mbH, Hamburg, are in compliance with legal provisions and the supplementary provisions of the articles of association and give a true and fair view of the net assets, financial position and results of the operations of the company in accordance with the principles of proper accounting. The management report is consistent with the annual financial statements and on the whole provides a suitable understanding of the company's position and suitably presents the opportunities and risks of future development.

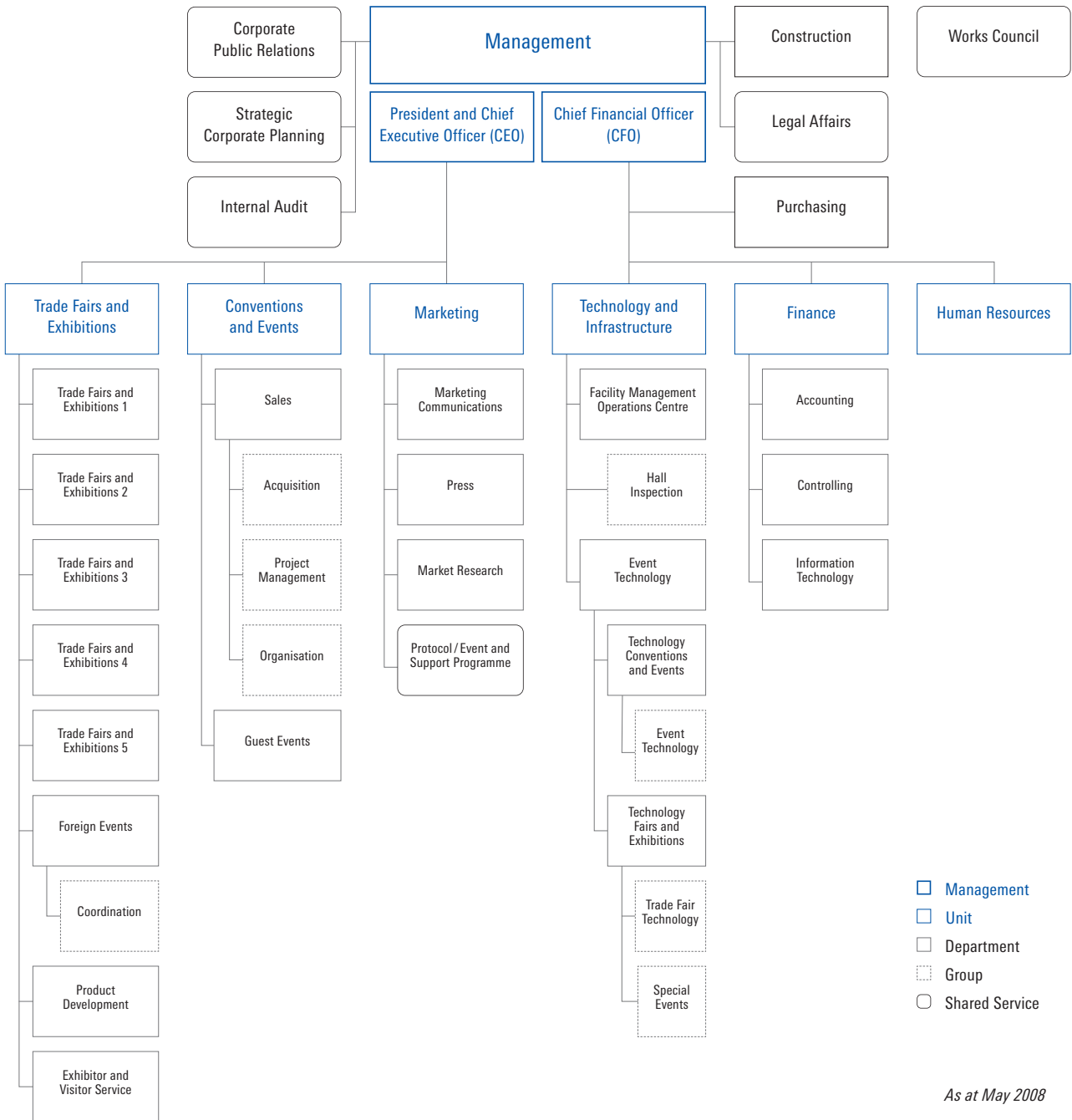
Hamburg, 25 April 2008

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

signed Tesch
Wirtschaftsprüfer [German Public Auditor]

signed Dietterle
Wirtschaftsprüfer [German Public Auditor]

Organisational structure



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