





Dear shareholders,

Berliner Effektengesellschaft AG [formerly Berliner Freiverkehr (Aktien) AG] started off into the first six months of 1999 in its new group structure, which had already been finalized successfully at the end of 1998. In this course, the business branches below the holding company Berliner Effekten-gesellschaft AG had been settled into three subsidiaries: Berliner Freiverkehr Aktien (Handel) AG, Berliner Effektenbank AG and Berliner Effektenbeteiligungsgesellschaft AG.

After a beyond the expectations reclining, pleasant beginning of the new year, referring to the first four months, the business activities developed more measuredly in the following months, considering the plain phase of consolidation throughout the whole capital markets' surroundings. Nevertheless, the DVFA/SG-result rose clearly about 90.62 % net from 6.789 mn up to 12.941 mn, regarding previous year's comparative figures.



The group's rapid extension meant investments – into technology as well as into staff. Regarding the qualifying date June 30, 1999, the number of group staff members came up to 67. The biggest part in that had Berliner Freiverkehr (Aktien) Handel AG, merging with Diederich Freimakler GmbH within the period of reporting, which moved into its new trading centre at the company's headquarter and which invested considerably into new trading systems – the latter in view of the first OTC information and trading platform via Internet, TradeGate, whose installation has taken place on August 2, 1999, and with which a first successful step into the future of prolonged trading periods could be achieved.

Berliner Effektenbank AG's Private Banking and Corporate Finance businesses kept on growing continuously, within the Corporate Finance department capacities were built up as planned. Berliner Effektenbeteiligungsgesellschaft AG decided on several new and pro-

mising interests, which all, according to the company's philosophy, should be supported regularly with regard to the scheduled Going Public.

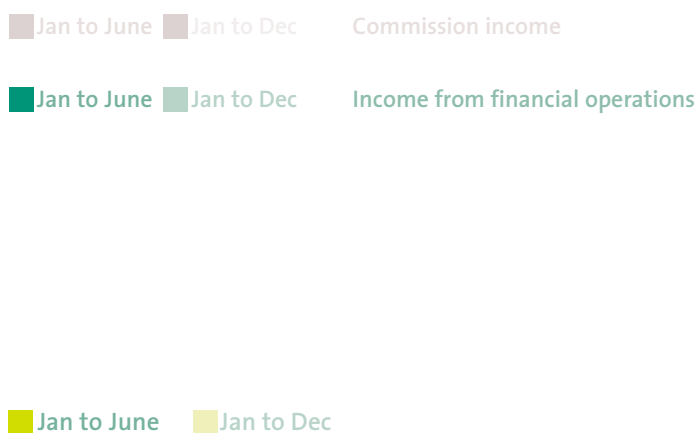
On June 15, 1999, the annual meeting of shareholders decided on changing the holding company's name Berliner Freiverkehr (Aktien) AG into the now registered name, and it decided to consent to a new authorized capital's formation as well as to two forms of qualified capital. With that, the planned business gettings can now come into force as well as the staff's integration by means of a stock warrants' program and finally a stock warrants issuing can now be facilitated.

With best regards

Berliner Effektengesellschaft AG  
The Board of Directors

Berlin, August 1999

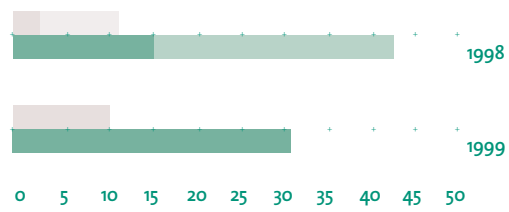
144.733



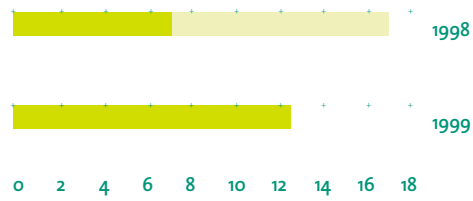


## Commission and net income: A survey

### Development of turnover in M \*



### Net income in M



\* M = x'000.000



#### Development of Berliner Effektengesellschaft AG

In 1999's first six months, Berliner Effektengesellschaft AG remained on the path of growth. The total assets increased about 1/3 up to 145 mn. To fund the growth, within the bounds of a capital increase, which had already been considered partly in the 1998's annual accounts, new capital reserves of about 27.2 mn poured into the company's coffers. These resources served for building up the operational companies of the group and for acquiring new interests.



## Development of the earnings situation

1999's first six months brought a clear growth of the company's result, of about 70 %. Compared to last year's DVFA/SG-result, an increase of about 90.62% up to 12.9 mn has to be emphasized. Out of that, a result per share at the rate of 0.99 can be calculated. This growth was supported mainly by the stock record broking of more than 5000 different shares, meanwhile, which is initialized by the recently formed Berliner Freiverkehr (Aktien) Handel AG. Likewise, Berliner Effektenbank AG developed positively: One year after its founding, there has been a weighty contribution to the result's improvement of the group. The, compared to last year's period of reporting, more extensive activities, found expression in the figures concerning commission income and income from financial transactions (contrary to previous year's period of reporting, henceforth including Diederich Freimakler GmbH's business activities – on January 1st, 1999, this company, had merged with Berliner Freiverkehr (Aktien) Handel AG, a subsidiary of Berliner Effekten-gesellschaft AG). The commission income was tripled, containing principally broker's commissions, being the result of a securities trading, those earnings coming from the accompanying issues business, and the profits, working as a market-maker – on these three items the personnel and technological infrastructure's strengthening was based upon. Fulfilling the regulations of the supervisory office, and implementing TradeGate as well as other trade-supporting software, made extensive investments, right into EDP, indispensable. Despite the burdens resulting from that, the earnings before taxes could almost be doubled, up to the amount of 22.9 mn. After taxes and considering the net profit shares of outside shareholders, a result, risen about 70 % up to 11.5 mn, remained.

144.733

Interim balance sheet per June 30, 1999, in T \*

Cash and cash equivalents
Deposits with central reserve banks
Accounts receivable, credit institutions
Accounts receivable, customers
Bonds and other fixed-interest bearing securities
Shares and other non-fixed-interest bearing securities
Shareholdings
Intangible assets
Property and equipment
Own shares or participations
Other assets
<b>Total assets</b>
Accounts payable to credit institutions
Accounts payable to customers
Provisions
Special item with accrual character
Stockholders' equity
Other liabilities
<b>Total liabilities</b>
Contingent liabilities

\* T = x'000





	Dec 31, 1998		June 30, 1999	
	29		112	
	5.469		2.610	
payable daily		14.305		35.449
other accounts receivable	67.067	52.762	82.859	47.410
	10.026		15.858	
	787		418	
	7.121		18.100	
	752		5.724	
	12.306		12.519	
	1.524		1.987	
	1.080		147	
	249		4.399	
	106.410		144.733	
payable daily		1.485		1.129
with agreed term or period of notice	3.451	1.966	4.203	3.078
payable daily		14.553		28.687
with agreed term or period of notice	53.817	39.264	57.198	28.511
provisions for pensions		33		33
provisions for taxes		6.108		8.736
other provisions	10.496	4.355	11.143	2.324
	30		30	
subscribed capital		3.344		3.344
reserves		13.666		40.881
net income		12.965		12.814
share of outside shareholders	38.390	8.415	66.325	9.276
	226		5.834	
	106.410		144.733	
Liabilities from suretyships and guarantee agreements	32	32	10	10

6.790

#### Earnings January to June, 1999, in T \*

Interest income
Interest expense
Current income
Income from commissions
Commission expense
Income from financial transactions
Expense from financial transactions
Other operating income
General administrative expense
Depreciation of intangible fixed assets and property and equipment
Other operating expenses
Depreciation on accounts payable and on certain securities and allocations to provisions in the credit business
Earnings from normal business activity
Taxes on corporate income, business profits and net worth
Other taxes, if not shown under item 12
Annual net profit
Annual net profit share of outside shareholders
Profit carryforward
Profit carryforward share of outside shareholders
Net income

\* T = x'000

Previous year's figures are only partly comparable, caused by modified accounting regulations and an altered sphere of consolidation



	Jan to June, 1998	Jan to June, 1999
	62	1,509
	20	720
	99	29
	2,984	10,953
	27	711
	11,721	48,529
		28,093
	119	200
	2,750	8,574
	80	219
	207	
		6
	11,901	22,897
	5,111	10,509
	6,790	12,388
		861
		2,475
		1,188
	6,790	12,814