

*Results of* **1st Half Year 2007**



***interhyp***

[www.interhyp.de](http://www.interhyp.de)

## Summary

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### Key figures (in EUR m)

	<b>H1 2006</b>	<b>H1 2007</b>	<b>+/-</b>
Mortgage volume	2,071	2,863	38 %
Net revenues	27.2	36.4	34 %
Earnings before interest and taxes (EBIT)	9.4	13.9	49 %
Net income	5.6	8.8	57 %
EBIT margin in %	34.4	38.3	
Earnings per share in EUR (undiluted)	0.86	1.35	57 %
Number of mortgages closed	12,858	19,471	51 %

## 1 Preface by the Management Board

### Dear Shareholders,

We are pleased to be able to report today on a very successful second quarter. With 10,289 closed mortgages in the quarter just ended, we succeeded in growing the volume of brokered loans to a new high of EUR 1.524 billion, an increase of 58% over the second quarter of 2006. This expansion was supported both by our Direct Channel and to a very large extent by our Intermediary Channel business and shows that more and more customers in Germany not only recognise the advantages a mortgage broker can offer, but are making active use of them. Net revenues rose by 53% over the comparable prior-year figure to EUR 20.0 million and EBIT by 80% to EUR 7.8 million. The result is an EBIT margin of 39.1%. Measured in terms of the figures for new business published by the Bundesbank for the second quarter of 2006, we succeeded in raising our market share from 2.03% to 3.17%. We believe the figures reported by the banks which, at EUR 48.1 billion, were up EUR 1.7 billion on the first quarter of 2007, reflect very strong internal refinancing business. The preliminary figures we analysed from the market data for 11 large German cities for the second quarter also reveal a low level of real estate transactions even below the level of the average for the generally weak year of 2006. This is a clear sign that recent, significantly better figures for economic growth, employment and consumer confidence have yet to reach the market for residential property.

In the Direct Channel, we continued to enhance our local presence by opening four new regional offices, thus creating the prerequisites for sustained gains of market share in Germany's key real estate markets. This proximity to the customer, specialisation of our mortgage consultants, the steady increase in the number of partner banks, and implementation of innovative product solutions are driving forces for our solid growth. In our Intermediary Channel business under the Prohyp brand, we opened up the first regional offices in line with our regionalisation strategy and thus laid the foundation for further improving successful cooperation with our over 2,000 individual brokers. With the focused marketing of customised service packages for all customer groups, we will win new partners and can continue to increase loyalty to Prohyp as the best systems partner.

Since in the course of the first quarter the turnaround in interest rates became increasingly apparent, interest in securing early follow-up financing has also risen noticeably. This also substantially increased the number of applications we received in the first quarter and supported the volume of mortgages closed in the second quarter. With the accelerated rise in interest rates in the second quarter, however, many customers put their follow-up financing on hold and demand in this segment declined once again, weakening the flow of orders at Interhyp. Against this background, it will be difficult to exceed the results of the second quarter. However, due to the initiatives we have implemented to grow our customer base, ongoing operative improvements and a more stable interest environment, we expect a strong fourth quarter. Therefore we continue to consider the goals we have communicated for the entire year as realistic.



Yours sincerely,

Robert Haselsteiner  
Co-CEO

Marcus Wolsdorf  
Co-CEO

## 2 Shares

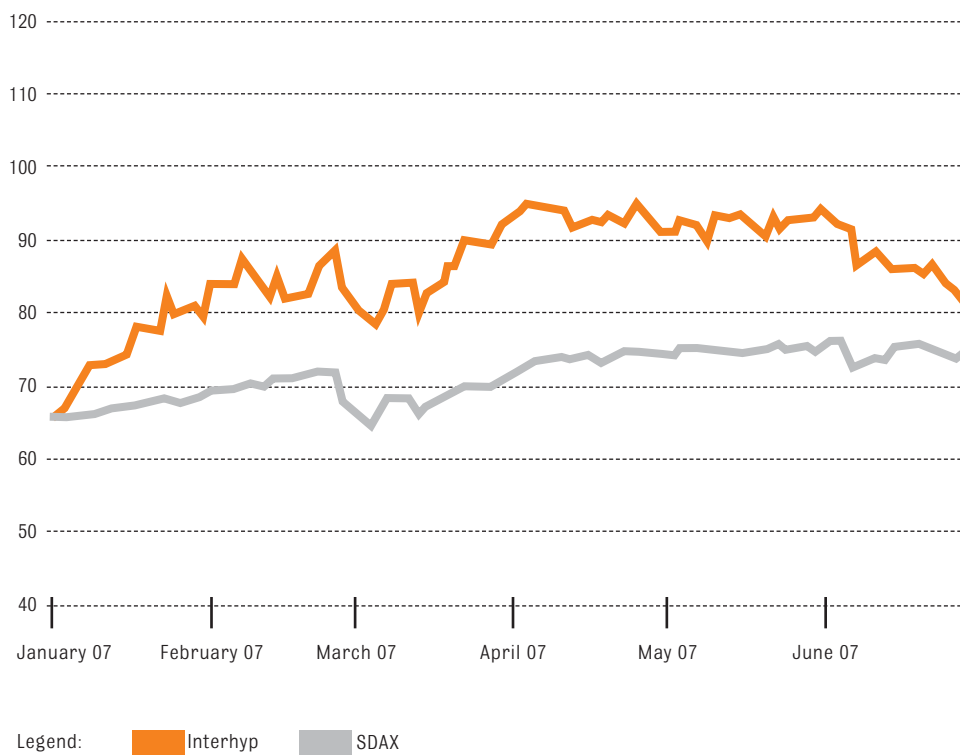
### 23% increase in share price in first half of 2007

On 29 June 2007, Interhyp shares closed at EUR 80.50. In the second quarter, the performance failed to match the huge gain of 40% in the first quarter compared with the price at year-end (EUR 65.50). Nevertheless, our shareholders enjoyed a total profit of 23% in the first six months of 2007.

In comparison, in the first half of 2007 the SDAX rose by 16% while in the second quarter the index achieved an increase of 4%. Interhyp shares were more volatile, rising 40% in the first quarter but declining by 14% in the second quarter.

The lowest price (Xetra closing price) was EUR 80.50 at the end of the quarter; the highest price during this period was EUR 95.25.

**Share price performance Interhyp vs SDAX (indexed)**

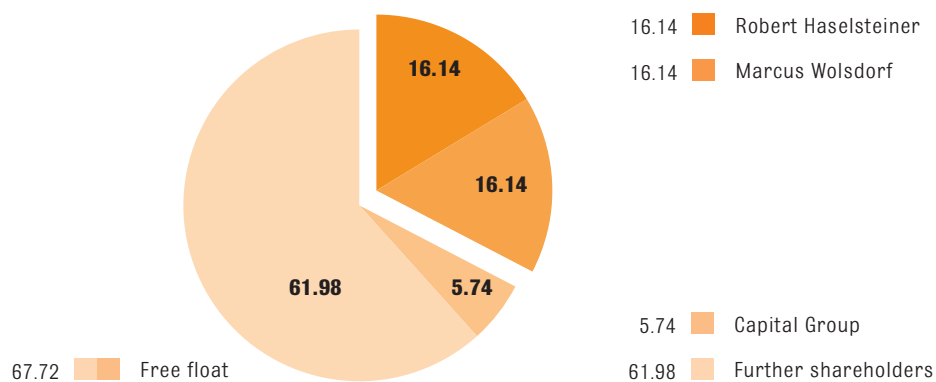


**Free float unchanged at 67.7%**

We were informed by mandatory stock exchange notices about the following proportions of voting rights of institutional investors: Schroders (2.72%), Franklin Mutual Advisers (3.01%), Threadneedle (3.43%), Union Investment (3.54%) and FMR Corp (Fidelity Investments – 4.36%).

According to the definition of Deutsche Börse AG, these holdings are included in the free float, which thus remains unchanged at 67.7%.

**Shareholder structure, as of 24 May 2007, holdings in %**



## 3 Interim Group Management Report

### 3.1 Major events and initiatives

#### **Interhyp's regionalisation strategy continues**

In the second quarter of 2007, we continued to open new regional offices as planned. As of the beginning of April, customers in and around Hannover and Wiesbaden can arrange for a face-to-face appointment with their personal mortgage consultant. Customers in Leipzig and Bremen have enjoyed this option since the beginning of June. At the end of July, we opened a regional office in Dortmund and thus continue to expand our presence in the densely populated state of North Rhine-Westphalia. Preparations have already been made in this reporting period for the scheduled openings of additional offices in Karlsruhe, Essen and Bielefeld.



#### **Regionalisation of Intermediary Channel business**

Following the successful regionalisation of our services in the Direct Channel business with regional offices in 14 cities in Germany, we plan to make our cooperation with individual brokers under the Prohyp brand more regional and thus more accessible. We are therefore planning to provide mortgage consultants and key accounting in six regions by the end of the year. Already at the beginning of June, we implemented our regionalisation strategy in three regions (East with office in Berlin, West based in Düsseldorf and Southeast centered in Munich). The Southwest Region in Stuttgart was set up at the beginning of July. This means that there are now already 26 mortgage consultants and key accountants in our local offices.

#### **New marketing cooperation agreement**

In the second quarter, Interhyp forged a long-term marketing alliance with iMakler GmbH, backing this venture with an equity participation of 25.2%. The service offered by the company will focus on innovative approaches in real estate marketing and is currently in the process of development. This cooperation agreement, which will present Interhyp as the exclusive financing partner, opens up valuable opportunities for acquiring new customers for us.

### 3.2 Economic conditions

#### General economic development

In the second quarter, the picture of a robust economy in Germany took hold, and a strong labour market coupled with the first real wage increases for years brightened consumer sentiment. Significantly higher tax receipts improved public budgets, providing new fiscal flexibility. This makes Germany the economic locomotive of Europe once again after many years. The ECB remained concerned about rising rates of inflation and the excessive growth of the money supply and continued with its policy of small interest rate steps by raising key interest rates by 0.25% to the current 4.00%, which it considers a neutral level. Since the ECB has clearly signalled that it intends to continue pursuing this strategy, we expect key interest rates of 4.50% by the end of the year. Despite the weaker real estate market and increasing tension on credit markets, consumption and employment have remained strong in the US so far, so the Federal Reserve has left the key lending rate at 5.25%. Combined with continued high growth rates in Asia, rising commodity prices and sharply climbing food prices, this has led to another sharp rise in interest rates at the long end of the capital market in the Eurozone, the US and Japan. Interest rates continued to rise over the course of the quarter after a breakthrough in April was experienced in the 17-year downward trend in German capital market interest rates, thus apparently confirming a turnaround in the interest rate market. Ten-year interest rates therefore rose some 70 basis points in the first half of the year. The key to the interest rate trend in the second half lies in the development of the US economy. If the pace there slows, the Federal Reserve will have to react by lowering interest rates which will in turn put the brakes on interest rate hikes in the Eurozone. If the Fed leaves the interest rate at 5.25%, upward pressure for long maturities in euros will come back.

10-year Pfandbrief yields in %



**Sector development**

According to Bundesbank statistics, the overall market volume of residential mortgages rose slightly in the second quarter to EUR 48.1 billion against EUR 46.4 billion in the first quarter of 2007. As the market for new housing construction remained very weak and, in a historic comparison, the number of real estate transactions was very low, this volume can only be explained by the brisk activity in the second quarter in internal refinancing of existing loans. The weakness in new construction is reflected in the number of building permits, which fell 45% in the first four months of 2007 compared with the same prior-year period. Compared with the same period in 2005, the number fell by 30%. Our market analyses of real estate transactions in 11 large German cities show a rise of 6% in the second quarter compared with the extremely weak first quarter. These figures are still very low in a historical comparison. Since Berlin is responsible for half of this increase, it may be assumed that real estate transactions in the broad market have remained virtually unchanged, and prices have remained constant as well.

**3.3 Corporate development****Development of revenues****Strong growth of revenues**

In the second quarter of 2007, Interhyp AG posted revenues of EUR 23.7 million or an increase of 56% compared with the comparable prior-year period (EUR 15.2 million). Revenues were up 31% over the same period in the previous year: revenues since the beginning of 2007 amounted to EUR 42.9 million against EUR 32.7 million in the first half of 2006.

**Net revenues in first half one third higher**

Net revenues also showed a distinct increase to EUR 20.0 million: revenue after deduction of commission payments to brokers climbed 53% compared with EUR 13.0 million in the second quarter of 2006.

Interhyp AG generated net revenues of EUR 36.4 million in the reporting period, up 34% over the comparable figure for the first half of 2006 (EUR 27.2 million).

**Net revenues (in EUR m)**

H1 2006	27.2
<b>H1 2007</b>	<b>36.4</b>

**Mortgage volume in second quarter exceeds prior-year figure by 58%**

The mortgage volume in the past quarter reached EUR 1.524 billion. 58% more volume was brokered than in the comparable prior-year quarter (EUR 966 million). Compared with the first quarter of 2007 (EUR 1.339 billion), the increase amounts to 14%.

**Closed mortgage volume (in EUR m)**

H1 2006	2,071
<b>H1 2007</b>	<b>2,863</b>

**Over 10,000 mortgages closed per quarter for the first time**

For the first time, Interhyp closed over 10,000 mortgages in the reporting period (10,289 contracts, previous year: 6,049 mortgages). The number of brokered mortgages thus rose 70% over the second quarter of 2006. In the first half of 2007 19,471 mortgages were successfully concluded, corresponding to an increase of 51% over the first half of 2006 (12,858 mortgages). This attests to continued very strong demand for Interhyp's range of services and high customer satisfaction. Satisfied customers recommend us to relatives and friends, thus helping us to secure future growth.

From this, however, we note a decline in the average size of the mortgages, which amounted to approximately EUR 157,000 in the previous year and in the second quarter of 2007 to around EUR 148,000. This reflects the larger proportion of follow-up mortgages which, due to repayments already effected, are always smaller than mortgages for construction or purchases. The contraction of the share of mortgages for new construction is also noticeable. Compared with the first quarter (EUR 146,000), however, the average size of the mortgages has stabilised.

**Prohyp more than doubles number of closed mortgages and volume compared with previous year**

In the second quarter, our Direct Channel registered 6,508 closed mortgages against 4,311 in the previous year. This represents an increase of 51%. Volume expanded from EUR 705 million to EUR 983 million. Intermediate Channel business in the quarter just ended contributed even more to growth: under the Prohyp brand, the number of closed mortgages more than doubled, rising 118% from 1,738 to 3,781 on the back of stronger business through institutional cooperation partners and accelerated activity of individual brokers who contributed less in the first quarter. The volume accounted for by Prohyp thus rose 107% from EUR 261 million in the second quarter of 2006 to a current EUR 541 million. Prohyp therefore increased its volume by 33% compared with the first quarter.

The number of active Prohyp partners rose 50% from the end of the second quarter of 2006 as of 30 June 2007, growing from 1,911 to 2,859. In strengthening the regionalisation of Prohyp as planned, we intend to intensify our local consulting service and by adding more intensive training initiatives boost the level of skills of this large number of individual brokers.

**Number of active Prohyp partners**

H1 2006	1,911
<b>H1 2007</b>	<b>2,859</b>

**Strong increase in net revenue margin**

In the second quarter of 2007, Interhyp posted a net revenue margin of 1.29% in relation to the volume of closed mortgages. The improvement over the level of 1.20% in the past quarter confirms the announced seasonal trend of volume rebates and emphasises the stable underlying transaction margin. The net revenue margin in the Direct Channel rose from 1.33% in the first quarter to 1.44% in the second. In the Prohyp Intermediary Channel, it rose in the same period from 0.91% to 1.02%.

## Development of earnings

### Earnings before interest and taxes grow 80%

Earnings before interest and taxes (EBIT) improved 80% over the second quarter of 2006 (EUR 4.3 million), now totalling EUR 7.8 million. In a comparison of the half-year periods, this represents an increase of 49% to EUR 13.9 million (after EUR 9.4 million in the first six months of 2006).

<b>EBIT (in EUR m)</b>	
H1 2006	9.4
<b>H1 2007</b>	<b>13.9</b>

### EBIT margin already above the previous year's level in the first half

The EBIT margin related to net revenue rose to 39.1% in the second quarter after 33.3% in the second quarter of 2006. This equates to a margin of 38.3% for the first six months. Profitability in the first half of the year was therefore already one percentage point above the EBIT margin of 37.3% for all of 2006.

The cost factors contain marketing expenses of 10.4% of net revenue.

<b>EBIT margin based on net revenues (in %)</b>	
H1 2006	34.4
<b>H1 2007</b>	<b>38.3</b>

### Net income improves 89% over previous year

Net income for the second quarter of 2007 rose 89% over the corresponding prior-year period (EUR 2.6 million) to EUR 4.9 million. The tax rate came to 41.0% (prior-year quarter: 43.0%). Comparing the two half-year periods, this constitutes an increase of 57% to EUR 8.8 million over the first half of 2006 (EUR 5.6 million).

### Tax rate may fall as low as 33% starting in 2008

Since the Lower House of the German Parliament (Bundestag) passed the corporate tax reform at the end of May, our guidelines with reference to the Interhyp's tax rate from 2008 onwards can be placed on a more secure foundation. Since the corporate tax reform was also approved by the Upper House of the German Parliament (Bundesrat) at the beginning of July 2007, it can become effective at the beginning of 2008. Our company in its current form will profit from this reform: for 2008 we expect that the tax rate could fall as low as 33% following a rate of around 42% in 2007.

<b>Net income (in EUR m)</b>	
H1 2006	5.6
<b>H1 2007</b>	<b>8.8</b>

## **Financial and assets position**

Net assets of Interhyp AG remained strongly marked in the first half of 2007 by organic growth of the consolidated companies. Growing business operations generated total assets of EUR 66.4 million at 30 June 2007. In the period under review, dividends for 2006 totalling EUR 10.4 million were distributed. At the end of 2006, total assets were therefore even higher at EUR 70.8 million.

Under long-term assets, a new item "Investments in associates" was introduced. The holding in iMakler GmbH described in Section 3.1 is shown here on the balance sheet.

The cash flow from current business activities amounting to EUR 5.9 million in the first six months of 2007 remained unchanged from the first half of 2006 due to payment of higher income tax.

The cash flow from investments, at EUR 10.2 million in the first half of 2007 (as against minus EUR 11.1 million in the previous year), was strongly influenced by maturing securities. Investments in non-current assets contracted slightly from EUR 1.4 million in the previous year to EUR 1.1 million in the reporting period.

Cash flow from financing activities in the first half of 2007 amounting to minus EUR 10.4 million resulted exclusively from payment of dividends for fiscal 2006 (EUR 1.60 per share). In the previous year, cash flow amounted to minus EUR 0.3 million from the repayment of financial liabilities.

The free cash flow correspondingly amounts to EUR 16.1 million against minus EUR 5.2 million in the first six months of 2006. Both are marked by the purchase and maturing of securities.

At 30 June 2007, cash and cash equivalents came to EUR 43.3 million, whereas at the beginning of the reporting period the corresponding figure was EUR 37.6 million. The investment and financing activities already mentioned are reflected here as well as the higher proceeds from ongoing business.

## **Employees**

Since 30 June 2006 the number of staff rose by 94 salaried employees, up from 334 to a total of 428, constituting an increase of 28%. Once again we focused on recruiting junior staff and experienced mortgage consultants, but also added experienced staff in control functions.

In the first half of the year, Interhyp had an average of 416 salaried employees whereas in the corresponding prior-year period, the figure averaged 330.

<b>Number of employees</b> (end of period)	
H1 2006	344
<b>H1 2007</b>	<b>428</b>

### **3.4 Forecast report**

#### **Business prospects for 2007**

While in terms of operations and resources Interhyp is excellently positioned to handle strong growth, demand in the overall market is difficult due to historically low new construction and sluggish business with existing property. Provided that the market does not weaken further, we consider a mortgage volume of over EUR 6 billion, net revenues of over EUR 80 million and EBIT of around EUR 32 million realistic.

#### **Changes in forecasts**

No changes were made to the forecasts in the period under review.

### **3.5 Supplementary report**

#### **Agreement on launching a residential mortgage joint venture between MLP und Interhyp**

On 23 July we announced that Interhyp together with MLP, a leading independent financial services company, would found a joint venture. Through the company which is called "MLP Hyp", MLP consultants will be able to access Interhyp's strong product and system platform for mortgages and will receive support in specific mortgage-related questions. In future, MLP will transact its mortgage business through the new company. The joint venture will be based in the Heidelberg area and begin operations towards the end of the year. Interhyp holds 50.2% of the capital in MLP Hyp GmbH, while MLP holds the remaining 49.8%. The company will be operationally managed by Interhyp AG. Both founding companies will be equally represented on the Supervisory Board.

In 2006, MLP AG brokered a volume of approximately EUR 900 million worth of mortgages. The goal for 2008 is to transact MLP's new business gradually through MLP Hyp. The joint venture will have about 15 employees at the start and expand over the course of 2008. The result will be a win-win situation for both companies as Interhyp's sector expertise, purchasing power and technology platform will be combined with MLP's strong customer flow. This increases opportunities for MLP to leverage the potential of its own customer base. In turn, Interhyp will be able to emphasise its leading role in the market with regard to the quality of its proprietary system platform, process know-how, its broad range of products and product purchasing.

Since the joint venture will be based on the existing customer flow, and will require only minor investments due to the complementary contributions of both partners, the company is expected to post a positive contribution to operating income already in 2008.

### **3.6 Opportunities and risks**

The opportunities and risks outlined in Interhyp AG's 2006 Annual Report remain unchanged. The Annual Report was published on 29 March 2007 and can be downloaded on the Internet at <http://www.interhyp.ag>. The site also contains a link for ordering printed copies of the Annual Report free of charge.

### **3.7 Other information**

#### **Important transactions with affiliated persons**

No important business was transacted with affiliated persons in the reporting period.

## 4 Interim Consolidated Financial Statements

### Consolidated income statement of Interhyp AG as at 30 June 2007 in EUR

	Q2 2007	Q2 2006	+/-	01.01.– 30.06.2007	01.01.– 30.06.2006	+/-
Revenues	23,703,888	15,200,799	56%	42,936,939	32,669,176	31%
Cost of services purchased	3,696,450	2,155,339	72%	6,512,902	5,440,349	20%
<b>Net revenues</b>	<b>20,007,438</b>	<b>13,045,460</b>	53%	<b>36,424,037</b>	<b>27,228,826</b>	34%
Personnel expenses	7,425,882	5,488,457	35%	13,648,479	11,072,901	23%
thereof sales and sales-related	6,204,399	4,533,150	37%	11,546,923	9,206,064	25%
Other operating expenses	4,334,642	2,866,768	51%	8,045,146	6,189,525	30%
thereof marketing	2,107,477	1,452,692	45%	3,803,645	2,870,378	33%
Amortisation and depreciation	422,906	352,543	20%	790,808	586,357	35%
<b>Earnings before interest and taxes (EBIT)</b>	<b>7,824,008</b>	<b>4,337,692</b>	80%	<b>13,939,604</b>	<b>9,380,042</b>	49%
Share of results from investments in associates	(12,646)	0		(12,646)	0	
Interest income	483,997	263,996		962,471	473,905	
Interest expense	418	53,679		3,056	78,318	
<b>Net interest income</b>	<b>483,579</b>	<b>210,317</b>	130%	<b>959,415</b>	<b>395,587</b>	143%
<b>Earnings before income taxes (EBT)</b>	<b>8,294,941</b>	<b>4,548,009</b>	82%	<b>14,886,373</b>	<b>9,775,629</b>	52%
Income taxes	(3,399,058)	(1,953,758)	74%	(6,129,014)	(4,180,858)	47%
<b>Net income</b>	<b>4,895,883</b>	<b>2,594,251</b>	89%	<b>8,757,359</b>	<b>5,594,771</b>	57%
<b>Earnings per share IAS 33</b>				<b>01.01.–30.06.2007</b>	<b>01.01.–30.06.2006</b>	
Net income				8,757,359	5,594,771	
Weighted average of shares outstanding				6,498,350	6,498,350	
<b>Earnings per share in EUR (undiluted)</b>				<b>1.35</b>	<b>0.86</b>	
Weighted average of potential shares				6,561,732	6,564,106	
<b>Earnings per share in EUR (diluted)</b>				<b>1.33</b>	<b>0.85</b>	

**Consolidated balance sheet** of Interhyp AG as at 30 June 2007 in EUR

<b>Assets</b>	<b>as at 30.06.2007</b>	<b>as at 30.06.2006</b>
<b>Non-current assets</b>		
Intangible assets	694,242	664,316
Fixed assets	2,749,954	2,494,184
Investments in associates	692,954	0
Receivables from commissions	918,902	472,885
Other assets	526,352	494,523
Deferred tax assets	213,595	304,259
	<b>5,795,999</b>	<b>4,430,167</b>
<b>Current assets</b>		
Receivables from commissions	15,958,431	17,163,054
Other assets	1,359,722	609,057
Securities	0	10,992,450
Cash and cash equivalents	43,301,029	37,593,782
	<b>60,619,182</b>	<b>66,358,343</b>
<b>Total assets</b>	<b>66,415,181</b>	<b>70,788,510</b>
<b>Equity and liabilities</b>		
	<b>as at 30.06.2007</b>	<b>as at 30.06.2006</b>
<b>Shareholders' equity</b>		
Common stock	6,498,350	6,498,350
Additional paid-in capital	33,218,476	33,008,021
Revaluation surplus	0	(2,782)
Net accumulated profit	13,286,263	14,926,265
	<b>53,003,089</b>	<b>54,429,854</b>
<b>Long-term liabilities and provisions</b>		
Other provisions	178,652	160,967
Non-current financial liabilities	800	800
Deferred tax liabilities	50,584	90,686
Other liabilities	534,573	583,349
	<b>764,609</b>	<b>835,802</b>
<b>Short-term liabilities and provisions</b>		
Trade accounts payable	2,738,933	3,371,904
Other provisions	143,200	126,800
Tax provisions	4,524,240	5,520,061
Other liabilities	5,241,110	6,504,089
	<b>12,647,483</b>	<b>15,522,854</b>
<b>Total equity and liabilities</b>	<b>66,415,181</b>	<b>70,788,510</b>

**Shareholders' equity** of Interhyp AG as at 30 June 2007 in EUR

	<b>Common stock</b>	<b>Additional paid-in capital</b>	<b>Revaluation surplus</b>	<b>Net accumulated profit</b>	<b>Total</b>
<b>1 January 2006</b>	<b>6,498,350</b>	<b>32,528,058</b>	<b>0</b>	<b>1,231,763</b>	<b>40,258,171</b>
Group result				5,594,771	5,594,771
Expense from the issuance of convertible bonds and stock options		167,631			167,631
Revaluation of securities			(18,796)		(18,796)
<b>30 June 2006</b>	<b>6,498,350</b>	<b>32,695,689</b>	<b>(18,796)</b>	<b>6,826,534</b>	<b>46,001,777</b>
Expense from the issuance of convertible bonds and stock options		312,332			312,332
Sum of items recorded directly in shareholders' equity			16,014		16,014
Group result				8,099,731	8,099,731
<b>31 December 2006</b>	<b>6,498,350</b>	<b>33,008,021</b>	<b>(2,782)</b>	<b>14,926,265</b>	<b>54,429,854</b>
Expense from the issuance of convertible bonds and stock options		210,455			210,455
Sum of items recorded directly in shareholders' equity			2,782		2,782
Dividends				(10,397,360)	(10,397,360)
Group result				8,757,359	8,757,359
<b>30 June 2007</b>	<b>6,498,350</b>	<b>33,218,476</b>	<b>0</b>	<b>13,286,263</b>	<b>53,003,089</b>

**Consolidated cash flow statement of Interhyp AG as at 30 June 2007 in EUR**

	<b>01.01.–30.06.2007</b>	<b>01.01.–30.06.2006</b>
Consolidated net income	8,757,359	5,594,771
Income tax	(6,129,014)	(4,180,858)
<b>Earnings before income tax</b>	<b>14,886,373</b>	<b>9,775,629</b>
<b>Adjustments:</b>		
Amortisation and depreciation of non-current assets	790,808	586,357
Financial result	(959,415)	(395,587)
Expense from the assessment of investments in associates	12,646	0
Expense from the issuance of convertible bonds and stock options	210,455	167,631
Increase in receivables and other assets	419,270	(2,065,390)
Increase in provisions	34,085	27,500
Increase in liabilities	(1,909,510)	(1,472,736)
Income tax paid	(7,554,557)	(646,111)
Interest paid	(873)	(49,015)
Other non-cash items	4,476	0
<b>Net cash from operating activities</b>	<b>5,933,758</b>	<b>5,928,278</b>
Cash paid for investments in non-current assets	(1,076,505)	(1,390,283)
Cash paid for investments in associates	(705,600)	0
Interest received	952,954	335,992
Cash paid for investments in securities	0	(15,094,500)
Cash received from disposal of securities	11,000,000	5,047,000
<b>Net cash from investing activities</b>	<b>10,170,849</b>	<b>(11,101,792)</b>
Cash paid for the repayment of debt	0	(257,561)
Cash paid for dividends	(10,397,360)	0
<b>Net cash from financing activities</b>	<b>(10,397,360)</b>	<b>(257,561)</b>
Changes in cash and cash equivalents	5,707,247	(5,431,074)
Cash and cash equivalents at the beginning of the period	37,593,782	33,945,470
<b>Cash and cash equivalents at the end of the period</b>	<b>43,301,029</b>	<b>28,514,396</b>

## 5 **Notes to the Interim Consolidated Financial Statements**

### **5.1 General disclosures**

The abridged interim consolidated financial statements for the period from 1 January to 30 June 2007 were released for publication on 3 August 2007 by resolution of the Management Board.

#### **General information**

The unaudited, abridged interim consolidated financial statements were compiled in compliance with the International Financial Reporting Standards (IFRS) as adopted by the European Union. The provisions of the International Accounting Standard (IAS) 34 W "Interim Financial Reporting" were applied. The interim consolidated financial statements at 30 June 2007 are to be read in conjunction with the consolidated financial statements at 31 December 2006.

#### **Change in basis of consolidation**

In the first quarter of 2007, the newly established company Interhyp Service GmbH was included in the basis of consolidation. Participation in this company is 100%. The company has not yet conducted any business.

In the second quarter, a 25.2% participation was acquired in the affiliated company iMakler GmbH. The participation is shown in the balance sheet according to the equity method in compliance with IAS 28.

#### **Accounting and valuation principles**

The accounting and valuation principles applied to the interim consolidated financial statements as of 30 June 2007 and the consolidation principles have remained unchanged from those applied to the consolidated financial statements at 31 December 2006, with the exception of revised and new standards and interpretations which must be applied for the first time for reporting periods beginning on or after 1 January 2007. This has had no effect on the Group's earnings and financial position. The interim consolidated financial statements were compiled in euros. The income statement was prepared in line with the total expenditure format.

#### **Assumptions and estimates**

In the interim consolidated financial statements, assumptions and estimates must be made which have an effect on the amount of and information shown in connection with reported assets, earnings and expenditure as well as any accounts payable. In individual cases, actual figures may differ from the estimates made.

#### **Seasonal influences on business activity**

The Group's net assets, financial position and operating results are not subject to seasonal influences due to the nature of business.

### **5.2 Earnings per share**

Earnings per share were calculated in accordance with IAS 33 "Earnings per Share". The undiluted earnings per share are the Group result divided by the average number of ordinary shares in circulation during the reporting period. In order to calculate the diluted earnings per share, the number of all potential ordinary shares must be added to the average number of shares in circulation.

The number of shares in circulation remained unchanged in the period from 1 January 2007 to 30 June 2007. The number of potential ordinary shares has changed due to the dilution effect of the employee participation programme.

### **5.3 Consolidated income statement information**

#### **Revenues**

Revenues comprise the commissions charged to contractual partners for services rendered in conjunction with normal business activities, less discounts, allowances and cancellation charges.

**Personnel expenses**

The higher personnel expenses are due to the increase in the number of employees.

**Other operating expenses**

Other operating expenses are shown in the table below.

**Other operating expenses in EUR thousand**

	Q2 2007	Q2 2006
Marketing	2,107	1,453
Office and administrative expenses	1,221	867
External programming	104	46
Recruiting costs	270	109
Legal and professional fees	120	135
Others	513	257
<b>Total</b>	<b>4,335</b>	<b>2,867</b>

**Net interest income**

Net interest income rose in the first half of the year due to the investment of available liquid funds.

Interest expense consisted in the corresponding prior-year period of deferred discounts and interest paid from covered bonds.

**Income tax expense**

Tax expense on profits rose on the back of positive net income.

EUR 6.080 million result in the first half from actual taxes (comparable prior-year period: EUR 2.834 million) and EUR 0.049 million from latent taxes (comparable prior-year period: EUR 1.347 million).

**5.4 Consolidated balance sheet information****Capital expenditure**

Capital expenditure in the first half of fiscal 2007 amounted to EUR 1,077 thousand. This corresponds to a decline of 22.5% against the comparable prior-year period (EUR 1,390 thousand). In the comparable period in 2006, higher investments were made in information technology. In addition, a large part of investments, as previously, was accounted for by office equipment for our new regional offices.

**Receivables from commissions**

Receivables from commissions are assessed at the original invoice amount less a correction factor for irrecoverable debts. The slight reduction of receivables (compared with 4.3% at 31 December 2006) is due to agreed shorter terms of payments with our bank partners.

**Proprietary capital**

The Company was authorised at the Shareholders' Meeting on 1 June 2007 to acquire proprietary capital totalling up to 10% of the share capital of EUR 6,498,350.00 from the day of the Shareholders' Meeting until 1 August 2008.

**Other long-term provisions**

Other long-term provisions contain provisions for restoration costs for leased offices.

**Tax liabilities and tax refund claims**

Tax liabilities contain liabilities from current taxes on profits.

Tax refund claims from current income tax amounting to EUR 0.6 million (EUR 0.1 million at 31 December 2006) are shown under other assets.

**Other provisions and other liabilities**

Other provisions include a calculated deduction for possible cancellation of brokered mortgage contracts.

Other liabilities include mainly items in respect of outstanding invoices, sales commission for employees, special compensation for sub-brokers and amounts for unutilised holiday entitlements.

**5.5 Cash flow statement information**

In the first half of 2007, cash flow from ongoing business operations amounted to EUR 5.9 million, unchanged from the comparable prior year period.

Adjusted for income-tax effects, the cash flow from ongoing business operations in the first half of 2007 came to EUR 7.4 million (comparable prior-year period: EUR 2.4 million).

In particular the sale of covered bonds was reflected in the cash flow from investments (EUR 10.2 million).

The cash flow from financing activities (minus EUR 10.4 million) consists of dividend payments for the past fiscal year.

**5.6 Segment reporting**

The individual interim financial data are shown by business segment, since the risks and interest on the Group's equity are influenced by differences in the services offered. The business segments are therefore organised and managed independently of each other according to the type of service. The two major segments of the Interhyp Group are the Direct Channel and the Intermediary Channel.

**Segment reporting in EUR**

	<b>Direct Channel 30.06.2007</b>	<b>Intermediary Channel 30.06.2007</b>	<b>Group 30.06.2007</b>
Revenues	27,205,184	15,731,755	42,936,939
Net revenues	27,205,184	9,218,853	36,424,037
Earnings before interest and taxes	9,420,087	4,519,517	13,939,604

	<b>Direct Channel 30.06.2006</b>	<b>Intermediary Channel 30.06.2006</b>	<b>Group 30.06.2006</b>
Revenues	20,690,244	11,978,931	32,669,176
Net revenues	20,690,244	6,538,582	27,228,826
Earnings before interest and taxes	6,582,283	2,797,759	9,380,042

## **5.7 Further disclosures**

### **Proprietary shares and option rights of Board members and employees**

Following the IPO in 2005, an employee participation programme was introduced, which was reported as expenditure according to IFRS in the first half of the year in the amount of EUR 115 thousand (comparable prior-year period: EUR 103 thousand).

Personnel expenses according to IFRS in the amount of EUR 96 thousand in the first half of the year (comparable prior-year period: EUR 64 thousand) resulted from the convertible bonds issued to employees before the IPO.

No options were issued or converted in the first half of the year.

### **Major changes in risk factors**

In the reporting period, no significant changes occurred in terms of risks compared with those shown in the consolidated financial statements at 31 December 2006.

### **Dividends**

According to the resolution of the Shareholders' Meeting on 1 June 2007, dividends for 2006 amounting to EUR 10.4 million or EUR 1.60 per share were paid on 4 June 2007 (none in the comparable prior-year period).

### **Supervisory Board**

Supervisory Board member Thomas Geiger resigned from the Board with effect from 30 November 2006. In his place, Gunther Strothe was appointed to the Supervisory Board by an order of the court. At the Shareholders' Meeting on 1 June 2007, Gunther Strothe was appointed to the Supervisory Board until the end of the Shareholders' Meeting which approves the actions of the Supervisory Board members for fiscal 2009.

### **Major events after the reporting day**

The financial service provider MLP has acquired 49.8% of MLP Hyp GmbH (formerly Interhyp Service GmbH) and will transact its mortgage business through this company.

## 6 **Responsibility Statement**

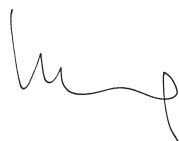
**Statement by the Company's legal representatives in compliance with Section 37y of the German Securities Trading Act (WpHG) in connection with Section 37w, Para. 3, No. 3 WpHG**

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the fiscal year.

Munich, 3 August 2007



Robert Haselsteiner  
Co-CEO



Marcus Wolsdorf  
Co-CEO

## 7 **Auditors' Report**

### **To Interhyp AG, Munich**

We have reviewed the abridged Interim Group Report – consisting of the consolidated income statement, consolidated balance sheet, consolidated statement of shareholders' equity, cash flow statement, and notes to the interim consolidated financial statements and the interim Group management report of Interhyp AG, Munich, for the period from 1 January 2007 to 30 June 2007, which are components of the half-year financial report according to Section 37w of the German Securities Trading Act (WpHG). Preparation of the abridged interim consolidated financial statements in accordance with IFRS for interim reporting as applied in the EU and of the consolidated interim report according to the provisions of the German Securities Trading Act applicable to consolidated interim reports is the responsibility of the legal representatives of the Company. It is our task to certify the abridged interim financial statements and the interim Group management report on the basis of our review.

We have performed our review of the interim consolidated financial statements and the interim Group management report under consideration of the auditing principles established by the Institute of Auditors in Germany (IDW). In accordance with these principles, the review must be planned and carried out in such a way as to exclude, with sufficient certainty, that the abridged consolidated financial statements do not deviate in key points from the IFRS standards for interim reporting as applied in the EU, and the interim Group management report does not deviate in any essential way from the provisions for interim Group management reports contained in the German Securities Trading Act. A review is confined primarily to questioning employees of the Company and to analytical assessments and therefore does not offer the certainty achieved by an audit. As we were not instructed to perform an audit, we cannot issue an audit certificate.

In the course of our review, no circumstances came to our attention which would lead us to assume that the abridged interim consolidated financial statements do not comply in important aspects with the IFRS for interim reporting which must be applied in the EU, or that the interim Group management report has not been prepared in compliance with the provisions of the German Securities Trading Act (WpHG) governing group interim reports.

Munich, 3 August 2007

Ernst & Young AG  
Wirtschaftsprüfungsgesellschaft  
Steuerberatungsgesellschaft



Broschulat  
Auditor

Schmitt  
Auditor

## 8 **Contacts and Financial Calendar**

### **Imprint**

#### **Management Board**

Robert Haselsteiner  
 Marcus Wolsdorf

#### **Supervisory Board**

Peter Mark Droste (Chairman)  
 Dr Roland Folz (Deputy Chairman)  
 Gunther Strothe

#### **Postal Address**

Interhyp AG  
 Parkstadt Schwabing  
 Marcel-Breuer-Str. 18  
 80807 Munich  
 Germany

### **Company Calendar**

<b>Event</b>	<b>Date</b>
Quarterly Report Q3 2007	8 Nov 2007
Analyst conference (German Equity Forum, Frankfurt)	14 Nov 2007

#### **Your Contact Person:**

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