HYPOPORT
THE FINANCE INTEGRATOR

Interim report

of Hypoport AG for the period ended 30 June 2008

Berlin, 14 August 2008

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Key performance indicators

Financial performance (€'000)	1 Jan – 30 Jun 2008	1 Jan – 30 Jun 2007	Change
Revenue	25,118	19,022	32 %
Gross revenue for the period	27,442	20,547	34 %
Earnings before interesst, tax, depreciation and amortisation (EBITDA)	3,152	4,602	-32 %
Earnings before interest and tax (EBIT)	1,554	3,250	-52 %
EBIT margin (%)	6.2	17.1	-64 %
Net profit for the period	697	2,291	-70 %
of which attributable to Hypoport AG stockholders	731	2,291	-68 %
Basic earnings per share (€)	0.12	0.37	-68 %
Diluted earnings per share (€)	0.12	0.36	-67 %
Financial performance (€'000)	**1 Apr - 30 Jun 2008**	**1 Apr - 30 Jun 2007**	
Revenue	12,555	10,367	21 %
Gross revenue for the period	13,720	11,201	22 %
Earnings before interesst, tax, depreciation and amortisation (EBITDA)	1,060	2,633	-60 %
Earnings before interest and tax (EBIT)	199	1,958	-90 %
EBIT margin %	1.6	18.9	-92 %
Net profit for the period	-139	1,251	-111 %
of which attributable to Hypoport AG stockholders	-105	1,251	-108 %
Basic earnings per share (€)	-0.02	0.20	-110 %
Diluted earnings per share (€)	-0.02	0.20	-110 %
Financial position (€'000)	**30 Jun 2008**	**31 Dec 2007**	
Current assets	20,533	20,161	2 %
Non-current assets	30,463	28,070	9 %
Equity	23,882	22,930	4 %
of which attributable to Hypoport AG stockholders	23,716	22,930	3 %
Equity ratio (%)	46.8	48.0	-2 %
Total assets	50,996	48,231	6 %

Contents

1 Letter to shareholders

Dear Shareholder

The second quarter of 2008 was marked by a few particular highlights for the Hypoport Group. Our Private Clients business unit is generating an increasing proportion of its revenue from selling a wide range of financial products and services. This business now earns more than 50 per cent of its revenue from non-mortgage finance. Given the highly challenging market conditions at present, this is a ringing endorsement of our early decision to diversify our product range.

A major event in our Financial Service Providers business was the launch of Starpool Finanz GmbH and GENOPACE GmbH, two strategic alliances that had been in the pipeline for some time. And the fourth major event in the second quarter was when the ING Group submitted a public takeover bid for Interhyp AG, which is generally regarded as our closest comparable competitor. All of these events already have the potential to boost the Hypoport Group's performance in the near future.

Starpool Finanz GmbH is a strategic alliance with DSL Bank, the agent sales channel of Deutsche Postbank AG. The aim of this collaboration is to use Hypoport's service package to provide DSL's key distribution partners with third-party products. This form of open-ended offer by a product supplier to its distribution partners is unprecedented in the German market and has significant potential owing to the considerable reach that DSL Bank has with professional financial intermediaries.

GENOPACE GmbH is a joint venture with two of the most progressive credit cooperatives in Germany – the Volksbanken from Düsseldorf/Neuss and Münster. By working with these two initiators we have managed to transfer the concept of the EUROPACE marketplace to Germany's network of cooperative banks and, by using GENOPACE, to provide the ideal distribution solution for credit cooperatives based on our advanced technology. Advisers at the banks linked to GENOPACE have access via a single platform only to the full product range offered by the cooperative mortgage lenders WL Bank and Münchener Hypothekenbank as well as the insurance product range of R&V Versicherung. Supplemented by their own product ranges within GENOPACE, this arrangement dramatically improves efficiency in the sale of mortgage finance compared with other processes to date.

The forthcoming acquisition of Interhyp AG by the ING Group, which is already represented in Germany by ING DiBa AG, will completely transform the competitive environment. For institutional rivals of the ING Group, which is a major player in the field of banking and insurance services, EUROPACE is now more than ever the strategic partner of choice in mortgage finance.

Despite all these positive trends and our highly encouraging revenue growth compared with the market as a whole, the sharp fall in our second-quarter earnings needs explanation. We are taking advantage of the current market downturn and the consequent general caution on the part of many competitors to occupy market positions and increase our market share. This aggressive expansion drive – coupled with the ongoing cost of building new business models such as EUROPACE in the Netherlands or models for investors – has depressed our profitability considerably. By adopting a proactive approach in the current market environment, we are convinced that we can already add significant value to the Hypoport Group's strategic development in the near future. We are therefore sticking to our forecast of doubledigit growth in revenue and earnings for 2008.

Prof. Dr. Thomas Kretschmar
Co-Chief Executive Officer

Ronald Slabke
Co-Chief Executive Officer

2

Hypoport's shares

Share price performance

Our share price (Frankfurt Stock Exchange) came under pressure in the first half of 2008, losing 25 per cent of its value compared with the closing price at the end of 2007. In the second quarter of 2008 our share price fell 6 per cent, retreating from €11.55 on 31 March to €10.80 on 30 June, the last trading day of the quarter. The highest price during this period was €11.90 on 7 April, and the lowest was €10.30 on 9 June.

Performance of Hypoport's share price, January to June 2008 (daily closing prices on Frankfurt Stock Exchange)

Earnings per share

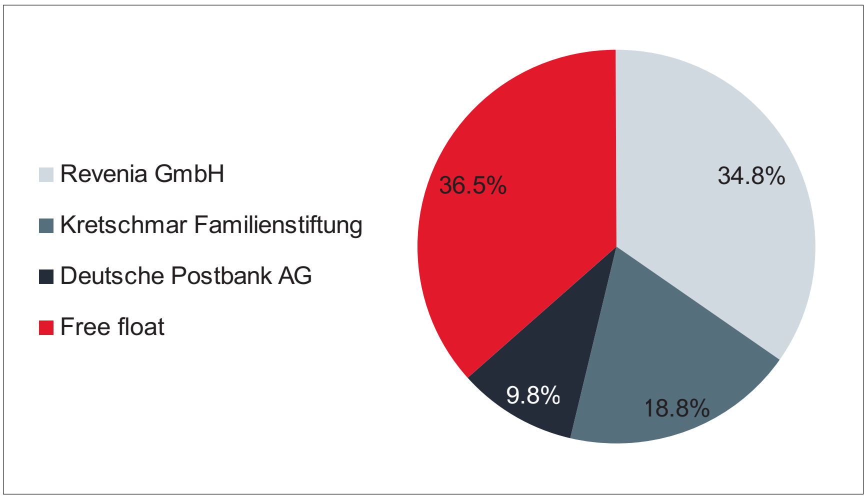
In the second quarter of 2008 we reported a loss of €0.02 per share, having posted earnings of €0.20 per share in the corresponding quarter of 2007. We therefore reported earnings of €0.12 per share in the first half of 2008, having posted earnings of €0.37 per share in the corresponding period of last year.

Trading volumes

The volume of trading in Hypoport's shares remained fairly low in the second quarter of 2008. The strongest daily turnover occurred in April, at an average of 734 shares. However, trading was thin in both May (average of 587 shares) and June (average of 376 shares).

Shareholder structure

The free float in Hypoport's shares amounts to 36.5 per cent. We received no notification of any changes in voting rights in the second quarter of 2008.



Breakdown of shareholders as at 30 June 2008

Notification of directors' dealings

The table below shows the directors' dealings notified for the second quarter of 2008.

Date of transaction	Notifying person/entity	Transaction	Stock exchange	Number of shares	Execution price
4 April 2008	Marco Kisperth	Sale with repurchase option for seller	Off-exchange	14,286	14.00
4 April 2008	r4i GmbH*	purchase with repurchase option for seller	Off-exchange	14,286	14.00
4 April 2008	Kretschmar Familienstiftung	Sale	Off-exchange	100,000	14.00
4 April 2008	r4i GmbH*	Purchase	Off-exchange	100,000	14.00
20 May 2008	Ronald Slabke	Purchase	XETRA	1,392	11.37
23 May 2008	Ronald Slabke	Purchase	XETRA	1,500	11.29
26 May 2008	Ronald Slabke	Purchase	XETRA	1,500	11.27

*) Prof. Dr. Thomas Kretschmar is managing director of r4i GmbH

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Ad-hoc disclosures

No ad-hoc disclosures were made in the second quarter of 2008.

Designated sponsor

The designated sponsor for Hypoport AG is Landesbank Baden-Württemberg, Stuttgart.

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
Subscribed capital	€6,110,690.00
Stock exchanges	Frankfurt
	XETRA
Market segment	Regulated market
Transparency level	Prime Standard
Membership of indices	CDAX
	Classic All Share
	DAXsector All Financial Services
	GEX
	Prime All Share
Performance	
Share price as at 1 April 2008	€11.52 (Frankfurt)
Share price as at 30 June 2008	€10.80 (Frankfurt)
High in 2nd quarter of 2008	€11.90 (7 April 2008)
Low in 2nd quarter of 2008	€10.30 (9 June 2008)
Market capitalisation	€66.0 million (30 June 2008)
Trading volume	€6,379.72 (daily average for 2nd quarter of 2008)

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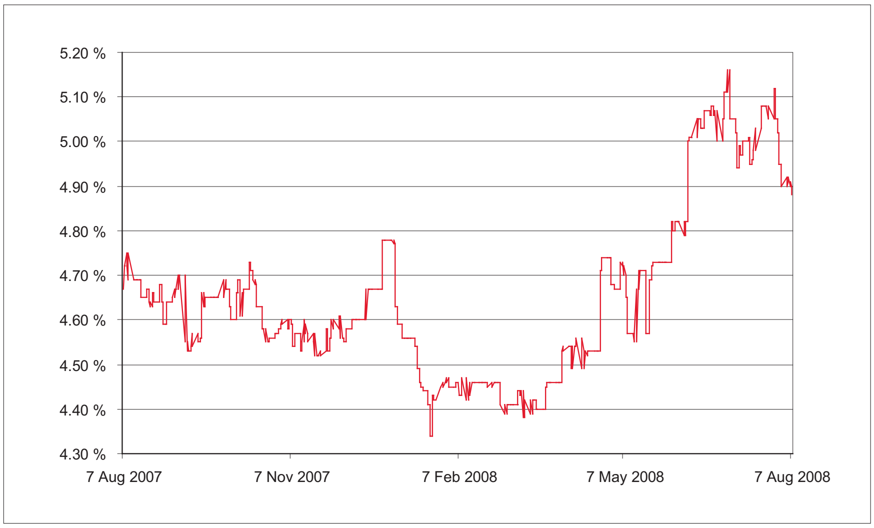
3 Interim group management report

Economic conditions

Developments in the US housing market and the resultant turmoil in the financial sector continue to dominate the markets. The US economy is teetering on the brink of recession and economic activity in the European Union has slowed. By contrast, the Germany economy has so far proved fairly resilient in coping with the fall-out from the US housing and financial markets crises as well as the surge in food and energy prices.

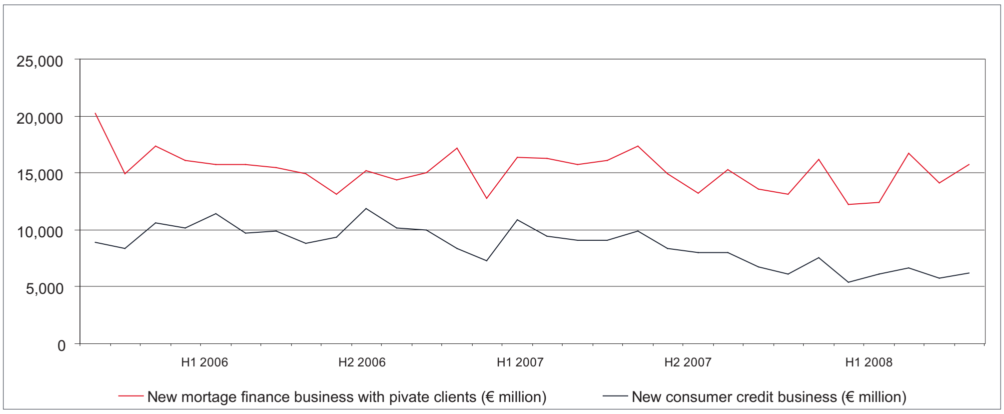
Current economic trends pose a huge challenge for central banks. They are caught between conflicting demands placed on them by the liquidity crunch in the financial sector, the slowdown in economic activity and the threat of inflation. Whereas the Federal Reserve – the US central bank – cut interest rates aggressively in several stages to 2.00 per cent, mainly to ensure that the financial system was provided with sufficient liquidity, the European Central Bank raised its key lending rate from 4.00 per cent to 4.25 per cent in July 2008 because it sees inflation as the greater threat at the moment.

The sharp rise in ten-year swap rates in the second quarter of 2008 is curbing customer demand and, while interest rates are rising, is temporarily increasing the competitive pressures on independent intermediaries compared with full-service providers such as savings banks.



Ten-year swap rates over the past 360 days

According to Deutsche Bundesbank statistics, the total volume of private mortgage finance and personal loans provided in the first half of 2008 continued to fall significantly year on year. While the total value of home loans sold in the first six months of 2007 came to €94.4 billion, demand in the first half of 2008 fell by 7.3 per cent to €87.6 billion. The volume of personal loans decreased by even more, falling by 30.3 per cent from €54.1 billion to €37.7 billion.



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

The volume of fund assets under management in Germany also declined in the first half of 2008. German investment companies had total fund assets of €1.368 trillion under management as at 30 June 2008 (31 December 2007: €1.423 trillion), of which €703 billion (31 December 2007: €731 billion) was attributable to retail funds and €665 billion (31 December 2007: €692 billion) to specialised funds.

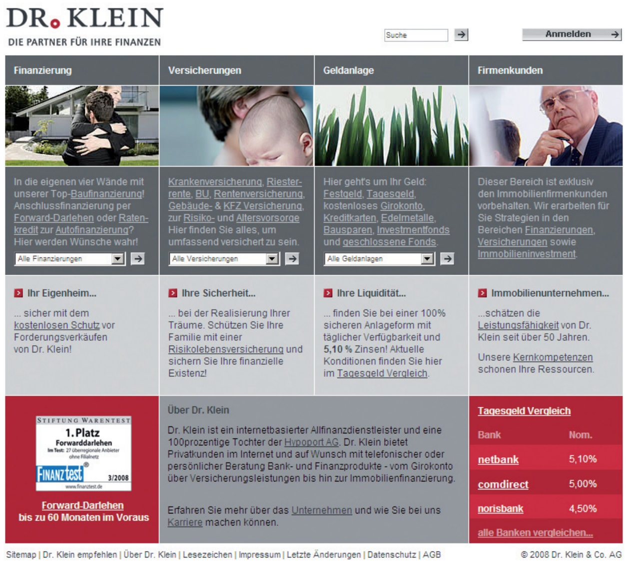
According to estimates by the German Insurance Association (GDV), demand for insurance in Germany remained consistent in the first half of 2008 despite being weak on both an international and historical comparison.

Revenue

In the second quarter of 2008 the Hypoport Group once again increased its revenue sharply by 21 per cent year on year from €10.4 million to €12.6 million. A comparison of the first six months of the year – during which revenue rose by 32 per cent year on year to €25.1 million (H1 2007: €19.0 million) – also illustrates the extent to which our organisation is bucking the market trend to generate significant growth.

Private Clients business unit

Despite a generally stagnant market, a significant decrease in mortgage finance activity and adverse interest-rate trends, the Private Clients business unit – which specialises in the internet-based sale of financial products – raised its revenue by 48 per cent to €8.1 million (Q2 2007: €5.5 million).



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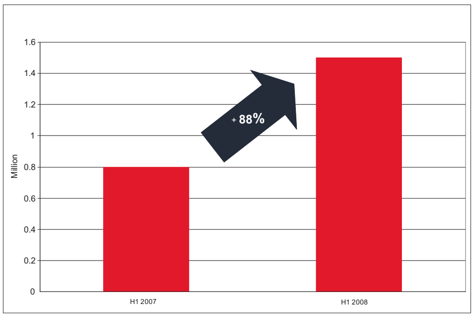
This enabled the Hypoport Group's largest segment to sustain the strong momentum of the first quarter and to increase its revenue for the first half of 2008 by a significant 49 per cent year on year to €15.7 million (H1 2007: €10.6 million). The number of leads acquired – the key performance indicator for this business unit – also reached a new record of roughly 1.5 million in the first six months of 2008 (H1 2007: 0.8 million).

The Hypoport Group's mortgage finance business felt the full impact of the generally lower demand for home loans and, despite achieving a slight increase in the second quarter, reported a decrease in the volume of new business brokered in the first half of 2008.



Increase of leads

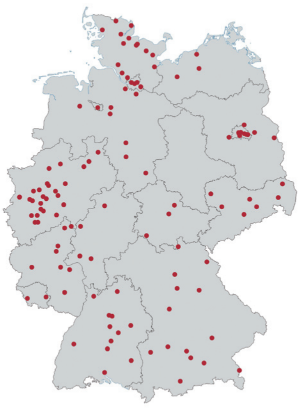
Mortgage Finance Private Clients business unit	1 Jan to 30 Jun 2008	1 Jan to 30 Jun 2007	1 Apr to 30 Jun 2008	1 Apr to 30 Jun 2007
Number of loans brokered	4,467	5,337	2,302	2,384
Volume of loans brokered (€ million)	764	849	433	414
Net Revenue (€ million)	5.2	6.7	2.8	3.6
Marge (%)	0.69	0.79	0.65	0.87

However, this trend was compensated for by the massive expansion of the Company's market presence in its other financial products. It raised its revenue here by an impressive 112 per cent on the corresponding quarter of 2007 through the sale of banking and insurance products. This product segment boosted its revenue by as much as 121 per cent in the first half of 2008. The difficult current market environment underlines the benefits of diversifying our financial product sales for private clients towards a strategy whereby we distribute a full range of financial products and services.

Financial Service Products Private Clients business unit	1 Jan to 30 Jun 2008	1 Jan to 30 Jun 2007	1 Apr to 30 Jun 2008	1 Apr to 30 Jun 2007
Number of deals brokered for financial service products	5,116	2,170	2,887	1,497
Revenue (€ million)	8.6	3.9	4.2	2.0

The number of advisers working in the various distribution channels of the Private Clients business unit – with the exception of telephone sales – was significantly increased during the reporting period and had reached a new high by 30 June 2008. The map on the right gives an impressive overview of the extensive network of branches established by our franchisees in Germany.

The lower headcount in telephone sales was attributable to the alignment of the Company's sales-related resources with the changing market conditions in mortgage finance.



Branches of the franchisees in Germany

Distribution channels	1 Jan – 30 Jun 2008	1 Jan – 30 Jun 2007
Telephone sales staff	38	42
Advisers in branch-based sales	223	117
Branches run by franchisees	114	79
Independent financial advisers acting as agents	1,558	1,082

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Financial Service Providers business unit

Financial Service Providers, which is the second-largest business unit, significantly expanded its volume of transactions on both a quarterly and half-year comparison and over both periods generated revenue that was just slightly lower year on year despite the sharp contraction in the mortgage finance market. Although the volume of transactions in project-related business increased, revenue from this business fell.

Europace Financial Service Providers business unit	1 Jan to 30 Jun 2008	1 Jan to 30 Jun 2007	1 Apr to 30 Jun 2008	1 Apr to 30 Jun 2007
Volume of transactions (€ billion)	7.0	6.2	3.6	3.2
Revenue (€ million)	4.2	4.3	2.1	2.2

The number of distribution organisations actively using the marketplace as at 30 June 2008 had risen sharply to 38 compared with 31 distributors as at 30 June 2007. This is proof positive of the growing importance of the EUROPACE marketplace in the financial services market.

Corporate Real Estate Clients business unit

The Corporate Real Estate Clients business unit continued to benefit from the expansion of its regional presence. Despite the rise in interest rates, the loan broker-age business increased the volume of new business it brokered in both the second quarter and the first half of 2008. As expected, the volume of loan renewals decreased because fewer loans were due to have their interest rates renegotiated in the first six months of 2008.

Corporate Real Estate Clients business unit	1 Jan to 30 Jun 2008	1 Jan to 30 Jun 2007	1 Apr to 30 Jun 2008	1 Apr to 30 Jun 2007
Loan Brokerage				
Volume of new business (€ million)	499	453	243	213
Volume of prolongation (€ million)	190	252	125	93
Revenue (€ million)	2.3	2.0	1.3	1.0
Other financial products / financial advice				
Revenue (€ million)	0.8	0.9	0.0	0.9
Total Revenue (€ million)	**3.1**	**2.9**	**1.3**	**1.9**

Institutional Clients business unit

The main growth driver in the Institutional Clients business unit was once again the Dutch market. The uncertainty created by the subprime mortgage crisis fuelled demand for information systems that enhance transparency.

The total number of clients rose to 24 (H1 2007: 23) and the revenue generated by this business unit advanced from €0.6 million to €0.7 million compared with the second quarter of 2007. In the first half of 2008 its revenue rose sharply by €0.5 million, or 47 per cent, year on year to €1.5 million.

Own work capitalised

In the second quarter of 2008 the Company continued to attach considerable importance to investing in the further expansion of its B2B financial marketplaces. This capital expenditure underlies the ongoing growth of its Financial Service Providers and Institutional Clients business units. Apart from maintaining its competitive edge in existing product segments in the second quarter, the Company continued to lay the foundations for extending its EUROPACE marketplace to the Netherlands and to further financial products (e.g. housing finance) in Germany.

In the second quarter of 2008 the Company invested a total of €1.8 million (Q2 2007: €1.2 million) in the development of its marketplaces; in the first half of 2008 it spent €3.2 million (H1 2007: €2.2 million). Of these total amounts, the Company capitalised €1.2 million in the second quarter of 2008 (Q2 2007: €0.8 million) and €2.3 million in the first half of 2008 (H1 2007: €1.5 million). This amount represents the pro rata personnel expenses and operating costs incurred by software development in each case.

Earnings

As expected, the drive to win further market share in the Private Clients and Financial Service Providers business units – especially in the tough prevailing market conditions – has adversely affected the Company's financial performance. The Management Board believes that the Hypoport Group can generate considerable earnings potential for the future by steadily expanding its market presence. Against this background we are taking advantage of the current market conditions to buck the general trend by adopting a proactive stance to ensure that we occupy key market niches. As a result, the earnings generated by the Hypoport Group in both the second quarter and the first half of 2008 failed to keep pace with its strong revenue growth.

Apart from the deliberate growth strategy being pursued in its main businesses, the Company's earnings continue to be impaired by the fact that it is allocating considerable resources to building up and expanding various business lines, which form the basis for the Company's future growth. In the first half of 2008, for example, earnings were reduced by €1.1 million (H1 2007: €0.7 million) by the EUROPACE for investors business, which has yet to break even.

As a result of the operating environment described above, earnings before interest and tax (EBIT) for the first half of 2008 fell significantly year on year to €1.6 million (H1 2007: €3.3 million). The EBIT margin narrowed accordingly to 6.2 per cent (H1 2007: 17.1 per cent). EBIT for the second quarter of 2008 fell to €0.2 million (Q2 2007: €2.0 million), which generated an EBIT margin of 1.6 per cent (Q2 2007: 18.9 per cent).

The deterioration in EBIT margins is also attributable to a slight earnings dilution caused by the increasing use of external distribution partners in the Private Clients and Financial Service Providers business units who earned ‚transitory' agency commissions totalling €2.1 million in the first half of 2008 (Q2 2008: €1.2 million). The higher revenue and selling expenses reported as a result will in future depress the EBIT margins in these two business units and at Group level for accounting purposes, which means that EBIT margins can only be compared to a limited extent with previous quarters.

Expenses

Personnel expenses rose in line with the increase in the average number of employees during the period from 341 (H1 2007) to 441 people.

Other operating expenses grew disproportionately to revenue. This was attributable to the sharp rise in selling expenses, which amounted to €9.8 million (H1 2007: €4.1 million). This significant increase in selling expenses reflects the aggressive implementation of the Company's growth strategy, especially in its Private Clients business unit.

Hypoport's net finance costs include interest expense and similar charges of €0.5 million (H1 2007: €0.4 million).

Balance sheet

The Hypoport Group's consolidated total assets as at 30 June 2008 amounted to €51.0 million, a 6 per cent increase on the total as at 31 December 2007 (€48.2 million).

Non-current assets totalled €30.5 million (2007: €28.0 million). This amount included goodwill which, at an unchanged €14.8 million, remained the largest single item.

Current assets grew by €0.4 million owing to the €1.2 million increase in other cur-rent items. By contrast, cash and cash equivalents decreased by €0.6 million and trade receivables declined by €0.2 million.

The equity attributable to Hypoport AG shareholders as at 30 June 2008 grew by €0.8 million, or 3 per cent, to €23.7 million. The equity ratio fell slightly from 47.5 per cent to 46.5 per cent owing to the increase in total assets.

The €3.2 million increase in non-current liabilities to €18.8 million stemmed primarily from the €3.0 million expansion in financial liabilities. Current liabilities declined by €1.4 million to €8.3 million, mainly owing to the €1.1 million decrease in other liabilities.

Total financial liabilities rose from €13.4 million to €16.7 million owing to new borrowing.

Cash flow

Cash flow during the reporting period decreased by €1.3 million to €2.3 million (H1 2007: €3.6 million). This decline is largely attributable to the sharp year-on-year fall in net profit for the period.

The net cash outflow of €3.7 million from investing activities (H1 2007: net cash inflow of €1.3 million) stemmed primarily from the higher level of capital expenditure on non-current intangible assets.

The net cash inflow of €2.9 million from financing activities (H1 2007: net cash out-flow of €2.4 million) mainly resulted from borrowing of €7.9 million and loan repayments of €5.3 million.

Consequently, cash and cash equivalents as at 30 June 2008 came to €2.5 million, which was €0.6 million lower than at the beginning of the year.

Capital expenditure

Apart from the amounts spent on the development of the EUROPACE financial marketplaces, the most important capital expenditures in the first six months of 2008 were the establishment of Starpool Finanz GmbH, Berlin, in collaboration with Deutsche Postbank AG, Bonn, and of GENOPACE GmbH, Berlin.

The object of these two companies is the brokerage of loans on the EUROPACE platform. Both companies will contribute to the continued growth of the Hypoport Group.

Other capital expenditure during the reporting period related to investment in office furniture and equipment and in externally produced software.

Employees

The number of employees in the Hypoport Group rose continuously in line with revenue growth and stood at 443 people as at 30 June 2008. This was an increase of 10 per cent on the end of 2007 (31 December 2007: 402 people). The average number of employees during the first six months of 2008 was 441, which was a 29 per cent increase on the corresponding period of 2007 (341 people).

Outlook

The revenue increases achieved in the first half of 2008 highlight just how rapidly the Hypoport Group is growing and developing. In a financial services market largely characterised by stagnation, Hypoport has managed to generate strong revenue growth over the past few years. Despite our earnings performance to date, however, we are confident that we will hit our profit targets for 2008. It is still difficult to gauge what sort of impact the international credit crunch will have on business activity. If the turmoil in the financial markets persists, however, it is safe to assume that it will eventually affect national economies.

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4 Interim consolidated financial statements

Consolidated balance sheet as at 30 June 2008

Assets	30 Jun 2008 €'000	31 Dec 2007 €'000
Non-current assets		
Intangible assets	24,557	23,319
Property, plant and equipment	2,062	1,553
Financial assets	898	522
Deferred tax assets	2,946	2,676
	30,463	**28,070**
Current assets		
Trade receivables	15,685	15,847
Other assets	2,233	1,019
Current income tax assets	152	195
Cash and cash equivalents	2,463	3,100
	20,533	**20,161**
	50,996	**48,231**
Equity and liabilities		
Equity		
Subscribed capital	6,111	6,094
Reserves	17,605	16,836
	23,716	**22,930**
Equity attributable to minority interest	166	0
	23,882	**22,930**
Non-current liabilities		
Financial liabilities	15,047	12,059
Deferred tax liabilities	3,733	3,520
	18,780	**15,579**
Current liabilities		
Provisions	188	21
Financial liabilities	1,669	1,341
Trade payables	2,559	3,399
Current income tax liabilities	370	319
Other liabilities	3,548	4,642
	8,334	**9,722**
	50,996	**48,231**

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Consolidated income statement

for the period 1 January to 30 June 2008

	1 Jan to 30 Jun 2008 €'000	1 Jan to 30 Jun 2007 €'000	1 Apr to 30 Jun 2008 €'000	1 Apr to 30 Jun 2007 €'000
Revenue	25,118	19,022	12,555	10,367
Own work capitalised	2,324	1,525	1,165	834
Other operating income	324	212	102	108
Cost of materials	-207	-24	-192	-15
Personnel expenses	-10,532	-8,276	-5,673	-4,211
Other operating expenses	-13,875	-7,857	-6,897	-4,450
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**3,152**	**4,602**	**1,060**	**2,633**
Depreciation, amortisation expense and impairment losses	-1,598	-1,352	-861	-675
Earnings before interest and tax (EBIT)	**1,554**	**3,250**	**199**	**1,958**
Financial income	56	50	31	22
Finance costs	-472	-392	-229	-195
Earnings before tax (EBT)	**1,138**	**2,908**	**1**	**1,785**
Income taxes and deferred taxes	-441	-617	-140	-534
Net profit for the period	**697**	**2,291**	**-139**	**1,251**
of which attributable to minority interest	-34	0	-34	0
of which attributable to Hypoport AG stockholders	731	2,291	-105	1,251
Basic earnings per share (€)	0.12	0.37	-0.02	0.20
Diluted earnings per share (€)	0.12	0.36	-0.02	0.20

Abridged consolidated statement of changes in equity for the six months ended 30 June 2008

€'000	Subscribed capital	Treasury shares	Capital reserves	Equity attributable to Hypoport AG stockholders	Equity attributable to minority interest	Equity
Balance as at 1 January 2007	6,288	1,350	11,182	18,820	–	18,820
Issue of new shares	-247	247	-308	-308	–	-308
Net profit for the period	–	–	2,291	2,291	–	2,291
Balance as at 30 June 2007	**6,041**	**1,597**	**13,165**	**20,803**	**–**	**20,803**

€'000	Subscribed capital	Treasury shares	Capital reserves	Equity attributable to Hypoport AG stockholders	Equity attributable to minority interest	Equity
Balance as at 1 January 2008	6,094	1,704	15,132	22,930	–	22,930
Issue of new shares	17	38	–	55	–	55
Payments from minority interest	–	–	–	0	200	200
Net profit for the period	–	–	–	731	-34	697
Balance as at 30 June 2008	**6,111**	**1,742**	**15,132**	**23,716**	**166**	**23,882**

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Consolidated cash flow statement

for the period 1 January to 30 June 2008

	30 Jun 2008 €'000	30 Jun 2007 €'000
Earnings before interest and tax (EBIT)	1,554	3,250
Non-cash income (+) / expense (-) from income tax	-457	-584
Interest received (+)	56	50
Interest paid (-)	-472	-392
Income tax payments (-)	-49	-45
Income tax receipts (+)	65	12
Depreciation and amortisation expense, impairment losses (+) / reversales of impairment losses (-) on non-current assets	1,598	1,352
Gains (-) / losses (+) on the disposal of non-current assets	1	-11
Cash flow	**2,296**	**3,632**
Increase (+) / decrease (-) in current provisions	167	0
Increase (-) / decrease (+) in inventories, trade receivables and other assets not related to investing or financing activities	-1,279	-3,440
Increase (+) / decrease (-) in trade payables and other liabilities not related to investing or financing activities	-958	-1,838
Change in working capital	**-2,070**	**-1,602**
Cash flows from operating activities	**226**	**2,030**
Proceeds from the disposal of property, plant and equipment / intangible assets (+)	11	3,522
Purchase of property, plant and equipment / intangible assets (-)	-3,357	-2,525
Payments for acquisitions to be consolidated (-)	0	-100
Proceeds from the disposal of financial assets (+)	18	456
Purchase of financial assets (-)	-394	-93
Cash flows from investing activities	**-3,722**	**1,260**
Proceeds from additions to equity (+)	55	0
Payments from minority interest (+)	200	0
Proceeds from the issue of bonds and drawdown of loans under finance facilities (+)	7,900	500
Redemption of bonds and loans (-)	-5,296	-2,549
Cash flows from financing activities	**2,859**	**-2,357**
Net change in cash and cash equivalents	-637	933
Cash and cash equivalents at the beginning of the period	3,100	3,180
cash and cash equivalents at the end of the period	**2,463**	**4,113**

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Abridged segment reporting
for the period 1 January to 30 June 2008

€'000	Corporate Real Estate Clients	Private Clients	Financial Service Providers	Institutional Clients	Reconciliation	Group
Segment revenue in respect of third parties						
1 Jan - 30 Jun 2008	3,132	15,697	4,191	1,461	637	25,118
1 Jan - 30 Jun 2007	2,901	10,565	4,285	996	275	19,022
1 Apr - 30 Jun 2008	1,260	8,115	2,134	717	329	12,555
1 Apr - 30 Jun 2007	1,922	5,479	2,219	597	150	10,367
Segment revenue in respect of other segments						
1 Jan - 30 Jun 2008	24	2	146	24	-196	0
1 Jan - 30 Jun 2007	14	0	217	27	-258	0
1 Apr - 30 Jun 2008	14	0	69	0	-83	0
1 Apr - 30 Jun 2007	0	0	74	2	-76	0
Total segment revenue						
1 Jan - 30 Jun 2008	3,156	15,699	4,337	1,485	441	25,118
1 Jan - 30 Jun 2007	2,915	10,565	4,502	1,023	17	19,022
1 Apr - 30 Jun 2008	1,274	8,115	2,203	717	246	12,555
1 Apr - 30 Jun 2007	1,922	5,479	2,293	599	74	10,367
Segment earnings (EBIT)						
1 Jan - 30 Jun 2008	1,080	1,084	1,488	-713	-1,384	1,554
1 Jan - 30 Jun 2007	786	1,880	2,323	-394	-1,345	3,250
1 Apr - 30 Jun 2008	317	381	667	-482	-683	199
1 Apr - 30 Jun 2007	620	990	1,115	-157	-611	1,958

5 Notes to the interim consolidated financial statements

General disclosures

The condensed interim consolidated financial statements for the six months ended 30 June 2008 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). These condensed interim consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2007 and the disclosures contained in the notes thereto. These condensed interim consolidated financial statements have not been reviewed by an auditor.

The condensed interim consolidated financial statements have been prepared in euros. Unless stated otherwise, all amounts are shown in thousands of euros. The consolidated income statement has been prepared using the nature-of-expense method.

Basis of consolidation

The consolidation as at 30 June 2008 included all entities controlled by Hypoport AG in addition to Hypoport AG itself.

Starpool Finanz GmbH, Berlin, and GENOPACE GmbH, Berlin, have been consolidated for the first time since 31 December 2007.

Starpool Finanz GmbH, Berlin, was established in February 2008 in collaboration with Deutsche Postbank AG, Bonn. The object of this company is the brokerage of loans on the EUROPACE platform. Its subscribed capital amounts to €200,100.00 and is fully paid-up. Hypoport AG owns a shareholding of €100,100.00.

GENOPACE GmbH, Berlin, was also established in February 2008. The company's core business is the brokerage of credit cooperatives' loans to third-party product suppliers on the EUROPACE platform. Its subscribed capital amounts to €200,100.00 and is fully paid-up.

In April 2008, shares in GENOPACE GmbH amounting to €30,000.00 were sold to DSL Bank, Bonn; shares amounting to €20,000.00 were sold to each of Volksbank Düsseldorf Neuss eG, Düsseldorf, and to Volksbank Münster eG, Münster; and shares amounting to €10,000.00 were sold to each of Münchener Hypothekenbank eG, Munich, to R+V Lebensversicherung Aktiengesellschaft, Wiesbaden, and to WL Bank AG Westfälische Landschaft Bodenkreditbank, Münster. Hypoport AG therefore still holds 50.02 per cent of the shares in GENOPACE GmbH. The sale of the shares in GENOPACE GmbH did not give rise to any difference between the selling price and the minority interest in the company's equity.

The following table shows the entities included in the interim consolidated financial statements in addition to Hypoport AG:

	Holding (%)
Dr. Klein & Co. AG, Lübeck	100.00
Dr. Klein & Co. Capital AG, Berlin	100.00
Dr. Klein & Co. Consulting GmbH, Lübeck	100.00
GENOPACE GmbH, Berlin	50.02
Freie Hypo GmbH, Lübeck	100.00
Hypoport Capital Market AG, Berlin	100.00
Hypoport Insurance Market GmbH, Berlin	100.00
Hypoport Mortgage Market Ltd., Westport (Irland)	100.00
Hypoport Netherlands B.V. , Amsterdam	100.00
Hypoport PFE GmbH, Lübeck	100.00
Hypoport Stater B.V., Amsterdam	50.0
Hypoport Systems GmbH, Berlin	100.00
Qualitypool GmbH, Lübeck	100.00
Starpool Finanz GmbH, Berlin	50.02
Vergleich.de Gesellschaft für Verbraucherinformation mbH, Berlin	100.00

With the exception of Hypoport Stater B.V. (joint venture, consolidation on a pro rata basis), all companies in the Group are fully consolidated.

Accounting policies

The consolidation principles and accounting policies as described in the notes to the 2007 consolidated financial statements were also used to prepare the interim consolidated financial statements and to calculate the comparative figures for 2007.

The establishment of Starpool Finanz GmbH and GENOPACE GmbH has made it necessary to report a minority interest for the first time. Minority interest represents the portion of net profit and net assets that is not attributable to the Hypoport Group. Minority interest is shown separately on both the balance sheet and the income statement. On the balance sheet it is reported as part of equity, separately from the equity attributable to Hypoport AG shareholders.

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Intangible assets and property, plant and equipment

Intangible assets primarily comprise unchanged goodwill of €14.8 million and development costs of €8.3 million for the financial marketplaces (2007: €7.0 million).

Property, plant and equipment consists solely of office furniture and equipment of €2.1 million (2007: €1.6 million).

Income taxes and deferred taxes

The average combined income tax rates expected to apply on the basis of current tax legislation are just under 30 per cent (2007: 38 per cent) for companies in Germany and between 12.0 per cent and 30.0 per cent – as in 2007 – for subsidiaries outside Germany.

Earnings per share

The figure for earnings per share is determined in accordance with IAS 33. Basic earnings per share is calculated by dividing the net profit for the period by the weighted average number of outstanding shares. Diluted earnings per share is calculated by dividing the net profit for the period by the total weighted average number of outstanding shares, adjusted for the dilutive effect of potential new shares. The figure for earnings 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.

Share options were issued to employees in the years 2002 to 2004. These share options had the following dilutive effect on earnings per share in 2008:

	1 Jan to 30 Jun 2008	1 Jan to 30 Jun 2007	1 Apr to 30 Jun 2008	1 Apr to 30 Jun 2007
Net profit for the period (€'000)	697	2,291	-139	1,251
of which attributable to Hypoport AG stockholders	731	2,291	-105	1,251
Weighted number of out-standing shares (000s), undiluted	6,098	6.247	6,102	6,207
Basic earnings per share (€)	**0.12**	**0.37**	**-0.02**	**0.20**
Weighted number of share options (000s) causing a dilutive effect	106	163	103	163
Weighted number of out-standing shares (000s), diluted	6,179	6,385	6,176	6,345
Diluted earnings per share (€)	**0.12**	**0.36**	**-0.02**	**0.20**

The weighted number of outstanding shares is calculated on the basis of a daily balance. The dilutive effect of the options granted was an average of 75 thousand shares in the second quarter of 2008 (Q2 2007: 138 thousand) and of 82 thousand shares in the first six months of 2008 (H1 2007: 138 thousand).

Subscribed capital

The changes to subscribed capital in the period under review were as follows:

Subscribed capital	€
Balance as at 1 January 2008	6,093,510.00
Issue of new shares	17,180.00
Balance as at 30 June 2008	6,110,690.00

The Company's subscribed capital as at 30 June 2008 amounted to €6,110,690.00 (31 December 2007: €6,093,510.00) and is divided into 6,110,690 (31 December 2007: 6,093,510) registered no-par-value shares.

Following approval of a resolution by the Annual Shareholders' Meeting on 16 May 2008, the total Hypoport AG distributable profit of €3,989,629.27 was carried forward to the new financial year.

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. The purpose of the conditional capital increase was to allow share options to be granted to employees, members of the Management Board and to managers in subsidiaries. The conditional capital issued under the resolution adopted on 26 August 2002 amounted to €206,918.00 on 30 June 2008 after shares had been issued in connection with the exercise of share options.

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 issue of shares under the 2002–2004 employee share ownership programme from 2006 to 2008 (€997 thousand), an amount equivalent to the par value of the treasury shares recalled in 2006 (€99 thousand) and an amount equivalent to the imputed share of subscribed capital for the treasury shares recalled in 2007 (€247 thousand).

Retained earnings include the profits generated by the entities included in the consolidated 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 accumulated net profits 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 (2007: €7 thousand) are also reported under this item.

Minority interest

This item relates to the minority interest in the equity of Starpool Finanz GmbH and GENOPACE GmbH.

Share-based payment

No share options were issued in the first half of 2008.

Changes on the Management Board

Thilo Wiegand was appointed as a further member of the Management Board of Hypoport AG with effect from 1 June 2008. He will be responsible for the Financial Service Providers business unit.

The members of the Management Board as at 30 June 2008 were as follows:

- Prof. Dr. Thomas Kretschmar (Co-CEO), Berlin, responsible for the Corporate Real Estate Clients and Institutional Clients business units, strategy and fundamental issuses, communications, legal affairs and data protection
- Ronald Slabke (Co-CEO), graduate in business administration, Lübeck, responsible for human resources, finance and administration, new markets and strategic investments
- Marco Kisperth, graduate in business informatics, Berlin, responsible for information technology
- Thilo Wiegand, graduate in banking, Großalmerode, responsible for the Financial Service Providers business unit

Related parties

IAS 24 requires disclosure of the names of persons or entities that control Hypoport 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. In the reporting period, the persons covered by this requirement were the members of the Supervisory Board of Hypoport AG, the members of the Group Executive Committee (Thomas Kretschmar, Ronald Slabke, Marco Kisperth, Thilo Wiegand, Stephan Gawarecki and Hans-Peter Trampe) and their close family members.

The table below shows the numbers of shares and options in Hypoport AG directly or indirectly held by the members of the GEC and Supervisory Board as at 30 June 2008:

	Number of shares 30 Jun 2008	Number of shares 31 Dec 2007	Number of options 30 Jun 2008	Number of options 31 Dec 2007
GEC				
Prof. Dr. Thomas Kretschmar	1,397,643	1,383,353	0	0
Ronald Slabke	2,182,000	2,177,608	32,000	32,000
Marco Kisperth	93,926	108,212	14,000	14,000
Thilo Wiegand	24,000	24,000	0	0
Stephan Gawarecki	187,800	187,800	0	0
Hans Peter Trampe	174,990	174,990	20,000	20,000
Supervisory Board				
Dr. Ottheinz Jung-Senssfelder	24,000	24,000	0	0
Jochen Althoff	131,000	131,000	0	0
Christian Schröder	24,000	24,000	0	0

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 2007 group management report. There are no identifiable risks to the Hypoport Group as a going concern.

Seasonal influences on business activities

There were no exceptional, positive seasonal influences on the performance of the Hypoport Group's business in the first six months of 2008. In the past, positive changes in the mortgage market for both private and corporate clients have been noticeable during the course of a year. This has normally been attributable to changes in economic conditions and tax. The Company is also assuming that there will be a positive trend in the distribution of insurance products for private 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

There have been no material events since the balance sheet date.

Responibility statement

„We assures that, to the best of our knowledge and in accordance with the accounting standards applicable to interim financial reporting, the interim consolidated financial statements give a fair presentation of the Hypoport Group's financial position and financial performance, the interim group management report gives a fair presentation of the Hypoport Group's business, profits and position and that the material opportunities and risks of its expected development during the remainder of the financial year are described."

Berlin, 14 August 2008

Hypoport AG – The Management Board
Prof. Dr. Thomas Kretschmar – Ronald Slabke – Marco Kisperth – Thilo Wiegand

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