

Results of **1st Half year 2011**

Summary

Preface by the Management Board	p. 03
Interim Group management report	p. 04
Interim consolidated financial statements	p. 06
Notes to the interim consolidated financial statements	p. 10
Responsibility statement	p. 13

Key figures

	1st half of 2011	1st half of 2010
Number of mortgages	22,357	19,712
in EUR m		
Mortgage volume	3,593.2	3,021.0
Net revenues	37.57	32.53
in EUR thousand		
Earnings before interest and taxes	3,191.8	4,122.0
Net income	2,514.6	2,997.7
Earnings per share (diluted)	0.30	0.39

Preface

Dear Shareholders,

Once again, the first half of 2011 demonstrated the effectiveness of the Interhyp business model: Despite serious global concerns and a difficult German real estate market with massive supply bottlenecks in some areas, we succeeded in increasing the volume of mortgage loans from EUR 3.021 billion to EUR 3.593 billion (+19%). This corresponds to 22,312 mortgage loans concluded and thus a growth of around 13 percent compared with the first six months of 2010.

The fact that this growth required distinctly more effort and more investment in customer acquisition is reflected in earnings before interest and taxes (EBIT), which, at EUR 3.2 million was lower than the figure for the comparable period in 2010 (EUR 4.1 million).

Nevertheless we continue to expect growth from our model and are expanding our local presence with regional offices as well as those under the Interhyp brand. Our aim is to make Interhyp the preferred partner for residential mortgages for the public at large.

Yours sincerely,



A handwritten signature in black ink, appearing to read 'Michiel Goris'.

Michiel Goris
Board Member



A handwritten signature in black ink, appearing to read 'Mirjam Mohr'.

Mirjam Mohr
Board Member



A handwritten signature in black ink, appearing to read 'Benjamin Papo'.

Benjamin Papo
Board Member



A handwritten signature in black ink, appearing to read 'Jörg Utecht'.

Jörg Utecht
Board Member

Interim Group management report

General economic conditions

Economic development

The first half of 2011 was strongly impacted by global economic insecurity: Be it the Greek bailout, doubts about other countries in the euro zone or the US national debt – these examples document a tense situation which overall appears very fragile and continues to escalate with more and more bad news. As a result, fears of inflation are rising or are even already confirmed by higher prices in Europe. The central banks have thus come under pressure, so once again the ECB was obliged to raise the prime rate by 0.25 basis points.

As for the rest of the year, we do not foresee any noteworthy change, let alone an improvement in this situation. Nevertheless for Interhyp this means that interest in investment in property – always considered a good hedge against inflation – will remain unchanged. In addition we still see an attractive interest environment which, even if it were to rise again, is very low, seen historically.

Company development

Volume of closed mortgages increased by 4.9 % and number of closed mortgages by 2.6 % over comparable prior-year period

In the second quarter of 2011 the Interhyp group closed 11,038 mortgages (previous year: 10,754 mortgages). This represents an increase of 2.6 %.

The volume of closed mortgages rose in the same period by as much as 4.9%. Accordingly a mortgage volume of EUR 1.76 billion (previous year: EUR 1.68 billion) was achieved in the quarter just ended.

Revenue and net revenues rise slightly

In the second quarter of 2011, Interhyp AG reported a 5.4% increase in revenues to EUR 26.33 million (previous year: EUR 24.98 million). Net revenues, meaning revenue after deduction of payments to partners in the Intermediary Channel, came to EUR 19.13 million, up to 1.0% over net revenues for the comparable period in the previous year (EUR 18.94 million).

Development of earnings

The earnings before interest and taxes (EBIT) sunk from EUR 3.91 million to EUR 1.34 million compared to the previous year period (–65.7%).

The development of net income before shares of minorities showed the same trend. It sunk from EUR 2.75 million to EUR 1.12 million for the quarter just ended (–59.2%).

Financial and assets position

The assets position remains marked by a solid financial base. The stock of instruments of payment came to EUR 8.54 million, plus fixed-term deposits amounting to EUR 51.0 million at 30 June 2011; this corresponds to around 73.3% of total assets. Total assets sunk compared with 31 December 2010 from EUR 86.35 million to EUR 81.26 million.

Cash flow from operating activities amounted in the first six months of the year to EUR 0.33 million, minus EUR 0.98 EUR thousand were reported for the comparable prior-year figure.

Due to investment in fixed-term deposits, the cash flow from investment activity amounts to minus EUR 8.68 million (previous year minus EUR 419.76 thousand)

Employees

Since 31 December 2010 our staff has grown by 30 (representing an increase of 5.0%) to a current total of 625 (prior-year quarter: 555 employees).

In the first six month of the year the Interhyp group employed an average of 597 permanent staff members. In the corresponding prior-year period we averaged 536 employees.

Forecast report

Business prospects in 2011

Despite the effectiveness of our model with over 300 bank partners and more than 300 financing consultants at 25 locations, the business environment remains difficult. An uncertain situation in terms of interest, with repeated lows, does not necessarily motivate private customers to take action. Moreover, in many cities, there is simply a lack of suitable properties on offer in the medium price segment. In the course of the year we will continue to focus on enhancing our presence and customer perception.

Opportunities and risks

The opportunities and risks outlined in Interhyp's annual report for 2010 remain unchanged.

Interim consolidated financial statements

Consolidated income statement of Interhyp AG as at 30 June 2011 in EUR

	Q2 2011	Q2 2010	+/-	01.01.– 30.06.2011	01.01.– 30.06.2010	+/-
Revenues	26,330,620	24,984,340	5 %	51,791,264	42,055,879	23 %
Cost of services purchased	7,198,421	6,041,815	19 %	14,221,396	9,526,371	49 %
Net revenues	19,132,200	18,942,525	1 %	37,569,868	32,529,508	15 %
Personnel expenses	9,271,302	9,184,446	1 %	19,008,983	17,274,140	10 %
Other operating expenses	8,197,952	5,557,060	48 %	14,794,932	10,549,657	40 %
thereof marketing	5,117,404	3,110,476	65 %	8,757,296	5,779,361	52 %
Amortisation and depreciation	323,879	291,563	11 %	574,203	583,740	(2 %)
Earnings before interest and taxes (EBIT)	1,339,067	3,909,456	(66 %)	3,191,750	4,121,971	(23 %)
Interest income	258,463	148,373	74 %	464,649	314,288	48 %
Interest expense	61,397	779	>100 %	90,449	3,020	>100 %
Net interest income	197,066	147,593	34 %	374,200	311,269	20 %
Net income before income taxes (EBT)	1,536,133	4,057,049	(62 %)	3,565,950	4,433,240	(20 %)
Income taxes	(414,369)	(1,309,820)	(68 %)	(1,051,355)	(1,435,568)	(27 %)
Net income	1,121,764	2,747,230	(59 %)	2,514,596	2,997,671	(16 %)
thereof: share of third-party associates	298,445	294,991	1 %	551,479	398,102	39 %
Net income in regard to associates of the corporation	823,319	2,452,238	(66 %)	1,963,117	2,599,569	(24 %)
Earnings per share IAS 33				01.01. – 30.06.2011	01.01. – 30.06.2010	
Net income in regard to associates of the corporation				1,963,117	2,599,569	
Weighted average of shares outstanding				6,593,525	6,593,525	
Earnings per share (undiluted)				0.30	0.39	
Weighted average of potential shares, adjusted for dilution effects				6,593,563	6,599,661	
Earnings per share (diluted)				0.30	0.39	

Consolidated balance sheet of Interhyp AG as at 30 June 2011 in EUR

Assets

	as at 30.06.2011	as at 31.12.2010
Non-current assets		
Intangible assets	116,045	104,318
Fixed assets	2,474,903	2,117,902
Receivables from commissions	615,422	750,310
Financial assets	36,000,000	18,000,000
Other assets	1,053,347	818,464
Deferred tax assets	1,355,452	1,440,831
	41,615,169	23,231,826
Current assets		
Receivables from commissions	13,247,751	15,143,100
Financial assets	15,000,000	30,000,000
Other assets	1,704,231	1,085,865
Tax refund claims	1,148,716	0
Cash and cash equivalents	8,540,227	16,890,172
	39,640,925	63,119,136
Total assets	81,256,094	86,350,962

Equity and liabilities

	as at 30.06.2011	as at 31.12.2010
Shareholders equity		
Common stock	6,593,525	6,593,525
Additional paid-in capital	32,357,489	32,191,153
Net accumulated profit	17,463,149	15,500,032
Equity in regard to associates of the corporation	56,414,164	54,284,711
Share of third-party associates	3,310,890	2,759,411
	59,725,053	57,044,122
Long-term liabilities and provisions		
Other provisions	223,680	223,657
Deferred tax liabilities	24,870	35,797
Other liabilities	2,042,569	3,690,585
	2,291,120	3,950,039
Short-term liabilities and provisions		
Trade accounts payable	2,670,614	3,125,075
Other provisions	153,200	153,200
Tax liabilities	448,279	3,208,133
Other liabilities	12,097,413	11,475,561
Other financial liabilities	3,870,415	7,394,831
	19,239,921	25,356,801
Total equity and liabilities	81,256,094	86,350,962

Consolidated cash flow statement of Interhyp AG as at 30 June 2011 in EUR

	01.01–30.06.2011	01.01–30.06.2010
Consolidated net income in regard to associates of the corporation	1,963,117	2,599,569
Share of results of third-party associates	551,479	398,102
Income tax	(1,051,355)	(1,435,568)
Earnings before income tax	3,565,950	4,433,240
Adjustments:		
Depreciation of non-current assets	574,203	583,740
Net interest income	(374,200)	(311,269)
Expense from the issuance of convertible bonds and stock options	166,336	54,473
Changes in receivables and other assets	6,378,534	(2,668,882)
Changes in provisions	23	87,799
Changes in liabilities	(5,095,490)	(1,875,240)
Income tax paid	(4,885,472)	(1,277,668)
Interest paid	0	(3,020)
Net cash from operating activities	329,883	(976,826)
Cash paid for investments in non-current assets	(942,930)	(771,462)
Cash paid and received for fixed-term deposits, long-term	(20,000,000)	0
Cash paid and received for fixed-term deposits, short-term	12,000,000	0
Interest received	263,102	351,697
Net cash from investing activities	(8,679,828)	(419,765)
Changes in cash and cash equivalents	(8,349,945)	(1,396,590)
Cash and cash equivalents at the beginning of the period	16,890,172	11,570,081
Cash and cash equivalents at the end of the period	8,540,227	10,173,490

Shareholders' equity of Interhyp AG in EUR

	Common stock	Additional paid-in capital	Net accumulated profit	Equity in regard to associates of the parent company	Share of other associates	Total
01.01.2010	6,593,525	32,053,641	9,999,908	48,647,074	2,547,308	51,194,382
Group result	0	0	2,599,569	2,599,569	398,102	2,997,671
Total	0	0	2,599,569	2,599,569	398,102	2,997,671
Expense from the issuance of convertible bonds and stock options	0	54,473	0	54,473	0	54,473
30.06.2010	6,593,525	32,108,114	12,599,477	51,301,117	2,945,410	54,246,526
Group result	0	0	2,226,287	2,226,287	856,353	3,082,640
Total	0	0	2,226,287	2,226,287	856,353	3,082,640
Classification to "dividends to minorities"			674,268	674,268	(674,268)	0
Dividends	0	0	0	0	(368,083)	(368,083)
Expense from the issuance of convertible bonds and stock options	0	83,039	0	83,039	0	83,039
31.12.2010	6,593,525	32,191,153	15,500,032	54,284,711	2,759,411	57,044,122
Group result			1,963,117	1,963,117	551,479	2,514,596
Total	0	0	1,963,117	1,963,117	551,479	2,514,596
Expense from the issuance of convertible bonds and stock options	0	166,336	0	166,336	0	166,336
30.06.2011	6,593,525	32,357,489	17,463,149	56,414,164	3,310,890	59,725,053

Notes to the interim consolidated financial statements

General information

The abridged interim consolidated financial statements for the period from 1 January to 30 June 2011 were released for publication on 3 August 2011 by resolution of the Management Board.

General information

The abridged interim financial statements have been prepared in accordance with the International financial Reporting Standards (IFRS) as adopted by the European Union. International Accounting Standard (IAS) 34, "Interim Financial Reporting" has been applied. The interim financial statements at 30 June 2011 should be read in connection with the consolidated financial statements at 31 December 2010.

Accounting policies

The accounting policies contained in the consolidated financial statements at 30 June 2011 are unchanged from the consolidated financial statements at 31 December 2010, with the exception of the amended and new standards and interpretations which are to be applied for the first time beginning on or after 1 January 2011. The interim consolidated financial statements have been drawn up in euros. The income statement has been prepared in the total expenditure format.

Seasonal influences on business activity

Due to the nature of the Group's business, the net assets, financial position and operating results of the Group are not subject to seasonal influences except for the rise in proceeds from special commissions over the course of the year upon reaching predefined mortgage volumes.

Earnings per share

Per-share earnings were calculated according to IAS 33. The undiluted result per share is calculated as consolidated profit in relation to the shareholders of the parent company, divided by the average number of ordinary shares in circulation during the reporting period. To calculate the diluted earnings per share, the potential number of ordinary shares is added to the average number of shares in circulation during the reporting period.

The number of shares in circulation did not change in the period from 1 January 2011 to 30 June 2011.

Consolidated income statement

Revenues

Revenues comprise fees charged to contractual partners for services rendered in conjunction with normal business activities less reductions in proceeds and cancellation charges.

Other operating expenses

Other operating expenses are shown in the table opposite.

Other operating expenses in EUR thousand				
	Q2 2011	Q2 2010	01.01. – 30.06.2011	01.01. – 30.06.2010
Marketing	5,117	3,110	8,757	5,779
Office and administrative expenses	1,386	1,250	2,788	2,485
External programming	217	162	385	321
Recruiting costs	600	156	986	265
Legal and professional fees	93	171	155	319
Other	785	708	1,724	1,381
Total	8,198	5,557	14,795	10,550

Net interest income

Net interest income contains income on fixed-term deposits and interest from the current bank account.

Income tax

The tax result is comprised of actual taxes in the amount of EUR 976.90 thousand (comparable prior-year period: EUR 1,454 thousand) and from deferred taxes of EUR 74.45 thousand (comparable prior-year period: minus EUR 19 thousand).

Balance sheet information

Investments

Investments in non-current assets rose from EUR 771.46 thousand to EUR 942.93 thousand. Most of the investments were accounted for by IT- and Office-equipment.

Shares of other shareholders

The share of the minority shareholder "MLP Finanzdienstleistungen AG" in the result of the Group company "MLP Hyp GmbH" came to EUR 551.48 thousand (previous year: EUR 398.10 thousand).

Other provisions and other liabilities

Other provisions include a calculated deduction for any cancellations of already brokered mortgage contracts. Other liabilities contain mainly items in respect of outstanding invoices, staff sales commissions, special bonuses for sub-brokers and provision for holidays not taken.

Segment reporting

Individual interim financial statement data are broken down according to business segment since the risks and the Group's return on equity are influenced by differences in the services provided. The business segments are structured and managed independently of each other in accordance with the type of service offered. The two main segments of the Interhyp Group are the Direct Channel and the Intermediary Channel.

Segment reporting in EUR thousand

	Direct Channel 01.01.– 30.06.2011	Intermediary Channel 01.01.– 30.06.2011	Group 01.01.– 30.06.2011
Revenues	26,970	24,821	51,791
Net revenues	26,111	11,459	37,570

	Direct Channel 01.01.– 30.06.2010	Intermediary Channel 01.01.– 30.06.2010	Group 01.01.– 30.06.2010
Revenues	23,665	18,390	42,056
Net revenues	23,183	9,346	32,530

Further disclosures

Transactions with related parties

The controlling parent company is ING Groep N.V. in whose consolidated financial statements Interhyp AG is included.

in EUR thousand		
	1st half of 2011	1st half of 2010
Services for related companies and persons of the parent company	20,478	20,502
Interest income of related companies and persons of the parent company	94	184
Liabilities from related companies and persons of the parent company	109	33
Receivables from related companies and persons of the parent company	4,668	7,095

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. 2, 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 2011



Michiel Goris
Board Member



Miriam Mohr
Board Member



Benjamin Papo
Board Member



Jörg Utecht
Board Member