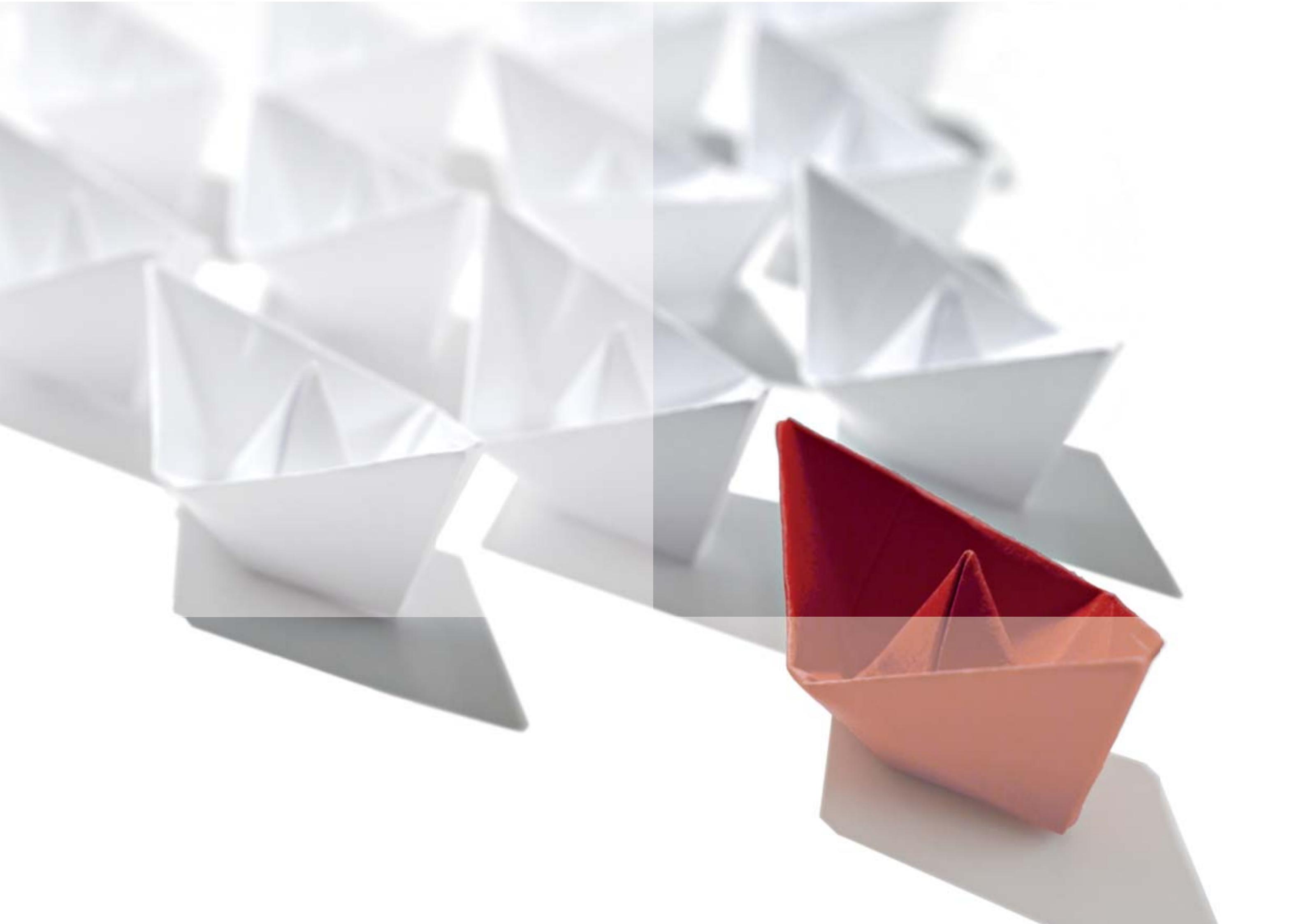
HYPOPORT
THE FINANCE INTEGRATOR



Interim report

of Hypoport AG for the period ended 31 March 2011

Berlin, 9 Mai 2011

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Key performance indicators

	1 Jan – 31 March 2011	1 Jan – 31 March 2010	Change
Financial performance (€'000)			
Revenue	17,683	12,089	46 %
Gross profit	10,367	7,134	45 %
Earnings before interest, tax, depreciation and amortisation (EBITDA)	2,242	-28	8,107 %
Earnings before interest and tax (EBIT)	982	-1,078	191 %
EBIT margin (EBIT as a percentage of gross profit)	9.5	-15.1	163 %
Net profit (loss) for the year	588	-1,153	151 %
attributable to Hypoport AG shareholders	616	-1,151	154 %
Basic earnings (loss) per share (€)	0.10	-0.19	153 %
Diluted earnings (loss) per share (€)	0.10	-0.19	153 %
Financial position (€'000)	**31 Mar 2011**	**31 Dec 2010**	
Current assets	25,258	30,130	-16 %
Non-current assets	36,429	37,048	-2 %
Equity	28,096	27,390	3 %
attributable to Hypoport AG shareholders	27,936	27,202	3 %
Equity ratio (%)	45.3	40.5	12 %
Total assets	61,687	67,178	-8 %

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Contents

1. Letter to shareholders

Dear shareholder

Hypoport has got off to an excellent start to the new decade, delivering an impressive performance in the first three months of 2011. All our business units achieved significant year-on-year improvements in both revenue and earnings. Revenue jumped by 46.3 per cent to €17.7 million in the first quarter of this year (Q1 2010: €12.1 million). Consequently, gross profit surged by 45.3 per cent to €10.4 million (Q1 2010: €7.1 million). This strong first-quarter performance is particularly encouraging because the market for our business models does not usually pick up until later in the year. The last few months have witnessed considerable turmoil around the world – two cases in point being the events in Japan and the uncertainty in the euro zone. Moreover, the recent rate hike by the European Central Bank (ECB) finally put an end to the years of very low interest rates. Against this backdrop we are especially delighted that we have managed to sustain the strong earnings performance that started back in mid-2010. And Hypoport's prospects continue to look good if we analyse each business unit in turn.

v.l.n.r.: Thilo Wiegand, Ronald Slabke, Hans Peter Trampe und Stephan Gawarecki

Unique position in business with private clients

It is particularly worth highlighting the growth achieved in Private Clients, the largest of our business units, which sells financial products to individuals via our Dr. Klein branch network and our online and agent sales capabilities. The revenue generated by this business unit grew by 45.3 per cent to €11.4 million (Q1 2010: €7.9 million). Dr. Klein continued to expand its branch network in the first quarter of 2011 and now has 577 specialists who advise the clients acquired over the internet – a year-on-year increase of 120. Dr. Klein has always provided advice independently of individual product suppliers. In addition to our impressive achievements in mortgage finance, our performance in insurance brokerage was also highly encouraging in this context, with our Private Clients business unit more than doubling the volume of business it transacted in life insurance, general insurance and private health insurance. This growth will further reduce our reliance on individual product categories. Moreover, the fact that Dr. Klein is independent of individual product suppliers in the financial services industry is becoming an increasingly important criterion. This significant competitive advantage is what enables us to offer such favourable terms and conditions, to be awarded top ratings in consumer finance comparisons and to retain our customers' growing loyalty over several decades – and it is also what makes Dr. Klein unique and a formidable player in the market.

Regulatory environment and competitive pressures increasing EUROPACE's appeal

Financial Service Providers – Hypoport's second-largest business unit – also achieved above-average growth in revenue, which advanced by 51.8 per cent to €3.5 million (Q1 2010: €2.3 million). EUROPACE even reported the second-best quarterly result in its history in terms of transaction volume (€4.1 billion) on the back of benign economic conditions, the continued availability of low interest rates in mortgage finance, and longer average fixed-interest periods. Given their regulatory environment and the severe competitive pressures under which they operate, it is evident that financial product distributors and banks are increasingly becoming aware of and exploiting the potential for selling their products through EUROPACE, GENOPACE and FINMAS.

Effective portfolio management

Corporate Real Estate Clients – our third-largest business unit – also managed to achieve exceptional growth in the first quarter of 2011, raising the revenue that it generated under the Dr. Klein brand by 46 per cent year on year to €1.9 million (Q1 2010: €1.3 million). The constant growth of our Corporate Real Estate Clients business unit illustrates that Dr. Klein's unique position as an independent finance expert, including the provision of big-ticket loans, is paying off. Dr. Klein once again proved to be the central intermediary for high-quality commercial real-estate finance in the first few months of 2011. This position is strengthened by our online portfolio management system, which customises solutions for real-estate investors.

Growth also achieved by Institutional Clients

The Institutional Clients business unit, which is based in the Netherlands, also grew in the first quarter of 2011. Its range of products and services around EUROPACE for issuers generated revenue of €1.1 million (Q1 2010: €0.8 million). As market leader in the Netherlands this business unit can build on its high-profile reputation and has used this strategy to gradually penetrate markets in other countries.

In summary, therefore, we can say that Hypoport performed well across all its business units in the first quarter of 2011, and we have every reason to be highly confident about the months ahead as well. Assuming that market conditions remain stable, we expect to achieve double-digit revenue growth and a net profit in line with last year's. However, international developments are fraught with uncertainty. The market is currently exercised by the question of when and by how much the ECB will raise interest rates the next time around and what impact this will have on the mortgage finance market. The performance of the German economy going forward remains another area of intense speculation. Plenty of questions will therefore be posed over the coming months. Our strong team of professionals at Hypoport are working hard to find the answers – and to secure the Company's continued growth.

On behalf of the entire organisation I would like to thank you for the trust and confidence you have shown.

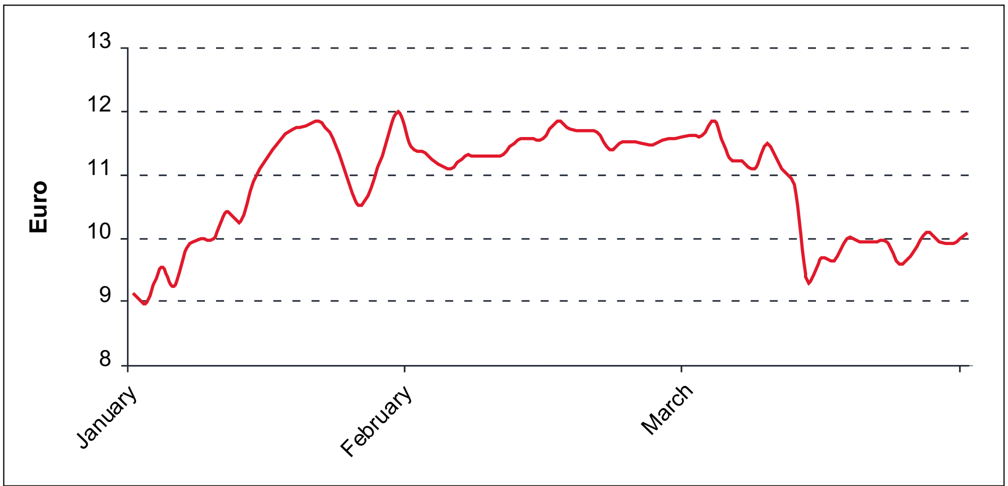
Yours sincerely

Ronald Slabke
Sprecher des Vorstands, Co-CEO

2. Hypoport‘s shares

Share price performance

Hypoport's shares posted modest gains in the first quarter of 2011, rising by 7.1 per cent from €9.41 at the end of 2010 to €10.07 on 31 March 2011. Their highest price was €12.00 on 31 January and their lowest was €9.00 on 4 January.



Performance of Hypoport's share price, January to March 2011 (daily closing prices on Frankfurt Stock Exchange)

Earnings per share

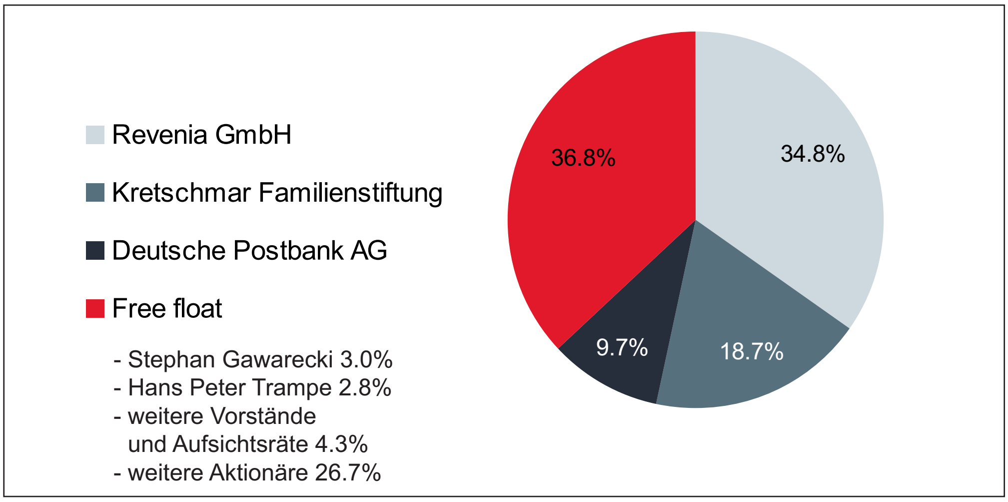
The Company generated earnings of €0.10 per share in the first quarter of 2011, having incurred a loss of €0.19 per share in the corresponding quarter of 2010.

Trading volumes

The average daily volume of Hypoport shares traded more than trebled from €8,634.84 to €27,691.13. The highest average daily turnover was in January (3,317 shares), followed by March (2,724 shares). The month with the lowest daily turnover was February, when an average of only 1,634 Hypoport shares changed hands.

Shareholder structure

The free float in Hypoport's shares amounts to 36.8 per cent.



Breakdown of shareholder structure as at 31 March 2011

Notification of directors' dealings

The table below shows the directors' dealings notified for the first quarter of 2011.

Date of transaction	Notifying person/entity	Transaction	Stock exchange	Number of shares	Execution price
13 January 2011	Kretschmar Research GmbH *	Sale	Off-exchange	201,335	10.00 €
29 March 2011	Hans Peter Trampe	Sale	XETRA	10,000	9.98 €
30 March 2011	Hans Peter Trampe	Sale	XETRA	3,500	10.00 €

* Prof. Dr. Thomas Kretschmar is managing director of Kretschmar Research GmbH

Ad-hoc-disclosures

As a publicly traded company we are required to make ad-hoc disclosures of facts that could influence our share price. The following ad-hoc disclosure made on 1 March was the only one published in the first quarter of 2011:

Berlin, 1 March 2011: The revenue and earnings figures reported by Hypoport AG for the 2010 financial year are likely to be the best results that the Company has ever presented. This means that it will not only hit its own forecasts but also exceed the challenging targets set by analysts.

Hypoport, a Berlin-based financial service provider, is set to report year-on-year revenue growth of more than 30 per cent for 2010, having generated revenue of €50.5 million in 2009. Its earnings performance was particularly impressive. The earnings before interest, tax, depreciation and amortisation (EBITDA) reported for last year is likely to be in the double-digit millions for the first time ever.

Meanwhile, earnings before interest and tax (EBIT) is set to jump to over €6 million. „Assuming that things turn out as we expect, these revenue and earnings figures will make 2010 the best year in Hypoport's history", stressed Ronald Slabke, the Company's CEO. Building on what had already been a strong performance in the second and third quarters, he added, the exceptionally good final quarter of 2010 had made this a record-breaking year.

Hypoport's preliminary results will be published on 7 March. Ad-hoc disclosures can be downloaded from our website at www.hypoport.com.

Designated sponsor

Designated sponsors enhance a share's liquidity by quoting binding prices at which they will buy and sell the share. The designated sponsor for Hypoport AG is Close Brothers Seydler Bank AG, Frankfurt am Main.

Research

Several analysts have published research studies on Hypoport's shares during the current financial year. The table below shows their most recent recommendations, the dates on which they were issued, and the target price in each case.

Broker	Recommendation	Target price	Date of recommendation
Equinet Investigator	Buy	17.00 €	18 April 2011
Close Brothers Seydler Research	Buy	16.80 €	5 April 2011
Lang & Schwarz	Buy	16.00 €	4 April 2011
Close Brothers Seydler Research	Buy	15.00 €	25 January 2011
Equinet Investigator	Buy	17.00 €	20 January 2011

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Key data on Hypoport's shares

Security Code Number (WKN)	549 336
International securities identification number	DE 000 549 3365
Stock exchange symbol	HYQ
Type	No-par-value shares
Notional value	1.00 €
Subsribed capital	6,194,958.00 €
Stock exchanges	Frankfurt
	XETRA
Market segment	Regulated market
Transparency level	Prime Standard
Membership of indices	CDAX
	Classic All Share
	DAXsector All Financial Services
	DAXsubsector Diversified Financial
	GEX
	Prime All Share
Performance	
Share price as at 3 January 2011	9.13 € (Frankfurt)
Share price as at 31 March 2011	10.07 € (Frankfurt)
High in first quarter 2011	12.00 € (31 January 2011)
Low in first quarter 2011	9.00 € (4 January 2011)
Market capitalisation	62.4 Mio. € (31 March 2011)
Trading volume	27,691.13 € (daily average for first quarter 2011)

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3. Interim group management report

Economic conditions

The global economic recovery has continued in the first few weeks of 2011. Although this rally has been increasingly self-sustaining since the end of 2010, the pattern of growth has varied from one country or region to another. At the same time, inflationary pressures are mounting worldwide and are primarily being driven by the rising prices of oil and other commodities. Despite the fact that inflation in the industrialised nations has largely been contained thus far, it rose gradually in the second half of 2010 and at the beginning of 2011.

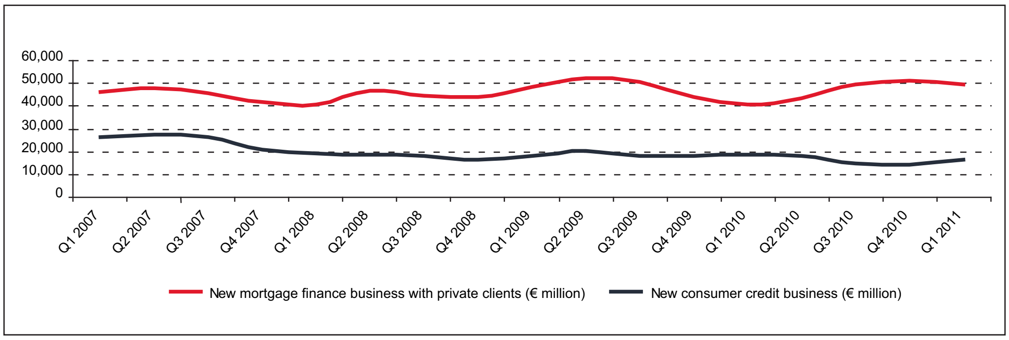
Germany too is experiencing a buoyant economic recovery. The country's leading economic research institutes are expecting gross domestic product (GDP) to grow by a respectable 2.8 per cent this year. This upturn is being driven by both demand from abroad and the domestic economy. Falling unemployment and higher wages are also being forecast.

The world is still reeling from the twin shocks of the natural disaster and nuclear reactor meltdown in Japan and the political events playing out in North Africa and the Middle East. The debates around government debt and financial bailouts are currently being somewhat overshadowed by the political agenda. Despite these global crises, the Governing Council of the European Central Bank (ECB) signalled a turnaround in monetary policy at its meeting on 7 April 2011 by raising the benchmark rate for the euro zone by 0.25 percentage points to 1.25 per cent in response to resurgent inflation, which is being stoked by higher commodity and food prices. This was the ECB's first move on interest rates after almost two years of extremely low rates, although it also announced that it would continue to use its funding operations to supply the banks with unlimited amounts of liquidity. This was also the first time that the ECB had hiked rates before the US Federal Reserve. Interest rates in the United States, the United Kingdom and Japan are still effectively zero. The Fed, for example, has decided not to scale back its expansionary policies for the time being and has announced that it stands ready to take further measures if the economic outlook in the US takes a significant turn for the worse. The Bank of Japan has already stepped up its policy of quantitative easing. However, the ECB's overriding objective is still to maintain price stability, which it defines as an inflation rate of just below 2 per cent. In March, the annual rate of inflation for the euro zone stood at 2.6 per cent. Fears about the economic recovery, which dominated the public discourse for some time, are gradually receding.

The rise in ten-year swap rates in the first quarter of 2011 temporarily intensified the competitive pressures on independent intermediaries compared with full-service providers such as traditional regional and relationship banks and, in addition, it boosted short-term demand for real estate, thereby expanding the volume of new loans brokered.

Ten-year swap rates over the past 360 days

According to Bundesbank statistics, the total volume of mortgage finance provided in the first three months of 2011 grew slightly year on year. While the total value of home loans sold in the three-month period to the end of March 2010 came to €41.0 billion, demand in the corresponding period of 2011 rose by 20.3 per cent to €49,3 billion. By contrast, business in personal loans declined slightly, with the total volume of this market contracting by 12.3 per cent from €18.9 billion to €16.6 billion.



Total volume of private mortgage finance and personal loans (source: Deutsche Bundesbank)

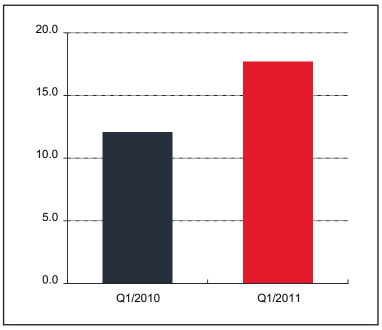
Demand for building finance grew slightly year on year. According to the Bundesbank's statistics, the total value of building finance products sold in the first two months of 2011 rose by 11.8 per cent year on year from €13.6 billion to €15.2 billion.

According to portfolio investment statistics compiled by the federal association of German fund management companies (BVI), the total value of assets under management in Germany rose slightly in the first two months of 2011. German investment companies had total fund assets of €1.539 trillion under management as at 28 February 2011 (31 December 2010: €1.510 trillion), of which €709 billion (31 December 2010: €701 billion) was allocated to retail funds and €830 billion (31 December 2010: €809 billion) to specialised funds for institutional investors. Consumers were increasingly looking for conservative investments during the reporting period, with the result that Bundesbank statistics reported a modest rise in total funds invested in fixed-term, instant-access and savings accounts as at 31 March 2011, which grew by 0.9 per cent from €1,532.9 billion (31 December 2010) to €1,539.0 billion. As a leading online distributor of instant-access and fixed-term products, Dr. Klein benefited from this trend.

The insurance market is performing even better. The German Insurance Association (GDV) is forecasting an exceptionally sharp rise of 4.7 per cent in gross premium income across all insurance segments for 2011.

Revenue

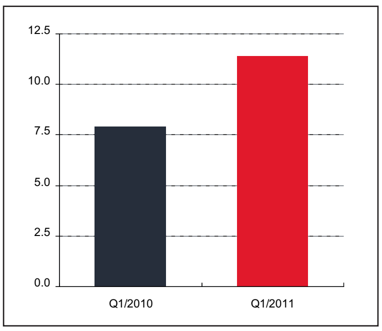
In the first quarter of 2011 the Hypoport Group managed to sustain the impressively high levels of growth that it had generated in 2010. Revenue surged by 46.3 per cent from €12.1 million in the relatively weak first quarter of 2010 to €17.7 million in the first three months of 2011. This revenue growth was consistent with the sharp rise in gross profit, which jumped by 45.3 per cent from €7.1 million to €10.4 million.



Revenue Hypoport Group (€ million)

Private Clients business unit

The Private Clients business unit, which specialises in online sales of financial products, once again managed to raise its revenue sharply by 45.3 per cent to €11.4 million (Q1 2010: €7.9 million) against a background of mixed market conditions. Gross profit in this business unit also rose significantly by 26.5 per cent to €4.5 million (Q1 2010: €3.6 million).



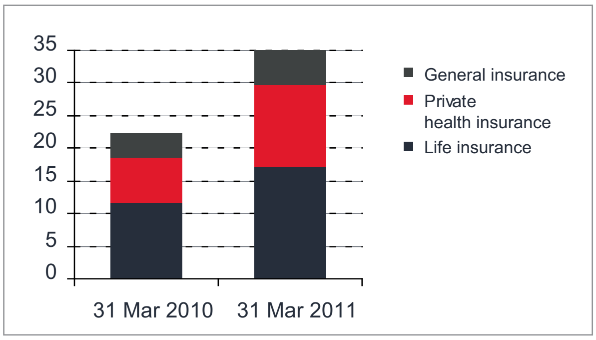
Revenue Private Clients (€ million)

Private Clients	1 Jan - 31 Mar 2011	1 Jan – 31 Mar 2010
Revenue (€ million)	11.4	7.9
Selling expenses (€ million)	6.9	4.3
Gross profit (€ million)	4.5	3.6

The loan brokerage product segment was considerably expanded and reported strong growth in its total volume of lending, which increased by 39.5 per cent from €0.64 billion to €0.89 billion.

Europace	1 Jan - 31 Mar 2011	1 Jan - 31 Mar 2010
Volume of financing transactions (€ billion)	0.89	0.64
Volume of insurance transactions (€ million)	5.56	2.56
life insurance	2.16	1.10
private health insurance	2.96	1.17
general insurance	0.44	0.29

The massive expansion of the Company's market presence in its insurance products generated significant growth stimulus, with the value of its transactions soaring by 118.3 per cent from €2.6 million in annual premiums to €5.6 million.

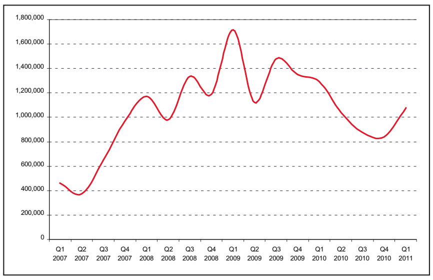


Portfolio of insurance policies/annual premiums (€ million)

Hypoport achieved year-on-year growth in the portfolio of insurance policies under its management in the first quarter of 2011, raising its annual life insurance premiums by 47.4 per cent from €11.7 million to €17.2 million, its annual private health insurance premiums by 76.4 per cent from €7.0 million to €12.4 million and its annual general insurance premiums by 45.6 per cent from €3.7 million to €5.3 million. Consequently, the total portfolio of insurance policies under management reached a new all-time high of €34.9 million in annual premiums at the end of March 2011 compared with €22.4 million as at 31 March 2010.

The broad-based growth in these and other banking products clearly demonstrates that the Company's strategy of distributing a wide range of financial products and services has given an additional boost to its product segments and further reduced its reliance on individual product categories.

Bucking the trend, the number of leads acquired in the first three months of 2011 fell by 0.2 million year on year to 1.1 million (Q1 2010: 1.3 million). This reflects consumers' current reluctance to put their money into simple investment products such as instant-access and fixed-term deposits because short-term interest rates are extremely low. However, the turnaround in monetary policy initiated by the European Central Bank is already reflected in quarterly comparisons of this business and enabled the number of leads to increase on the fourth quarter of 2010.



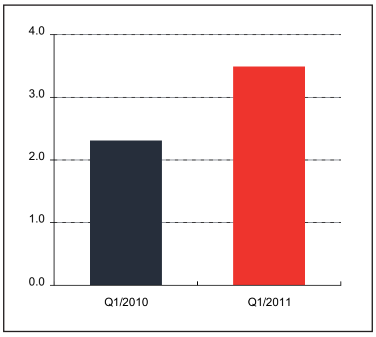
Number of Leads

The number of advisers working in the various distribution channels of the Private Clients business unit was significantly increased and had reached a new high by 31 March 2011. The map on the right gives an overview of the extensive network of branches established by our franchisees in Germany.

Distribution channels	31 March 2011	31 March 2010
Advisers in branch-based sales	569	457
Branches run by franchisees	176	174
Independent financial advisers acting as agents	3,095	2,582

Financial Service Providers business unit

Financial Service Providers – the second-largest business unit – managed to achieve its second-best quarterly result in terms of transaction volumes since the EUROPACE financial marketplace was set up, buoyed by benign economic conditions and the continuation of low interest rates in the mortgage finance market.

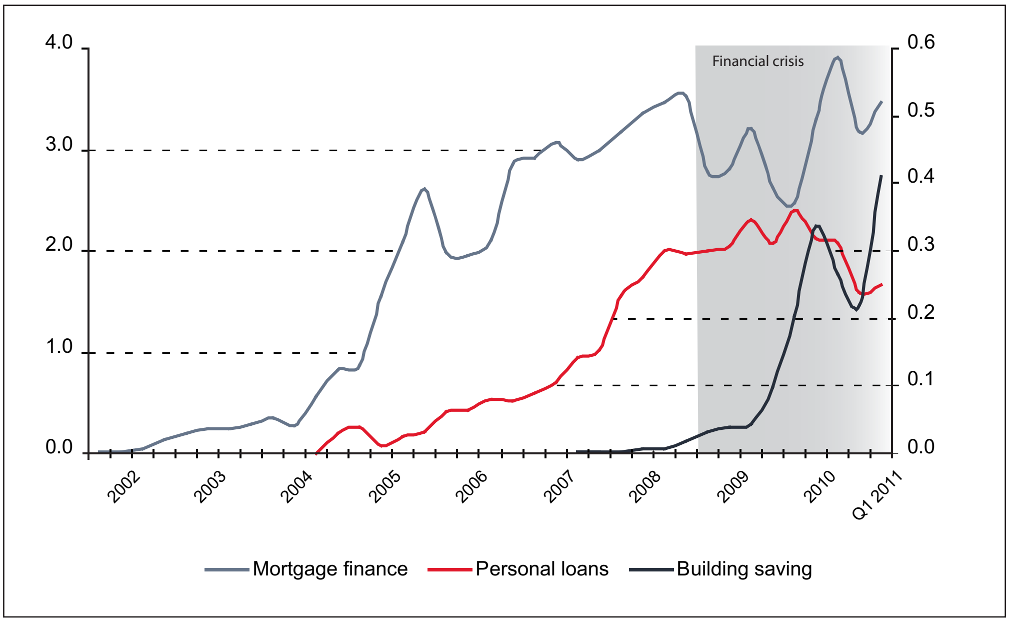


Financial Service Providers revenue (€ million)

The volume of transactions completed in the first quarter of 2011 totalled €4.1 billion, which was 35.7 per cent higher than in the corresponding period of last year (Q1 2010: €3.0 billion).

The volume of mortgage finance transactions in the first quarter of 2011 came to €3.5 billion, growing by 40.2 per cent compared with the first quarter of 2010, in which a total of €2.4 billion was reported. The trend towards the independent distribution of financial services continues to provide firm foundations on which this marketplace can grow. Encouraged by a level of interest rates which, although now rising, remains relatively low, many more customers have decided to realise their dream of becoming a homeowner. The marketplace's ongoing expansion into the cooperative and public-sector regional banking industry is having an increasing impact and accelerating the growth of EUROPACE.

The total value of building finance products sold via EUROPACE doubled to €0.4 billion (Q1 2010: €0.2 billion), whereas the volume of personal loans transacted fell to €0.3 billion (Q1 2010: €0.4 billion). Our business in personal loans is still feeling the effects of banks' reluctance to lend in the wake of the financial crisis.



Volume of transactions on EUROPACE (€ billion)

Revenue rose disproportionately by 51.8 per cent to €3.5 million (Q1 2010: €2.3 million) on the back of longer average fixed-interest periods. Gross profit in this business unit even grew by a significantly stronger 81.9 per cent to €3.1 million (Q1 2010: €1.7 million).

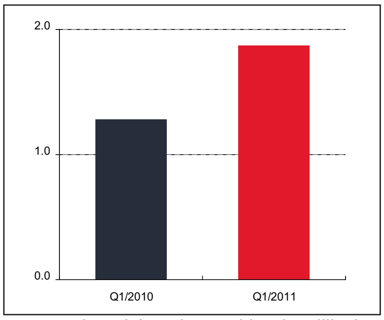
EUROPACE Financial Service Providers business unit	1 Jan–31 March 2011	1Jan–31 March 2010
Volume of transactions (€ billion)	4.1	3.0
thereof mortgage finance	3.5	2.4
thereof personal loans	0.3	0.4
thereof building saving	0.4	0.2
Revenue (€ million)	3.5	2.3
Selling expenses (€ million)	0.4	0.6
Gross profit (€ million)	3.1	1.7

More than 220 participants attended the 17th EUROPACE Conference that was held in February.

Despite the fact that our partner-specific financial marketplaces GENOPACE and FINMAS are still fairly new, they are already being used by 50 (31 March 2010: 35) and 26 (31 March 2010: 9) partner entities respectively, while the total number of partners accessing our EUROPACE platform rose from 123 at 31 March 2010 to 152 as at 31 March 2011.

Corporate Real Estate Clients business unit

The loan brokerage business in the Corporate Real Estate Clients business unit continued to benefit from its exceptionally strong market position as the central intermediary for high-quality commercial real-estate finance, increasing the volume of new loans it had brokered by an impressive 48 per cent compared with the first quarter of 2010. Consequently, its revenue jumped by 46 per cent to €1.9 million (Q1 2010: €1.3 million).

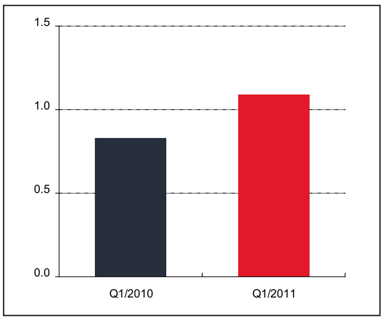


Revenue Financial Service Providers (€ million)

Corporate Real Estate Clients business unit	1 Jan – 31 Mar 2011	1 Jan – 31 Mar 2010
Loan Brokerage		
Volume of new business (€ million)	319	214
Volume of prolongation (€ million)	77	53
Revenue (€ million)	1.9	1.3
Selling expenses (€ million)	0.1	0.1
Gross profit (€ million)	1.8	1.2

Institutional Clients business unit

Institutional Clients – the smallest of the four business units – generated record revenue of €1.1 million in the first three months of 2011 (Q1 2010: €0.8 million) from its EUROPACE for issuers product (for issuers of securitisations, pfandbriefs and other covered bonds).



Revenue Institutional Clients (€ million)

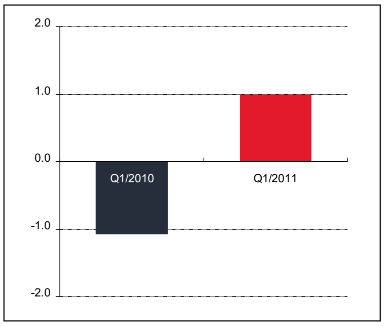
Institutional Clients	1 Jan – 31 Mar 2011	1 Jan – 31 Mar 2010
Revenue (€ million)	1.1	0.8
Selling expenses (€ million)	0.1	0.1
Gross profit (€ million)	1.0	0.7

Own work capitalised

In the first quarter of 2011 the Company continued to attach considerable importance to investing in the further expansion of its B2B financial marketplaces. This capital expenditure underpins the ongoing growth of its Financial Service Providers, Corporate Real Estate Clients and Institutional Clients business units. Apart from maintaining its competitive edge in existing product segments in the first quarter, the Company took further key measures to extend its EUROPACE marketplace to the Netherlands and introduce EUROPACE 2 in Germany.

The Company invested a total of €1.8 million in the expansion of its marketplaces in the first quarter of 2011 (Q1 2010: €1.7 million). €0.9 million of this total has been capitalised (Q1 2010: €1.3 million). This amount represents the pro rata per-sonnel expenses and operating costs attributed to software development.

Earnings



EBIT (€ million)

The significant improvement in the Hypoport Group's earnings that had been evident since the second quarter of 2010 continued apace in the first quarter of 2011. Interest rates that remained at low levels continued to boost purchases of real estate and the refinancing of loans, which enabled us to achieve our second-best quarter in terms of transaction volumes since the EUROPACE platform was set up and, therefore, to deliver highly encouraging results in our business with both private clients and corporate real estate clients. Against the backdrop of the operating performance described above, EBITDA and EBIT rose to €2.2 million (Q1 2010: €0.0 million) and €1.0 million (Q1 2010: loss of €1.1 million) respectively. Consequently, the EBIT margin (EBIT as a percentage of gross profit) jumped from minus 15.1 per cent to plus 9.5 per cent.

Expenses

Personnel expenses rose in line with the increase in the number of employees to 463 (Q1 2010: 450). The breakdown of other operating expenses is shown in the table below.

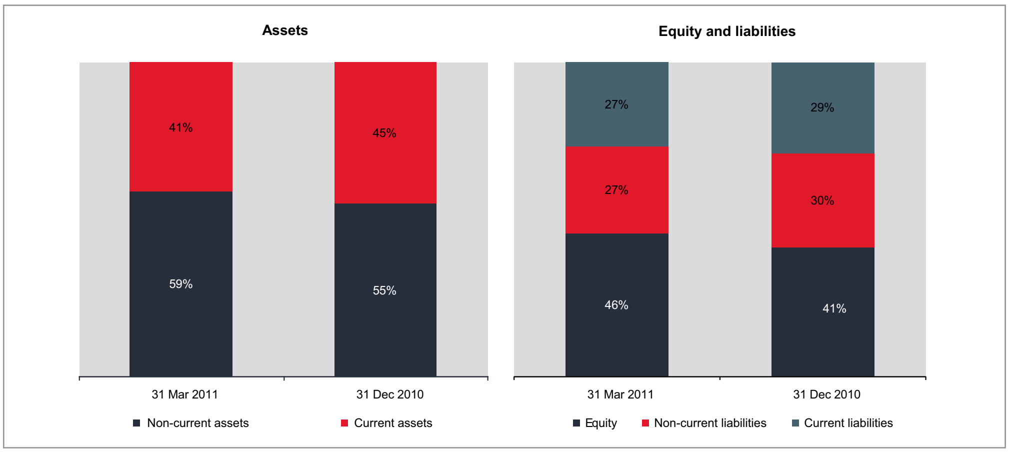
	01.01.–31.03.2011 €´000	01.01.–31.03.2010 €´000
Operating expenses	906	843
Other selling expenses	680	580
Administrative expenses	981	954
Other personnel expenses	167	84
Other expenses	302	285
	3.036	2.746

The operating expenses consist mainly of building rentals of €321 thousand (Q1 2010: €301 thousand) and vehicle-related costs of €269 thousand (Q1 2010: €223 thousand). The other selling expenses relate to advertising costs and travel expenses. The administrative expenses largely comprise IT-related costs of €471 thousand (Q1 2010: €567 thousand) as well as telephone charges and other communication costs of €138 thousand (Q1 2010: €139 thousand). The other personnel expenses mainly consist of training costs of €87 thousand (Q1 2010: €53 thousand).

The net finance costs primarily include interest expense and similar charges of €0.3 million incurred by the drawdown of loans and the use of credit lines (Q1 2010: €0.3 million).

Balance sheet

The Hypoport Group's consolidated total assets as at 31 March 2011 amounted to €61.7 million, which was 8 per cent down on the total as at 31 December 2010 (€67.2 million).



Balance structure

Non-current assets totalled €36.4 million (31 December 2010: €37.0 million). This amount included goodwill which, at an unchanged €14.8 million, remained the largest single item. Financial assets essentially comprise a loan of €500 thousand (31 December 2010: €375 thousand) to a joint venture.

Current assets decreased by €4.9 million to €25.3 million because trade receivables declined by €1.4 million and cash and cash equivalents fell by €4.0 million. By contrast, other assets increased by €0.5 million.

The equity attributable to Hypoport AG shareholders as at 31 March 2011 grew by €0.7 million, or 2.7 per cent, to €27.9 million. The equity ratio improved from 40.5 per cent to 45.3 per cent owing to the Hypoport Group's significant net profit and the contraction in its total assets. The €3.6 million decrease in non-current liabilities to €16.9 million stemmed primarily from the fall in financial liabilities.

Current liabilities declined by €2.6 million to €16.7 million, mainly owing to the €4.5 million decrease in trade payables. On the other hand, current financial liabilities grew by €3.1 million. This was mainly because a non-current loan for €2.5 million was reclassified owing to its agreed term to maturity.

Total financial liabilities fell by €0.5 million to €20.1 million largely as a result of scheduled repayments.

Cash flow

Cash flow increased by €2.1 million to €2.0 million during the reporting period. This improvement is largely attributable to the significant net profit reported for the first quarter of 2011 after a net loss was incurred in the corresponding period of 2010.

The total net cash outflow from operating activities as at 31 March 2011 amounted to €2.3 million (31 March 2010: net cash outflow of €2.5 million). The cash used for working capital grew by €1.9 million from €2.4 million in the first quarter of 2010 to €4.3 million in the corresponding period of 2011.

The net cash outflow of €1.1 million from investing activities (31 March 2010: net cash outflow of €1.6 million) stemmed primarily from the increased capital expenditure on non-current intangible assets of €0.9 million.

The net cash outflow of €0.6 million from financing activities (31 March 2010: net cash outflow of €0.3 million) largely relates to the scheduled repayment of loans.

Cash and cash equivalents as at 31 March 2011 totalled €7.2 million, which was €4.0 million lower than at the beginning of the year owing to seasonal factors. This decline was largely attributable to the payment of super commissions to distribution partners for the 2010 financial year.

Cash and cash equivalents at the end of the period consisted exclusively of cash on hand and at banks.

Capital expenditure

Most of the capital expenditure was on enhancing the EUROPACE financial marketplaces.

Employees

The Hypoport Group employed 463 people as at 31 March 2011 (31 March 2010: 450 people). Total headcount increased by eight people compared with the end of 2010 (31 December 2010: 455 employees).

Outlook

The increasingly stable upturn in the global economy over the course of 2010 is continuing at the beginning of 2011. However, the International Monetary Fund (IMF) reckons that the discontinuation or probable scaling-back of many governments' fiscal and economic stimulus packages combined with the need to consolidate public finances will trim year-on-year global economic growth to 4.2 per cent in 2011.

The main risks to the economic recovery going forward will come from the international arena. A potentially more pronounced slowdown in the US economy, exchange-rate movements, rising commodity and energy prices, the debt crisis facing many countries, and any further escalation of events in the Arab world are likely to act as a significant drag on growth at both national and international level. In addition, many nations are struggling with persistently high unemployment.

The rate of inflation in individual countries is generally expected to continue to rise. Volatile oil and food prices are likely to keep euro-zone inflation above 2 per cent. Given the continued upward pressure on prices, economists expect the European Central Bank to raise its benchmark rate in several small moves to 2.0 per cent by the end of 2011. These rate hikes might prove lethal for the ailing economies of highly indebted countries on the euro-zone periphery such as Ireland, Greece and Portugal. Although higher interest rates can curb inflationary pressures, they also increase the amounts of interest payable on the exorbitant levels of government debt and on consumers' mortgage loans. What's more, the appreciation of the euro is impairing the price competitiveness of Europe's peripheral countries in particular.

Despite the unusually large number of uncertainties confronting the economy going forward, the general parameters influencing Hypoport's sector remain intact.

Home ownership continues to constitute a key component of private pension provision because it is seen as crisis-proof and inflation-proof. Insurance and investment products continue to benefit from the urgent need for private pension provision. The effects of an ageing population and a falling birth rate on government-funded healthcare systems continue to provide attractive business opportunities for private health insurers and one-stop distributors of financial products such as Dr. Klein.

Because the Hypoport Group – with its competitive and diversified business models – is well positioned in this growth market despite the slight recent deterioration in the macroeconomic outlook, we are cautiously optimistic and expect the Company's business to continue to perform well over the next 21 months, generating significant double-digit growth in revenue and net profit at the same level as last year.

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4. Interim consolidated financial statements

Consolidated balance sheet as at 31 March 2011

Assets	31 Mar 2011 €´000	31.12.2010 €´000
Non-current assets		
Intangible assets	27,669	27,809
Property, plant and equipment	2,342	2,431
Financial assets	598	501
Trade receivables	4,519	5,004
Other assets	26	26
Deferred tax assets	1,275	1,277
	36,429	**37,048**
Current assets		
Trade receivables	14,051	15,453
Other current items	3,580	3,039
Income tax assets	438	438
Cash and cash equivalents	7,189	11,200
	25,258	**30,130**
	61,687	**67,178**
Equity and liabilities		
Equity		
Subscribed capital	6,195	6,195
Treasury shares	-3	-13
Reserves	21,744	21,020
	27,936	**27,202**
Non-controlling interest	160	188
	28,096	**27,390**
Non-current liabilities		
Financial liabilities	14,330	17,914
Provisions	439	437
Other liabilities	10	10
Deferred tax liabilities	2,156	2,194
	16,935	**20,555**
Current liabilities		
Provisions	201	172
Financial liabilities	5,810	2,680
Trade payables	5,153	9,631
Current income tax liabilities	271	148
Other liabilities	5,221	6,602
	16,656	**19,233**
	61,687	**67,178**

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Consolidated income statement

for the period 1 January to 31 March 2011

	1 Jan - 31 Mar 2011 €´000	01 Jan - 31 Mar 2010 €´000
Revenue	17.683	12.089
Selling expenses (Commision and lead costs)	-7.316	-4.955
Gross profit	**10.367**	**7.134**
Own work capitalised	922	1.269
Other operating income	509	336
Personnel expenses	-6.520	-6.021
Other operating expenses	-3.036	-2.746
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**2.242**	**-28**
Depreciation, amortisation expense and impairment losses	-1.260	-1.050
Earnings before interest and tax (EBIT)	**982**	**-1.078**
Financial income	59	14
Finance costs	-269	-250
Earnings before tax (EBT)	**-772**	**-1.314**
Income taxes and deferred taxes	-184	161
Net profit (loss) for the year	**588**	**-1.153**
attributable to non-controlling interest	-28	-2
attributable to Hypoport AG shareholders	**616**	**-1.151**
Basic earnings (loss) per share (€)	**0,10**	**-0,19**
Diluted earnings (loss) per share (€)	**0,10**	**-0,19**

Consolidated statement of comprehensive income

for the period 1 January to 31 March 2011

	1 Jan - 31 Mar 2011 €´000	1 Jan - 31 Mar 2010 €´000
Net profit (loss) for the year	**588**	**-1.153**
Total income and expenses recognized in equity*	**0**	**0**
Total comprehensive income	**588**	**-1.153**
attributable to non-controlling interest	-28	-2
attributable to Hypoport AG shareholders	**616**	**-1.151**

*There was no income or expences to be recognized in equity during the reporting period.

Abridged consolidated statement of changes in equity for the six months ended in 31 March 2011

€´000	Subscribed capital	Capital reserves	Retained earnings	Equity attributable to Hypoport AG shareholders	Equity attributable to non-controlling interest	Equity
Balance as at 1 January 2010	6.129	1.748	15.812	23.725	200	23.925
Total comprehensive income	–	–	-1.151	-1.151	-2	-1.153
Balance as at 31 March 2010	**6.129**	**1.784**	**14.661**	**22.574**	**198**	**22.772**

€´000	Subscribed capital	Capital reserves	Retained earnings	Equity attributable to Hypoport AG shareholders	Equity attributable to non-controlling interest	Equity
Balance as at 1 January 2011	6.182	1.937	19.083	27.202	188	27.390
Sale of own shares	10	106	2	118	0	118
Total comprehensive income	–	–	616	616	-28	588
Balance as at 31 March 2011	**6.192**	**2.043**	**19.701**	**27.936**	**160**	**28.096**

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Consolidated cash flow statement

for the period 1 January to 31 March 2011

	31 March 2011 €´000	31 March 2010 €´000
Earnings before interest and tax (EBIT)	982	-1.078
Non-cash income (+) / expense (-)	-156	213
Interest received (+)	59	14
Interest paid (-)	-269	-250
Income tax payments (-)	89	-55
Income tax receipts (+)	0	3
Depreciation and amortisation expense, impairment losses (+) / reversals of impairment losses (-) on non-current assets	1.260	1.050
Cashflow	**1.965**	**-103**
Increase (+) / decrease (-) in current provisions	29	0
Increase (-) / decrease (+) in inventories, trade receivables and other assets not attributable to investing or financing activities	1.348	-265
Increase (+) / decrease (-) in trade payables and other liabilities not attributable to investing or financing activities	-5.657	-2.142
Change in working capital	**-4.280**	**-2.407**
Cash flows from operating activities	**-2.315**	**-2.510**
Payments to acquire property, plant and equipment / intangible assets (-)	-1.031	-1.608
Proceeds from the disposal of financial assets (+)	28	29
Purchase of financial assets (-)	-125	-18
Cash flows from investing activities	**-1.128**	**-1.597**
Redemption of bonds and loans (-)	-568	-311
Cash flows from financing activities	**-568**	**-311**
Net change in cash and cash equivalents	-4.011	-4.418
Cash and cash equivalents at the beginning of the period	11.200	7.157
Cash and cash equivalents at the end of the period	**7.189**	**2.739**

Abridged segment reporting

for the period 1 January to 31 March 2011

€´000	Corporate Real Estate Clients	Private Clients	Financial Service Providers	Institutional Clients	Re-conciliation	Group
Segment revenue in respect of third parties	**1,842**	**11,410**	**3,320**	**1,092**	**19**	**17,683**
1 Jan - 31 Mar 2010	1,246	7,864	2,127	834	18	12,089
Segment revenue in respect of other segments	**34**	**27**	**172**	**0**	**-233**	**0**
1 Jan - 31 Mar 2010	38	10	182	0	-230	0
Total segment revenue	**1,876**	**11,437**	**3,492**	**1,092**	**-214**	**17,683**
1 Jan - 31 Mar 2010	1,284	7,874	2,309	834	-212	12,089
Segment earnings before interest, tax and depreciation (EBITDA)	**932**	**329**	**944**	**439**	**-402**	**2,242**
1 Jan - 31 Mar 2010	348	78	-457	255	-252	-28
Segment earnings before interest and tax (EBIT)	**842**	**317**	**32**	**374**	**-584**	**982**
1 Jan - 31 Mar 2010	303	65	-1,257	209	-398	-1,078
Segment assets						
1 Jan - 31 Mar 2011	**15,171**	**17,307**	**18,583**	**6,028**	**4,598**	**61,687**
1 Jan - 31 Dec 2010	15,135	20,047	24,001	4,940	3,055	67,178

5. Notes to the interim consolidated financial statements

Information about the Company

The Hypoport Group is an internet-based financial service provider that offers a full range of financial products. Its business model is based on two mutually supporting pillars: the Financial Product Sales and B2B Financial Marketplaces divisions.

Operating through its wholly owned subsidiary Dr. Klein & Co. AG, Vergleich.de Gesellschaft für Verbraucherinformation mbH, Freie Hypo GmbH and Qualitypool GmbH, the Hypoport Group offers private clients internet-based banking and financial products (providing advice, if requested, either by telephone or face to face) ranging from current accounts and insurance to mortgage finance.

With its EUROPACE B2B financial marketplace, the Hypoport Group uses Germany's largest online transaction platform to sell financial products. A fully integrated system links a large number of banks with several thousand financial advisers, thereby enabling products to be sold swiftly and directly.

Its parent company is Hypoport AG, which is headquartered in Berlin, Germany. Hypoport AG is entered in the commercial register of the Berlin-Charlottenburg local court under HRB 74559. The business address of the Company is Klosterstrasse 71, 10179 Berlin, Germany.

Basis of presentation

The condensed interim consolidated financial statements for the period ended 31 March 2011 for Hypoport AG have been prepared in accordance with the provisions of IAS 34 (Interim Financial Reporting). They are based on the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) as adopted by the European Union and take into account the interpretations of the International Financial Reporting Interpretations Committee (IFRIC). The report has been condensed in accordance with IAS 34 compared with the scope of the consolidated financial statements for the year ended 31 December 2010. These condensed interim consolidated financial statements should therefore be read in conjunction with the consolidated financial statements for the year ended 31 December 2010 and the disclosures contained in the notes thereto. These condensed interim consolidated financial statements have not been reviewed by an auditor.

These condensed interim consolidated financial statements are based on the accounting policies and the consolidation principles applied to the consolidated financial statements for the year ended 31 December 2010.

The interim consolidated financial statements and the single-entity financial statements for the entities included in the IFRS interim consolidated financial statements are prepared in euros. To improve clarity, all figures in the IFRS interim consolidated financial statements and the interim group management report are presented in thousands or millions of euros unless stated otherwise. We wish to point out that the application and aggregation of rounded amounts and percentages and the use of automated calculation methods may give rise to rounding discrepancies.

All figures on the quantities and volumes of financial products sold (e.g. volume of loans brokered, life insurance premiums, or volume of transactions processed on EUROPACE) include cancellations and, consequently, cannot be compared directly with the revenue figures shown, which exclude cancellations. The relevant figures shown in each case are calculated at a cut-off point in the product transaction process that is appropriate for the accrual method of accounting used. Cancellations that occur later in this process – e.g. as a result of additional credit checks or health checks performed by product suppliers or the exercise of cancellation rights by consumers – are not included in the relevant figures shown.

The consolidated balance sheet is broken down into current and non-current items in accordance with IAS 1.51 et seq. The consolidated income statement is presented under the nature-of-expense method.

Accounting policies

The accounting policies applied are those used in 2010, with the following exceptions:

- IAS 24: Related Party Disclosures
- IFRS 14: Prepayments of a Minimum Funding Requirement

The first-time adoption of these standards and interpretations has had no impact on the financial position or financial performance of the Hypoport Group.

Basis of consolidation

The consolidation as at 31 March 2011 included all entities controlled by Hypoport AG in addition to Hypoport AG itself. The table below shows the entities included in the interim consolidated financial statements in addition to Hypoport AG.

	Holding (%)
Dr. Klein & Co. AG, Lübeck	100.00
GENOPACE GmbH, Berlin	50.025
FINMAS GmbH, Berlin	50.00
Freie Hypo GmbH, Lübeck	100.00
Hypoport B.V., Amsterdam	100.00
Hypoport Finance AG, Berlin	100.00
Hypoport Insurance Market GmbH, Berlin	100.00
Hypoport Mortgage Market Ltd., Westport (Irland)	100.00
Hypoport on-geo GmbH, Berlin	50.00
Hypoport Stater B.V., Amsterdam	50.00
Hypoport Systems GmbH, Berlin	100.00
Qualitypool GmbH, Lübeck	100.00
Starpool Finanz GmbH, Berlin	50.025
Vergleich.de Gesellschaft für Verbraucherinformation mbH, Berlin	100.00

With the exception of Hypoport Stater B.V., Hypoport on-geo GmbH and FINMAS GmbH (all joint ventures consolidated on a pro-rata basis), all companies in the Group are fully consolidated.

Intangible assets and property, plant and equipment

Intangible assets primarily comprise unchanged goodwill of €14.8 million and development costs of €11.8 million for the financial marketplaces (31 December 2010: €11.8 million). Property, plant and equipment consists solely of office furniture and equipment of €2.3 million (31 December 2010: €2.4 million).

Income taxes and deferred taxes

The average combined tax rates computed on the basis of current legislation are unchanged at just under 30 per cent for companies in Germany and between 12.5 per cent and 25.5 per cent for subsidiaries outside Germany.

Earnings per share

The figure for the earnings (loss) per share is determined in accordance with IAS 33. Basic earnings (loss) per share is calculated by dividing the net profit (loss) for the period attributable to the shareholders of Hypoport AG by the weighted average number of outstanding shares. Diluted earnings (loss) per share is calculated by dividing the net profit (loss) for the period attributable to the shareholders of Hypoport AG by the total weighted average number of outstanding shares, adjusted for the dilutive effect of potential new shares. The figure for the earnings (loss) per share becomes diluted if the average number of shares is increased as a result of adding in the issue of potential shares in connection with options.

In 2011 there are no share options that would have a dilutive effect on earnings per share. The options granted between 2002 and 2004 had an average dilutive effect of 40 thousand shares in the first quarter of 2010. The weighted number of outstanding shares is calculated on the basis of a daily balance.

	01 Jan - 31 March 2011	01 Jan - 31 March 2010
Net profit (loss) for the year (€'000)	588	-1,153
of which attributable to Hypoport AG stockholders	616	-1,157
Basic weighted number of outstanding shares (€´000)	6,182	6,129
Basic earnings (loss) per share (€)	**0.10**	**-0.19**
Weighted number of share options (€´000)		
causing a dilutive effect	0	66
Diluted weighted number of outstanding shares (€´000)	6,182	6,169
Diluted earnings (loss) per share (€)	**0.10**	**-0.19**

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Subscribed capital

The Company's subscribed capital as at 31 March 2011 was unchanged at €6,194,958.00 (31 December 2010: €6,194,958.00) and was divided into 6,194,958 (31 December 2010: 6,194,958) fully paid-up registered no-par-value shares.

The Annual Shareholders' Meeting held on 4 June 2010 voted to carry forward Hypoport AG's distributable profit of €10,964,816.49 to the next accounting period.

Authorised capital

Following approval of a resolution by the Annual Shareholders' Meeting on 1 June 2007, the unused authorisation of 19 December 2006 was set aside and replaced by a new authorisation. The Management Board was authorised, subject to the consent of the Supervisory Board, to increase the subscribed capital of the Company by up to a total of €3,000,000.00 by way of an issue of new registered no-par-value shares for cash or non-cash contribution on one or more occasions on or before 31 May 2012. The Management Board can decide to disapply the statutory pre-emption rights of the shareholders, subject to the consent of the Supervisory Board.

Conditional capital

The Annual Shareholders' Meeting on 26 August 2002 approved a conditional capital increase of up to €276,808.00 in the Company's subscribed capital, which now amounts to €122,650.00. The purpose of the conditional capital increase was to allow share options to be granted to employees, members of the Management Board and to directors of Hypoport Group companies. The share option programme ended on 31 December 2010. Since it is no longer possible to issue shares from conditional capital in connection with the exercise of share options, the authorisation for the conditional capital has been set aside.

Treasury shares

Hypoport held 2,670 treasury shares as at 31 March 2011 (equivalent to €2,670.00, or 0.04 per cent, of the subscribed capital of Hypoport AG), which are intended to be issued to employees. The change in the balance of treasury shares and the main data relating to transactions during the reporting period are shown in the table below.

Change in the balance of treasury shares in 2011	Number of shares	Proportion of subscribed capital in %	Cost of purchase in €	Sale price in €	Gain or loss on sale in €
Opening balance as at 1 January 2011	12,920	0.21	16,150.00		
Sold in January 2011	10,250	0.17	12,812.50	0.00	-12,812.50
Balance as at 31 March 2011	2,670	0.04			

This expense incurred by the purchase of treasury shares was recognised directly in equity and offset against retained earnings.

Reserves

The breakdown of reserves can be found in the above consolidated statement of changes in equity. Capital reserves include the premium from the capital increase carried out in 2001 (€400 thousand), the premium from the issuance of shares under the 2002–2004 employee share ownership programme from 2006 to 2009 (€1.187 million), an amount equivalent to the par value of the treasury shares recalled in 2006 (€99 thousand), an amount equivalent to the imputed share of subscribed capital for the treasury shares recalled in 2007 (€247 thousand) and income from the issuance of shares to employees (€111 thousand).

Retained earnings include the profits generated by the entities included in the con-solidated financial statements prior to the first-time consolidation on 1 January 2004, the capital gains on the sale of treasury shares, the losses on the recall of treasury shares and three negative goodwill amounts arising from business combinations. These negative goodwill amounts are reported under retained earnings, because profits had been retained after the acquisition but before the date of first-time consolidation.

The cumulative net profits and losses for all periods since the date of first-time consolidation, all the remaining adjustments made under the first-time adoption of IFRS on 1 January 2004 and recognised directly in equity, and a statutory reserve of €7 thousand (2010: €7 thousand) are also reported under this item.

Non-controlling interest

This item relates to the non-controlling interest in the equity of Starpool Finanz GmbH and GENOPACE GmbH.

Share-based payment

No share options were issued in the first quarter of 2011.

Related parties

IAS 24 requires disclosure of the names of persons or entities that control Hy-poport AG or are controlled by Hypoport AG. Transactions between Hypoport AG and its subsidiaries are eliminated during consolidation and are therefore not subject to the disclosure requirement in this section. IAS 24 also requires disclosure of the names of persons who can exercise significant influence over the Company.

The scope of persons covered by the requirements also includes key management personnel, their close family members and other entities via which a named person exercises control or significant influence over Hypoport AG. The persons covered by this requirement during the reporting period were the members of the Group Management Board and Supervisory Board of Hypoport AG and their close family members.

The table below shows the numbers of shares in Hypoport AG directly or indirectly held by the members of the Group Management Board and Supervisory Board as at 31 March 2011.

	Number of shares 31 March 2011	Number of shares 31 Dec 2010
Group Management Board		
Ronald Slabke	2.241.831	2.241.831
Thilo Wiegand	24.000	24.000
Stephan Gawarecki	187.800	187.800
Hans Peter Trampe	174.990	188.490
Supervisory Board		
Dr. Ottheinz Jung-Senssfelder	24.000	24.000
Prof. Dr. Thomas Kretschmar	1.170.639	1.371.974
Christian Schröder	24.000	24.000

The companies in the Hypoport Group have not carried out any further disclosable transactions with members of either the Supervisory Board or the Group Management Board or with companies on whose management or supervisory bodies these persons are represented. This also applies to close family members related to these persons.
Revenue of €152 thousand was generated by joint venture companies in the first quarter of 2011 (Q1 2010: €121 thousand). Receivables from joint venture companies amounted to €580 thousand as at 31 March 2011 (31 December 2010: €507 thousand) while liabilities to such companies totalled €500 thousand (31 December 2010: €375 thousand).

Opportunities and risks

In the period under review, there were no material changes to the opportunities and risks for the Group as described in the risk report in the 2010 group management report. There are no identifiable risks to the Hypoport Group as a going concern.

Seasonal influences on business activities

The first quarter of every year is notoriously the weakest season in the mortgage finance business. In the past, positive changes in the mortgage market for both private and corporate clients have been noticeable during the course of a year. The Company is assuming that there will be an encouraging trend in the distribution of insurance products for private customers and corporate real estate clients during the course of the year caused, among other things, by certain industry-wide cancellation deadlines and tax issues.

Events after the balance sheet date

No material events have occurred since the balance sheet date.

Berlin, 9 May 2011

Hypoport AG – The Group Management Board
Ronald Slabke – Thilo Wiegand – Stephan Gawarecki – Hans Peter Trampe

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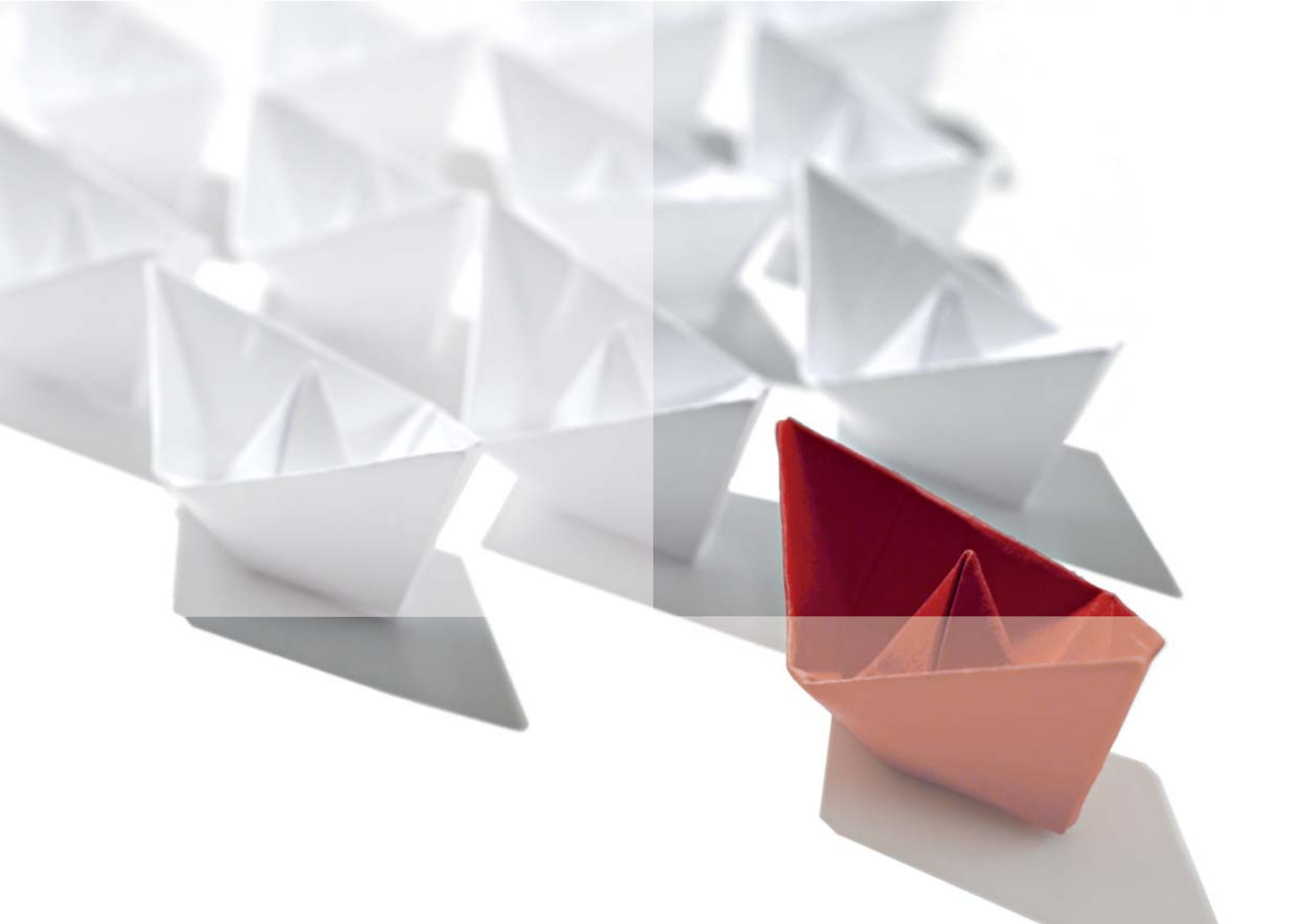

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