HYPOPORT
THE FINANCE INTEGRATOR

Interim report

of Hypoport AG for the period ended 31 March 2008

Berlin, 15 May 2008

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Key performance indicators

Financial performance (EUR € '000)	1 Jan – 31 Mar 2008	1 Jan – 31 Mar 2007	Change
Revenue	12,563	8,655	45 %
Gross revenue for the period	13,722	9,346	47 %
Earnings before interest, tax, depreciation and amortisation (EBITDA)	2,092	1,969	6 %
Earnings before interest and tax (EBIT)	1,355	1,292	5 %
EBIT margin %	11	15	-26 %
Net profit for the period	836	1,040	-20 %
of which attributable to Hypoport AG stockholders	836	1,040	-20 %
Basic earnings per share (€)	0.14	0.17	-18 %
Diluted earnings per share (€)	0.14	0.16	-13 %
Financial position (€ '000)	**31 Mar 2008**	**31 Dec 2007**	
Current assets	20,730	20,161	3 %
Non-current assets	28,888	28,070	3 %
Eigenkapital	23,770	22,930	4 %
of which attributable to Hypoport AG stockholders	23,770	22,930	4 %
Equity ratio (%)	48	48	–
Total assets	49,618	48,231	3 %

Contents

1 Letter to shareholders

Dear Shareholder

Hypoport started 2008 on a wave of momentum. It raised its revenue by 45 per cent on the corresponding quarter of 2007, which underlines the extent to which our company continues to generate significant growth.

We would particularly like to highlight our exceptionally strong performance in the sale of other financial products in our Private Clients business unit. We increased our sales of other banking and insurance products to such an extent that far more than half of the revenue that we generate from this business unit, which is our largest, now comes from non-mortgage finance products. This makes our company much less vulnerable to short-term market fluctuations, such as those we are currently seeing in our mortgage finance business.

Despite these adverse conditions in what remains an important product segment for our company, we reported earnings before interest, tax, depreciation and amortisation (EBITDA) of € 2.1 million, which was an encouraging improvement on the corresponding period of 2007 (€ 2.0 million). Only our tax bill, which was no longer mitigated by one-off effects, reduced our net profit for the period to € 0.8 million compared with € 1.0 million in the corresponding quarter of 2007.

In view of the market environment and the fact that we are continuing our exceptionally high levels of investment in the expansion of existing business models and the establishment of new ones, we are more than satisfied with this performance. Assuming that market conditions remain more or less unchanged, we believe that our company will continue to perform well throughout the rest of the year.

Prof. Dr. Thomas Kretschmar
Co-Chief Executive Officer

Ronald Slabke
Co-Chief Executive Officer

2 Hypoport's shares

The capital markets remained highly volatile in the first quarter of 2008. Germany's DAX share index had lost almost a quarter of its value at one point, hitting a low of 6,100 points. The main reason for this is the continuing uncertainty in the credit markets, which once again pushed up the risk premiums demanded by investors across the board.

Hypoport's shares were not immune to this trend. As stock market turnover remained low, the Company's share price fell from around € 15 at the beginning of the year to roughly € 11 at the end of the quarter. Its shares came under pressure in response to fairly substantial sell orders, particularly in the last two weeks of the reporting period.

Given our company's strong performance and the continuation of its growth strategy, however, we are confident that its value will steadily increase and, once the general financial market crisis is over, that the various players in the capital markets will come to appreciate the potential offered by Hypoport's shares.

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3 Interim group management report

The Hypoport Group started 2008 with its usual high level of momentum. Its significant revenue growth in what was generally a difficult market environment illustrates the superiority of its business models.

Revenue

In the first quarter of 2008 the Hypoport Group once again increased its revenue sharply by 45 per cent year on year from €8.7 million to €12.6 million.

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 raised its revenue by 49 per cent to €7.6 million (Q1 2007: €5.1 million). The number of leads acquired – the key performance indicator for this business unit – also reached a new quarterly record of roughly 1.2 million in the first three months of 2008 (Q1 2007: 0.5 million).

The Mortgage Finance product segment felt the general downturn in demand for home loans and, for the first time, failed to increase the volume of new business it brokered.

Mortgage Finance Private Clients Business unit	1 Jan – 31 Mar 2008	1 Jan – 31 Mar 2007
Number of loans brokered	2,165	2,953
Volume of loans brokered (€ million)	334	435
Net revenue (€ million)	2.4	3.1
Marge (%)	0.73	0.72

However, this trend was compensated for by the massive expansion of the Company's market presence in its other financial products. We raised our revenue here by 120 per cent on the corresponding quarter of 2007 through the sale of banking and insurance products. The 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 – 31 Mar 2008	1 Jan – 31 Mar 2007
Number of deals brokered for financial service products	2,229	673
Revenue (€ million)	4.4	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 31 March 2008. 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.

Distribution channels	1 Jan – 31 Mar 2008	1 Jan – 31 Mar 2007
Telephone sales staff	39	41
Advisers in branch-based sales	162	97
Branches run by franchisees	128	78
Independent financial advisers acting as agents	1,396	951

Financial Service Providers business unit

Financial Service Providers, which is the second-largest business unit, significantly expanded its volume of transactions to €3.4 billion and generated revenue in line with the corresponding quarter of 2007 (€2.1 million) 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 – 31 Mar 2008	1 Jan – 31 Mar 2007
Volume of transactions (€ million)	3.4	3.0
Revenue (€ million)	2.1	2.1

The number of distribution organisations actively using the marketplace as at 31 March 2008 had risen sharply to 37 compared with 30 distributors as at 31 March 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. This enabled the loan brokerage business to expand the volume of new business brokered. As expected, the volume of loan re-newals decreased because fewer loans were due to have their interest rates rene-gotiated during the period under review.

Loan Brokerage	1 Jan – 31 Mar 2008	1 Jan – 31 Mar 2007
Financial Service Providers business unit (€ million)	256	240
Volume of transactions (€ million)	65	159
Revenue (€ million)	1.0	1.0

Apart from the brokerage of mortgage finance, this business unit also significantly increased the revenue it generated from the distribution of other financial products and from financial and real-estate advice provided to clients. Its total revenue for the first quarter advanced by a further 91 per cent to € 1.9 million (Q1 2007: € 1.0 million).

Institutional Clients business unit

The main growth driver in the Institutional Clients business unit was once again the Dutch market. The total number of clients rose to 21 (Q1 2007: 17) and the revenue generated by this business unit doubled from €0.4 million to €0.8 million.

Own work capitalised

In the first quarter of 2008 the Company continued to attach considerable impor-tance to investing in the further expansion of its B2B financial marketplaces. This capital expenditure underlies the on-going 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 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 first quarter of 2008 the Company invested a total of € 1.4 million (Q1 2007: € 1.0 million) in the expansion of its marketplaces. € 1.2 million of this total was capitalised (Q1 2007: €0.7 million). This amount represents the pro rata personnel expenses and operating costs incurred by software development in each case.

Earnings

The earnings generated by the Hypoport Group in the first quarter failed to keep pace with its strong revenue growth. Despite adverse market conditions, especially in mortgage finance, however, Hypoport managed to raise its EBITDA by 6 per cent to € 2.1 million (Q1 2007: € 2.0 million). Earnings before interest and tax (EBIT) improved slightly by 5 per cent to € 1.4 million (Q1 2007: € 1.3 million).

Apart from the performance of certain markets, 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 quarter of 2008, for example, earnings were depressed by €0.4 million (Q1 2007: €0.3 million) by the EUROPACE for investors business, which has yet to break even.

Because revenue rose sharply while earnings increased only slightly, the EBIT margin fell from 15 per cent (Q1 2007) to 11 per cent.

This figure is slightly diluted by the increasing use of external distribution partners in the Private Clients and Financial Service Providers business units who earned 'transitory' agency commissions totalling €0.9 million in the first quarter of 2008. 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, 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 number of employees from 335 (Q1 2007) to 439 people.

Other operating expenses grew disproportionately to revenue. This was attributable to the sharp rise in selling expenses, which amounted to €5.0 million (Q1 2007: €1.9 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 €0.3 million (Q1 2007: €0.2 million).

Balance sheet

The Hypoport Group's consolidated total assets as at 31 March 2008 amounted to €49.6 million, a 3 per cent increase on the total as at 31 December 2007 (€48.2 million).

Non-current assets totalled €28.9 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 €0.6 million owing to the €1.4 million increase in cash and cash equivalents and the other current items amounting to €0.7 million. Trade receivables decreased by €1.5 million. The equity attributable to Hypoport AG shareholders as at 31 March 2008 grew by €0.8 million, or 4 per cent, to €23.8 million. The equity ratio rose further from 47.5 per cent to 47.9 per cent.

The €3.0 million increase in non-current liabilities to €18.6 million stemmed primarily from higher financial liabilities. Current liabilities declined by €2.5 million to €7.2 million, mainly owing to the €1.5 million decrease in other liabilities.

Total financial liabilities rose from €13.4 million to €16.5 million. This figure includes scheduled repayments of €5.0 million and new borrowing of €7.9 million.

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Cashflow

Cash flow during the reporting period decreased slightly by € 0.1 million to € 1.6 million (Q1 2007: € 1.7 million). The net cash inflows of € 0.3 million from operating activities and of € 3.0 million from financing activities more than compensated for the net cash outflow of € 2.0 million from investing activities. Consequently, cash and cash equivalents had increased by € 1.3 million to € 4.5 million as at 31 March 2008.

Capital expenditure

Apart from the amounts spent on the development of the EUROPACE financial marketplaces, the most important capital expenditures in the first three 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 commence trading in the second quarter of this year and 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 439 people as at 31 March 2008. This was an increase of 9 per cent on the end of 2007 (31 December 2007: 402 people).

Outlook

The revenue increases achieved in the first quarter 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 significant growth momentum over the past few years. We do not expect to see the market providing any real stimulus during the remainder of the year either. It is still difficult to gauge what sort of impact the US subprime mortgage crisis and the turmoil in the international financial markets will have on the economy. Nonetheless, we are confident that we can increase our market share on the back of our superior business models and the agility and creativity of our staff, thereby helping our shareholders and business partners to achieve further success.

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4 Interim consolidated financial statements

Consolidated balance sheet as at 31 March 2008

Assets	31 Mar 2008 €'000	31 Dec 2007 €'000
Non-current assets		
Intangible assets	23,895	23,319
Property, plant and equipment	1,827	1,553
Financial assets	729	522
Other assets	0	0
Deferred tax assets	2,437	2,676
	28,888	**28,070**
Current assets		
Trade receivables	14,363	15,847
Other assets	1,761	1,019
Current income tax assets	150	195
Cash and cash equivalents	4,456	3,100
	20,730	**20,161**
	49,618	**48,231**
Equity and liabilities		
Equity		
Subscribed capital	6,095	6,094
Reserves	17,675	16,836
	23,770	**22,930**
Equity attributable to minority interest	100	0
	23,870	**22,930**
Non-current liabilities		
Financial liabilities	15,184	12,059
Deferred tax liabilities	3,380	3,520
	18,564	**15,579**
Current liabilities		
Provisions	23	21
Financial liabilities	1,285	1,341
Trade payables	2,561	3,399
Current income tax liabilities	175	319
Other liabilities	3,140	4,642
	7,184	**9,722**
	49,618	**48,231**

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Consolidated income statement

for the period 1 January to 31 March 2008

	1 Jan – 31 Mar 2008 €'000	1 Jan – 31 Mar 2007 €'000
Revenue	12,563	8,655
Own work capitalised	1,159	691
Other operating income	222	104
Cost of materials	-15	-9
Personnel expenses	-4,859	-4,065
Other operating expenses	-6,978	-3,407
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**2,092**	**1,969**
Depreciation, amortisation expense and impairment losses	-737	-677
Earnings before interest and tax (EBIT)	**1,355**	**1,292**
Financial income	25	28
Finance costs	-243	-197
Earnings before tax (EBT)	**1,137**	**1,123**
Income taxes and deferred taxes	-301	-83
Net profit for the period	**836**	**1,040**
of which attributable to minority interest	0	0
of which attributable to Hypoport AG stockholders	836	1,040
Basic earnings per share (€)	0.14	0.17
Diluted earnings per share (€)	0.14	0.16

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Abridged consolidated statement of changes in equity for the three months ended 31 March 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	–	–	–	0	–	0
Net profit for the period	–	–	1,040	1,040	–	1,040
Balance as at 31 March 2007	**6,288**	**1,350**	**12,222**	**19,860**	**–**	**19,860**

€'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	1	3	–	4	–	4
Payments from minority interest	–	–	–	0	100	100
Net profit for the period	–	–	836	836	–	836
Balance as at 31 March 2008	**6,095**	**1,707**	**15,968**	**23,770**	**100**	**23,870**

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Consolidated cash flow statement

for the period 1 January to 31 March 2008

	31 Mar 2008 €'000	31 Mar 2007 €'000
Earnings before interest and tax (EBIT)	1,355	1,292
Non-cash income (+) / expense (-) from income tax	-290	-77
Interest received (+)	25	28
Interest paid (-)	-243	-197
Income tax payments (-)	-38	-16
Income tax receipts (+)	27	10
Depreciation and amortisation expense, impairment losses (+) / reversals of impairment losses (-) on non-current assets	737	677
Gains (-) / losses (+) on the disposal of non-current assets	-4	-10
Cash flow	**1,569**	**1,707**
Increase (+) / decrease (-) in current provisions	2	0
Increase (-) / decrease (+) in inventories, trade receivables and other assets not related to investing or financing activities	1,226	-273
Increase (+) / decrease (-) in trade payables and other liabilities not related to investing or financing activities	-2,458	-209
Change in working capital	**-1,230**	**-482**
Cash flows from operating activities	**339**	**1,225**
Proceeds from the disposal of property, plant and equipment / intangible assets (+)	10	3,512
Purchase of property, plant and equipment / intangible assets (-)	-1,593	-1,253
Payments for acquisitions to be consolidated (-)	-200	-101
Proceeds from the disposal of financial assets (+)	10	162
Purchase of financial assets (-)	-217	-91
Cash flows from investing activities	**-1,990**	**2,229**
Proceeds from additions to equity (+)	4	0
Payments from minority interest (+)	100	0
Proceeds from the issue of bonds and drawdown of loans under finance facilities (+)	7,900	0
Redemption of bonds and loans (-)	-4,997	-2,351
Cash flows from financing activities	**3,007**	**-2,351**
Net change in cash and cash equivalents	1,356	1,103
Cash and cash equivalents at the beginning of the period	3,100	3,180
Cash and cash equivalents at the end of the period	**4,456**	**4,283**

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Abridged segment reporting for the period 1 January to 31 March 2008

€'000	Corporate Real Estate Clients	Private Clients	Financial Service Providers	Institutional Clients	Reconciliation	Group
Segment revenue in respect of third parties	**1,872**	**7,582**	**2,057**	**744**	**308**	**12,563**
1 Jan – 31 Mar 2007	979	5,086	2,066	399	125	8,655
Segment revenue in respect of other segments	**10**	**2**	**77**	**24**	**-113**	**0**
1 Jan – 31 Mar 2007	14	0	143	25	-182	0
Total segment revenue	**1,882**	**7,584**	**2,134**	**768**	**195**	**12,563**
1 Jan – 31 Mar 2007	993	5,086	2,209	424	-57	8,655
Segment earnings (EBIT)	**763**	**703**	**821**	**-231**	**-701**	**1,355**
1 Jan – 31 Mar 2007	166	890	1,208	-237	-735	1,292

5 Notes to the interim consolidated financial statements

General disclosures

The condensed interim consolidated financial statements for the period ended 31 March 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 31 March 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.

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
Dr. Klein & Co. Capital AG, Berlin	100
Dr. Klein & Co. Consulting GmbH, Lübeck	100
GENOPACE GmbH, Berlin	100
Freie Hypo GmbH, Lübeck	100
Hypoport Insurance Market GmbH, Berlin	100
Hypoport Stater B.V., Amsterdam	50
Hypoport Capital Market AG, Berlin	100
Hypoport Netherlands B.V., Amsterdam	100
Hypoport Mortgage Market Ltd., Westport (Ireland)	100
Hypoport PFE GmbH, Lübeck	100
Hypoport Systems GmbH, Berlin	100
Qualitypool GmbH, Lübeck	100
Starpool Finanz GmbH, Berlin	50
Vergleich.de Gesellschaft für Verbraucherinformation mbH, Berlin	100

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 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.

Intangible assets and property, plant and equipment

Intangible assets primarily comprise unchanged goodwill of 14.8 million and development costs of 7.7 million for the financial marketplaces (2007: 7.0 million).

Property, plant and equipment consists solely of office furniture and equipment of 1.8 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 31 Mar 2008	1 Jan to 31 Mar 2007
Net profit for the period (€'000)	836	1,040
of which attributable to Hypoport AG stockholders	836	1,040
Weighted number of outstanding shares (000s), undiluted	6,094	6,288
Basic earnings per share (€)	**0.14**	**0.17**
Weighted number of share options (000s) causing a dilutive effect	110	163
Weighted number of outstanding shares (000s), diluted	6,181	6,426
Diluted earnings per share (€)	**0.14**	**0.16**

The weighted number of outstanding shares is calculated on the basis of a daily balance. The options granted had an average dilutive effect of 87 thousand shares in the first quarter of 2008 (Q1 2007: 138 thousand shares).

Subscribed capital

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

Subscribed capital	€
Balance as at 1 January 2008	6,039,510.00
Issue of new shares	1,200.00
Balance as at 31 March 2008	6,094,710.00

The Company's subscribed capital as at 31 March 2008 amounted to € 6,094,710.00 (31 December 2007: € 6,093,510.00) and is divided into € 6,094,710 (31 December 2007: € 6,093,510) registered no-par-value shares.

Following approval of a resolution by the Annual Shareholders' Meeting on 1 June 2007, €6,000,000.00 from the total Hypoport AG distributable profit of €8,390,613.81 was reclassified to retained earnings and the remaining €2,390,613.81 carried forward to the new financial year.

Authorised capital

Following approval of a resolution by the Annual Shareholders' Meeting on 1 June2007, 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 nopar-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 €222,898.00 on 31 March 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 (€961 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 firsttime 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.

Share-based payment

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

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.

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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 period under review, 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, Stephan Gawarecki, Klaus Kannen 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 2008:

	Number of shares 31 Mar 2008	Number of shares 31 Dec 2007	Number of options 31 Mar 2008	Number of options 31 Dec 2007
GEC				
Prof. Dr. Thomas Kretschmar	1,383,353	1,383,353	0	0
Ronald Slabke	2,177,608	2,177,608	32,000	32,000
Marco Kisperth	108,212	108,212	14,000	14,000
Stephan Gawarecki	187,800	187,800	0	0
Klaus Kannen	32,500	32,500	0	0
Hans Peter Trampe	174,990	174,990	20,000	20,000
Aufsichtsrat				
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.

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Seasonal influences on business activities

There were no exceptional, positive seasonal influences on the performance of the Hypoport Group in the first three 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 realestate 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

Hypoport AG sold 49.98 per cent of the shares in GENOPACE GmbH in April 2008.

Berlin, 15 May 2008

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

HYPOPORT
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