



# Interim report

of Hypoport AG for the period ended 31 March 2010

Berlin, 14 May 2010

## Key performance indicators

Financial performance (€'000)	1 Jan – 31 Mar 2010	1 Jan – 31 mar 2009*	Change
<b>Continuing operations</b>			
Revenue	12,089	12,657	-4 %
Gross profit	7,134	8,748	-18 %
Earnings before interest, tax, depreciation and amortisation (EBITDA)	-28	2,075	-101 %
Earnings before interest and tax (EBIT)	-1,078	1,182	-191 %
EBIT margin (EBIT as a percentage of gross profit)	-15.1	13.5	-212 %
Basic earnings (loss) per share (€)	-0.19	0.09	-311 %
Diluted earnings (loss) per share (€)	-0.19	0.09	-311 %
<b>Hypoport Group</b>			
Net profit (loss) for the year	-1,153	518	-323 %
attributable to Hypoport AG shareholders	-1,151	477	-341 %
Basic earnings (loss) per share (€)	-0.19	0.08	-338 %
Diluted earnings (loss) per share (€)	-0.19	0.08	-338 %
<b>Financial position (€'000)</b>			
	<b>31 Mar 2010</b>	<b>31 Dec 2009</b>	
Current assets	21,592	26,277	-18 %
Non-current assets	29,604	28,525	4 %
Equity	22,772	23,925	-5 %
attributable to Hypoport AG shareholders	22,574	23,725	-5 %
Equity ratio (%)	44.1	43.3	2 %
Total assets	51,196	54,802	-7 %

\* The comparative prior-year tax figures have been restated and are explained in the 'Accounting policies' section of .5. Notes to the interim consolidated financial statements'.

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## 1. Letter to shareholders

Dear Shareholder

The Hypoport Group has had to report a significant loss for the first quarter of 2010. Its strategic advances and the measures it took in 2009 to boost its earnings failed to compensate for the real-estate finance market turmoil triggered by the financial crisis. Unusually weak demand for advice-intensive financial services, especially mortgage finance, and particularly in January and February, impaired the Hypoport Group's profitability even further. It wasn't until March that demand for financial services regained the levels usually seen at the beginning of the year. There were no doubt several reasons for this collapse in demand during the winter months. The first was that economic conditions curbed consumer spending. Another reason, in our opinion, was that the severe weather reduced the amount of real estate bought and sold during this period. Consequently, neither we nor our shareholders can be satisfied with our performance in the first quarter of 2010. However, the normalisation of trading conditions that started in March and was still very much in evidence in April means that we can expect to see demand stabilise in the second quarter.

The business unit most seriously affected by the collapse in demand was once again Financial Service Providers, whose product range remains the most heavily reliant on mortgage finance. The total volume of transactions in this business contracted by 12 per cent compared with the corresponding quarter of 2009. It was therefore particularly encouraging to see strong growth in two of the Company's newer product areas: business in personal loans increased by 20 per cent on the same quarter of 2009, while building finance generated stellar year-on-year growth of 555 per cent. The Financial Service Providers business unit, whose profitability was impaired by high levels of capital expenditure on strategic market development (German savings banks, German cooperative banking sector, Netherlands) and technological refinements (EUROPACE 2) once again incurred heavy losses in the first quarter of the year. Once the capital spending projects mentioned above have taken effect, we expect to see this business return to its historically strong profitability over the long term.



Our largest business unit – Private Clients – was unfortunately also hit by the sharp contraction in demand, which manifested itself in the lower number of customer enquiries (leads) generated. Only our success in increasing the number of distribution partners in recent quarters managed to stabilise revenue in this business. Because demand in this business unit had started to pick up by the end of the first quarter, we expect to see a significant improvement in our business with private clients over the coming quarters.

Our Corporate Real Estate Clients business unit reported an encouraging increase in the number of transactions coupled with robust growth in new customers in the first quarter of 2010. Unfortunately there was a shortage of big-ticket transactions, especially in comparison with 2009. Although there is a fairly high level of pent-up demand in this market, customers' propensity to do business is being curbed by modest decreases in long-term interest rates. The only business unit able to build on the impressive results it had reported in the previous quarter was therefore Institutional Clients, which continues to offer a product portfolio that is perfectly tailored to our customers' latest needs.

Given the uncertainty surrounding the future course of the economy, forecasts are currently even more uncertain. The first two months of the year revealed only too clearly just how fragile demand remains following last year's sharp economic downturn. Nevertheless, we are optimistic about the outlook for the Hypoport Group's profitability going forward. Assuming that our environment stabilises, we still expect to see moderate growth in revenue and gross profit and very little year-on-year change in net profit for 2010 as a whole.

Yours sincerely,



Prof. Dr. Thomas Kretschmar  
Co-Chief Executive Officer



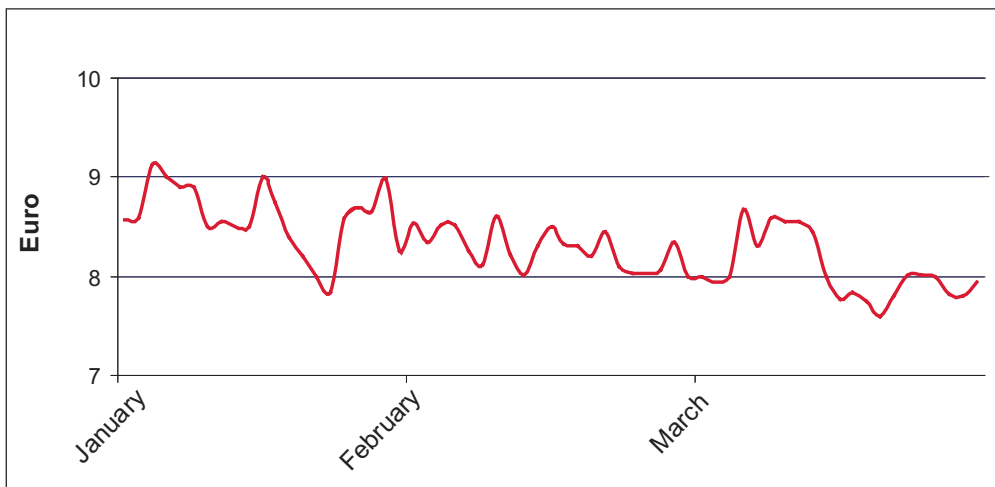
Ronald Slabke  
Co-Chief Executive Officer



## 2. Hypoport's shares

### Share price performance

Hypoport's shares shed a modest 6.6 per cent in the first quarter of 2010, falling from €8.50 at the end of 2009 to €7.94 on 31 March 2010. Their highest price was €9.12 on 6 January and their lowest was €7.60 on 22 March.



Performance of Hypoport's share price, January to March 2010 (daily closing prices on Frankfurt Stock Exchange)

### Earnings per share

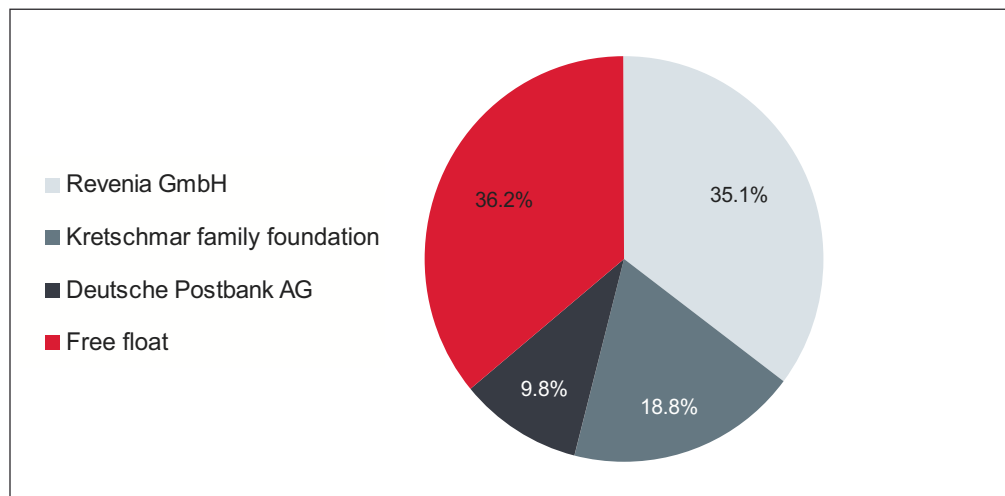
The Company reported a loss of €0.19 per share for the first quarter of 2010, having posted earnings of €0.08 per share in the corresponding quarter of 2009. Its continuing operations incurred a loss of €0.19 per share (Q1 2009: earnings of €0.09 per share).

### Trading volumes

Trading in Hypoport's shares in the first quarter of 2010 was much heavier than in the previous quarter. The highest turnover occurred in March, when an average of 1,218 shares were traded per day. Trading was quieter in January (average of 806 shares) and February (average of 1,036 shares).

### Shareholder structure

The free float in Hypoport's shares amounts to 36.2 per cent.



Breakdown of shareholders as at 31 March 2010

### Notification of directors' dealings

No directors' dealings were reported for the first quarter of 2010.

### Ad-hoc-disclosures

The following ad-hoc disclosure made on 15 March was the only one in the first quarter of 2010:

„Today, Thomas Kretschmar informed the chairman of the Supervisory Board of Hypoport AG that, as announced in 2006 when his contract was last extended, he does not wish to have his Management Board employment contract extended when it expires at the end of 2010. However, he does intend to continue his involvement with the Company as a member of the Supervisory Board. To ensure a seamless transition, Mr Kretschmar has asked the Supervisory Board to terminate his Management Board contract prematurely with effect from 31 May 2010. This will enable him to stand for election to the Supervisory Board at the Annual Shareholders' Meeting on 4 June 2010. The Supervisory Board will decide on the premature termination of Mr Kretschmar's contract at its meeting on 24 March 2010. The Company expects that its major shareholders will approve this move.“

Ad-hoc disclosures can be downloaded from our website at [www.hypoport.de](http://www.hypoport.de).

### Designated sponsor

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

## Research

Landesbank Baden-Württemberg has been publishing regular research on Hypoport's shares since 2008. The table below shows its most recent recommendations, the dates on which they were issued, and the target price in each case.

Recommendation	Upside target	Date of recommendation
Hold	11.00 €	15 March 2010
Hold	11.00 €	05 March 2010
Hold	11.00 €	09 November 2009
Hold	11.00 €	02 November 2009
Hold	11.00 €	30 October 2009
Hold	11.00 €	14 August 2009
Hold	7.20 €	20 May 2009
Hold	6.10 €	18 March 2009

## 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	€6,128,958.00
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 4 January 2010	€8.57 (Frankfurt)
Share price as at 31 March 2010	€7.94 (Frankfurt)
High in 1st quarter of 2010	€9.12 (6 January 2010)
Low in 1st quarter of 2010	€7.60 (22 March 2010)
Market capitalisation	€48.7 million (31 March 2010)
Trading volume	€8,634,84 (daily average for 1st quarter of 2010)





## 3. Interim group management report

### Economic conditions

The global economy is gradually recovering from the most severe recession since the Second World War. The upturn that started in the second half of 2009 continued in the first quarter of 2010. The return to growth was supported by expansionary monetary and fiscal policies, growing consumer and business confidence, and a longer inventory cycle. Germany, as a major exporter, benefited from the expansion in global trade. However, unemployment there will rise owing to the need to cut production capacities further and the growing number of corporate bankruptcies, thereby curbing consumer demand.

However, leading economic experts believe that the nascent economic recovery is being jeopardised by persistent risks such as the weak labour market, sluggish bank lending and concerns about individual countries' financial stability. The restricted amount of credit available to businesses, for example, constitutes a growing threat to the recovery of the real economy.

The major central banks have joined the battle against the global recession and the financial crisis by slashing interest rates and in some cases have implemented quantitative easing. Key interest rates in the US, the UK and Japan are already effectively zero and, in addition, central banks have sharply expanded the money supply by purchasing private-sector debt instruments and government bonds. The central banks are encouraging the commercial banks to channel this additional money to their customers in the form of urgently needed loans. The European Central Bank (ECB) last cut its key interest rate for the euro zone on 7 May 2009, taking it to 1.0 per cent – its lowest level since the introduction of the euro in 1999. Against the backdrop of the economic downturn and the consequent dampening of inflationary expectations, the ECB decided at the beginning of March 2010 to leave interest rates at their historically low level of 1.0 per cent. The ECB's Governing Council also decided to gradually withdraw its extraordinary liquidity support measures as part of a process it had begun back in mid-December 2009.

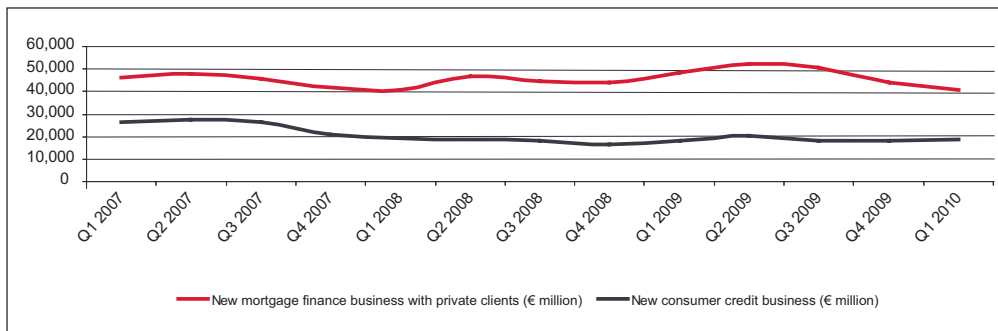
The fall in ten-year swap rates in the first quarter of 2010 facilitated the sale of credit products and, while interest rates were falling, full-service providers such as traditional regional and relationship banks temporarily experienced greater competitive pressures than independent intermediaries.



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 2010 contracted slightly year on year. While the total value of home loans sold in the three-month period to the end of March 2009 came to €48.2 billion, demand in the corresponding period of 2010 fell by 15.0 per cent to €41.0 billion. Owing to severe weather conditions, January and most of February saw much weaker demand for advice-intensive financial products such as mortgage finance. It wasn't until March that customer demand returned to normal levels. We believe that the Bundesbank's figures, which are diluted by portfolio sales and loan renewals, present a distorted view of our business.

By contrast, the market for personal loans performed slightly better, with the market volume growing by 2.9 per cent from €18.3 billion to €18.9 billion



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

Although interest in building finance as a whole was strengthened by factors such as the financial crisis, the Bundesbank's statistics revealed that the total value of building finance products sold in the first three months of 2010 had decreased by 7.0 per cent year on year from €22.9 billion to €21.3 billion.

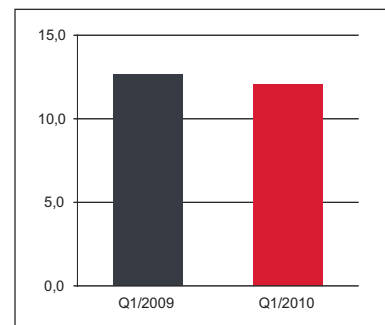
According to portfolio investment statistics compiled by the federal association of German fund management companies (BVI), the total value of assets under management in Germany rose slightly in the first three months of 2010. German investment companies had total fund assets of €1.438 trillion under management as at 31 March 2010 (31 December 2009: €1.376 trillion), of which €681 billion (31 December 2009: €650 billion) was allocated to retail funds and €757 billion (31 December 2009: €726 billion) to specialised funds for institutional investors.

Consumers also sought out increasingly 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 2010, which grew by 1.0 per cent from €1,467.3 billion (31 December 2009) to €1,481.6 billion. As a leading online distributor of instant-access and fixed-term products, Dr. Klein benefited from this trend.

The insurance market is also suffering. The German Insurance Association (GDV) expects premium income for 2010 to decline slightly by approximately 0.5 per cent across all insurance segments.

### Revenue

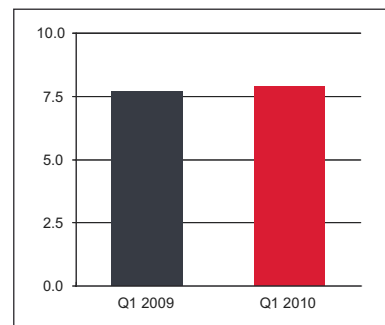
The Hypoport Group's revenue held up well in what remained a challenging market environment in the first quarter of 2010, falling by only 4.5 per cent from €12.7 million in the first three months of 2009 to €12.1 million. However, there were significant shifts in revenue between higher-margin and low-margin products. Given the sharp rise in selling expenses, gross profit dropped by 18.4 per cent from €8.7 million to €7.1 million.



Revenue Hypoport Group (€ million)

### Private Clients business unit

Despite a generally stagnant market, the Private Clients business unit, which specialises in online sales of financial products, raised its revenue slightly by 2 per cent to €7.9 million (Q1 2009: €7.7 million).

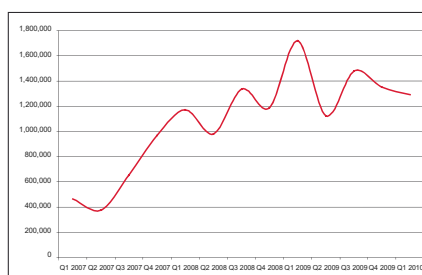


Revenue Private Clients (€ million)

The Hypoport Group's mortgage finance business felt the full impact of the stiffer competition in the market for home loans and, despite increasing both the number and volume of loans it had brokered, reported a lower gross profit owing to its higher selling expenses.

<b>Mortgage Finance Private Clients business unit</b>	<b>1 Jan to 31 Mar 2010</b>	<b>1 Jan to 31 Mar 2009</b>
Number of loans brokered	1,778	1,599
Volume of loans brokered (€ million)	245	242
Revenue (€ million)	3.2	2.8
Selling expenses (€ million)	1.6	1.2
Net Revenue (€ million)	1.6	1.6

The number of leads acquired in the first three months of 2010 fell by 0.4 million to 1.3 million from the record set in the corresponding quarter of 2009 (Q1 2009: 1.7 million).



Number of leads

The 'other financial products' segment failed to increase its revenue owing to a sharp decline in the number of banking and insurance products it sold. As expected, the expansion of this business incurred higher selling expenses, which resulted in a lower gross profit.

<b>Financial Service Products Private Clients business unit</b>	<b>1 Jan to 31 Mar 2010</b>	<b>1 Jan to 31 Mar 2009</b>
Number of deals brokered for financial service products	3,601	5,105
Revenue (€ million)	4.7	4.9
Selling expenses (€ million)	2.7	2.4
Net Revenue (€ million)	2.0	2.5

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 2010. The map on the right gives an impressive overview of the extensive network of branches established by our franchisees in Germany.

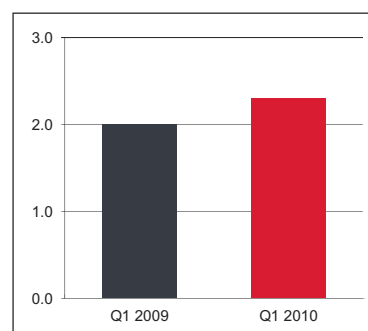


Distribution channels	31 March 2010	31 March 2009*
Advisers in branch-based sales	457	312
Branches run by franchisees	174	163
Independent financial advisers acting as agents	2,582	1,785

\* Telephone sales staff were integrated into the branch-based sales network.

### Financial Service Providers business unit

The Financial Service Providers business unit was affected by the tough market conditions prevailing in the first quarter of 2010. Unusually weak demand for mortgage finance owing to the severe weather conditions in January and February significantly reduced the total volume of business. The volume of completed mortgage transactions (excluding cancellations) shrank by 12.5 per cent to €2.4 billion. The total volume of business across all product segments in the first quarter of 2010 contracted by 3.8 per cent year on year to €3.0 billion.



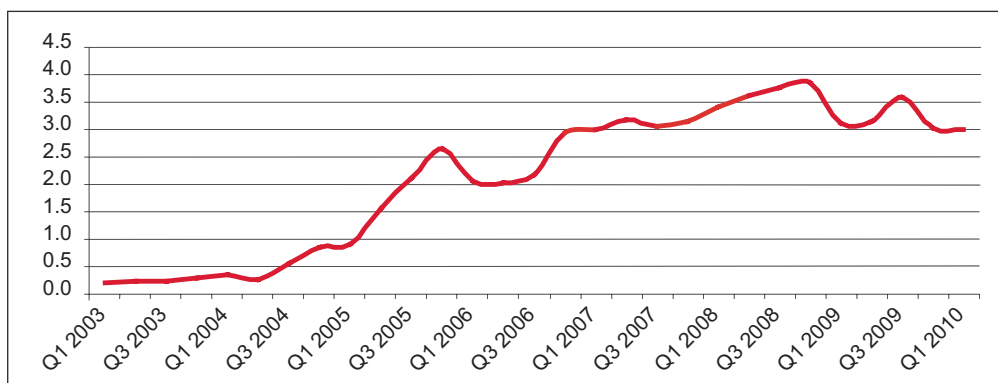
Revenue Financial Service Providers (€ million)

Business in personal loans and building finance products bucked this trend to deliver an encouraging performance. Revenue from personal loans advanced significantly by 19.6 per cent on the first quarter of 2009 to €360 million, while revenue from building finance products rocketed by 554.8 per cent to €203 million. These two product areas became increasingly important on the back of this growth and managed to at least partly offset the decline in mortgage finance.

The revenue growth was generated by an increase in low-margin collaborations and packager-related business.

Europace Financial Service Providers business unit	1 Jan to 31 Mar 2010	1 Jan to 31 Mar 2009
Volume of transactions (€ billion)	3.0	3.1
thereof mortgage finance	2.4	2.8
thereof personal loans	0.4	0.3
thereof building saving	0.2	0.0
Revenue (€ million)	2.3	2.0
Selling expenses (€ million)	0.6	0.1
Net Revenue (€ million)	1.7	1.9

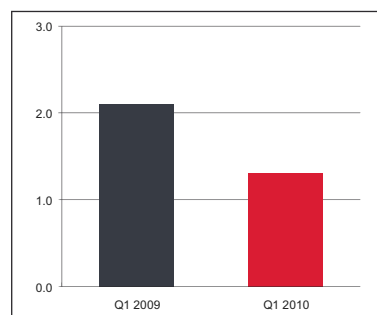
More than 180 participants attended the 15th EUROPACE Conference that was held in February.



Volume of transactions on EUROPACE (€ billion)

#### Corporate Real Estate Clients business unit

The loan brokerage business in the Corporate Real Estate Clients business unit managed to achieve only 63 per cent of the volume of new business it had brokered in the corresponding quarter of 2009. Consequently, its revenue plummeted by 50 per cent to €1.0 million (Q1 2009: €2.0 million). Although the number of small transactions rose encouragingly, big-ticket deals failed to materialise. This was mainly because long-term interest-rate trends encouraged clients to adopt a wait-and-see stance.

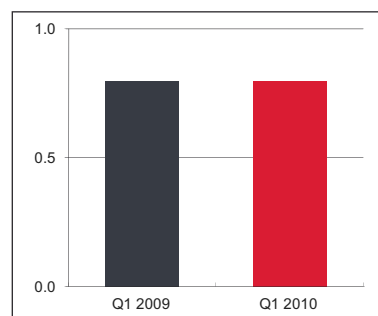


Revenue Corporate Real Estate Clients (€ million)

Corporate Real Estate Clients business unit	1 Jan to 31 Mar 2010	1 Jan to 31 Mar 2009
<b>Loan Brokerage</b>		
Volume of new business (€ million)	214	388
Volume of prolongation (€ million)	53	38
Revenue (€ million)	1.0	2.0
<b>Other financial products/ financial advice</b>		
Revenue (€ million)	0.3	0.1
<b>Total Revenue (€ million)</b>	<b>1.3</b>	<b>2.1</b>
Selling expenses (€ million)	0.1	0.1
<b>Net Revenue (€ million)</b>	<b>1.2</b>	<b>2.0</b>

### Institutional Clients business unit

The revenue of €0.8 million generated by the Company's smallest business unit from its 14 customers in the first quarter of 2010 (Q1 2009: 17 clients) was unchanged year on year.



Revenue Institutional Clients (€ million)

Institutional Clients	1 Jan to 31 Mar 2010	1 Jan to 31 Mar 2009
Revenue (€ million)	0.8	0.8
Selling expenses (€million)	0.1	0.1
Net Revenue (€ million)	0.7	0.7

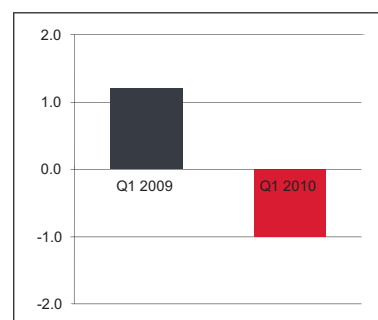
### Own work capitalised

Despite the general economic crisis, the Hypoport Group continued to attach considerable importance to investing in the further expansion of its B2B financial marketplaces in the first quarter of 2010. 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 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 €1.7 million in the expansion of its marketplaces in the first quarter of 2010 (Q1 2009: €1.8 million). €1.3 million of this total was capitalised (Q1 2009: €1.3 million). This amount represents the pro rata personnel expenses and operating costs attributed to software development.

### Earnings

The weaker demand for advice-intensive financial services – especially mortgage finance – caused by the severe weather conditions in January and February significantly impaired the Hypoport Group's profitability. This exceptional situation adversely affected its net profit for the period, as did the persistently challenging mortgage finance market and the Company's strategic development projects (EUROPACE 2, EUROPACE in the Netherlands, expansion of distribution capacity for private clients, FINMAS and GENOPACE).



EBIT (€ million)

Against the backdrop of the operating performance described above and the seasonal factors involved, EBITDA and EBIT from continuing operations fell to €0.0 million (Q1 2009: €2.1 million) and a loss of €1.1 million (Q1 2009: profit of €1.2 million) respectively. Consequently, the EBIT margin (EBIT as a percentage of gross profit) fell from 13.5 per cent to minus 15.1 per cent.

### Expenses

Personnel expenses rose because the number of more highly qualified employees increased although the Company's total headcount fell slightly on the corresponding quarter of 2009.

The rise in other operating expenses essentially relates to administrative expenses of €954 thousand (Q1 2009: €856 thousand) and other expenses of €292 thousand (Q1 2009: €154 thousand).

Hypoport's net finance costs include interest expense and similar charges of €0.3 million (Q1 2009: €0.3 million).

### Balance sheet

The Hypoport Group's consolidated total assets as at 31 March 2010 amounted to €51.2 million, which was 7 per cent down on the total as at 31 December 2009 (€54.8 million).

Non-current assets totalled €29.6 million (31 December 2009: €28.5 million). This amount included goodwill which, at an unchanged €14.8 million, remained the largest single item.

Current assets contracted by €4.7 million to 21.6 million because trade receivables decreased by €1.1 million and cash and cash equivalents fell by €4.4 million. Other assets increased by €0.8 million.

The equity attributable to Hypoport AG shareholders as at 31 March 2010 had decreased by €1.2 million, or 4.9 per cent, to €22.6 million. The equity ratio improved slightly from 43.3 per cent to 44.1 per cent owing to the decrease in total assets.

While non-current liabilities remained virtually unchanged at €17.6 million, financial liabilities fell by €0.3 million. Deferred tax liabilities increased by €0.3 million.

Current liabilities declined by €2.4 million to €10.9 million, mainly owing to the €1.8 million decrease in trade payables.

Total financial liabilities fell by €0.3 million to €18.5 million.



### Cash flow

Cash flow fell by €1.5 million to a deficit of €0.1 million during the reporting period. This decrease was largely attributable to the net loss reported for the period.

The total net cash outflow from operating activities as at 31 March 2010 amounted to €2.5 million (31 March 2009: €0.6 million). The reduction in cash flow compared with the corresponding period of 2009 was partly due to the fact that the cash used for working capital increased by €0.4 million to €2.4 million (31 March 2009: €2.0 million).

The net cash outflow of €1.6 million from investing activities (31 March 2009: €1.0 million) stemmed primarily from the €1.3 million increase in capital expenditure on non-current intangible assets.

The net cash outflow of €0.3 million from financing activities (31 March 2009: €0.3 million) largely relates to the repayment of loans.

The cash flow statement also shows the cash inflows and outflows from the Company's discontinued operations. These are presented in a separate line immediately below.

Cash and cash equivalents as at 31 March 2010 totalled €2.7 million, which was €4.4 million lower than at the beginning of the 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 450 people as at 31 March 2010 (31 March 2009: 465 people). Its headcount had increased by six since the end of 2009 (31 December 2009: 444 employees).

## Outlook

We can be cautiously optimistic about the short-term outlook for 2010. The immediate crisis that afflicted 2009 has largely passed, and markets are now expected to return to positive growth. Despite this tangible stabilisation in economic conditions, however, the medium-term future is fraught with a number of risks. One of them is that the current recovery is due in no small measure to governments' monetary and economic support measures. It is not yet clear how the economy would react if these measures were withdrawn and, in particular, to what extent consumer demand could already provide sufficient stimulus to sustain an economic recovery. Another danger is that expansionary economic policies might be altered too soon and abruptly if central banks withdraw the liquidity they have pumped into the markets in order to head off the threat of inflation. This is because it is simply unrealistic to expect the current climate of historically low interest rates and what is effectively zero inflation to continue indefinitely.

Despite the tough prevailing economic conditions, however, the positive factors influencing Hypoport's sector are still 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.

Since we do not expect the market to generate significant upside stimulus over the remaining course of the year, we are forecasting moderate revenue growth and earnings on the previous year's level for the next 18 months.

## 4. Interim consolidated financial statements

### Consolidated balance sheet as at 31 March 2010

Assets	31 March 2010 €'000	31 Dec 2009 €'000
<b>Non-current assets</b>		
Intangible assets	26,014	25,620
Property, plant and equipment	1,922	1,758
Financial assets	424	435
Other assets	32	13
Deferred tax assets	1,212	699
	29,604	28,525
<b>Current assets</b>		
Trade receivables	15,753	16,803
Other assets	2,983	2,200
Current income tax assets	117	117
Cash and cash equivalents	2,739	7,157
	21,592	26,277
	51,196	54,802
<b>Equity and liabilities</b>		
<b>Equity</b>		
Subscribed capital	6,129	6,129
Reserves	16,445	17,596
	22,574	23,725
Equity attributable to non-controlling interest	198	200
	22,772	23,925
<b>Non-current liabilities</b>		
Financial liabilities	16,878	17,169
Provisions	42	42
Other liabilities	10	10
Deferred tax liabilities	639	355
	17,569	17,576
<b>Current liabilities</b>		
Provisions	121	121
Financial liabilities	1,663	1,686
Trade payables	3,933	5,736
Current income tax liabilities	212	195
Other liabilities	4,926	5,563
	10,855	13,301
	51,196	54,802

## Consolidated income statement

for the period 1 January to 31 March 2010

	1 Jan to 31 March 2010 €'000	1 Jan to 31 March 2009* €'000
Revenue	12,089	12,657
Selling expenses (Commission and lead costs)	-4,955	-3,909
<b>Gross profit</b>	<b>7,134</b>	<b>8,748</b>
Own work capitalised	1,269	1,328
Other operating income	336	227
Personnel expenses	-6,021	-5,784
Other operating expenses	-2,746	-2,444
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>	<b>-28</b>	<b>2,075</b>
Depreciation, amortisation expense and impairment losses	-1,050	-893
<b>Earnings before interest and tax (EBIT)</b>	<b>-1,078</b>	<b>1,182</b>
Financial income	14	35
Finance costs	-250	-285
<b>Earnings before tax (EBT)</b>	<b>-1,314</b>	<b>932</b>
Income taxes and deferred taxes	161	-353
<b>Profit (loss) from continuing operations, net of tax</b>	<b>1,153</b>	<b>579</b>
<b>Profit (loss) from discontinued operations, net of tax</b>	<b>0</b>	<b>-61</b>
<b>Net profit (loss) for the year</b>	<b>-1,153</b>	<b>518</b>
attributable to non-controlling interest	-2	41
attributable to Hypoport AG shareholders	-1,151	477
<b>Basic earnings (loss) per share (€)</b>	<b>-0.19</b>	<b>0.08</b>
from continuing operations	-0.19	0.09
from discontinued operations	0.00	-0.01
<b>Diluted earnings (loss) per share (€)</b>	<b>-0.19</b>	<b>0.08</b>
from continuing operations	-0.19	0.09
from discontinued operations	0.00	-0.01

\* The comparative prior-year tax figures have been restated and are explained in the 'Accounting policies' section of .5. Notes to the interim consolidated financial statements'.

## Consolidated statement of comprehensive income

for the period 1 January to 31 March 2010

	1 Jan to 31 Mar 2010 €'000	1 Jan to 31 Mar 2009** €'000
Net profit (loss) for the year	-1,153	518
Total income and expenses recognized in equity*	0	0
Total comprehensive income	-1,153	518
attributable to non-controlling interest	-2	41
attributable to Hypoport AG shareholders	-1,151	477

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

\*\* The comparative prior-year tax figures have been restated and are explained in the 'Accounting policies' section of '5. Notes to the interim consolidated financial statements'.

## Abridged consolidated statement of changes in equity for the three months ended 31 March 2010

€'000	Subscribed capital	Treasury shares	Capital reserves	Equity attributable to Hypoport AG stockholders	Equity attributable to non- controlling interest	Equity
Balance as at 1 January 2009	6,113	1,748	14,849	22,710	200	22,910
Restatement	-	-	1,309	1,309	-	-
Balance as at 1 January 2009 restated	6,113	1,748	16,158	24,019	200	24,219
Total comprehensive income	-	-	477	477	41	518
Balance as at 31 March 2009	6,113	1,748	16,635	24,496	241	24,737
€'000	Subscribed capital	Treasury shares	Capital reserves	Equity attributable to Hypoport AG stockholders	Equity attributable to non- controlling interest	Equity
Balance as at 1 January 2010	6,129	1,784	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

## Consolidated cash flow statement

for the period 1 January to 31 March 2010

	31 March 2010 €'000	31 March 2009* €'000
<b>Earnings before interest and tax (EBIT)</b>	-1,078	1,131
from discontinued operations	-1,078	1,182
from continuing operations	0	-51
Non-cash income (+) / expense (-) from income tax	213	-333
Interest received (+)	14	35
Interest paid (-)	-250	-285
Income tax payments (-)	-55	-5
Income tax receipts (+)	3	0
Depreciation and amortisation expense, impairment losses (+) / reversals of impairment losses (-) on non-current assets	1,050	893
Gains (-) / losses (+) on the disposal of non-current assets	0	-8
<b>Cash flow</b>	-103	1,428
Increase (+) / decrease (-) in current provisions	0	0
Increase (-) / decrease (+) in inventories, trade receivables and other assets not related to investing or financing activities	-265	1,506
Increase (+) / decrease (-) in trade payables and other liabilities not related to investing or financing activities	-2,142	-3,517
<b>Change in working capital</b>	-2,407	-2,011
<b>Cash flows from operating activities</b>	-2,510	-583
from discontinued operations	0	-36
Proceeds from the disposal of property, plant and equipment / intangible assets (+)	0	38
Payments to acquire property, plant and equipment / intangible assets (-)	-1,608	-1,367
Payments to acquire consolidated enterprises (-)	0	-40
Proceeds from the disposal of financial assets (+)	29	603
Purchase of financial assets (-)	-18	-218
<b>Cash flows from investing activities</b>	-1,597	-984
from discontinued operations	0	0
Proceeds from additions to equity (+)	0	0
Redemption of bonds and loans (-)	-311	-304
<b>Cash flows from financing activities</b>	-311	-304
from discontinued operations	0	0
Net change in cash and cash equivalents	-4,418	-1,871
Cash and cash equivalents at the beginning of the period	7,157	7,458
<b>Cash and cash equivalents at the end of the period</b>	2,739	5,587
from discontinued operations	0	0

\* The comparative prior-year tax figures have been restated and are explained in the 'Accounting policies' section of .5. Notes to the interim consolidated financial statements'.

## Abridged segment reporting

for the period 1 January to 31 March 2010

€'000	Corporate Real Estate Clients	Private Clients	Financial Service Providers	Institutional Clients	Reconciliation	Group
Segment revenue in respect of third parties	1,246	7,864	2,127	834	18	12,089
1 Jan - 31 Mar 2009	2,105	7,706	1,908	829	109	12,657
Segment revenue in respect of other segments	38	10	182	0	-230	0
1 Jan - 31 Mar 2009	53	22	93	0	-168	0
<b>Total segment revenue</b>	<b>1,284</b>	<b>7,874</b>	<b>2,309</b>	<b>834</b>	<b>-212</b>	<b>12,089</b>
1 Jan - 31 Mar 2009	2,158	7,728	2,001	829	-59	12,657
Segment earnings before interest, tax, depreciation and amortisation (EBITDA)	348	78	-457	255	-252	-28
1 Jan - 31 Mar 2009	1,327	691	52	240	-286	2,024
from continuing operations	348	78	-457	255	-252	-28
1 Jan - 31 Mar 2009	1,327	691	52	291	-286	2,075
from discontinued operations	0	0	0	0	0	0
1 Jan - 31 Mar 2009	0	0	0	-51	0	-51
Segment earnings before interest and tax (EBIT)	303	65	-1,257	209	-398	-1,078
1 Jan - 31 Mar 2009	1,296	676	-573	195	-463	1,131
from continuing operations	303	65	-1,257	209	-398	-1,078
1 Jan - 31 Mar 2009	1,296	676	-573	246	-463	1,182
from discontinued operations	0	0	0	0	0	0
1 Jan - 31 Mar 2009	0	0	0	-51	0	-51
Segment assets	10,635	16,164	17,529	4,917	1,951	51,196
1 Jan - 31 Dec 2009	11,180	17,581	19,320	4,743	1,978	54,802



## 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 and the latter's subsidiaries, 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 2010 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). Since the consolidated financial statements for the year ended 31 December 2009 were published, the report has been condensed in accordance with IAS 34. These condensed interim consolidated financial statements should therefore be read in conjunction with the consolidated financial statements for the year ended 31 December 2009 and the disclosures contained in the notes thereto. These condensed interim consolidated financial statements have not been reviewed by an auditor.

With the exception of the adjustments listed in the accounting policies section below, these condensed interim consolidated financial statements are based on the accounting policies and principles of consolidation used in the 2009 consolidated financial statements.

These 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.



## Accounting policies

The accounting policies applied are those used in 2009, with the following exceptions:

- IAS 39: Financial Instruments: Recognition and Measurement – Eligible Hedged Items
- IFRS 1: Additional Exemptions for First-time Adopters
- IFRS 2: Group Cash-settled Share-based Payment Transactions
- IFRS 3: Business Combinations and IAS 27: Consolidated and Separate Financial Statements
- IFRIC 12: Service Concession Arrangements
- IFRIC 15: Agreements for the Construction of Real Estate
- IFRIC 16: Hedges of a Net Investment in a Foreign Operation
- IFRIC 17: Distributions of Non-cash Assets to Owners
- IFRIC 18: Transfers of Assets from Customers

The first-time adoption of these standards and interpretations has had no impact on the financial position or financial performance of the Hypoport Group. Compared to the prior versions of the standards, IFRS 3 and IAS 27 could have a material impact on the Group's consolidated financial statements when acquisitions and dispositions take place.

Since the condensed interim consolidated financial statements for the period ended 31 March 2009 were published, the Hypoport Group has amended the applicable tax rate when eliminating intercompany profits by using the tax rate of the customer rather than that of the supplier. This change took effect on 31 December 2009. Further modifications made were an adjustment to the recognition of temporary differences for tax purposes and the ability to offset deferred tax assets against deferred tax liabilities in respect of tax-sharing agreements. These retrospective adjustments were made to improve comparability and brought about changes in the recognition of deferred taxes, retained earnings and income taxes. The table below summarises the impact on the balance sheet, net profit (loss) for the year, earnings per share and the statement of changes in equity of items that were adjusted for 2009 in accordance with IAS 8.

€'000	31 March 2009 as reported	Restatement	31 March 2009 restated
Deferred tax assets	1,836	-1,341	495
Deferred tax liabilities	3,422	-2,720	702
Reserves	17,004	1,379	18,383
Income taxes	-423	70	-353
Net profit for the year	448	70	518
attributable to Hypoport AG shareholders	407	70	477
Basic earnings per share (€)	0.07	0.01	0.08
from continuing operations	0.08	0.01	0.09
Diluted earnings per share (€)	0.07	0.01	0.08
from continuing operations	0.08	0,01	0.09
Cashflow	1,358	70	1,428
Change in working capital	-1,941	-70	-2,011

### Basis of consolidation

The consolidation as at 31 March 2010 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
Dr. Klein & Co. Consulting GmbH, 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 (Ireland)	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 €10.2 million for the financial marketplaces (31 March 2009: €9.8 million).

Property, plant and equipment consists solely of office furniture and equipment of €1.9 million (31 March 2009: €1.8 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.

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 2010:

	1 Jan to 31 Mar 2010	1 Jan to 31 Mar 2009*
Net profit (loss) for the year (€'000)	-1,153	518
of which attributable to Hypoport AG stockholders	-1,151	477
from continuing operations	-1,151	538
from discontinued operations	0	-61
Basic weighted number of outstanding shares ('000)	6,129	6,113
<b>Basic earnings (loss) per share (€)</b>	<b>-0.19</b>	<b>0.08</b>
from continuing operations	-0.19	0.09
from discontinued operations	-0.00	-0.01
Weighted number of share options ('000)		
causing a dilutive effect	66	85
Diluted weighted number of outstanding shares ('000)	6,169	6,142
<b>Diluted earnings (loss) per share (€)</b>	<b>-0.19</b>	<b>0.08</b>
from continuing operations	-0.19	0.09
from discontinued operations	0.00	-0.01

\* The comparative prior-year tax figures have been restated and are explained in the 'Accounting policies' section of .5. Notes to the interim consolidated financial statements'.

The weighted number of outstanding shares is calculated on the basis of a daily balance. The options granted had an average dilutive effect of 40 thousand shares in the first quarter of 2009 (Q1 2009: 29 thousand shares).

## Discontinued operations

Because the Company decided in 2008 to close the EUROPACE for investors business and, consequently, to discontinue its Property Finance Europe publication, which were required by IFRS 5 to be presented as discontinued operations, the income and expense from these operations, which essentially related to ABS GmbH and PFE GmbH, have been reclassified and reported separately on the face of the consolidated income statement as profit (loss) from discontinued operations, net of tax. Comparative items have been restated accordingly as required by IFRS 5.

The table below shows the profit (loss) from discontinued operations, net of tax.

€'000	1 Jan to 31 Mar 2010	1 Jan to 31 Mar 2009
Revenue	0	0
Selling expenses (Commission and lead costs)	0	0
<b>Gross profit</b>	<b>0</b>	<b>0</b>
own work capitalised	0	0
Other operating income	0	0
Cost of materials	0	0
Personnel expenses	0	-38
Other operating expenses	0	-13
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>	<b>0</b>	<b>-51</b>
Depreciation, amortisation expense and impairment losses	0	0
<b>Earnings before interest and tax (EBIT)</b>	<b>0</b>	<b>-51</b>
Financial income	0	0
Finance costs	0	0
<b>Earnings before tax (EBT)</b>	<b>0</b>	<b>-51</b>
Income taxes and deferred taxes	0	15
Profit (loss) on deconsolidation	0	-25
<b>Profit (loss) from discontinued operations, net of tax</b>	<b>0</b>	<b>-61</b>
<b>Earnings (loss) per share from discontinued operations (€)</b>		
basic	0.00	-0.01
diluted	0.00	-0.01

Profit (loss) from discontinued operations, net of tax, for the first quarter of 2009 related solely to expenses for ABS Service GmbH.

## Subscribed capital

The Company's subscribed capital as at 31 March 2010 was unchanged at €6,128,958.00 (31 December 2009: €6,128,958.00) and was divided into 6,128,958 (31 December 2009: 6,128,958) fully paid-up registered no-par-value shares.

The Annual Shareholders' Meeting held on 5 June 2009 voted to carry forward Hypoport AG's distributable profit of €7,183,455.44 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 non-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 €188,650.00 on 31 March 2010 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 2009 (€1.039 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 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, together with a statutory reserve of €7 thousand (2009: €7 thousand), are also reported under this item.

### Non-controlling 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 quarter of 2010.

## Changes on the Management Board

Thomas Kretschmar intends to stand for election to the Supervisory Board at the Annual Shareholders' Meeting on 4 June 2010 and, consequently, announced that he was stepping down from the Management Board with effect from 31 May 2010. At its meeting on 24 March 2010 the Supervisory Board approved his resignation and relieved him of his responsibilities with effect from 31 May 2010. In addition, Hans Peter Trampe and Stephan Gawarecki were appointed to the Management Board of Hypoport AG with effect from 1 June 2010. Hans Peter Trampe will be responsible for the Corporate Real Estate Clients and Institutional Clients business units while Stephan Gawarecki will take charge of the Private Clients business unit and the Hypoport Group's marketing activities.

## 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, 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 31 March 2010.

	Number of shares 31 Mar 2010	Number of shares 31 Dec 2009	Number of options 31 Mar 2010	Number of options 31 Dec 2009
<b>GEC</b>				
Prof. Dr. Thomas Kretschmar	1,423,624	1,423,624	0	0
Ronald Slabke	2,209,831	2,209,831	32,000	32,000
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
<b>Supervisory Board</b>				
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

The companies in the Hypoport Group have not carried out any disclosable transactions with members of either the Supervisory Board or the GEC 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 €121 thousand was generated by joint venture companies in the first quarter of 2010 (Q1 2009: €152 thousand). Receivables from joint venture companies amounted to €44 thousand as at 31 March 2010 (31 December 2009: €40 thousand) while liabilities to such companies totalled €0 thousand (31 December 2009: €13 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 2009 group management report. There are no identifiable risks to the Hypoport Group as a going concern.

### **Seasonal influences on business activities**

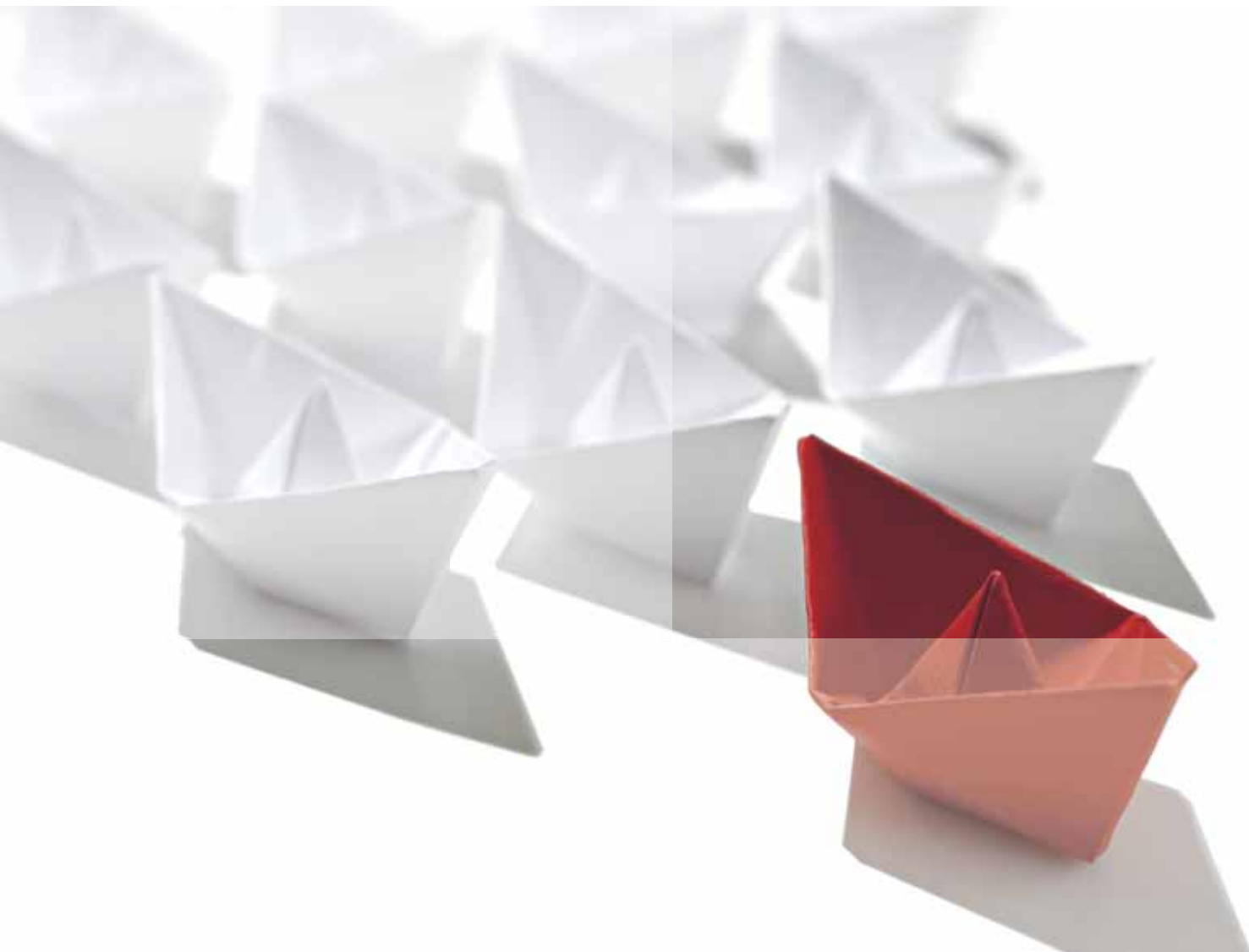
The first quarter of every year is known to be the weakest season in the mortgage finance business. In the period under review, however, demand for mortgage finance was especially weak in the months of January and February compared with the same period of the prior year as a result of the particularly bad weather. 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 also assuming that there will be an encouraging 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.

Berlin, 14 May 2010

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



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