REZIDOR HOTEL GROUP AB (publ)

FINANCIAL REPORT 1st JANUARY – 31st MARCH 2007

FIRST QUARTER 2007

- Revenue increased to MEUR 173.4 (156.2).
- EBITDA amounted to MEUR 4.5 (-0.4), and EBITDA margin was 2.6% (-0.3).
- Profit after tax of MEUR -1.1 (-4.6).
- Earnings Per Share amounted to EUR -0.01 (-0.03)[1)]
- RevPAR Like-for-Like (for leased and managed hotels) up by 10.9% to EUR 71 (64), and occupancy was 65% (62).
- RevPAR total (for leased and managed hotels) up by 4.7% to EUR 67 (64), and occupancy was 63% (62).

OTHER HIGHLIGHTS

- Already a European market leader in the airport hotel segment, Rezidor announced four new contracts for developing airport hotels in Germany, the UK & Ireland.
- Further building on the Park Inn brand, three additional contracts were signed in the UK.
- The selective and strategic development of the luxury brand, Regent, continues with a new property in Abu Dhabi, UAE, scheduled to open in 2010.
- In the quarter, Rezidor added over 2,300 rooms in operation, out of which 500 rooms were extensions to existing hotels. Over 80% of these rooms were under management contracts.
- In the quarter, Rezidor contracted over 2,100 rooms. Over 80% of the contracted rooms were under management contracts.
- On target towards adding 20,000 rooms to operation by end 2009.

CEO STATEMENT

"The positive development of 2006 has continued into 2007, and although the first quarter is seasonally the weakest, we are pleased to present a strong result. RevPAR is continuing to increase, driven primarily by rate, which should further improve our EBITDA margin. During the quarter, we opened over 2,300 rooms. Given these new openings and our contracted pipeline, we believe that we are in line with our target of adding 20,000 new rooms by the end of 2009." *Kurt Ritter, President & CEO*

Note:

1) The calculation of Earnings Per Share is based on average number of ordinary shares outstanding during the period (please also refer to Consolidated Income Statement presented on page 8).

1. KEY FIGURES

	JAN-MAR 2007	JAN-MAR 2006	JAN-DEC 2006
SELECTED FINANCIAL DATA (TEUR, except indicated otherwise)			
Revenue	173,395	156,220	707,319
EBITDAR	53,298	43,663	238,777
EBITDA	4,533	(426)	60,981 (1)
EBIT	(1,030)	(5,535)	34,705
Financial income and expense, net	(592)	(885)	(2,248)
Profit after Tax	**(1,120)**	**(4,618)**	**28,969**
Total equity (2)	172,678	147,904	176,380
Balance sheet total	402,607	365,325	402,623
Total investments (only intangible and tangible assets)	12,704	6,144	32,617
Number of shares (3)	150,002,040	149,979,887	149,979,887
Earnings Per Share (EUR) (4)	(0.01)	(0.03)	0.19
Equity Per Share (EUR) (5)	1.15	0.99	1.18
SELECTED OPERATIONAL DATA			
RevPAR, EUR (6)	67	64	72
Occupancy % (6)	63%	62%	69%
Number of Hotels (7)	288	262	279
Available Rooms (000) (6)	3,153	2,773	11,855
Rooms sold (000) (6)	1,985	1,728	8,194
Number of countries present (8)	47	48	47
Number of employees (9)	5,716	5,676	5,919
SELECTED RATIOS			
EBITDAR Margin %	30.7%	27.9%	33.8%
EBITDA Margin %	2.6%	(0.3)%	8.6% (1)
EBIT Margin %	(0.6)%	(3.5)%	4.9%

Notes:

(1) Before IPO related costs.

(2) Including minority interest.

(3) The number of shares represents weighted average number of ordinary shares outstanding during the period.

(4) The Earnings Per Share is calculated before allocation of minority interest and this calculation is based on weighted average number of ordinary shares outstanding during the period.

(5) The calculation of equity per share is based on number of ordinary shares at the end of the period.

(6) Including leased and managed properties.

(7) Of which 227 hotels were in operation at the end of Q1 07, and 222 were in operation at the end of Q1 06 (including franchised).

(8) Including hotels in operation and under development.

(9) For leased hotels and administration units, expressed in full time equivalents, as an average for the period.

2. MARKET DEVELOPMENT

The overall economic and business climate in 2007 started off with a good first quarter. The seasonally adjusted economic GDP growth of 3.3%[(1)] and 3.5%[(1)] in the Euro zone and EU 25 respectively in Q4 06 has continued its positive impact on the first quarter of 2007. In Western Europe, the current positive economic situation was particularly marked in Germany, Austria and Belgium, as also noted by the Ifo World Economic Survey (WES) [(2)]. The Survey indicates a continuation of the robust world economic upturn in the first half of 2007, which is also expected in a great majority of the Euro zone countries.

General Hotel Market Performance[(3)]

The hotel industry has benefited from favourable business conditions in Europe. In Q1 07, RevPAR for first-class and mid-market hotels in **Europe** grew by 8.1% and 8.4% respectively (both mainly AHR driven). RevPAR in **the Middle East** during the same quarter had an even stronger growth with first-class and mid-market hotels marking growth rates of 14.0% (AHR driven) and 7.3% (occupancy driven) respectively.

Most of the **key cities in Europe** (including Russia), where Rezidor is present reported positive RevPAR growth – Warsaw (19.7%), Moscow (19.0%), London (17.0%), Amsterdam (16.0%), Berlin (11.9%), Frankfurt (11.6%), Copenhagen, (9.5%), Stockholm (9.2%), Brussels (9.0%), Paris (8.8%) and Vienna (3.9%). RevPAR growth in **the Middle Eastern cities** showed mixed results – Muscat (47.7%), Riyadh (35.6%), UAE Regional (15.7%) Sharm El-Sheikh (7.9%), Dubai (7.8%), Jeddah (4.3%), Kuwait (-9.1%) and Manama (-14.4%).

Sources:

1. *Eurostat (an EC publication) dated 12th April 2007.*
2. *Ifo World Economic Survey (WES) of the 1st quarter 2007, in co-operation with the International Chamber of Commerce (ICC), Paris.*
3. *Hotel performance data included in this section has been provided by the HotelBenchmark™ Survey by Deloitte (growth rates are Euro based).*

3. REVPAR, OCCUPANCY & OTHER FINANCIAL HIGHLIGHTS

	JAN-MAR 2007	JAN-MAR 2006	Variance %
REVPAR LIKE-FOR-LIKE (EUR), Leased & Managed			
Radisson SAS	75	69	8.7%
Park Inn	46	40	15.0%
Rezidor	71	64	10.9%
OCCUPANCY LIKE-FOR-LIKE, Leased & Managed			
Radisson SAS	65%	64%	1.6%
Park Inn	59%	55%	7.3%
Rezidor	65%	62%	4.8%
REVPAR (EUR), Leased & Managed			
Radisson SAS	75	69	8.7%
Park Inn	37	40	(7.5)%
Rezidor	67	64	4.7%
OCCUPANCY, Leased & Managed			
Radisson SAS	65%	64%	1.6%
Park Inn	55%	54%	1.9%
Rezidor	63%	62%	1.6%
OTHER FINANCIAL HIGHLIGHTS (TEUR)			
Revenue	173,395	156,220	11.0%
EBITDA	4,533	(426)	n/m
Profit after tax	(1,120)	(4,618)	n/m

REVPAR

RevPAR for Rezidor like-for-like grew by a double digit. RevPAR for the group as a whole was mainly affected by the addition of two large Park Inns with over 2,000 rooms in St. Petersburg, particularly during this low season period. This is also evident from the RevPAR development of the Park Inn brand during Q1 07. Radisson SAS reported a healthy increase in RevPAR, fuelled particularly by the Rest of Western Europe and the Middle East, where the hotels reported a double-digit RevPAR growth.

COMMENTS TO INCOME STATEMENT

Share of Rooms Revenue as a percent of Total Hotel Revenue from leased hotels increased to 62.2% (60.1), which contributed positively to the EBITDA margin. In addition, the increase in Fee Revenue, mainly from managed hotels, further improved the results. Tight cost control led to a marginal improvement in operating costs, however, the rent expense increased primarily due to increased revenue (causing higher variable rent) and addition of new hotels. Despite an increase in interest rates, the net financial expense went down due to re-financing of a former loan from SAS and better commercial terms with banks. The effective tax rate was affected by the seasonality of the quarter as well as the tax losses carried forward.

4. SEGMENTAL REVENUES, EBITDA & CENTRAL COSTS

OVERVIEW - REVENUE (in TEUR)

REGION	JAN-MAR 2007	JAN-MAR 2006	VARIANCE %
Nordics	77,886	72,817	7.0%
Rest of Western Europe	88,445	78,376	12.8%
Eastern Europe	3,761	3,010	25.0%
Middle East, Africa & Others	3,303	2,017	63.8%
TOTAL	**173,395**	**156,220**	**11.0%**

OVERVIEW - EBITDA (in TEUR)

REGION	JAN-MAR 2007	JAN-MAR 2006	VARIANCE %
Nordics	12,277	9,969	23.2%
Rest of Western Europe	(2,658)	(4,965)	n/m
Eastern Europe	2,112	1,172	80.2%
Middle East, Africa & Others	2,716	1,550	75.2%
Central Costs	(9,914)	(8,152)	n/m
EBITDA	**4,533**	**(426)**	**n/m**

THE NORDICS

The Nordic market enjoyed stronger than expected business activities, which in turn positively affected revenues, especially at our leased hotels. While RevPAR increased, the ongoing renovation at 5 leased properties resulted in lower than full revenue potential. A new Radisson SAS hotel (172 rooms) was opened and an additional 150 rooms went into operations at an existing Radisson SAS hotel in Norway. Fees from managed hotels went up by 37.1%, largely due to hotels in Copenhagen and Oslo. Fees from franchised hotels decreased as 6 hotels (ca 700 rooms) left Rezidor since April 06. Other Revenue, mainly related to brand support and loyalty programmes, increased as a result of greater business volume and additional number of rooms.

EBITDA margin before Central Costs went up to 15.8% (13.7). Improvement was noted due to rate driven increase in RevPAR and good cost control. Most of the increase in management fee, which was basically incentive based, also helped in improving the EBITDA figure.

REST OF WESTERN EUROPE

Over the last four years, Rezidor has opened nearly 13,000 rooms in this region, many of which are in their ramp-up phase. In 2006, for the first time, the Rest of Western Europe overtook the Nordics in terms of its share of total revenue. That trend has continued in Q1 07, in which the Rest of Western Europe retained its leading position. The increase was attributable to the strong rate-driven growth in RevPAR, particularly in France as well as in the UK, Benelux and Germany, where hotels marked a double digit RevPAR growth. Additional factors that led to the revenue growth include ramp up of several leased and managed hotels opened during the last 2 years, and addition of 6 new hotels (ca 1,000 rooms) to operations since April 06. Fees from Franchised hotels improved marginally despite loss of one property (ca 100 rooms).

EBITDA margin before Central Costs went up to -3.0% (-6.3). The improvement in the margin was on the low side primarily because of the opening of several new hotels that are in their ramp-up phase. Growth in RevPAR and tight cost control led to improvement in profit margins at our leased hotels. EBITDA from managed hotels also gained due to strong market conditions and containment of shortfall payments under contracts with performance guarantees.

EASTERN EUROPE

Rezidor's portfolio in this geographic segment mainly includes managed properties. Within this geographic segment, the company's growth focus continues to be on Russia and Other CIS countries, where Rezidor is the leading international hotel operator.

Revenue showed a strong increase on account of strong markets, addition of 4 new hotels and extension of an existing Radisson SAS property (totalling ca 2,600 rooms) since April 06. The newly added properties include conversion of two large hotels to Park Inns - both in St. Petersburg - making us the biggest hotel operator in that city. Fees from Franchised hotels declined marginally as two hotels (ca 700 rooms) left Rezidor since April 06.

EBITDA margin before Central Costs went up to 56.2% (38.9). Rezidor particularly benefited from strong market conditions for the mid-market segment in Russia where the company recently added a significant room capacity, and which generates additional fee income. As the revenue is mainly fees from managed hotels, the segment has a good EBITDA conversion rate.

THE MIDDLE EAST, AFRICA & OTHER

While RevPAR in the Middle East varied in different markets, Rezidor gained from its newly added rooms in Dubai in particular. Rezidor had a strong RevPAR growth of 21% in this geographic segment, which had a positive impact on fee income. Since April 06, Rezidor has added 2 new properties and has extended 2 existing hotels, totalling over 800 rooms. Fees from franchised hotels went down due to 2 hotels (ca 400 rooms) leaving Rezidor.

EBITDA margin before Central Costs went up to 82.2% (76.8). Like in Eastern Europe, as the revenue is mainly management fees, any incremental fee income positively affects the EBITDA margin. Continued growth in RevPAR coupled with Rezidor's increased hotel portfolio in the region has further strengthened the EBITDA.

CENTRAL COSTS

The growth in Central Costs versus Q1 06 was basically due to reinforced organization post-IPO, with introduction of new head office functions and re-alignment of the regional structure to meet future needs. Additional factors include enlargement of Rezidor's regional office in Moscow to better support the company's ongoing growth in Russia and other CIS countries. As a percent of System-wide Revenue, which is estimated at approximately MEUR 437.0 (382.0), Central Costs were relatively stable at 2.3% (2.1).

5. ADDITIONAL COMMENTS FIRST QUARTER 2007

BALANCE SHEET

The increase in tangible assets was primarily due to investments in progress which mainly consist of FF&E replacements, maintenance and renovation works at several leased hotels. Financial non-current assets decreased because of partial repayment of a loan. . Net working capital, excluding cash and cash equivalents, at the end of the period was MEUR -26.3 (-32.5 as at 31st Dec 06). This change is mainly due to the seasonality effect of the first quarter.. Compared to year end 2006, total equity was negatively affected by the net loss for the period and translation differences attributable to associates amounting to MEUR 2.9. The net debt/cash (including pension assets and pension liabilities) as at the end of Q1 07 amounted to MEUR -1.1 (15.7 as at 31st Dec 06). The movement was mainly related to the investments made in Q1 07 and the effect of low season on business activity.

CASH FLOW & LIQUIDITY

Change in working capital was relatively stable despite increased business volume. Movement in cash flow from investing activities was mainly on account of renovation and extension related investments, which amounted to MEUR 6.5 and MEUR 6.0 respectively. Cash flow from financing activities changed mainly due to reduction in the use of bank overdrafts. At the end of Q1 07, Rezidor had MEUR 30.6 in cash and cash equivalents. The total credit facilities amounted to MEUR 101.5, of which MEUR 40.4 were used for bank guarantees, MEUR 40.9 were used as overdrafts, leaving MEUR 20.2 available for use. Additional ca MEUR 32.3 in credit facilities were contracted during April 07.

PARENT COMPANY

Net sales during Q1 07 amounted to MEUR 0.9 (0.0), and the result after financial items amounted to MEUR -0.4 (0.0). Investments during the period amounted to MEUR 0.0 (0.2 as at 31st Dec 06). Cash and cash equivalents amounted to MEUR 24.3 (30.0 as at 31st Dec 06). The decrease of cash was mainly due to reduction in the use of bank overdrafts.

POST BALANCE SHEET EVENTS
The Board of Directors is proposing a share buy-back programme, to be decided by the Annual General Meeting on May 4th, 2007. The Board of Directors will to the Annual General Meeting 2007 propose a share-related incentive programme. The Board of Directors proposes to the General Meeting which will be held on May 4th, 2007 to increase the share capital of the company, through a bonus issue, with EUR 9,873,416 resulting in a share capital of EUR 10,000,000.

BUSINESS DEVELOPMENT
2,343 rooms were added into operations during the first quarter of 2007, out of which 39% were Radisson SAS and 61% were Park Inn. In line with our strategy to focus on management contracts, 80% of the rooms added are managed by Rezidor.

415 rooms left the system, all of which were franchised with a marginal contribution to the bottom line.

During the same period we signed contracts for 12 hotels, representing a total of 2,141 rooms, of which 43% were under the Radisson SAS brand and 37% under the Park Inn banner. Similar to the openings during the first quarter, 80% of the rooms signed were under management agreements and only 33% of the rooms signed carried a financial guarantee.

The geographic distribution of newly contracted rooms is as follows:

Nordics:	0%
Rest of Western Europe:	64%
Eastern Europe:	4%
Africa, Middle East & Other:	32%

OTHER GROUP DEVELOPMENTS
We reinforced the national sales structure to further enhance and support our smaller properties as well as franchised hotels to optimise revenue generation. In order to further strengthen the operational support to individual hotels, we also re-organised our structure with District Directors in Scandinavia, UK, Central Europe and the Middle East.

Amongst other awards won by Rezidor during the quarter, the following are worth noting:
* Best Hotel Chain in Norway and Best International Hotel Chain by the magazine Travel News.
* Nordic Business Travel Award to Radisson SAS for best hotel chain, under the auspices of Nordic Business Travel Barometer 2007.

OUTLOOK
The market remains strong and RevPAR is projected to grow further. EBITDA margin is expected to improve. We reiterate our target to open 20,000 new rooms during 2007-09.

UPCOMING FINANCIAL INFORMATION

July 27th, 2007
Interim Report for the period 1 January – 30 June 2007

October 29th, 2007
Interim Report for the period 1 January – 30 September 2007

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This report has not been audited.

6. CONSOLIDATED INCOME STATEMENT

(THOUSAND EURO)	JAN-MAR 2007	JAN-MAR 2006	JAN-DEC 2006
Revenue	173,395	156,220	707,319
Cost of goods sold	(12,964)	(12,783)	(54,806)
Personnel cost	(62,364)	(57,811)	(246,714)
Other Operating expenses	(44,769)	(41,963)	(167,022)
Operating profit before rental expense and share of income in associates and depreciation and amortization and gain on sale of fixed assets (EBITDAR)	**53,298**	**43,663**	**238,777**
Rental expense	(49,789)	(45,059)	(183,092)
Shares of income in associates	1,024	970	5,296
IPO related expenses	-	-	(4,392)
Operating profit (loss) before depreciation and amortization and gain on sale of fixed assets (EBITDA)	**4,533**	**(426)**	**56,589**
Depreciation and amortization expense	(5,563)	(5,109)	(21,884)
Operating profit (loss)	**(1,030)**	**(5,535)**	**34,705**
Financial income	688	307	2,111
Financial expense	(1,280)	(1,192)	(4,359)
Profit (loss) before tax	**(1,622)**	**(6,420)**	**32,457**
Income Tax	502	1,802	(3,488)
Profit (loss) for the period	**(1,120)**	**(4,618)**	**28,969**
Attributable to:			
Equity holders of the parent	(1,120)	(7,368)	20,719
Minority interest	-	2,750	8,250
	(1,120)	**(4,618)**	**28,969**
Average number of ordinary shares outstanding during the period	150,002,040	149,979,887	149,979,887
Earnings per share (EUR)			
Basic and diluted before allocation to minority interest	(0.01)	(0.03) [1]	0.19[1]

(1) In relation to the exchange of the preference shares, the minority interest earned in 2006, have been subsequently acquired by the parent company and therefore eliminated in equity. In order to present a representative view of the earnings per share for the comparable numbers 2006, we present earnings per share before allocation to minority interest.

7. CONSOLIDATED STATEMENT BALANCE SHEET

(THOUSAND EURO)

ASSETS	31-MAR-2007	31-DEC-2006
NON-CURRENT ASSETS		
Intangible assets		
Goodwill	13,089	12,625
Other intangible assets	62,242	64,557
	75,331	**77,182**
Tangible assets		
Fixed installations in leased properties	27,416	27,638
Machinery and equipment	51,089	52,261
Investments in progress	16,823	7,684
	95,328	**87,583**
Financial assets		
Investments in associated companies and joint ventures	12,263	12,317
Other shares and participations	15,414	15,088
Pension funds, net	12,419	12,553
Other long-term non-current receivables	11,410	14,082
	51,506	**54,040**
Deferred tax assets	29,977	26,964
CURRENT ASSETS		
Inventory	5,318	5,297
Other current receivables	112,232	97,064
Other short term investments	2,337	3,518
	119,887	**105,879**
Cash and cash equivalents	30,578	50,975
Total current assets	**150,465**	**156,854**
TOTAL ASSETS	**402,607**	**402,623**

LIABILITIES AND EQUITY	31-MAR-2007	31-DEC-2006
Share capital	127	127
Translation reserves	18,273	20,578
Other paid in capital	154,059	153,978
Retained earnings including net profit (loss) for the period	4	1,482
Equity attributable to equity holders of the parent	**172,463**	**176,165**
Minority interest	215	215
Total equity	**172,678**	**176,380**
Non current liabilities		
Deferred tax liabilities	16,484	15,749
Retirement benefit obligations	1,289	1,325
Other long-term non-current liabilities	322	387
	18,095	**17,461**
Current liabilities		
Accounts payable	35,781	35,858
Current tax liabilities	10,455	10,054
Liabilities to financial institutions	40,880	47,603
Other current liabilities	124,718	115,267
	211,834	**208,782**
Total liabilities	**229,929**	**226,243**
TOTAL LIABILITIES AND EQUITY	**402,607**	**402,623**

Number of ordinary shares at the end of the period	150,002,040	150,002,040
Equity per share	1.15	1.18

8. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(THOUSAND EURO)

	SHARE CAPITAL	TRANSLATION RESERVES	OTHER PAID IN CAPITAL	RETAINED EARNINGS	NET INCOME (LOSS) FOR THE PERIOD	**ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT**	MINORITY INTEREST	**TOTAL EQUITY**
Ending balance as of December 31, 2005	**100**	**19,392**	**87,978**	**(36,317)**	**17,719**	**88,872**	**60,715**	**149,587**
Allocation of net income of previous period	-	-	-	17,719	(17,719)	**-**	-	**-**
Net profit (loss) for the period	-	-	-	-	(7,368)	**(7,368)**	2,750	**(4,618)**
Change in translation differences	-	2,935	-	-	-	**2,935**	-	**2,935**
Ending balance as of March 31, 2006	**100**	**22,327**	**87,978**	**(18,598)**	**(7,368)**	**84,439**	**63,465**	**147,904**
Change of treatment for the pensions (from defined benefit to contribution benefit plan)	-	-	-	(1,745)	-	**(1,745)**	-	**(1,745)**
Other adjustments	-	-	-	(1,644)	-	**(1,644)**	-	**(1,644)**
Net profit for the period	-	-	-	-	28,087	**28,087**	5,500	**33,587**
Change in translation differences	-	(1,749)	-	-	-	**(1,749)**	-	**(1,749)**
New share issue and exchange of preference shares	27	-	66,000	2,750	-	**68,777**	(68,750)	**27**
Ending balance as of December 31, 2006	**127**	**20,578**	**153,978**	**(19,237)**	**20,719**	**176,165**	**215**	**176,380**
Allocation of net income of previous period	-	182	-	20,537	(20,719)	**-**	-	**-**
Net loss for the period	-	-	-	-	(1,120)	**(1,120)**	-	**(1,120)**
Change in translation differences	-	(2,487)	81	(176)	-	**(2,582)**	-	**(2,582)**
Ending balance as of March 31, 2007	**127**	**18,273**	**154,059**	**1,124**	**(1,120)**	**172,463**	**215**	**172,678**

9. CONSOLIDATED STATEMENT OF CASH FLOW

(THOUSAND EURO)	JAN-MAR 2007	JAN-MAR 2006
Profit Before Interest and Taxes	**(1,030)**	**(5,535)**
Non cash items	4,149	5,895
Interest, taxes paid and other cash items	(1,455)	(381)
Change in working capital	(6,238)	(6,405)
Cash flow used in operating activities	**(4,574)**	**(6,426)**
Purchase of other intangible assets	(182)	35
Purchase of tangible assets	(12,522)	(6,179)
Purchase of shares and participations	-	(2,172)
Proceeds from sale of fixed assets and shares	-	
Interest received	536	334
Other investments	2,943	1,596
Cash flow from investing activities	**(9,225)**	**(6,386)**
External financing, net	(6,597)	3,245
Cash flow from financing activities	**(6,597)**	**3,245**
Effects of exchange rate changes on cash and cash equivalents	(266)	(164)
Cash flow for the period	**(20,662)**	**(9,731)**
Cash and cash equivalents at beginning of the period	51,241	23,548
Cash and cash equivalents at end of the period	30,579	13,817

10. NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH, 2007

BASIS OF PREPARATION
The condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting and the Swedish Annual Accounts Act. The interim financial statements have also been prepared applying the Swedish Accounting Standards Council recommendation RR 31.

The condensed financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by E.U.

The formal condensed financial reports as defined by the Swedish Corporate Governance Code are included on pages 8-15.

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2006 except as disclosed below.

ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS
In the current period, the Group has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (IFRIC) that are relevant to its operations and effective for accounting periods beginning on 1 January 2007 and which were endorsed by the European Commission prior to the release of these financial statements.

IASB has issued the following amendments and accounting pronouncements which will be effective for annual periods beginning on or after 1 January 2007:

* IFRS 7 Financial Instruments: Disclosures which adds certain new disclosure requirements about financial instruments and puts all financial instruments disclosures together in one standard. Effective for annual periods beginning on or after 1 January 2007.
* Amendment (August 2005) to IAS 1 Presentation of Financial Statements which adds new disclosure requirements for capital. Effective for annual periods beginning on or after 1 January 2007.

In addition to the above, IFRIC 7, 8, 9, 10 and 11 is applicable for the Group from 1 January 2007.

The adoption of these Standards and Interpretations have no material impact on the financial statements for the Group in 2007 and onwards, however additional disclosures might be required for annual reporting purposes.

PARENT COMPANY
The Parent Company reports in accordance with RR 32 "Reporting in separate financial statements". RR 32 requires the Parent Company to use similar accounting principles as for the Group, i.e. IFRS to the extent allowed by RR 32.

11. SEGMENT INFORMATION

REVENUE – PER AREA OF OPERATION

TEUR	THREE MONTHS ENDING		
Revenue	**JAN-MAR 2007**	**JAN-MAR 2006**	**VAR%**
Rooms revenue	95,769	84,861	12.9%
F&B revenue	52,697	50,573	4.2%
Other hotel revenue	5,469	5,667	(3.5)%
TOTAL HOTEL REVENUE	**153,935**	**141,101**	**9.1%**
Fee revenue	15,075	11,605	29.9%
Other revenue	4,385	3,514	24.8%
TOTAL REVENUE	**173,395**	**156,220**	**11.0%**

TOTAL FEE REVENUE

TEUR	JAN-MAR 2007	JAN-MAR 2006	VAR%
	THREE MONTHS ENDING MARCH		
Management Fees	6,032	4,440	35.9%
Incentive Fees	4,077	2,167	88.1%
Franchise Fees	888	970	(8.5)%
Other Fees (incl. marketing, reservation fee etc.)	4,078	4,028	1.2%
TOTAL FEE REVENUE	**15,075**	**11,605**	**29.9%**

REVENUE – PER REGION

TEUR	NORDICS		REST OF WESTERN EUROPE		EASTERN EUROPE		MIDDLE EAST, AFRICA & OTHERS		TOTAL	
	JAN-MAR 2007	JAN-MAR 2006	JAN-MAR 2007	JAN-MAR 2006	JAN-MAR 2007	JAN-MAR 2006	JAN-MAR 2007	JAN-MAR 2006	JAN-MAR 2007	JAN-MAR 2006
Leased	71,299	67,435	82,636	73,667	-	-	-	-	153,935	141,102
Managed	1,213	885	4,752	3,628	3,684	2,887	3,302	1,954	12,951	9,354
Franchised	1,251	1,447	795	619	77	123	1	63	2,124	2,252
Other	4,123	3,050	262	462	-	-	-	-	4,385	3,512
TOTAL	**77,886**	**72,817**	**88,445**	**78,376**	**3,761**	**3,010**	**3,303**	**2,017**	**173,395**	**156,220**

OPERATING PROFIT BEFORE DEPRECIATION (EBITDA)

TEUR	NORDICS		REST OF WESTERN EUROPE		EASTERN EUROPE		MIDDLE EAST, AFRICA & OTHERS		CENTRAL COSTS		TOTAL	
	JAN-MAR 2007	JAN-MAR 2006	JAN-MAR 2007	JAN-MAR 2006	JAN-MAR 2007	JAN-MAR 2006	JAN-MAR 2007	JAN-MAR 2006	JAN-MAR 2007	JAN-MAR 2006	JAN-MAR 2007	JAN-MAR 2006
Leased	9,127	7,638	(2,172)	(3,666)	-	-	-	-	-	-	6,955	3,972
Managed	849	546	(584)	(1,380)	2,115	1,173	2,379	1,251	-	-	4,759	1,590
Franchised	547	780	188	133	4	48	1	(45)	-	-	740	916
Other (*)	1,754	1,005	(90)	(52)	(7)	(49)	336	344	-	-	1,993	1,248
Central Costs	-	-	-	-	-	-	-	-	(9,914)	(8,152)	(9,914)	(8,152)
TOTAL	**12,277**	**9,969**	**(2,658)**	**(4,965)**	**2,112**	**1,172**	**2,716**	**1,550**	**(9.914)**	**(8,152)**	**4,533**	**(426)**

(*) Other also include share of income from associates

OPERATING PROFIT (EBIT)

TEUR	NORDICS		REST OF WESTERN EUROPE		EASTERN EUROPE		MIDDLE EAST, AFRICA & OTHERS		CENTRAL COSTS		TOTAL	
	JAN-MAR 2007	JAN-MAR 2006	JAN-MAR 2007	JAN-MAR 2006	JAN-MAR 2007	JAN-MAR 2006	JAN-MAR 2007	JAN-MAR 2006	JAN-MAR 2007	JAN-MAR 2006	JAN-MAR 2007	JAN-MAR 2006
Leased	6,149	4,573	(4,125)	(5,206)	-	-	-	-	-	-	2,024	(633)
Managed	834	529	(629)	(1,424)	2,078	1,140	2,346	1,222	-	-	4,629	1,467
Franchised	519	750	165	112	1	44	1	(50)	-	-	686	856
Other (*)	1,567	868	(350)	(236)	(8)	(49)	336	344	-	-	1,545	927
Central Costs	-	-	-	-	-	-	-	-	(9,914)	(8,152)	(9,914)	(8,152)
TOTAL	**9,069**	**6,720**	**(4,939)**	**(6,754)**	**2,071**	**1,135**	**2,683**	**1,516**	**(9,914)**	**(8,152)**	**(1,030)**	**(5,535)**

(*) *Other also includes share of income from associates and income from sale of assets*

BALANCE SHEET & INVESTMENTS

TEUR	NORDICS		REST OF WESTERN EUROPE		EASTERN EUROPE		MIDDLE EAST, AFRICA & OTHERS		TOTAL	
	31-MAR-2007	31-DEC-2006	31-MAR-2007	31-DEC-2006	31-MAR-2007	31-DEC-2006	31-MAR-2007	31-DEC-2006	31-MAR-2007	31-DEC 2006
Total assets	191,470	195.048	164,758	159.587	20,819	19.239	25,560	28.749	402,607	402,623
Investments	10,000	11,493	2,704	21,124	-	-	-	-	12,704	32,617

HOTELS IN OPERATION

CONTRACT TYPE	NORDICS		REST OF WESTERN EUROPE		EASTERN EUROPE		MIDDLE EAST, AFRICA & OTHERS		TOTAL	
	31-MAR 2007	31-MAR 2006	31-MAR 2007	31-MAR 2006	31-MAR 2007	31-MAR 2006	31-MAR 2007	31-MAR 2006	31-MAR 2007	31-MAR 2006
Leased	22	22	42	40	-	-	-	-	64	62
Managed	8	8	42	39	26	22	19	17	95	86
Franchised	38	42	25	25	4	6	1	1	68	74
TOTAL REZIDOR	**68**	**72**	**109**	**104**	**30**	**28**	**20**	**18**	**227**	**222**

ROOMS IN OPERATION

CONTRACT TYPE	NORDICS		REST OF WESTERN EUROPE		EASTERN EUROPE		MIDDLE EAST, AFRICA & OTHERS		TOTAL	
	31-MAR 2007	31-MAR 2006	31-MAR 2007	31-MAR 2006	31-MAR 2007	31-MAR 2006	31-MAR 2007	31-MAR 2006	31-MAR 2007	31-MAR 2006
Leased	5,964	5,812	8,679	8,283	-	-	-	-	14,643	14,095
Managed	2,209	2,108	7,228	6,776	7,182	4,662	4,672	3,968	21,291	17,514
Franchised	5,618	6,179	4,854	4,665	711	1,448	282	282	11,465	12,574
TOTAL REZIDOR	**13,791**	**14,099**	**20,761**	**19,724**	**7,893**	**6,110**	**4,954**	**4,250**	**47,399**	**44,183**

HOTELS & ROOMS IN DEVELOPMENT

AS AT MARCH 31, 2007

	NORDICS		REST OF WESTERN EUROPE		EASTERN EUROPE		MIDDLE EAST, AFRICA & OTHERS		TOTAL	
	HOTELS	ROOMS	HOTELS	ROOMS	HOTELS	ROOMS	HOTELS	ROOMS	HOTELS	ROOMS
Radisson SAS	2	344	13	2,342	12	2,989	9	2,096	36	7,771
Park Inn	2	597	12	1,600	2	384	3	629	19	3,210
Missoni/ Lifestyle	-	-	2	222	-	-	1	205	3	427
Regent	-	-	-	-	1	128	2	937	3	1,065
TOTAL Rezidor	**4**	**941**	**27**	**4,164**	**15**	**3,501**	**15**	**3,867**	**61**	**12,473**

RELATED PARTY TRANSACTIONS

Related parties with significant influence are: Carlson owning 35% of the shares. Other related parties are the management of Rezidor. Rezidor also has some joint ventures and associated companies. On March 31st, 2007 Rezidor had ordinary current receivable related to Carlson of MEUR 0.9 (1.0) and ordinary current liabilities of MEUR 2.1 (2.2). The business relationship with Carlson mainly consisted of operating costs related to the use of the brands and for the use of the Carlson reservation system. During Q1 07, Rezidor had operating costs towards Carlson of MEUR 1.9 (1.6). Moreover, Rezidor paid commissions towards the travel agencies' network of Carlson amounting to MEUR 0.1 (0.1). For these specific commissions Rezidor had current liabilities of MEUR 0.0 (0.1).

DEFERRED TAXES

The Group accounts for deferred taxes in accordance with its accounting policies that tax losses can be used against future profits.

SHARE CAPITAL

Since December 31st, 2006, no change occurred in the share capital. Therefore, as of March 31st, 2007, 150,002,040 shares were issued and outstanding. The company's share capital was MEUR 0.1. No convertible debentures or share options exist within the Group.

PENSION FUNDS, NET

Defined Benefit Pension

Most pension plans within the Rezidor Group are defined benefit arrangements. These mainly cover retirement pensions and widow pensions where the employer has an obligation to pay a lifelong pension corresponding to a certain guaranteed percentage of wages or a certain annual sum. Retirements pensions are based on the number of years a person is employed. The employee must be registered in the plan for a certain number of years in order to receive full retirement pension. For each year at work the employee earns an increasing right to pension, which is recorded as pension earned during the period as well as an increase in pension obligations. Rezidor pension plans for salaried employees in Sweden, Norway and Belgium are secured through defined benefit pensions plans with insurance companies.

Defined contribution pension plans

These plans mainly cover retirement, sick and family pensions. The premiums are paid regularly during the year by group companies to different insurance companies. The size of the premium is based on wages. Pension costs for the period are included in the income statement.

PLEDGED ASSETS AND CONTINGENT LIABILITIES

ASSETS PLEDGED (TEUR)	**31-MAR-2007**	**31-DEC-2006**
Securities on deposits (restricted accounts)	2,339	3,521
CONTINGENT LIABILITIES (TEUR)	**31-MAR-2007**	**31-DEC-2006**
Guarantees provided for management contracts	24,539	26,441
Guarantees provided for renovation works	14,583	11,911
Miscellaneous guarantees provided	1,376	1,533
TOTAL GUARANTEES PROVIDED	**40,498**	**39,885**

Certain lease and management agreements entered into by members of the group contain change of control clauses in relation to such members or their parents leading to possible changes in commercial terms and/or early termination.

12. DEFINITIONS

AHR
Average-House Rate – Rooms revenue in relation to number of rooms sold.

Earnings per share
Profit for the period, before allocation to minority interest divided by the weighted average number of shares outstanding.

EBIT
Operating profit before net financial items and tax.

EBITDA
Operating profit before depreciation and amortisation and gain on sale of shares and fixed assets and net financial items and tax (for 2006 excluding IPO related costs).

EBITDA margin
EBITDA as a percentage of Revenue (for 2006 excluding IPO related costs).

EBITDAR
Operating profit before rental expense and share of income in associates and before depreciation and amortisation and gain on sale of shares and of fixed assets and net financial items and tax.

FF&E
Furniture, Fittings and Equipment.

Like-for-like hotels
Same hotels in operation during the previous period compared.

Net working capital
Current non-interest-bearing receivables minus current non-interest-bearing liabilities.

Occupancy (%)
Number of rooms sold in relation to the number of rooms available for sale.

Revenue
All related business revenue (including rooms revenue, food & beverage revenue, other hotel revenue, fee revenue and other non-hotel revenue from administration units).

RevPAR
Revenue Per Available Room: Rooms revenue in relation to rooms available.

System-wide Revenue
Hotel revenue (including rooms revenue, food & beverage, conference & banqueting revenue and other hotel revenue) from leased, managed and franchised hotels, where revenue from franchised hotels is an estimate. It also includes other non-hotel revenue from administration units, such as revenue from Rezidor's print shop that prepares marketing materials for Rezidor hotels and revenue generated under Rezidor's loyalty programs.

GEOGRAPHIC REGIONS / SEGMENTS

Nordic Region
Denmark, Finland, Iceland, Norway and Sweden.

Rest of Western Europe
Austria, the Benelux countries, France, Germany, Greece, Italy, Ireland, Malta, Portugal, Spain, Switzerland and the United Kingdom.

Eastern Europe (incl. CIS countries)
Azerbaijan, the Baltic region, Bulgaria, Croatia, the Czech Republic, Georgia, Hungary, Kazakhstan, Macedonia, Poland, Romania, Russia, Slovakia, Turkey, Ukraine and Uzbekistan.

Middle East, Africa and Other
Bahrain, Egypt, Iran, Jordan, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia, Syria and the United Arab Emirates.